

EXHIBIT "B"
INITIAL FRUITLAND COAL FORMATION PARTICIPATING AREA "E"
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, NMPH SECTION 22: S/2	320	100.00000000	AMOCO PRODUCTION CO. (25.00%) McHUGH COMPANIES (75.00%)
TOTAL			320	100.00000000	

SUMMARY
EXHIBIT "B"
INITIAL FRUITLAND COAL FORMATION PARTICIPATING AREA "E"
CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

TYPE LAND	COMMITTED ACRES	NON-COMMITTED ACRES	PERCENT COMMITTED
FEDERAL	320	-0-	100.00000000
STATE	-0-	-0-	-0-
PATENTED	-0-	-0-	-0-
TOTAL	320	-0-	100.00000000

EXHIBIT "B"
 INITIAL FRUITLAND COAL FORMATION PARTICIPATING AREA "E"
 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
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SUMMARY
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 CARRACAS CANYON UNIT AREA
 RIO ARRIBA COUNTY, NEW MEXICO

TYPE LAND	COMMITTED ACRES	NON-COMMITTED ACRES	PERCENT COMMITTED
FEDERAL	320	-0-	100.00000000
STATE	-0-	-0-	-0-
PATENTED	-0-	-0-	-0-
TOTAL	320	-0-	100.00000000

(November 1983)
(formerly 9-330)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE

(See all
instructions on
reverse side)

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐		2. NAME OF OPERATOR NASSAU RESOURCES, INC.	
3. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ FILL BACK ☐ DIFF. REHYDR. ☐ Other ☐		4. ADDRESS OF OPERATOR P O BOX 809, Farmington, N.M. 87499	
5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements): At surface 1830' FSL - 880' FEL At top prod. interval reported below At total depth		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
7. UNIT AGREEMENT NAME Carracas Unit		8. FARM OR LEASE NAME Carracas Unit 22 B	
9. WELL NO. 19		10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal	
11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA Sec. 22, T32N, R4W, NMPM		12. COUNTY OR PARISH Rio Arriba	
13. STATE NM		14. NMRK NO. API# 30-039-24725	
15. DATE SPUDDED 6-22-90		16. DATE T.D. REACHED 6-27-90	
17. DATE COMPL. (Ready to prod.) 7-24-90		18. ELEVATIONS (DT, RND, RT, OR, ETC.)* 6715' GL; 6728' KB	
19. ELEV. CASINGHEAD 6715' GL		20. TOTAL DEPTH, MD & TVD 3820' KB	
21. PLUG, BACK T.D., MD & TVD 3743' KB		22. IF MULTIPLE COMPL., HOW MANY? NA	
23. INTERVALS DRAILED BY ROTARY TOOLS TD		24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 3610' - 3623' Basin Fruitland Coal	
25. WAS WELL CORDED NO		26. TYPE ELECTRIC AND OTHER LOGS RUN Coal Log, Dual Induction-SFL, Compensated Neutron, Formation Density, Microlog, GR-CCL	
27. CARING RECORD (Report all strings set in well)			
CASING SIZE 9-5/8"		WEIGHT, LB./FT. 36#	
DEPTH SET (MD) 324'		HOLE SIZE 12-1/4"	
CEMENTING RECORD 222 cu.ft. circ. to surf.		AMOUNT PULLED ---	
5-1/2"		15.5#	
3826'		8-3/4"	
1213 cu.ft.		---	
See reverse			
28. LINER RECORD			
SIZE NA		TOP (MD)	
BOTTOM (MD)		BACKS CEMENT*	
SCREEN (MD)		TUBING RECORD	
SIZE 2-7/8"		DEPTH SET (MD) 3630' KB	
PACKER SET (MD) ---			
29. PERFORATION RECORD (Interval, size and number)			
3610-3623'		4" guns 0.5" diam. holes	
Total perfs 52.		30. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
DEPTH INTERVAL (MD) 3610-3623'		AMOUNT AND KIND OF MATERIAL USED 500 gal. 15% HCL acid 2095 bbls. 35# YF X-link 23,700# of 40/70 sand 198,872# of 20/40 sand	
31. PRODUCTION			
DATE FIRST PRODUCTION 7-23-90*		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Flowing	
WELL STATUS (Producing or shut-in) SI			
DATE OF TEST 7-26-90		HOURS TESTED 24	
CHOKED SIZE 2.000"		PROD'N. FOR TEST PERIOD ---	
OIL—BDL. ---		GAS—MCF. 750	
WATER—BDL. 52		OAB-OIL RATIO ---	
FLOW. TUBING PRESS. 660 psi		CASING PRESSURE 740 psi	
CALCULATED 24-HOUR RATE ---		OIL—BDL. ---	
GAS—MCF. 750		WATER—BDL. 52	
OIL GRAVITY-API (CORR.) ---			
32. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Vented during test; to be sold.			
33. LIST OF ATTACHMENTS Jerome Hydrocarbons to well bore during completion operations.			
34. I hereby certify that the foregoing and attached information is complete and correct as determined from FARMINGTON RESOURCE AREA			
SIGNED AUG 10 1990		TITLE Admin. Asst. BY DATE 7/26/90	

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

United States Department of the Interior, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

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):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
			<u>Item #28</u> Cemented 9-5/8" casing as follows: 190 sk of Class "B" w/ 2% CaCl. (222 cu.ft.) Cemented 5-1/2" casing as follows: 10 bbls. mud flush 410 sk of 65/35 poz w/ 12% gel and 1/4#/sk flocele (1074 cu.ft.) 100 sk of 50/50 poz w/ 2% gel and 6-1/4#/sk gilsonite (139 cu.ft.) Mud flush plus trace of cement circulated to surface.

38.

GEOLOGIC MARKERS

NAME	TOP	
	MEAS. DEPTH	TRUE VERT. DEPTH
Ojo Alamo	3030'	
Kirtland	3160'	
Fruitland	3475'	
Fruitland Coal	3610'	

JEROME P. McHUGH/NASSAU RESOURCES, INC.
P O BOX 809
FARMINGTON, N.M. 87499-0809
505 326-7793
FAX NUMBER 505 327-0859

DAILY REPORT

CARRACAS UNIT 22 B #9

7-4-90 Pressure tested to 3500 psi. Held okay.

7-10-90 PBTD 3743' KB. Ran GR-CCL from 3743' KB to 3500' KB.
 Perforated with 4" guns. Shot 0.5" diam. holes.
 Shot 3610' KB to 3623' KB with 4 spf.
 Total perfs 52.

7-12-90 Rigged up wire line and ran static BHP test.

7-18-90 RU and fraced w/ 35 YF 135 X-Link fluid as follows:
 500 gal 15% HCl acid
 25,200 gal pad
 3,850 gal. #1/gal. 40/70 sand
 3,650 gal. #2/gal. 40/70 sand
 3,500 gal. #3/gal. 40/70 sand
 6,340 gal. #3/gal. 20/40 sand
 6,340 gal. #4/gal. 20/40 sand
 6,340 gal. #5/gal. 20/40 sand
 6,340 gal. #6/gal. 20/40 sand
 6,340 gal. #7/gal. 20/40 sand
 3,400 gal. #8/gal. 20/40 sand
 3,360 gal. flush

Total load to recover 2095 bbls.
 23,700# of 40/70 sand pumped.
 198,872# of 20/40 sand pumped.
 Maximum pressure 4220 psi Average 3500 psi.
 Injection rate Maximum 55 BPM Average 52 BPM.
 ISIP 3431 psi
 SI 5 min. 3281 psi
 10 min. 3161 psi
 15 min. 3076 psi
 Well shut in at 4:20 on 7-18-90.

7-19-90 TIH and clean out sand to PBTD and circ. clean.
 Landed 115 jts. of 2-7/8", 6.5, J-55, EUE tubing
 at 3630' KB.
 Seating nipple at 3599' KB.
 Nipple up well head and release rig.

CARRACAS UNIT 22 B #9

- 7-23-90 Casing pressure 340 psi; tubing pressure 0.
Fluid level at 800'.
Made 12 swab runs to pit and well kicked off
briefly and then logged off with 460 psi on
casing.
Recovered 100 bbls. fluid.
Left well open to pit.
- 7-24-90 Casing pressure 1300 psi.
Tubing pressure 620 psi.
Opened well and it began unloading to pit.
Left well open to pit.
Casing pressure 240 psi; tubing producing a heavy mist.

ENGINEERING REPORT

Carracas Unit 22B #9

Section 22, T32N, R04W

Rio Arriba County, New Mexico

Carracas Unit 22B #9, located 880' FEL and 1830' FSL of Section 22, Township 32 North, Range 4 West, was spudded on June 22, 1990. Total depth of 3820' was reached on June 27, 1990 and 5-1/2", 15.5 lb/ft casing was set. The Fruitland Coal was perforated at 3610' to 3623' with 4 shots per foot. The formation was fractured with 23,700 lbs 40/70 sand and 198,872 lbs 20/40 sand in 2095 barrels gelled water at 52 barrels per minute.

The well was first delivered at a rate of 1900 MCFD on August 27, 1990.

The well has produced a cumulative of 651,297 MCF through October 31, 1992. The October, 1992 production was 15534 MCF and 17 BW for an average producing rate of 501.1 MCFD and .5 BWPD. October, 1992 gas sales were 15511 MCF. A listing of monthly production is attached.

ECONOMICS

Based on October, 1992 sales of 15511 MCF, a wellhead price for gas of \$2.055 per MCF and operating expenses for this well of \$6451.91, 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 22B #9

NE SE Section 22, T32N R04W

Rio Arriba County, New Mexico

Well Costs: (based on actual costs) \$432,048

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

Monthly Operating Cost:

1989 average = \$0000 per month *

1990 average = \$4534 per month *

1991 average = \$4054 per month *

1992 average = \$3339 per month *

1993 est = \$3370 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: August 27, 1990

Initial Production Rate: 1900 MCFD

Calculated Economic Reserves: 651,297 MCF Cumulative + 1,130,527 MCF remaining

NASSAU RESOURCES, INC.

Multiphase Curve Analysis

Rate vs Time

(c) 1991, 1989 Dwight, A Software Co.

CARRACAS UNIT 22B-9

I 22 T32N R04W FRUITLAND COAL
RIO ARriba COUNTY, NM

12/08/1992

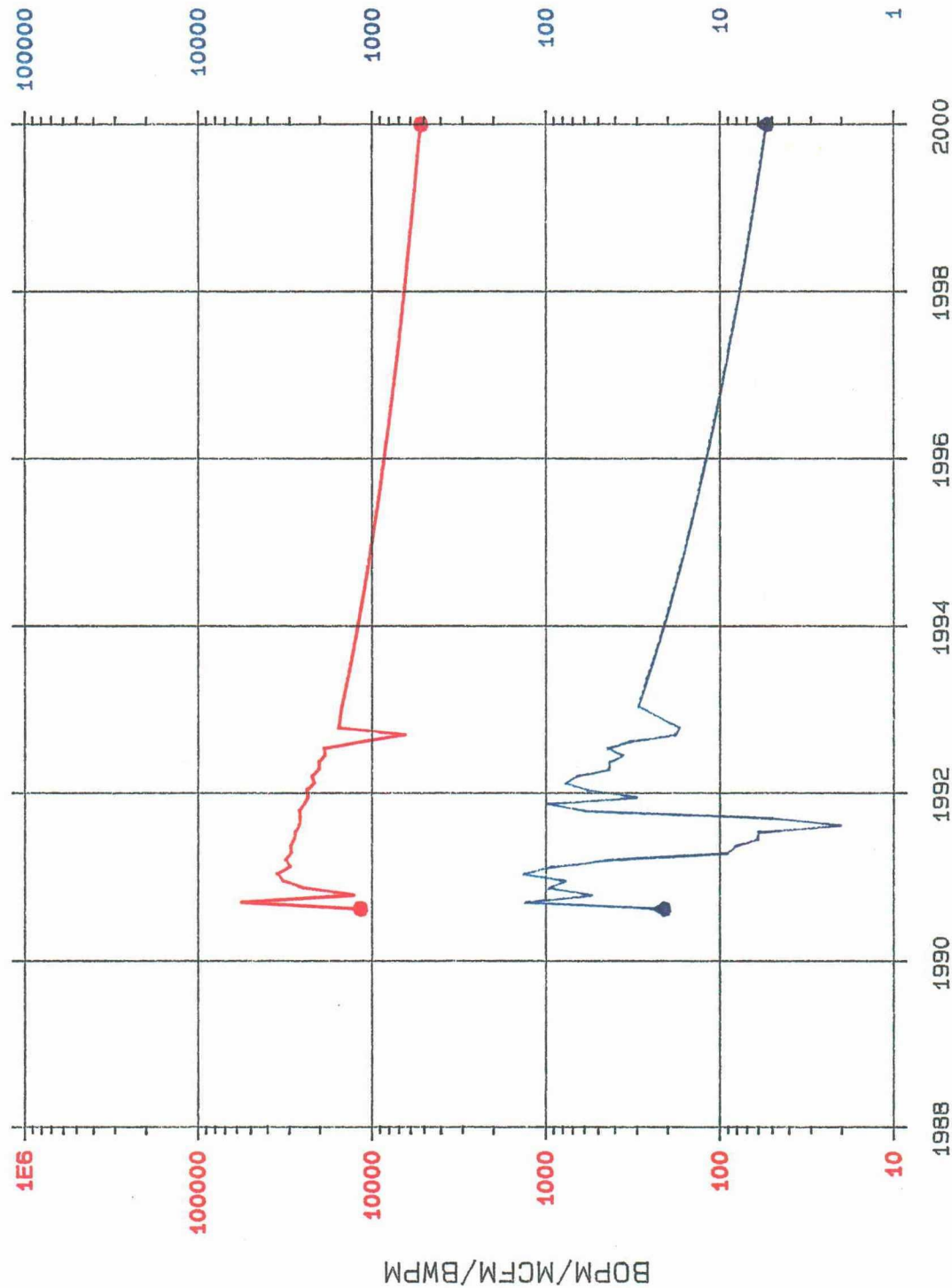
Project:

CCU 22B-9

Production Curves

GAS: • GAS DATA
 0 History 8/90 - 10/92
 1 Hyperbolic 1/93 - 1/36
 G1 : 15000.000 MCF/M
 D1 : 20.000 %
 n : 0.850
 Ge : 999.349 MCF/M
 De : 2.403 %
 Np : 1630.657 MMCF

WTR: • WATER DATA
 0 History 8/90 - 10/92
 1 Hyperbolic 1/93 - 12/15
 G1 : 30.000 UNT/M
 D1 : 30.000 %
 n : 0.500
 Ge : 0.995 UNT/M
 De : 6.750 %
 Np : 1.508 MUNT



OPERATOR: NASSAU RESOURCES, INC.
 LSE WELLNO: CARRACAS UNIT 22B-9
 FIELD: BASIN FRUITLAND COAL
 COUNTY: RIO ARRIBA
 STATE: NM

CCU 22B-9

DW LOC: 1 22 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 16 years 6 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		651.297								
12/93	0.000	160.759	0.000	128.607	N/A	1.53	0.000	196.627	0.000	196.627
12/94	0.000	130.977	0.000	104.782	N/A	1.59	0.000	166.506	0.000	166.506
12/95	0.000	110.025	0.000	88.020	N/A	1.65	0.000	145.162	0.000	145.162
12/96	0.000	94.536	0.000	75.629	N/A	1.71	0.000	129.272	0.000	129.272
12/97	0.000	82.653	0.000	66.122	N/A	1.77	0.000	116.995	0.000	116.995
12/98	0.000	73.268	0.000	58.614	N/A	1.83	0.000	107.231	0.000	107.231
12/99	0.000	65.682	0.000	52.545	N/A	1.89	0.000	99.284	0.000	99.284
12/00	0.000	59.432	0.000	47.546	N/A	1.95	0.000	92.691	0.000	92.691
12/01	0.000	54.200	0.000	43.360	N/A	2.01	0.000	87.135	0.000	87.135
12/02	0.000	49.761	0.000	39.809	N/A	2.07	0.000	82.389	0.000	82.389
SUB TOTAL	0.000	881.293	0.000	705.034			0.000	1223.292	0.000	1223.292
REMAINDER	0.000	249.234	0.000	199.387			0.000	454.823	0.000	454.823
TOTAL	0.000	1130.527	0.000	904.421			0.000	1678.115	0.000	1678.115
ULTIMATE		1781.824								

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	40.395	29.202	0.000	69.597	127.029	0.000	0.000	127.029	120.644	120.644
12/94	40.875	24.063	0.000	64.938	101.568	0.000	0.000	101.568	87.299	207.943
12/95	41.626	20.441	0.000	62.067	83.096	0.000	0.000	83.096	64.642	272.585
12/96	42.544	17.759	0.000	60.303	68.969	0.000	0.000	68.969	48.563	321.148
12/97	43.574	15.697	0.000	59.271	57.724	0.000	0.000	57.724	36.791	357.939
12/98	44.680	14.066	0.000	58.746	48.485	0.000	0.000	48.485	27.973	385.912
12/99	45.841	12.745	0.000	58.586	40.698	0.000	0.000	40.698	21.255	407.167
12/00	47.042	11.655	0.000	58.697	33.994	0.000	0.000	33.994	16.072	423.239
12/01	48.275	10.741	0.000	59.016	28.119	0.000	0.000	28.119	12.035	435.274
12/02	49.532	9.964	0.000	59.496	22.893	0.000	0.000	22.893	8.871	444.145
SUB TOTAL	444.384	166.333	0.000	610.717	612.575	0.000	0.000	612.575	444.145	
REMAINDER	353.634	51.718	0.000	405.352	49.472	0.000	0.000	49.472	15.641	
TOTAL	798.018	218.051	0.000	1016.069	662.047	0.000	0.000	662.047	459.786	

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

1 - 5.00 % 544.993 M\$ 3 - 15.00 % 395.989 M\$ 5 - 30.00 % 277.368 M\$ 7 - 70.00 % 153.7
 2 - 10.00 % 459.786 M\$ 4 - 20.00 % 346.962 M\$ 6 - 50.00 % 197.679 M\$

OPERATOR: NASSAU RESOURCES, INC.
LSE WELLNO: CARRACAS UNIT 22B-9
FIELD: BASIN FRUITLAND COAL
COUNTY: RIO ARRIBA
STATE: NM

CCU 22B-9
INPUT DATA SUMMARY
INDIVIDUAL WELL ANALYSIS

DW LOC: I 22 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)
MRI-O/A(4), 0, 1/93
1, SCHED (1), 80.000000 %, PROJECT LIFE (10)

6. PRODUCTION SCHEDULING

GAS (2), 0, HST (2), 651.297 MMCF, 01/93 STANDARD
1, HYP (4), 15000.000 MCF/M (2), 999.349 MCF/M (2), EXP 0.85, DEC 20.000, CUM PROD (2), 2281.652, MMCF (2)
Oth-A (6), 0, HST (2), 1.317 MUNT, 01/93 STANDARD
1, HYP (4), 30.000 UNT/M (2), 0.995 UNT/M (2), EXP 0.50, 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), 2900.00 \$/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,
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 22B-9

Other - Associate

STANDARD

TIME DEC
SEG TYPE

END
CONDITION

HISTORIC DATA: UNT

8/ 1/90 - 8/31/90	21.000
9/ 1/90 - 9/30/90	134.000
10/ 1/90 - 10/31/90	54.000
11/ 1/90 - 11/30/90	97.000
12/ 1/90 - 12/31/90	77.000
1/ 1/91 - 1/31/91	135.000
2/ 1/91 - 2/28/91	93.000
3/ 1/91 - 3/31/91	45.000
4/ 1/91 - 4/30/91	9.000

PRIOR PRODUCTION:

0.000 MUNT

5/ 1/91 - 5/31/91	8.000
6/ 1/91 - 7/31/91	12.000
8/ 1/91 - 8/31/91	2.000
9/ 1/91 - 9/30/91	5.000
10/ 1/91 - 10/31/91	60.000
11/ 1/91 - 11/30/91	99.000
12/ 1/91 - 12/31/91	30.000
1/ 1/92 - 1/31/92	58.000
2/ 1/92 - 2/28/92	78.000

HISTORIC DATA: UNT

3/ 1/92 - 3/31/92	66.000
4/ 1/92 - 5/31/92	86.000
6/ 1/92 - 6/30/92	36.000
7/ 1/92 - 7/31/92	44.000
8/ 1/92 - 8/31/92	33.000
9/ 1/92 - 9/30/92	18.000
10/ 1/92 - 10/31/92	17.000

1 HYP 30.000 UNT/M 0.995 UNT/M 0.50 30.000 5 [23]-YRS [0]-MOS ADD

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 COMBINING OF PARTICIPATING
AREAS "C", "D" (2nd Revision), AND "E" FOR THE FRUITLAND COAL
FORMATION INTO PARTICIPATING AREA "CDE" 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 as revisions to the Fruitland Coal Participating Areas "C", "D" (2nd Revision), and "E" resulting in the formation of the combined Fruitland Coal Participating Area "CDE", to wit;

Township 32 North, Range 4 West, NMPM
Section 23: N/2
Section 23: S/2

ACRES INCLUDED IN THIS APPLICATION:	640.00
CUMULATIVE ACRES WITHIN COMBINED PARTICIPATING AREA:	2560.00

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 affected participating areas as heretofore established or revised, and the boundary of the proposed combination/revision herein.
- (2) A schedule showing the lands entitled to participation in

April 19, 1993
Bureau of Land Management
Page 2

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 selection of lands for inclusion in the combined Fruitland Coal Participating Area "CDE".

This proposed combined Fruitland Coal Participating Area "CDE" 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 23B-#15
Location: 1170' FSL - 1510' FEL, (SW/4SE/4 23-32N-04W)
Completion Date: 9/17/90
First Sales: 10/24/90
Formation: Basin Fruitland Coal
Producing Interval: 3614' - 3647' KB, Basin Fruitland Coal
Initial Production: 1537 MCF, 4 BBL Water, (24 hrs.)

Well Name: Carracas Unit 23B-#8
Location: 1650' FNL - 810' FEL, (SE/4NE/4 23-32N-04W)
Completion Date: 9/25/90
First Sales: 10/24/90
Formation: Basin Fruitland Coal
Producing Interval: 3643' - 3645' KB, Basin Fruitland Coal
Initial Production: 862 MCF, 45 BBL Water, (24 hrs.)

Applicant respectfully requests your approval of the hereinabove selection of lands to constitute the combined Fruitland Coal Participating Area "CDE" to be effective September 1, 1990.

Sincerely,

NASSAU RESOURCES, INC.



James C. Joda

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