

EXHIBIT "B"
FIRST REVISION OF FRUITLAND COAL FORMATION PARTICIPATING AREA "D", (D1)
CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

TRACT NO.	LEASE NO. OR TYPE OF LAND	DESCRIPTION	PARTICIPATING ACRES	PERCENT OF PARTICIPATION	WORKING INTEREST OWNERS
18	USA NM-59696 100.00000000%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 34: N/2	320	33.33333334	AMOCO PRODUCTION CO. (25.00%) McHUGH COMPANIES (75.00%)
PREVIOUSLY ESTABLISHED FRUITLAND COAL PARTICIPATING AREA "D":			SUB TOTAL	320	33.33333334
2C	USA NM-28812 100.00000000%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 26: E/2 SECTION 35: W/2	640	66.66666666	AMOCO PRODUCTION CO. (12.50%) McHUGH COMPANIES (52.72%) CNG PRODUCING COMPANY (22.28%) FRONTIER ENERGY CORP. (12.50%)
TOTAL			960	100.00000000	

SUMMARY
EXHIBIT "B"
FIRST REVISION OF FRUITLAND COAL FORMATION PARTICIPATING AREA "D", (D1)
CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

TYPE LAND	COMMITTED ACRES	NON-COMMITTED ACRES	PERCENT COMMITTED
FEDERAL	960	-0-	100.00000000
STATE	-0-	-0-	-0-
PATENTED	-0-	-0-	-0-
TOTAL	960	-0-	100.00000000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0137
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ Other ☐ NOV-7 PM 1-29

b. TYPE OF COMPLETION:

NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐

FARMINGTON RESOURCE AREA
CENTRAL UTAH, NEW MEXICO

2. NAME OF OPERATOR

NASSAU RESOURCES, INC.

3. ADDRESS OF OPERATOR

P O BOX 809, Farmington, N.M. 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface

790' PNL - 1850' FEL

At top prod. interval reported below

At total depth

14. PERMIT NO. API#

30-039-24403

DATE ISSUED

4/26/89

15. DATE SHUTDOW

10/15/89

16. DATE T.D. REACHED

10/22/89

17. DATE COMPL. (Ready to prod.)

11/2/89

18. ELEVATIONS (OF RKB, RT, OR, ETC.)*

7275' GL; 7284' KB

19. ELEV. CASINGHEAD

7272' GL

20. TOTAL DEPTH, MD & TVD

4400' KB

21. PLUG, BACK T.D., MD & TVD

4358' KB

22. IF MULTIPLE COMPL., HOW MANY*

NA

23. INTERVALS DRILLED BY

ROTARY TOOLS

TD

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

4150' - 4230' KB

Basin Fruitland Coal

25. WAS DIRECTIONAL SURVEY MADE

NO

26. TYPE ELECTRIC AND OTHER LOGS RUN

Density, Coal Log, GR-CCL

Dual-Induction-SFL, Comp. Neutron- Formation

27. WAS WELL CORRED

NO

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9-5/8"	36#	306' KB	12-1/4"	203 cu.ft. circ. to surf.	---
5-1/2"	15.5#	4386' KB	8-3/4"	1580 cu. ft. circ. to surf.	---
See Reverse					

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)
NA				

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-7/8"	4299' KB	---

31. PERFORATION RECORD (Interval, size and number)

4150' - 4161' KB 6 spf

4164' - 4166' KB 4 spf

4228' - 4230' KB 4 spf

0.45" diam. holes

Total of 86 perfs

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
4150-4230' KB	500 gal. 15% HCL acid
	1985 bbls. GWX-9 #35 fluid
	48,000# of 40/70 sand
	170,000# of 20/40 sand

33. PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)	
11/2/89*		Flowing				SI	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
11/3/89	24	1.00"	→	---	256	---	---
FLOW, TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	
1125 psi	1125 psi	→	---	256	---	---	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Vented during test; to be sold.

35. LIST OF PERSONS PRESENT AT COMPLETION

Jerome P. McHugh
Farmington, N.M.

Elmer Perry

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available logs

SIGNED

Elmer Perry

TITLE Admin. Asst.

DATE 11/7/89

RECEIVED

(See Instructions and Spaces for Additional Data on Reverse Side)

OPERATOR

ACCEPTED FOR RECORD
NOV 09 1989
FARMINGTON RESOURCE AREA

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

38.

GEOLOGIC MARKERS

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
			<u>Item #28</u> Cemented 9-5/8" casing as follows: 30 sx of 65/35 poz w/ 6% gel, & 1/4#/sk celloflake & 3% CaCl 79 cu.ft.) 105 sx of Class "B", 1/4#/sk celloflake and 3% CaCl (124 cu.ft.) Total of 203 cu.ft. Cemented 5-1/2" casing as follows: 10 bbls. mud flush 550 sx 65/35 poz w/ 12% gel, & 1/4#/sk celloflake (1441 cu.ft.) 100 sx of 50/50 poz w/ 2% gel, 6-1/4#/sk kolseal & 1/4#/sk celloflake (139 cu.ft.) Total of 1580 cu.ft.	Ojo Alamo 3582' Kirtland 3700' Fruitland 3990' Fruitland Coal 4150'		

RECEIVED

JEROME P. MCHUGH/NASSAU RESOURCES, INC.

**P O BOX 809
FARMINGTON, N.M. 87499-0809
505 326-7793**

DAILY REPORT

CARRACAS UNIT 34 B #2

10-25-89 RU and pressure tested casing to 3500 psi and held for 10 minutes. Test good.

10-26-89 PBTD 4358'. Ran GR-CCL from 4339' to 3830' KB.
Perforated with 4" guns, 0.45" diam. holes:

4150' to 4161' KB, 6 SPF
4164' to 4166' KB, 6 SPF
4228' to 4230' KB, 4 SPF Total of 86 perfs.

10-27-89 Fraced with GWX-9 35# fluid as follows:

500 gal	15%	HCL acid
40,000 gal	Pad	
4,000 gal	2#/gal	40/70 sand
4,000 gal	4#/gal	40/70 sand
4,000 gal	6#/gal	40/70 sand
4,000 gal	6#/gal	20/40 sand
4,000 gal	8#/gal	20/40 sand
6,000 gal	10#/gal	20/40 sand
4,500 gal	12#/gal	20/40 sand

90 bbl Flush

Total load to recover 1985 bbls.

48,000# of 40/70 sand pumped

170,000# of 20/40 sand pumped

Pressure max 2900 psi Average 1850 psi

Injection rate max 52.9 bbl/min Average 51.5 bbl/min.

ISIP 530 psi

SI 5 min. 470 psi

10 min. 350 psi

15 min. 250 psi

Well SI at 2:30 pm on 10/27/89

Well open to pit at 3:30 pm on 10/27/89.

Choke size 3/8".

10-28-89 Ran 133 jts. of 2-7/8", 6.5#, EUE tubing.
Set at 4299.46' KB w/ seating nipple at 4197.11' KB.

10-30-89 Casing pressure at 600 psi; tubing pressure 0 psi.

10-31-89 Casing pressure at 825 psi; tubing pressure 0 psi.
Made 6 swab runs and well began unloading.
Flowed to pit from 2:30 to 5:00.
SI with 650 psi on casing.

NASSAU RESOURCES, INC.
Carracas Unit 34 B #2

11-1-89 Casing pressure at 1300 psi; tubing pressure 1300 psi.

ENGINEERING REPORT

Carracas Unit 34B #2

Section 34, T32N, R04W

Rio Arriba County, New Mexico

Carracas Unit 34B #2, located 790' FNL and 1850' FEL of Section 34, Township 32 North, Range 4 West, was spudded on October 15, 1989. Total depth of 4400' was reached on October 22, 1989 and 5-1/2", 15.5 lb/ft casing was set. The Fruitland Coal was perforated at 4150' to 4161', 4164' to 4166', and 4228' to 4230' with 4 shots per foot. The formation was fractured with 48,000 lbs 40/70 sand and 170,000 lbs 20/40 sand in 1985 barrels gelled water at 51.5 barrels per minute.

The well was first delivered at a rate of 447 MCFD on November 14, 1989.

The well has produced a cumulative of 308,402 MCF through October 31, 1992. The October, 1992 production was 6118 MCF and 0 BW for an average producing rate of 197.4 MCFD and 0 BWPD. October, 1992 gas sales were 6103 MCF. A listing of monthly production is attached.

ECONOMICS

Based on October, 1992 sales of 6103 MCF, a wellhead price for gas of \$2.055 per MCF and operating expenses for this well of \$1747.28, the well is currently operating at a profit.

Calculations used to determine the economics of this well are based on historic production, gas prices and well operating costs and projections of future production, gas prices and operating costs as shown on the attached Economics Exhibit.

ECONOMICS EXHIBIT

December, 1992

Application for Approval of Participating Area

Carracas Unit 34B #2

NW NE Section 34, T32N R04W

Rio Arriba County, New Mexico

Well Costs: (based on actual costs) \$356,810

Production: Historical data attached. Projection made from historical data and current production rate and prices. Decline curve attached.

Monthly Operating Cost:

1989 average = \$4140 per month *

1990 average = \$3102 per month *

1991 average = \$3201 per month *

1992 average = \$2401 per month *

1993 est = \$2440 per month escalated at 4% per year.

General and Administrative Costs: \$400 per month are included in above monthly operating costs.

* Monthly Operating Costs include General and Administrative cost, a gas marketing fee of \$.03/MCF, and a water disposal fee of \$.25/BBL

Working Interest: 100%

Net Revenue Interest: 80%

Discount Rate: 10%

Severance Tax: \$0.163 per MCF + 3.3% of net value

Ad Valorem Tax: 1.0% of adjusted revenue

Gas Price:

1989 average = \$1.216 per MCF *

1990 average = \$1.076 per MCF *

1991 average = \$0.878 per MCF *

1992 average = \$1.339 per MCF *

1993 est = \$1.500 per MCF escalated at 4% per year.

Date of First Production: November 14, 1989

Initial Production Rate: 447 MCFD

Calculated Economic Reserves: 308,402 MCF Cumulative + 433,279 MCF remaining

OPERATOR: NASSAU RESOURCES, INC.
LSE WELLNO: CARRACAS UNIT 34B-2
FIELD: BASIN FRUITLAND COAL
COUNTY: RIO ARRIBA
STATE: NM

CCU 34B-2
INPUT DATA SUMMARY
INDIVIDUAL WELL ANALYSIS

LOCATION: B 34 32N 04W
FORMATION: FRUITLAND COAL
RSVR CLASS: PROVED PRODUCING
PROGRAM: AMOCO
JNT VNTURE: PA

----- REPORT COMMENTARY -----

CARRACAS CANYON UNIT PARTICIPATING AREA
COMMERCIAL WELL DETERMINATION

----- CALCULATION PARAMETERS -----

PROJECT START DATE: 1/93
PRODUCTION REVENUE START DATE: 1/93
EVALUATION START DATE: 1/93
METHOD OF PAYOUT: STREAM VALUE
PAYOUT ON STREAM: COI UNDISCOUNTED
CUM VALUE TO PAYOUT: \$

----- CALCULATION PARAMETERS -----

TYPE OF INTEREST: OUTSIDE EVAL INTEREST
OUTSIDE WORKING INTEREST: 100.000000 %
NET REVENUE INTEREST: 80.000000 %
BASE CASE DISCOUNT RATE: 10.00 %
PROJ BASE CASE DSC RATE: 10.00 %

4. WELL SCHEDULING

GAS (2), 0, 1/93
1, SCHED (1), 1, NO ESCAL, NO LIMIT, PROJECT LIFE (9)

5. DIVISION OF INTEREST SCHEDULING

EWI (1), 0, 1/93
1, SCHED (1), 100.000000 %, PROJECT LIFE (10)
NRI-O/A(4), 0, 1/93
1, SCHED (1), 80.000000 %, PROJECT LIFE (10)

6. PRODUCTION SCHEDULING

GAS (2), 0, HST (2), 308.402 MMCF, 01/93 STANDARD
1, HYP (4), 6100.000 MCF/M (2), 499.199 MCF/M (2), EXP 0.85, DEC 15.000, CUM PROD (2), 1184.438, MMCF (2)
Oth-A (6), 0, HST (2), 0.848 MUNT, 01/93 STANDARD
1, HYP (4), 25.000 UNT/M (2), 5.006 UNT/M (2), EXP 2.00, DEC 30.000, ADD TIME (5), 23-Y 0-M

7. PRICE SCHEDULING

GAS (2), 0, 1/93
1, SCHED (1), 1.50 \$/MCF (2), AS04 , 3.50, PROJECT LIFE (9)

8. EXPENSE SCHEDULING

DIR OPER (1), 0, 1/93
1, SCHED (1), 2220.00 \$/W/M (3), AS04 , NO LIMIT, PROJECT LIFE (9)
VAR-GAS (8), 0, 1/93
1, SCHED (1), 0.03 \$/MCF (4), NO ESCAL, NO LIMIT, PROJECT LIFE (9)
VAR-OTH-P(9), 0, 1/93
1, SCHED (1), 0.25 \$/UNT (4), AS04 , 2.00, PROJECT LIFE (9)
VAR-Ot-A(12), 0, 1/93
1, SCHED (1), 0.25 \$/UNT (4), AS04 , 2.00, PROJECT LIFE (9)

9. TAX SCHEDULING

SEV (1), NEW MEXICO, OIL, 7.080 %, 0.000000 \$/BBL, GAS, 3.330 %, 0.163000 \$/MCF
AD VAL (2), % OF ADJUSTED REVENUE - 1.00 %, FIXED AMOUNT - 0.000,
OIL SEV-LIST (7), FOR 0-Y 0-M

NASSAU RESOURCES, INC.

Multiphase Curve Analysis

Rate vs Time

(c) 1994, 1989 Dights, A SoftSearch Co.

CARRACAS UNIT 34B-2

B 34 T32N R04W FRUITLAND COAL

RIO ARRIBA COUNTY, NM

12/08/1992

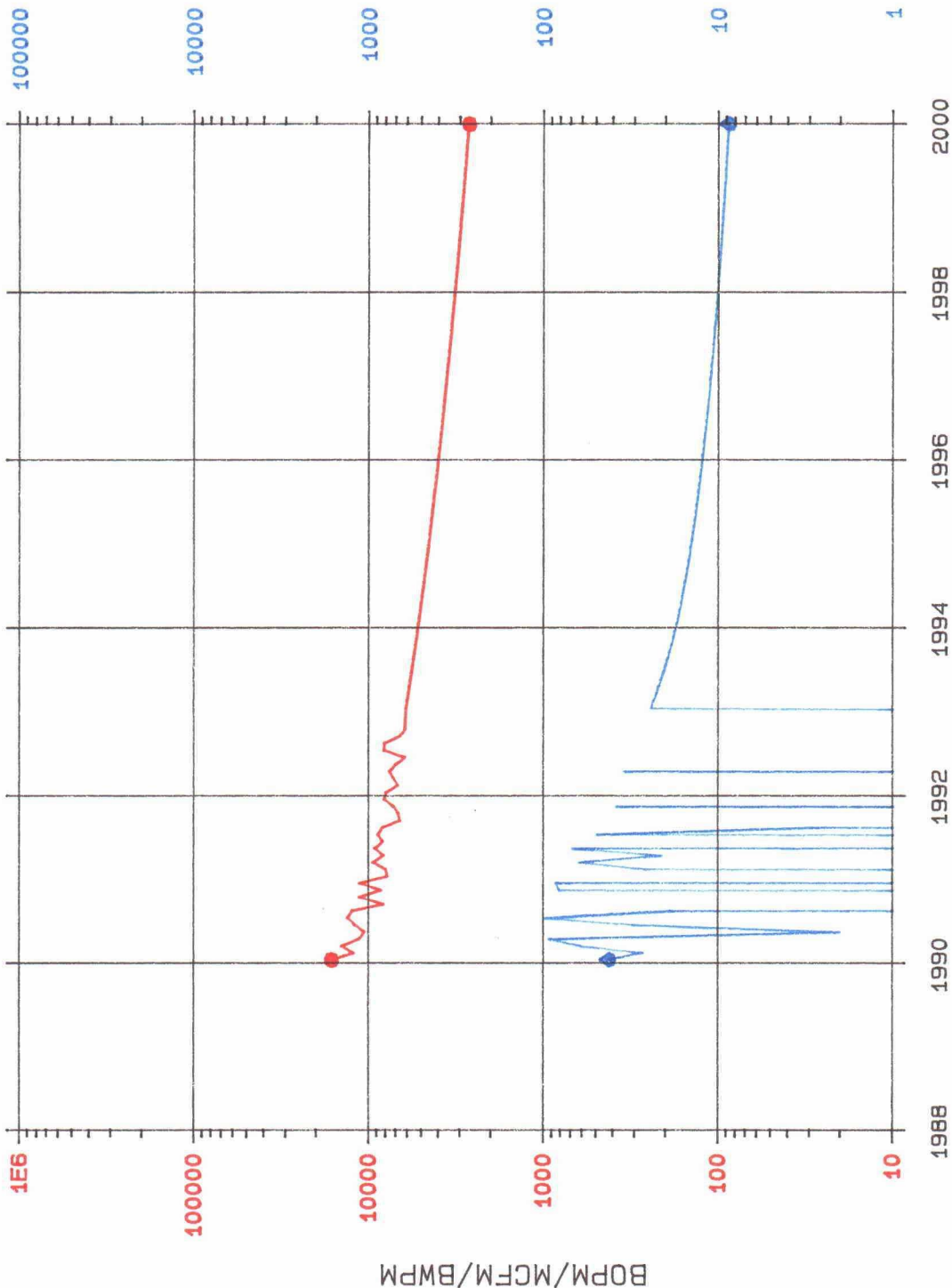
Project:

CCU 34B-2

Production Curves

GAS: • GAS DATA
 0 History 1/90 - 10/92
 1 Hyperbolic 1/93 - 11/42
 Qi : 6100.000 MCF/M
 D1 : 15.000 %
 n : 0.850
 Ge : 499.199 MCF/M
 De : 2.037 %
 Np : 876.493 MMCF

WTR: • WATER DATA
 0 History 1/90 - 10/92
 1 Hyperbolic 1/93 - 12/15
 Qi : 25.000 UNT/M
 D1 : 30.000 %
 n : 2.000
 Ge : 5.006 UNT/M
 De : 2.024 %
 Np : 2.302 MUNT



GAS SEV-LIST (8), FOR 0-Y 0-M
ADVAL -LIST (9), FOR 0-Y 0-M
NET WPT-LIST(10), FOR 0-Y 0-M
GRS WTP-LIST(11), FOR 0-Y 0-M
T3 ABP -LIST(12), FOR 0-Y 0-M

10. INVESTMENT SCHEDULING

*** INVESTMENTS NOT SCHEDULED ***

11. LOANS SCHEDULING

*** LOANS NOT SCHEDULED ***

12. STREAM ADJUSTMENT SCHEDULING

*** STREAM ADJUSTMENTS NOT SCHEDULED ***

HISTORIC DATA LISTING
CCU 348-2

GAS

STANDARD

TIME DEC
SEG TYPE

END
CONDITION

0 HST 308.402 MMCF

01/93

HISTORIC DATA: MCF

PRIOR PRODUCTION:

0.000 MMCF

1/ 1/90 - 1/31/90 16153.000
2/ 1/90 - 2/28/90 12132.000
3/ 1/90 - 3/31/90 14194.000
4/ 1/90 - 4/30/90 11270.000
5/ 1/90 - 5/31/90 10444.000
6/ 1/90 - 6/30/90 11934.000
7/ 1/90 - 7/31/90 13124.000
8/ 1/90 - 8/31/90 12340.000
9/ 1/90 - 9/30/90 8178.000

10/ 1/90 - 10/31/90 11259.000
11/ 1/90 - 11/30/90 8434.000
12/ 1/90 - 12/31/90 11181.000
1/ 1/91 - 1/31/91 7772.000
2/ 1/91 - 2/28/91 7964.000
3/ 1/91 - 3/31/91 9388.000
4/ 1/91 - 4/30/91 8153.000
5/ 1/91 - 5/31/91 9156.000
6/ 1/91 - 6/30/91 8220.000

HISTORIC DATA: MCF

7/ 1/91 - 7/31/91 8827.000
8/ 1/91 - 8/31/91 8222.000
9/ 1/91 - 9/30/91 6592.000
10/ 1/91 - 10/31/91 6757.000
11/ 1/91 - 11/30/91 7187.000
12/ 1/91 - 12/31/91 8092.000
1/ 1/92 - 1/31/92 7871.000
2/ 1/92 - 2/29/92 6783.000
3/ 1/92 - 3/31/92 7185.000

4/ 1/92 - 4/30/92 7600.000
5/ 1/92 - 5/31/92 6924.000
6/ 1/92 - 6/30/92 6170.000
7/ 1/92 - 7/31/92 8131.000
8/ 1/92 - 8/31/92 8037.000
9/ 1/92 - 9/30/92 6610.000
10/ 1/92 - 10/31/92 6118.000

1 HYP 6100.000 MCF/M 499.199 MCF/M 0.85 15.000 2 1184.438 MMCF CUM

Other - Associate

STANDARD

TIME DEC
SEG TYPE

END
CONDITION

0 HST 0.848 MUNT

01/93

HISTORIC DATA LISTING
CCU 348-2

Other - Associate

STANDARD

TIME DEC
SEG TYPE

END
CONDITION

HISTORIC DATA: UNT

1/ 1/90 - 1/31/90	42.000
2/ 1/90 - 2/28/90	27.000
3/ 1/90 - 3/31/90	61.000
4/ 1/90 - 4/30/90	94.000
5/ 1/90 - 5/31/90	2.000
6/ 1/90 - 6/30/90	30.000
7/ 1/90 - 7/31/90	99.000
8/ 1/90 - 8/31/90	19.000
9/ 1/90 - 10/31/90	0.000

PRIOR PRODUCTION:

0.000 MUNT

11/ 1/90 - 11/30/90	82.000
12/ 1/90 - 12/31/90	86.000
1/ 1/91 - 1/31/91	0.000
2/ 1/91 - 2/28/91	26.000
3/ 1/91 - 3/31/91	63.000
4/ 1/91 - 4/30/91	21.000
5/ 1/91 - 5/31/91	69.000
6/ 1/91 - 6/30/91	0.000
7/ 1/91 - 7/31/91	50.000

HISTORIC DATA: UNT

8/ 1/91 - 8/31/91	3.000
9/ 1/91 - 10/31/91	0.000
11/ 1/91 - 11/30/91	39.000
12/ 1/91 - 3/31/92	0.000
4/ 1/92 - 4/30/92	35.000
5/ 1/92 - 7/31/92	0.000
8/ 1/92 - 10/31/92	0.000

1 HYP 25.000 UNT/M 5.006 UNT/M 2.00 30.000 5 [23]-YRS [0]-MOS ADD

OPERATOR: NASSAU RESOURCES, INC.
 LSE WELLNO: CARRACAS UNIT 34B-2
 FIELD: BASIN FRUITLAND COAL
 COUNTY: RIO ARRIBA
 STATE: NM

CCU 34B-2

LOCATION: B 34 32N 04W
 FORMATION: FRUITLAND COAL
 RSVR CLASS: PROVED PRODUCING
 PROGRAM: AMOCO
 JNT VNTURE: PA

BFIT 20 COLUMN REPORT
 INDIVIDUAL WELL ANALYSIS
 Report Date: JAN 1993
 Discount Date: JAN 1993
 Evaluation Date: JAN 1993

----- REPORT COMMENTARY -----

CARRACAS CANYON UNIT PARTICIPATING AREA
 COMMERCIAL WELL DETERMINATION

----- DIVISION OF INTEREST -----

1st NONZERO WI 1/93 100.000000%
 1st NONZERO NRI 1/93 80.000000%
 FINAL W.I. 100.000000%
 FINAL N.R.I. 80.000000%

----- PROFIT AND PRODUCTION INDICATORS -----

LIFE OF THE PROJECT 10 years 9 months
 PAYOUT TERM N/A
 ROI - DISCOUNTED N/A
 ROI - UNDISCOUNTED N/A
 INTERP. IRR > 400 %

END OF PERIOD (MO/YR)	GROSS PRODUCTION		NET PRODUCTION		EFFECTIVE PRICES		NET REVENUE			
	OIL & CND --(MBBL)-----	GAS & CGS (MMCF)---	OIL & CND --(MBBL)-----	GAS & CGS (MMCF)---	OIL & CND --(\$/BBL)-----	GAS & CGS (\$/MCF)---	OIL & CND ----(M\$)-----	GAS & CGS (M\$)-----	OTHER (M\$)-----	TOTAL (M\$)-----
PRIOR		308.402								
12/93	0.000	67.434	0.000	53.947	N/A	1.53	0.000	82.496	0.000	82.496
12/94	0.000	57.898	0.000	46.319	N/A	1.59	0.000	73.614	0.000	73.614
12/95	0.000	50.591	0.000	40.473	N/A	1.65	0.000	66.755	0.000	66.755
12/96	0.000	44.826	0.000	35.861	N/A	1.71	0.000	61.301	0.000	61.301
12/97	0.000	40.169	0.000	32.135	N/A	1.77	0.000	56.863	0.000	56.863
12/98	0.000	36.335	0.000	29.068	N/A	1.83	0.000	53.181	0.000	53.181
12/99	0.000	33.128	0.000	26.502	N/A	1.89	0.000	50.077	0.000	50.077
12/00	0.000	30.407	0.000	24.326	N/A	1.95	0.000	47.426	0.000	47.426
12/01	0.000	28.074	0.000	22.459	N/A	2.01	0.000	45.134	0.000	45.134
12/02	0.000	26.051	0.000	20.841	N/A	2.07	0.000	43.133	0.000	43.133
SUB TOTAL	0.000	414.913	0.000	331.931			0.000	579.980	0.000	579.980
REMAINDER	0.000	18.366	0.000	14.692			0.000	31.182	0.000	31.182
TOTAL	0.000	433.279	0.000	346.623			0.000	611.162	0.000	611.162
ULTIMATE		741.681								

END OF PERIOD (MO/YR)	NET EXPENSES ----(M\$)---	NET PROD. TAXES ----(M\$)---	NET W.P.T. ----(M\$)---	TOTAL EXP+TAXES ----(M\$)---	NET CASH OPER. INC. ----(M\$)---	NET INVESTMENT ----(M\$)---	NET RESALE ----(M\$)---	NET OPERATING INCOME BFIT		
								UNDISC ----(M\$)-----	DISC @ 10.00% (M\$)-----	CUM DISC (M\$)-----
12/93	29.259	12.250	0.000	41.509	40.987	0.000	0.000	40.987	38.921	38.921
12/94	30.025	10.637	0.000	40.663	32.951	0.000	0.000	32.951	28.323	67.244
12/95	30.865	9.399	0.000	40.265	26.490	0.000	0.000	26.490	20.612	87.856
12/96	31.754	8.421	0.000	40.175	21.126	0.000	0.000	21.126	14.882	102.738
12/97	32.677	7.629	0.000	40.306	16.556	0.000	0.000	16.556	10.559	113.297
12/98	33.626	6.976	0.000	40.602	12.579	0.000	0.000	12.579	7.264	120.561
12/99	34.594	6.428	0.000	41.022	9.055	0.000	0.000	9.055	4.736	125.297
12/00	35.577	5.963	0.000	41.540	5.885	0.000	0.000	5.885	2.790	128.087
12/01	36.572	5.563	0.000	42.135	2.998	0.000	0.000	2.998	1.291	129.378
12/02	37.576	5.216	0.000	42.792	0.341	0.000	0.000	0.341	0.140	129.518
SUB TOTAL	332.525	78.482	0.000	411.009	168.968	0.000	0.000	168.968	129.518	
REMAINDER	28.846	3.711	0.000	32.557	-1.375	0.000	0.000	-1.375	-0.484	
TOTAL	361.371	82.193	0.000	443.566	167.593	0.000	0.000	167.593	129.034	

----- PRESENT WORTH PROFILE -----

1 - 5.00 % 146.286 M\$ 3 - 15.00 % 114.923 M\$ 5 - 30.00 % 85.316 M\$ 7 - 70.00 % 49.2
 2 - 10.00 % 129.035 M\$ 4 - 20.00 % 103.260 M\$ 6 - 50.00 % 62.626 M\$

McHUGH

April 19, 1993

Jerome P. McHugh & Associates
Operating Affiliate: Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222-1894
(303) 321-2111 FAX (303) 321-1563

United States Department of the Interior
Bureau of Land Management
Farmington District Office
Attn: Mr. Duane Spencer
1235 La Plata Highway
Farmington, New Mexico 87401

New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Suite 206
Santa Fe, New Mexico 87503

RE: Carracas Canyon Unit Area
Rio Arriba County, New Mexico

**APPLICATION FOR APPROVAL OF THE SECOND REVISION OF THE
PARTICIPATING AREA "D" FOR THE FRUITLAND COAL FORMATION**

Gentlemen:

Nassau Resources, Inc., as Unit Operator for the Carracas Canyon Unit Area, which unit agreement was approved by the Bureau of Land Management effective January 30, 1987 and pursuant to the terms of Section 10 thereof, respectfully submits for your approval the selection of the following described lands to constitute the **Second Revision of the Fruitland Coal Participating Area "D"**, to wit;

Township 32 North, Range 4 West, NMPM
Section 35: E/2

ACRES INCLUDED IN THIS SECOND REVISION:	320.00
CUMULATIVE ACRES WITHIN PARTICIPATING AREA, AS REVISED:	1280.00

In support of this application, the following numbered items are attached hereto and made a part hereof:

- (1) An ownership map showing thereon the boundary of the unit area, the participating area as heretofore established or revised, and the boundary of the proposed revision herein.
- (2) A schedule showing the lands entitled to participation in the unitized substances produced from the Fruitland Coal formation, with the percentage of each lease or tract indicated thereon.

Enclosed herein, in triplicate, a geological and engineering report with accompanying maps supporting and justifying the proposed

April 19, 1993
Bureau of Land Management
Page 2

selection of lands for inclusion in the Second Revision of the Fruitland Coal Participating Area "D".

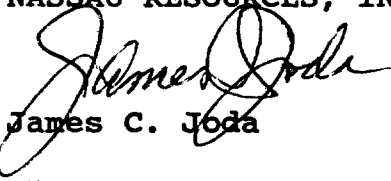
This proposed Second Revision of the Fruitland Coal Participating Area "D" is predicated upon the knowledge first obtained upon completion in paying quantities under the terms of the unit agreement of the following well(s):

Well Name: Carracas Unit 35B-#9
Location: 1850' FSL - 790' FEL (NE/4SE/4 35-32N-04W)
Completion Date: 12/11/89
First Sales: 1/11/90
Formation: Basin Fruitland Coal
Producing Interval: 3887' - 3964' KB, Basin Fruitland Coal
Initial Production: 651 MCF, 10 BBL Water, (24 hrs.)

Applicant respectfully requests your approval of the hereinabove selection of lands to constitute the Second Revision of the Fruitland Coal Participating Area "D" to be effective December 1, 1989.

Sincerely,

NASSAU RESOURCES, INC.



James C. Joda

enc

SCHEDULE III
COLORADO

R 4 W

R 5 W

T 32
N

T 32
N

Note

PRIMARY POTENTIAL PROSPECTS SHALL BE 320 ACRE TRACTS, COMPRISED WHOLLY OR IN PART, OF ACREAGE DESIGNATED AS OWNED BY MCHUGH OR THAT WHICH CAN BE EARNED UNDER AMOCO FARMOUT AGREEMENTS.

- Amoco FO-100% W.I. No Back-in
- 75%-25% Amoco FO
- 66 2/3%-33 1/3% Amoco FO
- MCHUGH 100%
- Unleased Federal Lands
- Fruitland Coal Participating Area "A"
- Fruitland Coal Participating Area "B"
- Fruitland Coal Participating Area "C"
- Fruitland Coal Participating Area "D"
- Proposed 2nd Revision Fruitland Coal Participating Area D, "D2"

R 5 W

R 4 W

NOTE: UNLESS OTHERWISE INDICATED, THE VARIOUS SECTIONS ON THIS PLAT CONTAIN 640.00 ACRES.

	ACREAGE	PERCENTAGE
FEDERAL LANDS	29,480.30	97.70 %
PATENTED LANDS	694.44	2.30 %
TOTALS	30,174.74	100.00 %

TRACT NUMBER
UNIT OUTLINE

SCALE IN MILES
1/2 0 1

EXHIBIT "A"
CARRACAS CANYON UNIT AREA
RIO ARriba COUNTY, NEW MEXICO

NASSAU RESOURCES, INC.
DENVER, COLORADO