

EXHIBIT "B"
REVISION TO COMBINE FRUITLAND COAL FORMATION PARTICIPATING AREAS "C", "D", AND "E", (CDE)
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
28	USA NH-28812 100.00000000X	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 23: E/2, E/2NW/4, NE/4NW/4 E/2SE/4NW/4NW/4, SW/4SW/4NW/4NW/4, W/2NW/4SW/4NW/4, SE/4NW/4SW/4NW/4, SW/4SW/4NW/4, NE/4SW/4, W/2W/2SW/4, W/2NE/4SW/4SW/4, SE/4SW/4SW/4, SW/4SE/4SW/4	540	21.09375000	McHUGH COMPANIES (84.41%) CNG PRODUCING CO. (15.59%)
31	(FEE) LOU DEANE MONTOYA	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 23: NW/4NW/4NW/4, NW/4SW/4NW/4NW/4, E/2SW/4NW/4NW/4, NE/4NW/4SW/4NW/4, E/2SW/4NW/4, W/2SE/4NW/4NW/4	45	1.75781250	McHUGH COMPANIES (100.00%)
32	(FEE) JOHN W. WEST, CONS. 50.00000000X KENNETH J. WEST, EX. 50.00000000X	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 23: E/2NW/4SW/4, E/2NE/4SW/4SW/4, NE/4SE/4SW/4, SE/4SE/4SW/4	55	2.14843750	McHUGH COMPANIES (100.00%)
			SUB TOTAL	640	25.00000000
4	USA NH-29339 100.00000000X	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 15: W/2E/2, SE/4SE/4	200	7.81250000	McHUGH COMPANIES (100.00%)
278	(FEE) 100.00000000X	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 15: E/2NE/4, NE/4SE/4	120	4.68750000	McHUGH COMPANIES (100.00%)
PREVIOUSLY ESTABLISHED FRUITLAND COAL FORMATION PARTICIPATING AREA "C":					
		VIOLA H. ARMENTA	16.66666667X		
		FRANCES CORDOVA ET VIR	16.66666667X		
		REBECCA GARCIA	16.66666666X		
		JOE & DEMETRIO MARTINEZ	10.00000000X		
		SOPHIA MARTINEZ	10.00000000X		
		JOSE & KATHY MARTINEZ	10.00000000X		
		ALBERT A. GALLEGOS	5.00000000X		
		EDWARD S. GALLEGOS, JR.	5.00000000X		
		LINDA SUE LANIER	2.50000000X		
		NORMA MARIA MADRID	2.50000000X		
		ELIZABETH ANN TROXELL	2.50000000X		
		LAURALEE PAYNE	2.50000000X		

PREVIOUSLY ESTABLISHED FRUITLAND COAL PARTICIPATING AREA "D":

2A	USA NH-28812 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NHPM</u> <u>SECTION 35: E/2</u>	320	12.50000000	AMOCO PRODUCTION CO. (12.50%) McHUGH COMPANIES (75.00%) FRONTIER ENERGY CORP. (12.50%)
18	USA NH-59696 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NHPM</u> <u>SECTION 34: N/2</u>	320	12.50000000	AMOCO PRODUCTION CO. (25.00%) McHUGH COMPANIES (75.00%)
2C	USA NH-28812 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NHPM</u> <u>SECTION 26: E/2</u> <u>SECTION 35: W/2</u>	640	25.00000000	AMOCO PRODUCTION CO. (12.50%) McHUGH COMPANIES (52.72%) CNG PRODUCING COMPANY (22.28%) FRONTIER ENERGY CORP. (12.50%)

PREVIOUSLY ESTABLISHED FRUITLAND COAL FORMATION PARTICIPATING AREA "E":

18	USA NH-59696 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NHPM</u> <u>SECTION 22: S/2</u>	320	12.50000000	AMOCO PRODUCTION CO. (25.00%) McHUGH COMPANIES (75.00%)
			TOTAL 2560	<u>100.00000000</u>	

SUMMARY
EXHIBIT "B"
REVISION TO COMBINE FRUITLAND COAL FORMATION PARTICIPATING AREA "C", "D", AND "E", (CDE)
CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

TYPE LAND	COMMITTED ACRES	NON-COMMITTED ACRES	PERCENT COMMITTED
FEDERAL	2340	-0-	100.00000000
STATE	-0-	-0-	-0-
PATENTED	196	* 24	89.09090909
TOTAL	2536	* 24	99.06250000

* UNLEASED AND NON-COMMITTED FEE OWNERS THAT ARE FORCED POOLED TO 320 ACRE SPACING BY THE STATE OF NEW MEXICO BY ORDER NO. R-8978, CASE NO. 9717.

Form 3160-4
(November 1983)
(formerly 9-330)

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*

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ Other _____
2. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PIPE BACK ☐ DIFF. REINFR. ☐ Other _____

3. NAME OF OPERATOR

NASSAU RESOURCES, INC.

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 1650' FNL - 810' FEL

At top prod. interval reported below

At total depth

14. XEROX NO. API#

DATE ISSUED

30-039-24651

3/2/90

15. DATE SPUDDED 6/28/90 16. DATE T.D. REACHED 7/4/90 17. DATE COMPL. (Ready to prod.) 9/25/90 18. ELEVATIONS (DP, RKB, RT, OR, ETC.)* 6775' GL; 6788' KB 19. ELEV. CASINGHEAD 6775' GL

20. TOTAL DEPTH, MD & TVD 3880' 21. PLUG, BACK T.D., MD & TVD 3804' KB 22. IF MULTIPLE COMPL., HOW MANY* na 23. INTERVALS DRILLED BY TD 24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 3643' KB - 3645' KB, 3664' KB - 3680' KB Basin Fruitland Coal 25. WAS DIRECTIONAL SURVEY MADE NO

26. TYPE ELECTRIC AND OTHER LOGS RUN GR-CCL, Dual Induction Guard, Compensated Neutron Formation Density, Spectral Density DSN II 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#	329' KB	12-1/4"	222 cu.ft. circ. to surf.	---
5-1/2"	15.5#	3879' KB	8-3/4"	1255 cu.ft. circ. to surf.	---
				See reverse.	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
NA					2-7/8"	3,680' KB	---

31. PERFORATION RECORD (Interval, size and number)

3643' - 3645' KB 4 spf
3664' - 3680' KB 4 spf
0.500" diam. holes

Total perfs 78.

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3643-3680' KB	500 gal. 15% HCL acid
	1577 bbls. 35# YF135 fluid
	21,600# of 40/70 sand
	130,400# 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)	
10/3/90*		Flowing				SI	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
10-4-90	24 Hrs.	1.375 "	→	--	862	45	--
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	
395 psi	495 psi	→	--	862	45	--	

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

Vented during test; to be sold.

TEST WITNESSED BY

ACCEPTED FOR RECORD
Rodebach

35. LIST OF ATTACHMENTS

1st hydrocarbons to well bore.

OPERATOR

OCT 22 1990

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

FARMINGTON RESOURCE AREA

SIGNED

Fran Perrin

TITLE Admin. Asst.

DATE 10/5/90

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

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.	GEOLOGIC MARKERS		
				NAME	MEAS. DEPTH	TRUE VERT. DEPTH
			Item #28 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 426 sk of 65/35 poz w/ 12% gel and 1/4#/sk flocele (1116 cu.ft.) 100 sk of 50/50 poz w/ 2% gel, 6-1/4#/sk gilsonite and 1/4#/sk flocele (139 cu.ft.) Total of 1255 cu.ft.	Ojo Alamo Kirtland Fruitland Fruitland Coal	3065' 3205 3512 3665	

38.

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 23 B #8**

7-18-90 RU and pressure test casing to 3500 psi.
Test good.

7-26-90 PBTD 3804' KB. Ran GR-CCL from 3804' KB to 3400' KB.
Perforated with 4" guns. Shot 0.500" diam. holes.
Shot 3643' KB to 3645' KB with 4 spf.
Shot 3664' KB to 3680' KB with 4 spf.
Total perfs 78.

9-22-90 Rigged up completion rig.

9-24-90 TIH with 2-7/8", J-55, EUE tubing to 3690' to spot
acid.
Fraced with 35# YF-135 fluid as follows:

500 gal	15% HCL acid	
25,200 gal	Pad	
3,860 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
2,325 gal	7#/gal	20/40 sand
1,890 gal	Flush	

Total load to recover 1,577 bbls.
21,600# of 40/70 sand pumped
130,400# of 20/40 sand pumped

Pressure max	4200 psi	Avg	3400 psi
Injection rate max	56 bbl/min.	Avg	55 bbl/min.
ISIP	3980 psi		
SI	5 min. 3379 psi		
	10 min. 2930 psi		
	15 min. 2611 psi		

Well SI at 3 pm on 9/24/90.

Remarks: Screened off at beginning of 7# sand.
Pressure rose through out frac.

NASSAU RESOURCES, INC.
Carracas Unit 23 B #8

- 9-25-90 Ran in hole with tubing. Broke circulation.
 Cleaned out 1600' of sand. Circulated well till clean.
 Landed 118 jts. of 2-7/8", EUE tubing.
 Seating nipple at 3649.69' KB. Notch collar at
 3679.89 KB. (No anchor).
 Unflanged BOP. Flanged up well head.
 Rigged down.
- 10-2-90 Casing pressure 1000 psi; tubing 1000 psi.
 Fluid level at 800'.
 Opened well. Blew down.
 Made 2 swab runs. Well unloading.
 Put well through choke. Closed well in.
 Casing pressure 360 psi; tubing kicking.

ENGINEERING REPORT

Carracas Unit 23B #8

Section 23, T32N, R04W

Rio Arriba County, New Mexico

Carracas Unit 23B #8, located 1650' FNL and 810' FEL of Section 23, Township 32 North, Range 4 West, was spudded on June 28, 1990. Total depth of 3880' was reached on August 4, 1990 and 5-1/2", 15.5 lb/ft casing was set. The Fruitland Coal was perforated at 3643' to 3645' and 3664' to 3680' with 4 shots per foot. The formation was fractured with 21,600 lbs 40/70 sand and 130,400 lbs 20/40 sand in 1577 barrels gelled water at 55 barrels per minute.

The well was first delivered at a rate of 1804 MCFD on October 24, 1990.

The well has produced a cumulative of 1,048,094 MCF through October 31, 1992. The October, 1992 production was 32669 MCF and 17 BW for an average producing rate of 1053.8 MCFD and .5 BWPD. October, 1992 gas sales were 32646 MCF. A listing of monthly production is attached.

ECONOMICS

Based on October, 1992 sales of 32646 MCF, a wellhead price for gas of \$2.055 per MCF and operating expenses for this well of \$2531.56, 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 23B #8

SE NE Section 23, T32N R04W

Rio Arriba County, New Mexico

Well Costs: (based on actual costs) \$429,893

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 = \$3241 per month *

1991 average = \$4966 per month *

1992 average = \$3318 per month *

1993 est = \$3290 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: October 24, 1990

Initial Production Rate: 1804 MCFD

Calculated Economic Reserves: 1,048,094 MCF Cumulative + 11,009,502 MCF remaining

NASSAU RESOURCES, INC.

Multiphase Curve Analysis

Rate vs Time

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

CARRACAS UNIT 23B-8

H 23 T32N R04W FRUITLAND COAL

RIO ARRIBA COUNTY, NM

12/08/1992

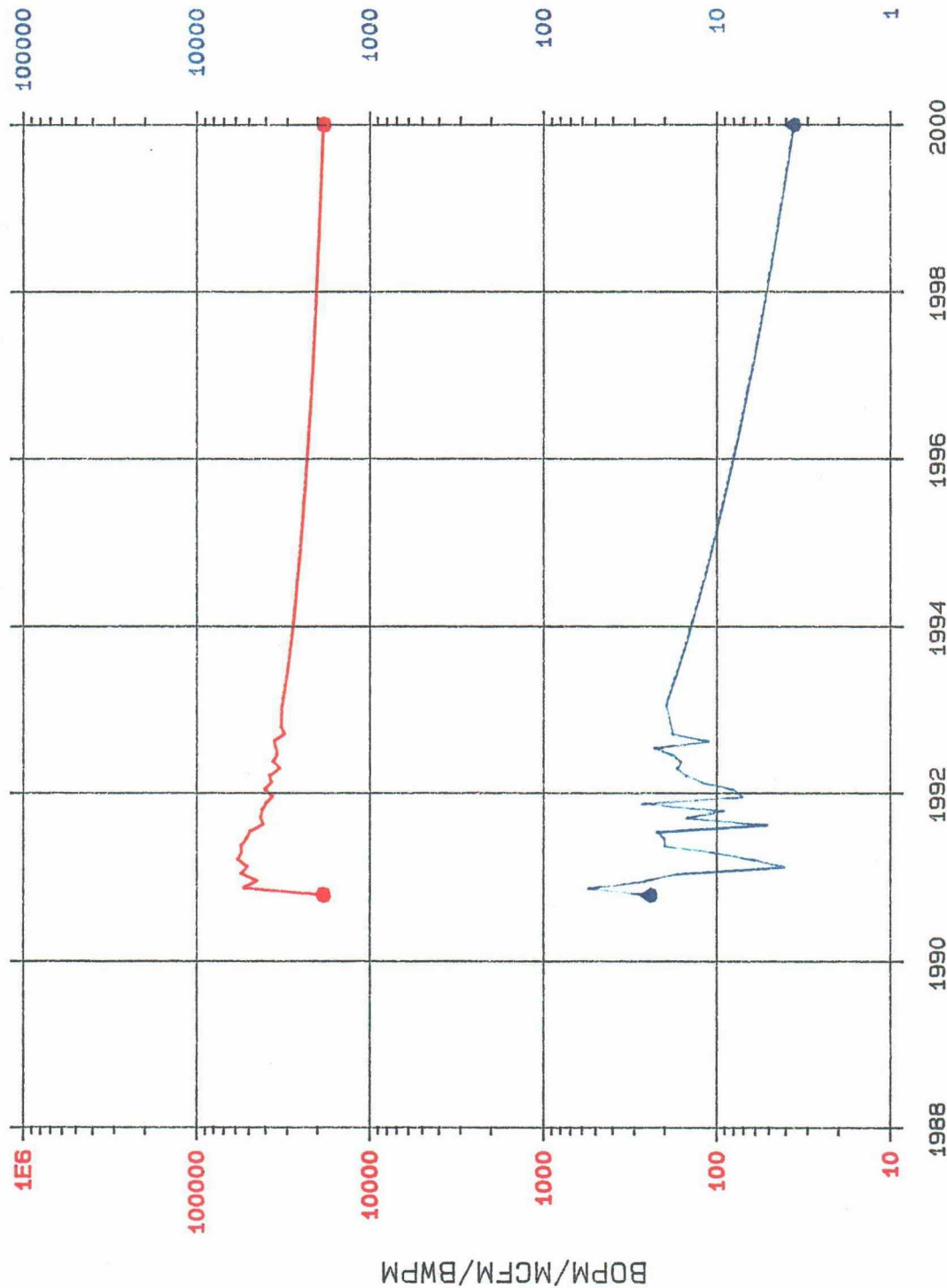
Project:

CCU 23B-8

Production Curves

GAS: • GAS DATA
 0 History 10/90 - 10/92
 1 Hyperbolic 1/93 - 1/58
 G1 : 32255.054 MCF/M
 D1 : 14.339 %
 n : 2.757
 Ge : 8393.612 MCF/M
 De : 0.468 %
 Np : 11009.503 MMCF

WTR: • WATER DATA
 0 History 10/90 - 9/92
 1 Hyperbolic 1/93 - 10/10
 G1 : 20.000 UNT/M
 D1 : 30.000 %
 n : 0.500
 Ge : 0.996 UNT/M
 De : 8.174 %
 Np : 0.955 MUNT



OPERATOR: NASSAU RESOURCES, INC.
LSE WELLNO: CARRACAS UNIT 23B-8
FIELD: BASIN FRUITLAND COAL
COUNTY: RIO ARRIBA
STATE: NM

CCU 23B-8

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

LOCATION: H 23 32N 04W
FORMATION: FRUITLAND COAL
RSVR CLASS: PROVED PRODUCING
PROGRAM: AMOCO
JNT VNTURE: PA

----- 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 75 years 0 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		1048.094								
12/93	0.000	356.621	0.000	285.297	N/A	1.53	0.000	436.286	0.000	436.286
12/94	0.000	313.417	0.000	250.734	N/A	1.59	0.000	398.532	0.000	398.532
12/95	0.000	285.081	0.000	228.065	N/A	1.65	0.000	376.212	0.000	376.212
12/96	0.000	264.491	0.000	211.593	N/A	1.71	0.000	361.752	0.000	361.752
12/97	0.000	248.578	0.000	198.862	N/A	1.77	0.000	351.930	0.000	351.930
12/98	0.000	235.758	0.000	188.607	N/A	1.83	0.000	345.104	0.000	345.104
12/99	0.000	225.118	0.000	180.095	N/A	1.89	0.000	340.340	0.000	340.340
12/00	0.000	216.085	0.000	172.868	N/A	1.95	0.000	337.060	0.000	337.060
12/01	0.000	208.280	0.000	166.624	N/A	2.01	0.000	334.885	0.000	334.885
12/02	0.000	201.439	0.000	161.151	N/A	2.07	0.000	333.558	0.000	333.558
SUB TOTAL	0.000	2554.868	0.000	2043.896			0.000	3615.659	0.000	3615.659
REMAINDER	0.000	8454.634	0.000	6763.707			0.000	21473.722	0.000	21473.722
TOTAL	0.000	11009.502	0.000	8807.603			0.000	25089.381	0.000	25089.381
ULTIMATE		12057.596								

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	39.514	64.784	0.000	104.298	331.988	0.000	0.000	331.988	314.999	314.999
12/94	39.333	57.585	0.000	96.917	301.615	0.000	0.000	301.615	258.953	573.952
12/95	39.602	52.967	0.000	92.570	283.643	0.000	0.000	283.643	220.395	794.347
12/96	40.107	49.688	0.000	89.795	271.957	0.000	0.000	271.957	191.262	985.609
12/97	40.753	47.212	0.000	87.965	263.965	0.000	0.000	263.965	168.031	1153.640
12/98	41.494	45.264	0.000	86.757	258.347	0.000	0.000	258.347	148.858	1302.498
12/99	42.300	43.685	0.000	85.986	254.355	0.000	0.000	254.355	132.660	1435.158
12/00	43.155	42.378	0.000	85.534	251.526	0.000	0.000	251.526	118.747	1553.905
12/01	44.048	41.277	0.000	85.325	249.560	0.000	0.000	249.560	106.648	1660.553
12/02	44.969	40.337	0.000	85.306	248.251	0.000	0.000	248.251	96.031	1756.584
SUB TOTAL	415.275	485.177	0.000	900.453	2715.207	0.000	0.000	2715.207	1756.584	
REMAINDER	5202.794	2014.121	0.000	7216.914	14256.808	0.000	0.000	14256.808	922.077	
TOTAL	5618.069	2499.298	0.000	8117.367	16972.015	0.000	0.000	16972.015	2678.661	

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

1 - 5.00 % 5007.514 M\$ 3 - 15.00 % 1832.661 M\$ 5 - 30.00 % 966.970 M\$ 7 - 70.00 % 444.6
2 - 10.00 % 2678.665 M\$ 4 - 20.00 % 1403.345 M\$ 6 - 50.00 % 605.924 M\$

OPERATOR: NASSAU RESOURCES, INC.
LSE WELLNO: CARRACAS UNIT 23B-8
FIELD: BASIN FRUITLAND COAL
COUNTY: RIO ARRIBA
STATE: NM

CCU 23B-8
INPUT DATA SUMMARY
INDIVIDUAL WELL ANALYSIS

LOCATION: H 23 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), 1048.094 MMCF, 1/93 STANDARD
1, HYP (4), 32255.054 MCF/M (2), 0.000 MCF/M (2), EXP 2.76, DEC 14.339, ECONOMIC LIMIT (6)
Oth-A (6), 0, HST (2), 0.405 MUNT, 1/93 STANDARD
1, HYP (4), 20.000 UNT/M (2), 0.996 UNT/M (2), EXP 0.50, DEC 30.000, ADD TIME (5), 17-Y 10-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), 2350.00 \$/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 23B-8

GAS

TIME DEC		STANDARD		END	
SEG	TYPE			CONDITION	
----	----			-----	
0	HST	1048.094	MMCF		1/93
HISTORIC DATA: MCF			PRIOR PRODUCTION: 0.000 MMCF		
10/	1/90 - 10/31/90	18479.000		7/	1/91 - 7/31/91 49003.000
11/	1/90 - 11/30/90	54117.000		8/	1/91 - 8/31/91 41280.000
12/	1/90 - 12/31/90	44760.000		9/	1/91 - 9/30/91 42827.000
1/	1/91 - 1/31/91	55589.000		10/	1/91 - 10/31/91 41763.000
2/	1/91 - 2/28/91	50766.000		11/	1/91 - 11/30/91 39479.000
3/	1/91 - 3/31/91	58300.000		12/	1/91 - 12/31/91 36400.000
4/	1/91 - 4/30/91	54953.000		1/	1/92 - 1/31/92 40384.000
5/	1/91 - 5/31/91	55639.000		2/	1/92 - 2/28/92 36895.000
6/	1/91 - 6/30/91	51318.000		3/	1/92 - 3/31/92 38073.000
HISTORIC DATA: MCF					
4/	1/92 - 4/30/92	33124.000			
5/	1/92 - 5/31/92	36390.000			
6/	1/92 - 6/30/92	34188.000			
7/	1/92 - 7/31/92	34947.000			
8/	1/92 - 8/31/92	35877.000			
9/	1/92 - 9/30/92	30874.000			
10/	1/92 - 10/31/92	32669.000			
1	HYP	32255.054 MCF/M	0.000 MCF/M	2.76	14.339 6 Economic Limit

Other - Associate

TIME DEC		STANDARD		END	
SEG	TYPE			CONDITION	
----	----			-----	
0	HST	0.405	MUNT		1/93

HISTORIC DATA LISTING
CCU 23B-8

Other - Associate

STANDARD

TIME DEC
SEG TYPE

END
CONDITION

HISTORIC DATA: UNT

10/ 1/90 - 10/31/90	24.000
11/ 1/90 - 11/30/90	55.000
12/ 1/90 - 12/31/90	26.000
1/ 1/91 - 1/31/91	17.000
2/ 1/91 - 2/28/91	4.000
3/ 1/91 - 3/31/91	6.000
4/ 1/91 - 4/30/91	10.000
5/ 1/91 - 6/30/91	40.000
7/ 1/91 - 7/31/91	22.000

PRIOR PRODUCTION:

0.000 MUNT

8/ 1/91 - 8/31/91	5.000
9/ 1/91 - 9/30/91	15.000
10/ 1/91 - 10/31/91	9.000
11/ 1/91 - 11/30/91	27.000
12/ 1/91 - 12/31/91	7.000
1/ 1/92 - 1/31/92	8.000
2/ 1/92 - 2/28/92	12.000
3/ 1/92 - 3/31/92	15.000
4/ 1/92 - 4/30/92	17.000

HISTORIC DATA: UNT

5/ 1/92 - 5/31/92	16.000
6/ 1/92 - 6/30/92	18.000
7/ 1/92 - 7/31/92	23.000
8/ 1/92 - 8/31/92	11.000
9/ 1/92 - 9/30/92	18.000

1 HYP 20.000 UNT/M 0.996 UNT/M 0.50 30.000 5 [17]-YRS [10]-MOS ADD

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*

(See other in-
structions 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 ☐ Other ☐

2. TYPE OF COMPLETION:

NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ DIFF. REMV. ☐ Other ☐

3. NAME OF OPERATOR

NASSAU RESOURCES, INC.

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

1170' FSL - 1510' FEL

At top prod. interval reported below

At total depth

14. MOUNTING BOX API#

30-039-24696

DATE ISSUED

4/12/90

15. DATE SPUDDED 7/5/90 16. DATE T.D. REACHED 7/11/90 17. DATE COMPL. (Ready to prod.) 9/17/90 18. ELEVATIONS (OF, RKB, RT, OR, ETC.)* 6677' GL: 6689' KB 19. ELEV. CASINGHEAD 6677' GL

20. TOTAL DEPTH, MD & TVD 3840' KB 21. PLUG BACK T.D., MD & TVD 3761' KB 22. IF MULTIPLE COMPL., HOW MANY* NA 23. INTERVALS DRILLED BY TD 24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 3614 - 3647' KB Fruitland Coal 25. WAS DIRECTIONAL SURVEY MADE NO

26. TYPE ELECTRIC AND OTHER LOGS RUN Dual Induction - SFL, GR-CCL, Microlog, Coal log, Compensated Neutron-Formation Density 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#	325' KB	12-1/4"	234 cu.ft. circ. to surf.	---
5-1/2"	15.5#	3835' KB	8-3/4"	1226 cu.ft. circ. to surf.	---

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	BACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
NA					2-7/8"	3651' KB	---

31. PERFORATION RECORD (Interval, size and number)

3614 - 3629' KB
3644 - 3647' KB 4 spf, 0.500" diam.
total perfs 62

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3614-3647' KB	500 gal. 15% HCL acid
	1650 bbls. 35# YF135 X-link
	22,300# of 40/70 sand
	105,400# 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)	
9-26-90*		Flowing				SI	
DATE OF TEST	HOURS TESTED	CHOKED SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
9-27-90	24 hrs.	2.000 "	→	--	1537	4	---
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR)	
1190 psi	1240 psi	→	---	1537	4	ACCEPTED FOR RECORD	

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

Vented during test; to be sold.

TEST WITNESSED BY

Pete Rodebach

35. LIST OF ATTACHMENTS

* 1st hydrocarbons to well bore.

OPERATOR

FARMINGTON RESOURCE AREA

36. I hereby certify that the foregoing and attached information is complete and correct as determined from my own records

SIGNED

Fran Perrin

TITLE Admin. Asst.

DATE 10/5/90

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, flowing and shut-in pressures, and recoveries):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	GEOLOGIC MARKERS		
				NAME	MEAS. DEPTH	TRUE VERT. DEPTH
			Item #28 Cemented 9-5/8" casing as follows: 200 sk of Class "B" w/ 2% CaCl (234 cu.ft.) Cemented 5-1/2" casing as follows: 10 bbls. mud flush 415 sk of 65/35 poz w/ 12% gel and 1/4#/sk flocele (1087 cu.ft.) 100 sk of 50/50 poz w/ 2% gel, 6-1/4#/sk gilsonite and 1/4#/sk flocele (139 cu.ft.) Total of 1226 cu.ft.	Ojo Alamo Kirtland Fruitland Fruitland Coal	3020' 3750' 3488' 3616'	

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 23 B #15

- 7-18-90 RU and pressure test casing to 3500 psi.
 Test good.
- 7-26-90 PBTD 3761' KB. Ran GR-CCL from 3761' KB to 3350' KB.
 Perforated with 4" guns. Shot 0.500" diam. holes.
 Shot 3614' KB to 3629' KB with 4 spf.
 Shot 3644' KB to 3647' KB with 4 spf.
 Total perfs 62.
- 9-13-90 Rigged up and unflanged well head. Flanged up BOP.
 Landed 117 jts. of 2-7/8", J-55, EUE tubing at
 3651' KB with seating nipple at 3620' KB.
- 9-14-90 Fraced with 35# YF135 Crosslinked 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 | |
| 4,385 gal | 6#/gal | 20/40 sand | |
| 2,850 gal | | Flush | |
- Total load to recover 1650 bbls.
 22,300# of 40/70 sand pumped
 105,400# of 20/40 sand pumped
- | | | | |
|--------------------|--------------|-----|-------------|
| Pressure max | 3600 psi | Avg | 3100 psi |
| Injection rate max | 60 bbls/min. | Avg | 55 bbl/min. |
| ISIP | 3321 psi | | |
| 5 min. | 3075 psi | | |
| 10 min. | 2886 psi | | |
| 15 min. | 2740 psi | | |
- Well SI at 3:00 pm.
 Frac screened off on 6 lbs. of sand.
 Gel looked good and frac seemed to be going okay.
- 9-17-90 Run in hole with tubing.
 Cleaned out 300' of sand. Circulated clean.
 Landed tubing at 3651' KB w/ notch collar on bottom.
 Seating nipple at 3620' KB (no tubing anchor).
 Flanged up well head. Rigged down.

NASSAU RESOURCES, INC.
Carracas Unit 23 B #15

8-9-91 Shut in well at 2:55 p.m. Rigged up wireline.
Ran No-go to seating nipple at wireline, 3,604'.
TOOH with No-go. TIH with pressure bomb.
Set at seating nipple at 3:55 p.m. Left well shut in.

8-12-91 TIH with wireline.
Picked up pressure bomb & TOOH with bomb at 7:20 p.m.
Chart look OK.
Rigged up well head with pumping tee & turned well on.
Tubing pressure 1000 psi.

ENGINEERING REPORT

Carracas Unit 23B #15

Section 23, T32N, R04W

Rio Arriba County, New Mexico

Carracas Unit 23B #15, located 1170' FSL and 1510' FEL of Section 23, Township 32 North, Range 4 West, was spudded on July 5, 1990. Total depth of 3840' was reached on July 11, 1990 and 5-1/2", 15.5 lb/ft casing was set. The Fruitland Coal was perforated at 3614' to 3629' and 3644' to 3647' with 4 shots per foot. The formation was fractured with 22,300 lbs 40/70 sand and 105,400 lbs 20/40 sand in 1650 barrels gelled water at 55 barrels per minute.

The well was first delivered at a rate of 2368 MCFD on October 25, 1990.

The well has produced a cumulative of 2,859,408 MCF through October 31, 1992. The October, 1992 production was 114,204 MCF and 13 BW for an average producing rate of 3684 MCFD and .4 BWPD. October, 1992 gas sales were 114,181 MCF. A listing of monthly production is attached.

ECONOMICS

Based on October, 1992 sales of 114,181 MCF, a wellhead price for gas of \$2.055 per MCF and operating expenses for this well of \$4915.10, 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 23B #15

SW SE Section 23, T32N R04W

Rio Arriba County, New Mexico

Well Costs: (based on actual costs) \$420,117

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 = \$3635 per month *

1991 average = \$8915 per month *

1992 average = \$6629 per month *

1993 est = \$6260 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: October 25, 1990

Initial Production Rate: 2368 MCFD

Calculated Economic Reserves: 2,859,408 MCF Cumulative + 16,085,618 MCF remaining.

NASSAU RESOURCES, INC.

Multiphase Curve Analysis

Rate vs Time

(c) 1994, 1989 Dwight's, A SoftSearch Co.

CARRACAS UNIT 23B-15

0 23 T32N R04W FRUITLAND COAL

RIO ARriba COUNTY, NM

12/08/1992

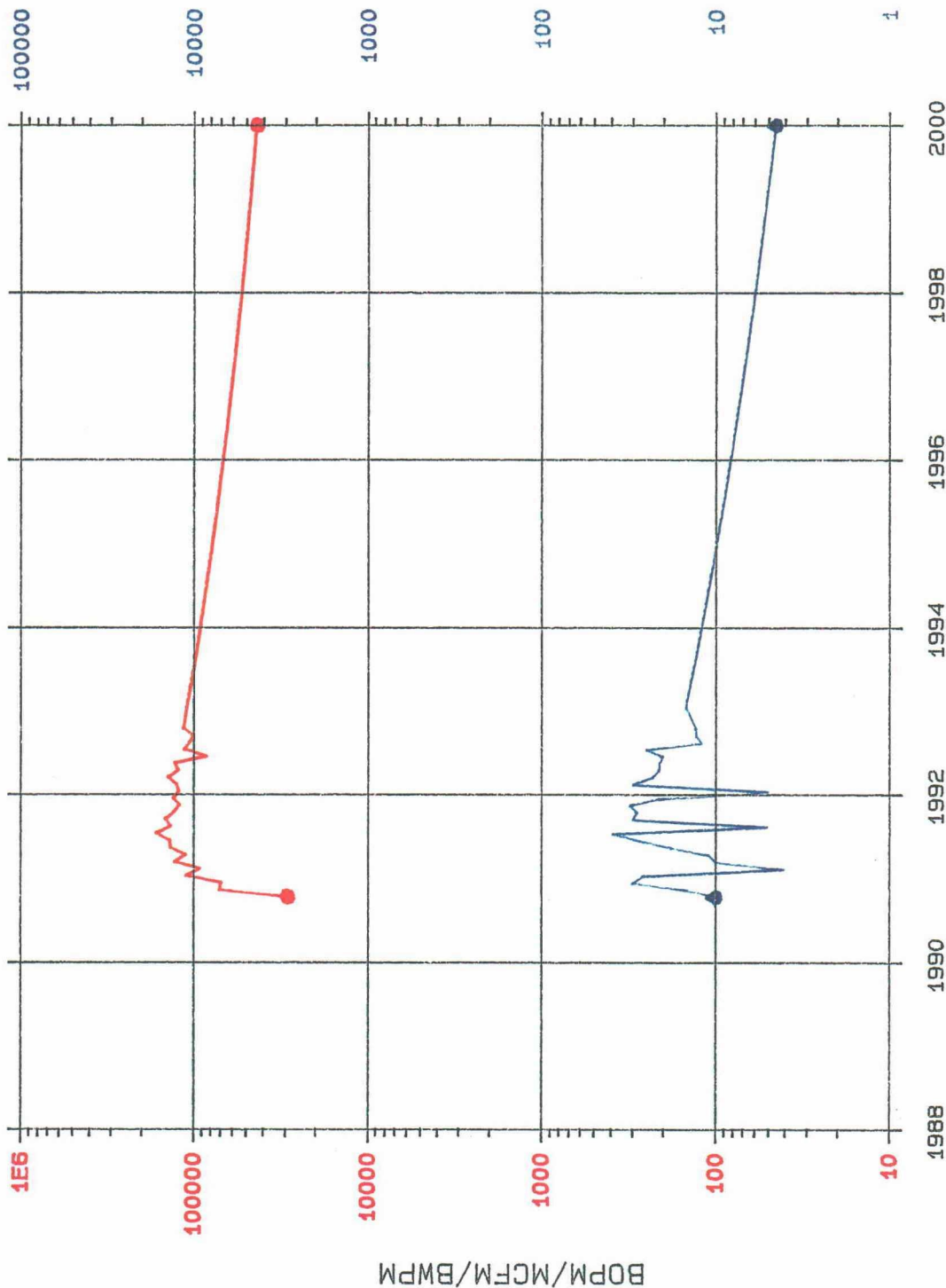
Project:

CCU 23B-15

Production Curves

GAS: • GAS DATA
 0 History 10/90 - 10/92
 1 Hyperbolic 1/93 - 1/68
 G1 : 109660.017 MCF/M
 D1 : 17.000 %
 n : 0.850
 Ge : 4970.450 MCF/M
 De : 1.436 %
 Np : 16133.115 MMCF

WTR: • WATER DATA
 0 History 10/90 - 10/92
 1 Hyperbolic 1/93 - 5/17
 G1 : 15.000 UNT/M
 D1 : 20.000 %
 n : 0.500
 Ge : 0.995 UNT/M
 De : 5.815 %
 Np : 1.132 MMWT



OPERATOR: NASSAU RESOURCES, INC.
 LSE WELLNO: CARRACAS UNIT 23B-15
 FIELD: BASIN FRUITLAND COAL
 COUNTY: RIO ARRIBA
 STATE: NM

CCU 23B-15

LOCATION: O 23 32N 04W
 FORMATION: FRUITLAND COAL
 RSVR CLASS: PROVED PRODUCING
 PROJECT: CCU EVALUATION
 PROGRAM: AMOCO

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 74 years 3 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		2859.408								
12/93	0.000	1197.625	0.000	958.100	N/A	1.53	0.000	1465.007	0.000	1465.007
12/94	0.000	1007.056	0.000	805.645	N/A	1.59	0.000	1280.333	0.000	1280.333
12/95	0.000	865.950	0.000	692.760	N/A	1.65	0.000	1142.568	0.000	1142.568
12/96	0.000	757.554	0.000	606.043	N/A	1.71	0.000	1035.954	0.000	1035.954
12/97	0.000	671.860	0.000	537.488	N/A	1.77	0.000	951.049	0.000	951.049
12/98	0.000	602.534	0.000	482.027	N/A	1.83	0.000	881.861	0.000	881.861
12/99	0.000	545.381	0.000	436.304	N/A	1.89	0.000	824.409	0.000	824.409
12/00	0.000	497.512	0.000	398.009	N/A	1.95	0.000	775.944	0.000	775.944
12/01	0.000	456.878	0.000	365.503	N/A	2.01	0.000	734.511	0.000	734.511
12/02	0.000	421.988	0.000	337.590	N/A	2.07	0.000	698.683	0.000	698.683
SUB TOTAL	0.000	7024.338	0.000	5619.469			0.000	9790.319	0.000	9790.319
REMAINDER	0.000	9061.280	0.000	7249.024			0.000	21829.644	0.000	21829.644
TOTAL	0.000	16085.618	0.000	12868.493			0.000	31619.963	0.000	31619.963
ULTIMATE		18945.026								

END OF PERIOD (MO/YR)	NET EXPENSES	NET PROD. TAXES	NET W.P.T.	TOTAL EXP+TAXES	NET CASH OPER. INC.	NET INVESTMENT	NET RESALE	NET OPERATING INCOME BFIT		
	----(M\$)----	----(M\$)----	----(M\$)----	----(M\$)----	----(M\$)----	----(M\$)----	----(M\$)----	UNDISC ----(M\$)-----	DISC @ 10.00% (M\$)-----	CUM DISC (M\$)-----
12/93	75.138	217.556	0.000	292.693	1172.314	0.000	0.000	1172.314	1112.553	1112.553
12/94	70.950	185.019	0.000	255.969	1024.363	0.000	0.000	1024.363	879.828	1992.381
12/95	68.248	160.883	0.000	229.132	913.437	0.000	0.000	913.437	710.085	2702.466
12/96	66.528	142.309	0.000	208.837	827.117	0.000	0.000	827.117	581.971	3284.437
12/97	65.490	127.598	0.000	193.089	757.960	0.000	0.000	757.960	482.718	3767.155
12/98	64.944	115.676	0.000	180.620	701.241	0.000	0.000	701.241	404.236	4171.391
12/99	64.764	105.829	0.000	170.592	653.816	0.000	0.000	653.816	341.152	4512.543
12/00	64.862	97.567	0.000	162.429	613.515	0.000	0.000	613.515	289.766	4802.309
12/01	65.177	90.541	0.000	155.718	578.793	0.000	0.000	578.793	247.445	5049.754
12/02	65.665	84.497	0.000	150.163	548.520	0.000	0.000	548.520	212.267	5262.021
SUB TOTAL	671.766	1327.475	0.000	1999.242	7791.076	0.000	0.000	7791.076	5262.021	
REMAINDER	6896.396	2107.729	0.000	9004.125	12825.519	0.000	0.000	12825.519	1437.337	
TOTAL	7568.162	3435.204	0.000	11003.367	20616.595	0.000	0.000	20616.595	6699.358	

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

1 - 5.00 % 10075.149 M\$ 3 - 15.00 % 5088.046 M\$ 5 - 30.00 % 3037.960 M\$ 7 - 70.00 % 1510.8
 2 - 10.00 % 6699.364 M\$ 4 - 20.00 % 4134.447 M\$ 6 - 50.00 % 2010.501 M\$

OPERATOR: NASSAU RESOURCES, INC.
LSE WELLNO: CARRACAS UNIT 23B-15
FIELD: BASIN FRUITLAND COAL
COUNTY: RIO ARRIBA
STATE: NM

CCU 23B-15
INPUT DATA SUMMARY
INDIVIDUAL WELL ANALYSIS

LOCATION: 0 23 32N 04W
FORMATION: FRUITLAND COAL
RSVR CLASS: PROVED PRODUCING
PROJECT: CCU EVALUATION
PROGRAM: AMOCO

----- 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), 2859.408 MMCF, 01/93 STANDARD
1, HYP (4), 109660.017 MCF/M (2), 0.000 MCF/M (2), EXP 0.85, DEC 17.000, ECONOMIC LIMIT (6)
Oth-A (6), 0, HST (2), 0.488 MUNT, 01/93 STANDARD
1, HYP (4), 15.000 UNT/M (2), 0.995 UNT/M (2), EXP 0.50, DEC 20.000, ADD TIME (5), 24-Y 5-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), 3200.00 \$/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 23B-15

GAS

TIME DEC		STANDARD		END	
SEG	TYPE			CONDITION	
-----				-----	
0	HST	2859.408	MMCF		01/93
HISTORIC DATA: MCF		PRIOR PRODUCTION:		0.000 MMCF	
10/	1/90 - 10/31/90	28805.000		7/	1/91 - 7/31/91 163658.000
11/	1/90 - 11/30/90	71044.000		8/	1/91 - 8/31/91 135382.000
12/	1/90 - 12/31/90	68713.000		9/	1/91 - 9/30/91 145624.000
1/	1/91 - 1/31/91	110250.000		10/	1/91 - 10/31/91 129668.000
2/	1/91 - 2/28/91	91704.000		11/	1/91 - 11/30/91 119568.000
3/	1/91 - 3/31/91	128102.000		12/	1/91 - 12/31/91 130831.000
4/	1/91 - 4/30/91	110335.000		1/	1/92 - 1/31/92 120412.000
5/	1/91 - 5/31/91	136809.000		2/	1/92 - 2/28/92 125304.000
6/	1/91 - 6/30/91	137988.000		3/	1/92 - 3/31/92 140752.000
HISTORIC DATA: MCF					
4/	1/92 - 4/30/92	121476.000			
5/	1/92 - 5/31/92	128210.000			
6/	1/92 - 6/30/92	83118.000			
7/	1/92 - 7/31/92	112862.000			
8/	1/92 - 8/31/92	104749.000			
9/	1/92 - 9/30/92	99840.000			
10/	1/92 - 10/31/92	114204.000			
1	HYP	109660.017 MCF/M	0.000 MCF/M	0.85	17.000 6 Economic Limit

Other - Associate

TIME DEC		STANDARD		END	
SEG	TYPE			CONDITION	
-----				-----	
0	HST	0.488	MUNT		01/93

HISTORIC DATA LISTING
CCU 23B-15

Other - Associate

STANDARD

TIME DEC
SEG TYPE

END
CONDITION

HISTORIC DATA: UNT

10/ 1/90 - 10/31/90	10.000
11/ 1/90 - 11/30/90	15.000
12/ 1/90 - 12/31/90	30.000
1/ 1/91 - 1/31/91	26.000
2/ 1/91 - 2/28/91	4.000
3/ 1/91 - 3/31/91	10.000
4/ 1/91 - 4/30/91	11.000
5/ 1/91 - 5/31/91	18.000
6/ 1/91 - 6/30/91	27.000

PRIOR PRODUCTION:

0.000 MUNT

7/ 1/91 - 7/31/91	39.000
8/ 1/91 - 8/31/91	5.000
9/ 1/91 - 9/30/91	30.000
10/ 1/91 - 10/31/91	28.000
11/ 1/91 - 11/30/91	31.000
12/ 1/91 - 12/31/91	21.000
1/ 1/92 - 1/31/92	5.000
2/ 1/92 - 2/28/92	30.000
3/ 1/92 - 3/31/92	23.000

HISTORIC DATA: UNT

4/ 1/92 - 5/31/92	42.000
6/ 1/92 - 6/30/92	20.000
7/ 1/92 - 7/31/92	25.000
8/ 1/92 - 8/31/92	12.000
9/ 1/92 - 9/30/92	13.000
10/ 1/92 - 10/31/92	13.000

1 HYP 15.000 UNT/M 0.995 UNT/M 0.50 20.000 5 [24]-YRS [5]-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 FIRST REVISION OF THE
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 to constitute the First Revision of the Fruitland Coal Participating Area "CDE", to wit;

Township 32 North, Range 4 West, NMPM
Section 24: S/2
Section 25: N/2

ACRES INCLUDED IN THIS FIRST REVISION:	640.00
CUMULATIVE ACRES WITHIN PARTICIPATING AREA, AS REVISED:	3200.00

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

April 19, 1993
Bureau of Land Management
Page 2

with accompanying maps supporting and justifying the proposed selection of lands for inclusion in the First Revision of the Fruitland Coal Participating Area "CDE".

This proposed First Revision of the 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 25B-#3
Location: 920' FNL - 1850' FWL, (NE/4NW/4 25-32N-04W)
Completion Date: 10/5/90
First Sales: 10/24/90
Formation: Basin Fruitland Coal
Producing Interval: 3824' - 2851' KB, Basin Fruitland Coal
Initial Production: 1168 MCF, 190 BBL Water, (24 hrs.)

Well Name: Carracas Unit 24B-#13
Location: 840' FSL - 1190' FWL, (SW/4SW/4 24-32N-04W)
Completion Date: 10/5/90
First Sales: 11/28/90
Formation: Basin Fruitland Coal
Producing Interval: 3743' - 3800' KB, Basin Fruitland Coal
Initial Production: 68 MCF, 20 BBL Water, (24 hrs.)

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

Sincerely,

NASSAU RESOURCES, INC.



James C. Goda

enc

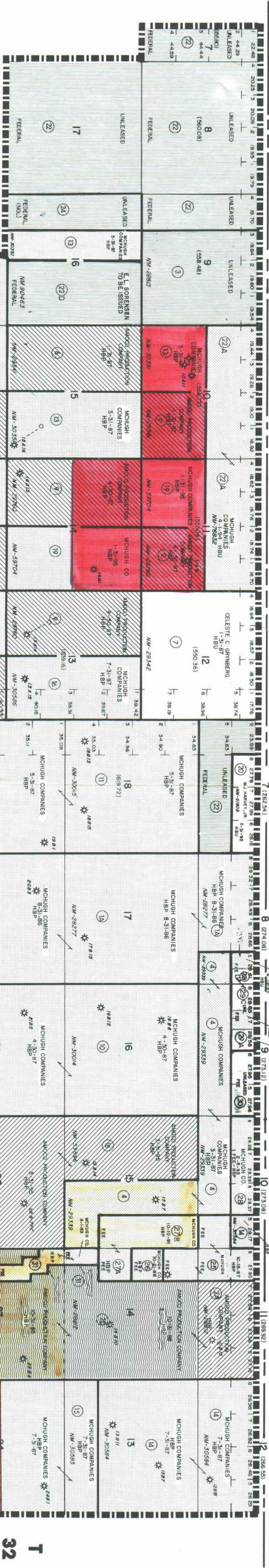
R 5 W

COLORADO

SCHEDULE III

R 4 W

CNE 1



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.L. No Book-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"

R 5 W

R 4 W

CARRACAS CANYON UNIT AREA

RIO ARRIBA COUNTY, NEW MEXICO

NASSAU RESOURCES, INC.
DENVER, COLORADO

Proposed 1st Revision Fruitland Participating Area CDE, "CDE 1"

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

TRACT NUMBER	ACREAGE	PERCENTAGE
3	29,480.30	97.70 %
UNIT OUTLINE	694.44	2.30 %
TOTALS	30,174.74	100.00 %

