EXHIBIT "B"
FIRST REVISION TO FRUITLAND COAL FORMATION PARTICIPATING AREA "CDE", (CDE1)
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
15	USA NM-30585 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM</u> SECTION 24: S/2 SECTION 25: N/2	640	20.00000000	McHUGH COMPANIES (100.00%)
		SUB TOTAL	640	20.00000000	

<u>PREVIOUSLY ESTABLISHED FRUITLAND COAL FORMATION PARTICIPATING AREA "CDE":</u>

TRACT NO.	LEASE NO. OR TYPE OF LAND	DESCRIPTION	PARTICIPATING ACRES	PERCENT OF PARTICIPATION	WORKING INTEREST OWNERS
2B	USA NM-28812 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM</u> SECTION 23: E/2, E/2NW/4, NE/4NW/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	16.87500000	McHUGH COMPANIES (84.41%) CNG PRODUCING CO. (15.59%)
31	(FEE) LOU DEANE MONTOYA	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM</u> 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	1.40625000	McHUGH COMPANIES (100.00%)
32	(FEE) JOHN W. WEST, CONS. 50.00000000% KENNETH J. WEST, EX. 50.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM</u> SECTION 23: E/2NW/4SW/4, E/2NE/4SW/4SW/4, NE/4SE/4SW/4, SE/4SE/4SW/4	55	1.71875000	McHUGH COMPANIES (100.00%)
4	USA NM-29339 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM</u> SECTION 15: W/2E/2, SE/4SE/4	200	6.250000000	McHUGH COMPANIES (100.00%)

27B	(FEE): 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM</u> SECTION 15: E/2NE/4, NE/4SE/4	120	3.75000000	McHUGH COMPANIES (100.00%)
	VIOLA H. ARMENTA	16.66666667%			
	FRANCES CORDOVA ET VIR	16.66666667%			
	REBECCA GARCIA	16.66666666%			
	* JOE & DEMETRIO MARTINEZ	10.00000000%			
	* SOPHIA MARTINEZ	10.00000000%			
	JOSE & KATHY MARTINEZ	10.00000000%			
	ALBERT A. GALLEGOS	5.00000000%			
	EDWARD S. GALLEGOS, JR.	5.00000000%			
	LINDA SUE LANIER	2.50000000%			
	NORMA MARIA MADRID	2.50000000%			
	ELIZABETH ANN TROXELL	2.50000000%			
	LAURALEE PAYNE	2.50000000%			
2A	USA NM-28812 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM</u> SECTION 35: E/2	320	10.00000000	AMOCO PRODUCTION CO. (12.50%) McHUGH COMPANIES (75.00%) FRONTIER ENERGY CORP. (12.50%)
1B	USA NM-59696 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM</u> SECTION 34: N/2	320	10.00000000	AMOCO PRODUCTION CO. (25.00%) McHUGH COMPANIES (75.00%)
2C	USA NM-28812 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM</u> SECTION 26: E/2 SECTION 35: W/2	640	20.000000000	AMOCO PRODUCTION CO. (12.50%) McHUGH COMPANIES (52.72%) CNG PRODUCING COMPANY (22.28%) FRONTIER ENERGY CORP. (12.50%)
1B	USA NM-59696 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM</u> SECTION 22: S/2	320	10.000000000	AMOCO PRODUCTION CO. (25.00%) McHUGH COMPANIES (75.00%)
		TOTAL	3200	100.00000000	

SUMMARY
EXHIBIT "B"
FIRST REVISION OF FRUITLAND COAL FORMATION PARTICIPATING AREA "CDE",(CDE1)
CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

TYPE LAND	COMMITTED ACRES	NON-COMMITTED ACRES	PERCENT COMMITTED
FEDERAL	2980	-0-	100.00000000
STATE	-0-	-0-	-0-
PATENTED	196	* 24	89.09090909
TOTAL	3176	* 24	99.25000000

* 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.

1 CHG 1 Amoco 1 Dugan

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*

1a. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] DRY [ ] Other

b. TYPE OF COMPLETION: NEW WELL [X] WORK OVER [ ] DEEP-EN [ ] PLUG BACK [ ] DIFF. RESVR. [ ] Other

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 840' FSL - 1190' FWL
At top prod. interval reported below
At total depth

5. LEASE DESIGNATION AND SERIAL NO. NM 30585

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME Carracas Unit

8. FARM OR LEASE NAME Carracas Unit 24 B

9. WELL NO. 13

10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA Sec. 24, T32N, R4W, NMPM

14. ~~PERMIT NO.~~ API #	DATE ISSUED	12. COUNTY OR PARISH	13. STATE
30-039-24653	3-2-90	Rio Arriba	NM

15. DATE SPUDDED	16. DATE T.D. REACHED	17. DATE COMPL. (Ready to prod.)	18. ELEVATIONS (DF, RKB, RT, GR, ETC.)*	19. ELEV. CASINGHEAD
7-12-90	7-17-90	10-5-90	6835' GL; 6847' KB	6835' GL

20. TOTAL DEPTH, MD & TVD	21. PLUG, BACK T.D., MD & TVD	22. IF MULTIPLE COMPL., HOW MANY*	23. INTERVALS DRILLED BY	ROTARY TOOLS	CABLE TOOLS
3974' KB	3908" KB	NA	→	TD	--

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
3743-3800' Fruitland Coal

25. WAS DIRECTIONAL SURVEY MADE NO

26. TYPE ELECTRIC AND OTHER LOGS RUN Microlog, Spectral Density Dual Spaced Neutron II, Dual Induction, GR-CCL, CBL

27. WAS WELL CORED NO

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

Hole ~~CASING~~ SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	~~HOLE~~ SIZE	CEMENTING RECORD	AMOUNT PULLED
12-1/4"	36#	300' KB	9-5/8"	222 cu.ft. circ. to surf.	--
8-3/4"	17#	3974' KB	5-1/2"	1302 cu.ft.	--
				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"	3811' KB	-----

31. PERFORATION RECORD (Interval, size and number)

3743 - 3745'
3765'- 3780'
3797 - 3800'
Total perfs 70
4 spf

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3743-3800'	500 gal. 15% HCL acid
	1700 bbls. 35# YF-135 x-link
	21,600# of 40/70 sand
	198,400# 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)
10-2-90*	Flowing	SI

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
10-12-90	24 hrs.	0.625"	→	---	68	20	--

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
400 psi	420 psi	→	---	68	20	---

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)
Vented during test; to be sold.

Farmington, N.M.

TEST WITNESSED BY Gl[illegible]

ACCEPTED FOR RECORD

35. LIST OF ATTACHMENTS
* [illegible] hydrocarbons to well bore during completion operations.

NOV 01 1990

OCT 24 1990

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

SIGNED Fran Perrin Fran Perrin TITLE Admin. Asst. DATE 10/17/90

FARMINGTON RESOURCE AREA
BY

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

Title 18 U.S.C. Section 1001 makes it a ...

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.
			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 444 sk of 65/35 poz w/ 12% gel and 1/4#/sk flocele (1163 cu.ft.) 100 sk of 50/50 poz w/ 2% gel, 6-1/4#/sk gilsonite and 1/4#/sk flocele (139 cu.ft.) Cement top at 1100' per CBL.

38. GEOLOGIC MARKERS

NAME	TOP: MEAS. DEPTH	TOP: TRUE VERT. DEPTH
Ojo Alamo	3175'	
Kirtland	3310'	
Fruitland	3704'	
Fruitland Coal	3764'	

NASSAU RESOURCES, INC.
Carracas Unit 24 B #13

9-27-90 (cont.)

ISIP 4206 psi
SI 5 min. 3263 psi
10 min. 2961 psi
15 min. 2954 psi

Well SI at 1:32 PM, 9-27-90.

9-28-90 Set up flow line. Opened well up to pit.
Left well open. Shut down.

10-1-90 TIH with tubing. Broke circulation and cleaned out 2000' of sand.
Circulated well till clean .
Landed 123 jts. of tubing. Set at 3811' KB.
Seating nipple at 3780' KB and notch collar at 3810.89'.

10-2-90 Casing pressure 0 psi; tubing 0 psi.
Fluid level full.
After 20 runs recovered 100 bbls. with gas-cut fluid.
Closed well in.
Casing pressure 60 psi; tubing on vacuum.

10-3-90 Casing pressure 440 psi; tubing 500 psi.
Fluid level at 500'. Opened well.
Made 8 swab runs and well began unloading.
Casing pressure 400 psi; tubing kicking.
Well flowed through choke for 4-1/2 hours.
Closed well in with casing pressure 320 psi and tubing kicking.

10-5-90 Casing pressure 1080 psi; tubing open.
Fluid level at 3000'.
Made 1 swab run.
Casing pressure 1000 psi; tubing kicking.
Left well flowing to pit through choke, with casing pressure 400 psi and tubing 300 psi.

ENGINEERING REPORT

Carracas Unit 24B #13
Section 24, T32N, R04W
Rio Arriba County, New Mexico

Carracas Unit 24B #13, located 840' FSL and 1190' FWL of Section 24, Township 32 North, Range 4 West, was spudded on July 12, 1990. Total depth of 3974' was reached on July 17, 1990 and 5-1/2", 15.5 lb/ft casing was set. The Fruitland Coal was perforated at 3743' to 3745', 3765' to 3780' and 3797' to 3800' with 4 shots per foot. The formation was fractured with 21,600 lbs 40/70 sand and 198,400 lbs 20/40 sand in 1700 barrels gelled water at 46 barrels per minute.

The well was first delivered at a rate of 420 MCFD on November 28, 1990.

The well has produced a cumulative of 153,824 MCF through October 31, 1992. The October, 1992 production was 5754 MCF and 0 BW for an average producing rate of 185.6 MCFD and 0 BWPD. October, 1992 gas sales were 5736 MCF. A listing of monthly production is attached.

ECONOMICS

Based on October, 1992 sales of 5736 MCF, a wellhead price for gas of $2.055 per MCF and operating expenses for this well of $1889.16, 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 24B #13
SW SW Section 24, T32N R04W
Rio Arriba County, New Mexico

Well Costs: (based on actual costs) $445,772

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 = $6299 per month *
1991 average = $3718 per month *
1992 average = $2450 per month *
1993 est = $2475 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 28, 1990

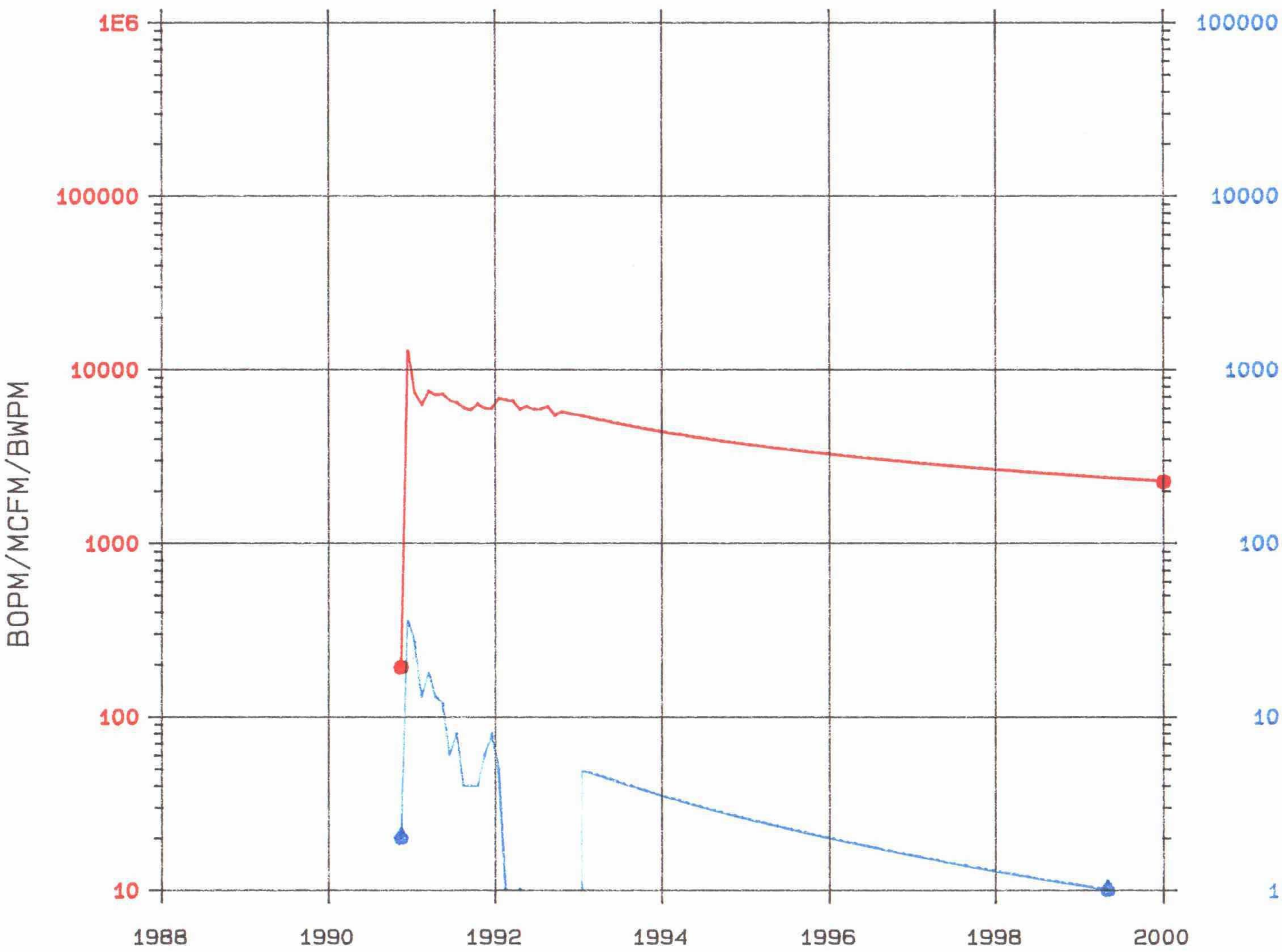
Initial Production Rate: 420 MCFD

Calculated Economic Reserves: 153,824 MCF Cumulative + 285,771 MCF remaining

NASSAU RESOURCES, INC.
Multiphase Curve Analysis
Rate vs Time

CARRACAS UNIT 24B-13
M 24 T32N R04W FRUITLAND COAL
RIO ARRIBA COUNTY, NM

12/08/1992
Project:
CCU 24B-13



Production Curves

GAS: ● GAS DATA
0 History 11/90 - 10/92
1 Hyperbolic 1/93 - 1/68
Qi : 5500.000 MCF/M
Di : 20.000 %
n : 1.500
Qe : 559.571 MCF/M
De : 0.851 %
Np : 1063.432 MMCF

WTR: ♦ WATER DATA
0 History 11/90 - 10/92
1 Hyperbolic 1/93 - 5/99
Qi : 5.000 UNT/M
Di : 30.000 %
n : 0.500
Qe : 0.985 UNT/M
De : 15.314 %
Np : 0.171 MUNT

OPERATOR: NASSAU RESOURCES, INC.
LSE WELLNO: CARRACAS UNIT 24B-13
FIELD: BASIN FRUITLAND COAL
COUNTY: RIO ARRIBA
STATE: NM

CCU 24B-13

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

LOCATION: M 24 32N 04W
FORMATION: FRUITLAND COAL
RSVR CLASS: PROVED PRODUCING
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	7 years 4 months
PAYOUT TERM	N/A
ROI - DISCOUNTED	N/A
ROI - UNDISCOUNTED	N/A
INTERP. IRR	> 400 %

END OF PERIOD (MO/YR)	GROSS PRODUCTION OIL & CND --(MBBL)--	GROSS PRODUCTION GAS & CGS --(MMCF)--	NET PRODUCTION OIL & CND --(MBBL)--	NET PRODUCTION GAS & CGS --(MMCF)--	EFFECTIVE PRICES OIL & CND --($/BBL)--	EFFECTIVE PRICES GAS & CGS --($/MCF)--	NET REVENUE OIL & CND --(M$)--	NET REVENUE GAS & CGS --(M$)--	NET REVENUE OTHER --(M$)--	NET REVENUE TOTAL --(M$)--
PRIOR		153.824								
12/93	0.000	58.786	0.000	47.029	N/A	1.53	0.000	71.902	0.000	71.902
12/94	0.000	48.459	0.000	38.767	N/A	1.59	0.000	61.608	0.000	61.608
12/95	0.000	41.739	0.000	33.391	N/A	1.65	0.000	55.074	0.000	55.074
12/96	0.000	36.954	0.000	29.563	N/A	1.71	0.000	50.537	0.000	50.537
12/97	0.000	33.342	0.000	26.674	N/A	1.77	0.000	47.200	0.000	47.200
12/98	0.000	30.501	0.000	24.401	N/A	1.83	0.000	44.643	0.000	44.643
12/99	0.000	28.197	0.000	22.558	N/A	1.89	0.000	42.626	0.000	42.626
12/00	0.000	7.793	0.000	6.234	N/A	1.93	0.000	12.025	0.000	12.025
SUB TOTAL	0.000	285.771	0.000	228.617			0.000	385.615	0.000	385.615
REMAINDER	0.000	0.000	0.000	0.000			0.000	0.000	0.000	0.000
TOTAL	0.000	285.771	0.000	228.617			0.000	385.615	0.000	385.615
ULTIMATE		439.595								

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	29.684	10.678	0.000	40.362	31.540	0.000	0.000	31.540	29.987	29.987
12/94	30.465	8.903	0.000	39.368	22.240	0.000	0.000	22.240	19.135	49.122
12/95	31.356	7.755	0.000	39.110	15.963	0.000	0.000	15.963	12.433	61.555
12/96	32.305	6.942	0.000	39.247	11.290	0.000	0.000	11.290	7.961	69.516
12/97	33.290	6.332	0.000	39.622	7.577	0.000	0.000	7.577	4.840	74.356
12/98	34.298	5.856	0.000	40.154	4.489	0.000	0.000	4.489	2.600	76.956
12/99	35.321	5.472	0.000	40.793	1.833	0.000	0.000	1.833	0.967	77.923
12/00	11.968	1.523	0.000	13.491	-1.466	0.000	0.000	-1.466	-0.705	77.218
SUB TOTAL	238.687	53.461	0.000	292.147	93.466	0.000	0.000	93.466	77.218	
REMAINDER	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL	238.687	53.461	0.000	292.147	93.466	0.000	0.000	93.466	77.218	

-- PRESENT WORTH PROFILE --

1 -	5.00 %	84.713 M$	3 -	15.00 %	70.765 M$	5 -	30.00 %	56.059 M$	7 -	70.00 %	35.2
2 -	10.00 %	77.217 M$	4 -	20.00 %	65.178 M$	6 -	50.00 %	43.428 M$			

OPERATOR: NASSAU RESOURCES, INC. | CCU 24B-13 | LOCATION: M 24 32N 04W
LSE WELLNO: CARRACAS UNIT 24B-13 | | FORMATION: FRUITLAND COAL
FIELD: BASIN FRUITLAND COAL | INPUT DATA SUMMARY | RSVR CLASS: PROVED PRODUCING
COUNTY: RIO ARRIBA | INDIVIDUAL WELL ANALYSIS | JNT VNTURE: PA
STATE: NM

----------- 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 %

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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),     153.824 MMCF, 01/93   STANDARD
            1, HYP (4),     5500.000 MCF/M (2),       0.000 MCF/M (2), EXP 1.50, DEC   20.000, ECONOMIC LIMIT (6)
   Oth-A   (6), 0, HST (2),       0.168 MUNT, 01/93   STANDARD
            1, HYP (4),        5.000 UNT/M (2),       0.985 UNT/M (2), EXP 0.50, DEC   30.000, ADD TIME (5),  6-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),   2280.00 $/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
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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
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10. INVESTMENT SCHEDULING
*** INVESTMENTS NOT SCHEDULED ***

11. LOANS SCHEDULING
*** LOANS NOT SCHEDULED ***

12. STREAM ADJUSTMENT SCHEDULING
*** STREAM ADJUSTMENTS NOT SCHEDULED ***

HISTORIC DATA LISTING

CCU 248-13

GAS

TIME SEG	DEC TYPE							STANDARD END CONDITION
0	HST	153.824 MMCF						01/93

HISTORIC DATA: MCF

PRIOR PRODUCTION: 0.000 MMCF

11/ 1/90 - 11/30/90	193.000	8/ 1/91 - 8/31/91	6049.000
12/ 1/90 - 12/31/90	13039.000	9/ 1/91 - 9/30/91	5857.000
1/ 1/91 - 1/31/91	7362.000	10/ 1/91 - 10/31/91	6391.000
2/ 1/91 - 2/28/91	6285.000	11/ 1/91 - 11/30/91	5989.000
3/ 1/91 - 3/31/91	7562.000	12/ 1/91 - 12/31/91	5976.000
4/ 1/91 - 4/30/91	7125.000	1/ 1/92 - 1/31/92	6863.000
5/ 1/91 - 5/31/91	7301.000	2/ 1/92 - 2/29/92	6704.000
6/ 1/91 - 6/30/91	6701.000	3/ 1/92 - 3/31/92	6614.000
7/ 1/91 - 7/31/91	6449.000	4/ 1/92 - 4/30/92	5908.000

HISTORIC DATA: MCF

5/ 1/92 - 5/31/92	6185.000
6/ 1/92 - 6/30/92	5926.000
7/ 1/92 - 7/31/92	5948.000
8/ 1/92 - 8/31/92	6176.000
9/ 1/92 - 9/30/92	5467.000
10/ 1/92 - 10/31/92	5754.000

1	HYP	5500.000 MCF/M	0.000 MCF/M	1.50	20.000	6	Economic Limit

Other - Associate

TIME SEG	DEC TYPE		STANDARD END CONDITION
0	HST	0.168 MUNT	01/93

HISTORIC DATA: UNT

PRIOR PRODUCTION: 0.000 MUNT

11/ 1/90 - 11/30/90	2.000	8/ 1/91 - 10/31/91	12.000
12/ 1/90 - 12/31/90	36.000	11/ 1/91 - 11/30/91	6.000
1/ 1/91 - 1/31/91	27.000	12/ 1/91 - 12/31/91	8.000
2/ 1/91 - 2/28/91	13.000	1/ 1/92 - 1/31/92	5.000
3/ 1/91 - 3/31/91	18.000	2/ 1/92 - 2/28/92	1.000
4/ 1/91 - 4/30/91	13.000	3/ 1/92 - 3/31/92	0.000
5/ 1/91 - 5/31/91	12.000	4/ 1/92 - 4/30/92	1.000
6/ 1/91 - 6/30/91	6.000	5/ 1/92 - 5/31/92	0.000
7/ 1/91 - 7/31/91	8.000	6/ 1/92 - 6/30/92	0.000

Other - Associate

TIME SEG	DEC TYPE						STANDARD END CONDITION	
HISTORIC DATA: UNT								
		7/ 1/92 - 7/31/92	0.000					
		8/ 1/92 - 8/31/92	0.000					
		9/ 1/92 - 9/30/92	0.000					
		10/ 1/92 - 10/31/92	0.000					
1	HYP	5.000 UNT/M	0.985 UNT/M	0.50	30.000	5	[6]-YRS [5]-MOS	ADD

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*

5. LEASE DESIGNATION AND SERIAL NO.: NM 30585
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
7. UNIT AGREEMENT NAME: Carracas Unit
8. FARM OR LEASE NAME: Carracas Unit 25 B
9. WELL NO.: #3
10. FIELD AND POOL, OR WILDCAT: Basin Fruitland Coal
11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA: Sec. 25, T32N, R4W, NMPM
12. COUNTY OR PARISH: Rio Arriba
13. STATE: NM

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ Other

b. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ Other

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 920' FNL - 1850' FWL
At top prod. interval reported below
At total depth

14. ~~PERMIT NO.~~ API # 30-039-34697 | DATE ISSUED 4-12-90

15. DATE SPUDDED	16. DATE T.D. REACHED	17. DATE COMPL. (Ready to prod.)	18. ELEVATIONS (DF, RKB, RT, GR, ETC.)*	19. ELEV. CASINGHEAD
7-19-90	7-24-90	10-5-90	6855' GL; 6868' KB	6855' GL

20. TOTAL DEPTH, MD & TVD	21. PLUG, BACK T.D., MD & TVD	22. IF MULTIPLE COMPL., HOW MANY*	23. INTERVALS DRILLED BY	ROTARY TOOLS	CABLE TOOLS
4060' KB	3969' KB	NA	→	TD	

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
3824-2851' KB, Basin Fruitland Coal

25. WAS DIRECTIONAL SURVEY MADE: NO

26. TYPE ELECTRIC AND OTHER LOGS RUN: Dual Induction - SFL, Compensated Neutron-Formation Density, Microlog, GR-CBL-CCL

27. WAS WELL CORED: 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#	311' KB	12-1/4"	322 cu.ft.	---
5-1/2"	17#	4055' KB	8-3/4"	1237 cu.ft.	---
				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"	3890' KB	---

31. PERFORATION RECORD (Interval, size and number)
3824-3837' KB
3849-3851' KB
All 4 spf, 0.500" diam. Holes
Total of 60 perfs.

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3824-3851' KB	500 gal. 15% HCL acid
	1831 bbls 35# YF-135 x-link
	21,650# of 40/70 sand
	223,350# 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)
10-5-90*	Flowing	SI

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
10-6-90	24 hrs.	1.125"	→	---	1168	190	---

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
380 psi	590 psi	→	---	1168	190	---

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)
Vented during test; to be sold.

TEST WITNESSED BY: Peter Rodeback

OPERATOR

ACCEPTED FOR RECORD

35. LIST OF ATTACHMENTS
*1st hydrocarbons to well bore . CBL enclosed.

OCT 22 1990

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

Farmington, N.M.

SIGNED Fran Perrin TITLE Admin. Asst. DATE 10/8/90
Fran Perrin

FARMINGTON RESOURCE AREA
BY

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

Title 18 U.S.C. Section 1001, 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...

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.
			ITEM #28 Cemented 9-5/8" casing as follows: 200 sk of Class "B" with 2% CaCl. Did not circulate to surface. Pumped 75 sk of Class "B" with 2% CaCl from surface. (322 cu.ft.) Cemented 5-1/2" casing as follows: 10 bbls. mud flush 419 sk of 65/35 poz with 12% gel and 1/4#/sk flocele (1098 cu.ft.) 100 sk of 50/50 poz with 2% gilsonite and 1/4#/sk flocele (139 cu.ft.) Total of 1237 cu.ft. Circulated mud flush and cement-colored water to surfac. Ran CBL.

38. GEOLOGIC MARKERS

NAME	TOP MEAS. DEPTH	TOP TRUE VERT. DEPTH
Ojo Alamo	3240'	
Kirtland	3370'	
Fruitland	3690'	
Fruitland Coal	3824'	

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 25 B #3

8-1-90 Pressured tested to 3500 psi and held for 10 min.
Test good.
PBTD 3969' KB. Ran GR-CBL-CCL from 3969 KB
to 3600' KB.
Perforated with 4" guns. Shot .500" diam. holes.
Shot 3824' KB to 3837' KB with 4 spf.
Shot 3849' KB to 3851' KB with 4 spf.
Total perfs 60.

8-2-90 Ran static pressure test.

9-25-90 Rigged up wireline and ran static bottom hole pressure

10-3-90 Fraced with 35# YF 135 Crosslinked fluid as follows:

500 gal	15%	HCL acid
25,000 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
8,125 gal	8#/gal	20/40 sand
3,108 gal	Flush	

Total load to recover 1831 bbls.
21,650# of 40/70 sand pumped
223,350# of 20/40 sand pumped
Pressure Max 4090 psi Avg 3600 psi
Injection Rate Max 54 bbl/min. Avg 43 bbl/min.
ISIP 1099 psi
SI 5 min. 893 psi
10 min. 618 psi
15 min. 340 psi
Well SI at 8:00 pm on 10-3-90.

10-5-90 Casing pressure 0 psi; tubing on vacuum.^E
Fluid level at 300'.
Opened well. Made 4 swab runs.
Well unloading through choke.
Left well flowing to pit with casing pressure 300
and tubing kicking.

ENGINEERING REPORT

Carracas Unit 25B #3
Section 25, T32N, R04W
Rio Arriba County, New Mexico

Carracas Unit 25B #3, located 920' FNL and 1850' FWL of Section 25, Township 32 North, Range 4 West, was spudded on July 19, 1990. Total depth of 4060' was reached on July 24, 1990 and 5-1/2", 17 lb/ft casing was set. The Fruitland Coal was perforated at 3824' to 3837' and 3849' to 3851' with 4 shots per foot. The formation was fractured with 21,650 lbs 40/70 sand and 223,350 lbs 20/40 sand in 1831 barrels gelled water at 43 barrels per minute.

The well was first delivered at a rate of 935 MCFD on October 24, 1990.

The well has produced a cumulative of 397,067 MCF through October 31, 1992. The October, 1992 production was 12160 MCF and 2 BW for an average producing rate of 392 MCFD and .1 BWPD. October, 1992 gas sales were 12137 MCF. A listing of monthly production is attached.

ECONOMICS

Based on October, 1992 sales of 12137 MCF, a wellhead price for gas of $2.055 per MCF and operating expenses for this well of $1758.22, 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 25B #3
NE NW Section 25, T32N R04W
Rio Arriba County, New Mexico

Well Costs: (based on actual costs) $422,830

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 = $5592 per month *
1991 average = $4308 per month *
1992 average = $2963 per month *
1993 est = $3000 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

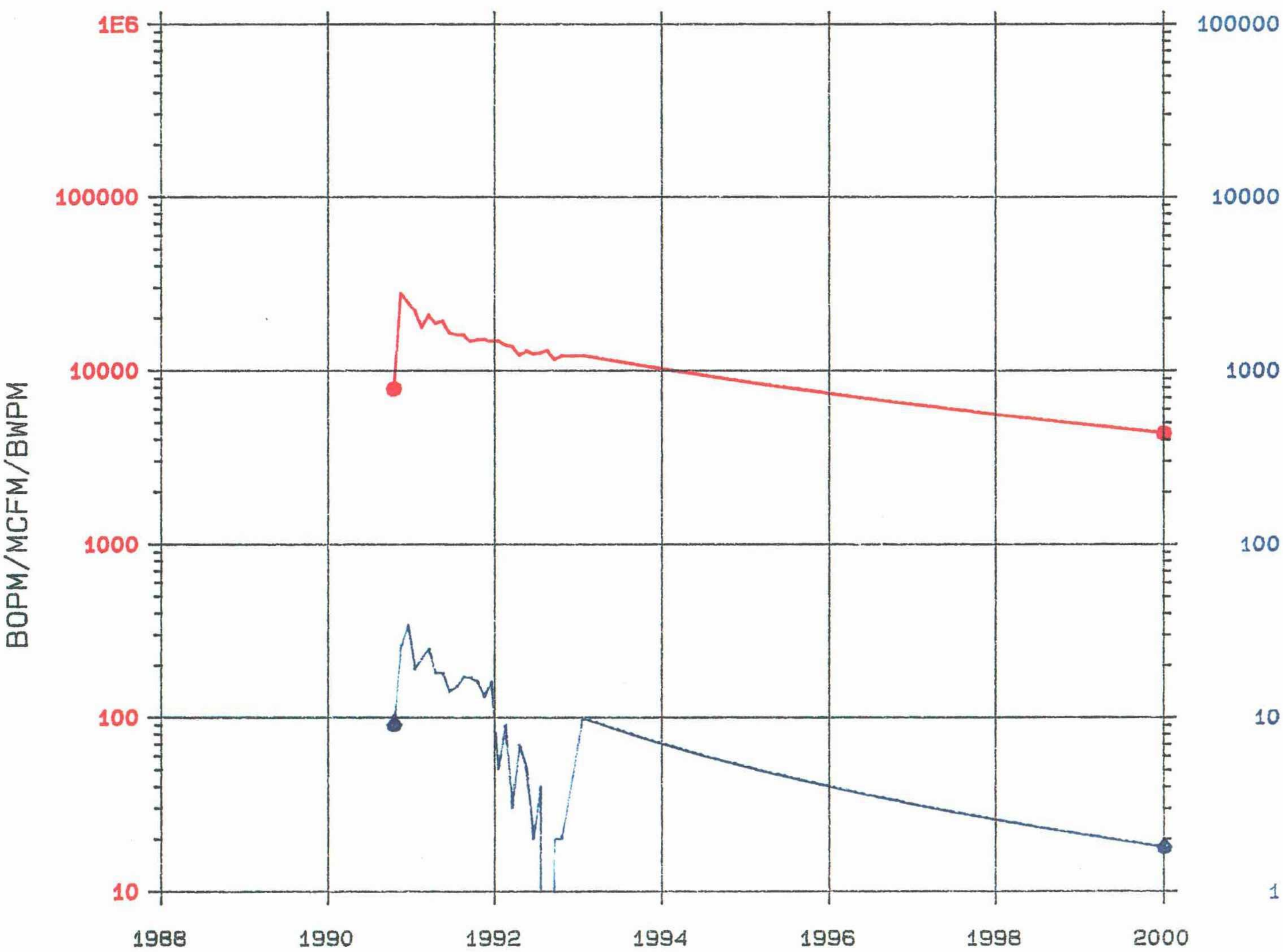
Initial Production Rate: 935 MCFD

Calculated Economic Reserves: 397,067 MCF Cumulative + 863,237 MCF remaining

NASSAU RESOURCES, INC.
Multiphase Curve Analysis
Rate vs Time

CARRACAS UNIT 25B-3
C 25 T32N R04W FRUITLAND COAL
RIO ARRIBA COUNTY, NM

12/08/1992
Project:
CCU 25B-3



Production Curves

GAS: ● GAS DATA
0 History 10/90 - 10/92
1 Hyperbolic 1/93 - 9/18
Q1 : 12320.071 MCF/M
D1 : 17.000 %
n : 0.500
Qe : 997.569 MCF/M
De : 5.334 %
Np : 1083.257 MMCF

WTR: ♦ WATER DATA
0 History 10/90 - 10/92
1 Hyperbolic 1/93 - 2/04
Q1 : 10.000 UNT/M
D1 : 30.000 %
n : 0.500
Qe : 0.989 UNT/M
De : 11.233 %
Np : 0.421 MUNT

OPERATOR: NASSAU RESOURCES, INC. | CCU 25B-3 | LOCATION: C 25 32N 04W
LSE WELLNO: CARRACAS UNIT 25B-3 | FORMATION: FRUITLAND COAL
FIELD: BASIN FRUITLAND COAL | BFIT 20 COLUMN REPORT | RSVR CLASS: PROVED PRODUCING
COUNTY: RIO ARRIBA | INDIVIDUAL WELL ANALYSIS | JNT VNTURE: PA
STATE: NM

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	13 years 7 months
PAYOUT TERM	N/A
ROI - DISCOUNTED	N/A
ROI - UNDISCOUNTED	N/A
INTERP. IRR	> 400 %

END OF PERIOD (MO/YR)	GROSS PRODUCTION OIL & CND --(MBBL)--	GROSS PRODUCTION GAS & CGS --(MMCF)--	NET PRODUCTION OIL & CND --(MBBL)--	NET PRODUCTION GAS & CGS --(MMCF)--	EFFECTIVE PRICES OIL & CND --($/BBL)--	EFFECTIVE PRICES GAS & CGS --($/MCF)--	NET REVENUE OIL & CND ----(M$)----	NET REVENUE GAS & CGS --(M$)--	NET REVENUE OTHER --(M$)--	NET REVENUE TOTAL --(M$)--
PRIOR		397.067								
12/93	0.000	134.687	0.000	107.750	N/A	1.53	0.000	164.758	0.000	164.758
12/94	0.000	112.683	0.000	90.146	N/A	1.59	0.000	143.256	0.000	143.256
12/95	0.000	95.663	0.000	76.530	N/A	1.65	0.000	126.216	0.000	126.216
12/96	0.000	82.229	0.000	65.783	N/A	1.71	0.000	112.441	0.000	112.441
12/97	0.000	71.439	0.000	57.151	N/A	1.77	0.000	101.119	0.000	101.119
12/98	0.000	62.642	0.000	50.113	N/A	1.83	0.000	91.676	0.000	91.676
12/99	0.000	55.375	0.000	44.300	N/A	1.89	0.000	83.701	0.000	83.701
12/00	0.000	49.304	0.000	39.443	N/A	1.95	0.000	76.892	0.000	76.892
12/01	0.000	44.179	0.000	35.343	N/A	2.01	0.000	71.022	0.000	71.022
12/02	0.000	39.814	0.000	31.851	N/A	2.07	0.000	65.916	0.000	65.916
SUB TOTAL	0.000	748.015	0.000	598.410			0.000	1036.997	0.000	1036.997
REMAINDER	0.000	115.222	0.000	92.177			0.000	202.944	0.000	202.944
TOTAL	0.000	863.237	0.000	690.587			0.000	1239.941	0.000	1239.941
ULTIMATE		1260.304								

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	35.890	24.467	0.000	60.357	104.401	0.000	0.000	104.401	99.119	99.119
12/94	36.472	20.702	0.000	57.174	86.082	0.000	0.000	86.082	73.977	173.096
12/95	37.205	17.773	0.000	54.978	71.238	0.000	0.000	71.238	55.416	228.512
12/96	38.047	15.447	0.000	53.494	58.948	0.000	0.000	58.948	41.510	270.022
12/97	38.969	13.567	0.000	52.536	48.582	0.000	0.000	48.582	30.970	300.992
12/98	39.952	12.026	0.000	51.978	39.698	0.000	0.000	39.698	22.910	323.902
12/99	40.981	10.745	0.000	51.726	31.976	0.000	0.000	31.976	16.706	340.608
12/00	42.046	9.669	0.000	51.714	25.178	0.000	0.000	25.178	11.911	352.519
12/01	43.139	8.755	0.000	51.894	19.128	0.000	0.000	19.128	8.194	360.713
12/02	44.256	7.972	0.000	52.228	13.689	0.000	0.000	13.689	5.311	366.024
SUB TOTAL	396.957	141.123	0.000	538.079	498.920	0.000	0.000	498.920	366.024	
REMAINDER	167.994	23.595	0.000	191.589	11.355	0.000	0.000	11.355	4.013	
TOTAL	564.951	164.718	0.000	729.668	510.275	0.000	0.000	510.275	370.037	

-- PRESENT WORTH PROFILE --

1 - 5.00 %	430.814 M$	3 - 15.00 %	322.675 M$	5 - 30.00 %	230.014 M$	7 - 70.00 %	127.8
2 - 10.00 %	370.036 M$	4 - 20.00 %	285.113 M$	6 - 50.00 %	164.611 M$		

```
  OPERATOR: NASSAU RESOURCES, INC.                 CCU 25B-3                 LOCATION: C 25 32N 04W
LSE WELLNO: CARRACAS UNIT 25B-3                                             FORMATION: FRUITLAND COAL
     FIELD: BASIN FRUITLAND COAL                INPUT DATA SUMMARY         RSVR CLASS: PROVED PRODUCING
    COUNTY: RIO ARRIBA                      INDIVIDUAL WELL ANALYSIS       JNT VNTURE: PA
     STATE: NM

*----------- REPORT COMMENTARY ----------*  *-------- CALCULATION PARAMETERS --------*  *-------- CALCULATION PARAMETERS -------*
CARRACAS CANYON UNIT PARTICIPATING AREA     PROJECT START DATE:      1/93                 TYPE OF INTEREST: OUTSIDE EVAL INTEREST
COMMERCIAL WELL DETERMINATION               PRODUCTION REVENUE START DATE:  1/93          OUTSIDE WORKING INTEREST: 100.000000 %
                                            EVALUATION START DATE:  1/93                  NET REVENUE INTEREST:      80.000000 %
                                            METHOD OF PAYOUT: STREAM VALUE                BASE CASE DISCOUNT RATE:   10.00 %
                                            PAYOUT ON STREAM: COI UNDISCOUNTED            PROJ BASE CASE DSC RATE:   10.00 %
                                            CUM VALUE TO PAYOUT:     $

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),     397.067 MMCF, 01/93   STANDARD
              1, HYP (4),   12320.071 MCF/M (2),     997.569 MCF/M (2), EXP 0.50, DEC   17.000, CUM PROD (2),    1479.800, MMCF (2)
   Oth-A  (6), 0, HST (2),       0.318 MUNT, 01/93   STANDARD
              1, HYP (4),      10.000 UNT/M (2),       0.989 UNT/M (2), EXP 0.50, DEC   30.000, ADD TIME (5), 11-Y  2-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),   2600.00 $/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
```

```
    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 25B-3

GAS

STANDARD

TIME SEG	DEC TYPE		END CONDITION
0	HST	397.067 MMCF	01/93

HISTORIC DATA: MCF

10/ 1/90 - 10/31/90	7858.000
11/ 1/90 - 11/30/90	28076.000
12/ 1/90 - 12/31/90	24590.000
1/ 1/91 - 1/31/91	22124.000
2/ 1/91 - 2/28/91	17651.000
3/ 1/91 - 3/31/91	20942.000
4/ 1/91 - 4/30/91	18671.000
5/ 1/91 - 5/31/91	19359.000
6/ 1/91 - 6/30/91	16407.000

PRIOR PRODUCTION: 0.000 MMCF

7/ 1/91 - 7/31/91	16001.000
8/ 1/91 - 8/31/91	16020.000
9/ 1/91 - 9/30/91	14688.000
10/ 1/91 - 10/31/91	15063.000
11/ 1/91 - 11/30/91	15158.000
12/ 1/91 - 12/31/91	14677.000
1/ 1/92 - 1/31/92	14874.000
2/ 1/92 - 2/29/92	13971.000
3/ 1/92 - 3/31/92	13746.000

HISTORIC DATA: MCF

4/ 1/92 - 4/30/92	12236.000
5/ 1/92 - 5/31/92	13050.000
6/ 1/92 - 6/30/92	12381.000
7/ 1/92 - 7/31/92	12661.000
8/ 1/92 - 8/31/92	13133.000
9/ 1/92 - 9/30/92	11570.000
10/ 1/92 - 10/31/92	12160.000

1	HYP	12320.071 MCF/M	997.569 MCF/M	0.50	17.000	2	1479.800 MMCF	CUM

Other - Associate

STANDARD

TIME SEG	DEC TYPE		END CONDITION
0	HST	0.318 MUNT	01/93

HISTORIC DATA LISTING

CCU 25B-3

Other - Associate

STANDARD

TIME SEG	DEC TYPE					END CONDITION	

HISTORIC DATA: UNT

10/ 1/90 - 10/31/90	9.000	8/ 1/91 - 9/30/91	34.000
11/ 1/90 - 11/30/90	26.000	10/ 1/91 - 10/31/91	16.000
12/ 1/90 - 12/31/90	34.000	11/ 1/91 - 11/30/91	13.000
1/ 1/91 - 1/31/91	19.000	12/ 1/91 - 12/31/91	16.000
2/ 1/91 - 2/28/91	22.000	1/ 1/92 - 1/31/92	5.000
3/ 1/91 - 3/31/91	25.000	2/ 1/92 - 2/28/92	9.000
4/ 1/91 - 5/31/91	36.000	3/ 1/92 - 3/31/92	3.000
6/ 1/91 - 6/30/91	14.000	4/ 1/92 - 4/30/92	7.000
7/ 1/91 - 7/31/91	15.000	5/ 1/92 - 5/31/92	5.000

PRIOR PRODUCTION: 0.000 MUNT

HISTORIC DATA: UNT

6/ 1/92 - 6/30/92	2.000
7/ 1/92 - 7/31/92	4.000
8/ 1/92 - 8/31/92	0.000
9/ 1/92 - 9/30/92	2.000
10/ 1/92 - 10/31/92	2.000

1	HYP	10.000 UNT/M	0.989 UNT/M	0.50	30.000	5	[11]-YRS [2]-MOS ADD

McHUGH

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

April 19, 1993

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 "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 **Second Revision of the Fruitland Coal Participating Area "CDE"**, to wit;

<u>Township 32 North, Range 4 West, NMPM</u>
Section 26: W/2

ACRES INCLUDED IN THIS SECOND REVISION:	320.00
CUMULATIVE ACRES WITHIN PARTICIPATING AREA, AS REVISED:	3520.00

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

This proposed Second 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 26B-#13
Location: 1100' FSL - 790' FWL, (SW/4SW/4 26-32N-04W)
Completion Date: 11/14/90
First Sales: 12/15/90
Formation: Basin Fruitland Coal
Producing Interval: 3970' - 3983' KB, Basin Fruitland Coal
Initial Production: 363 MCF, (24 hrs.)

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

Sincerely,

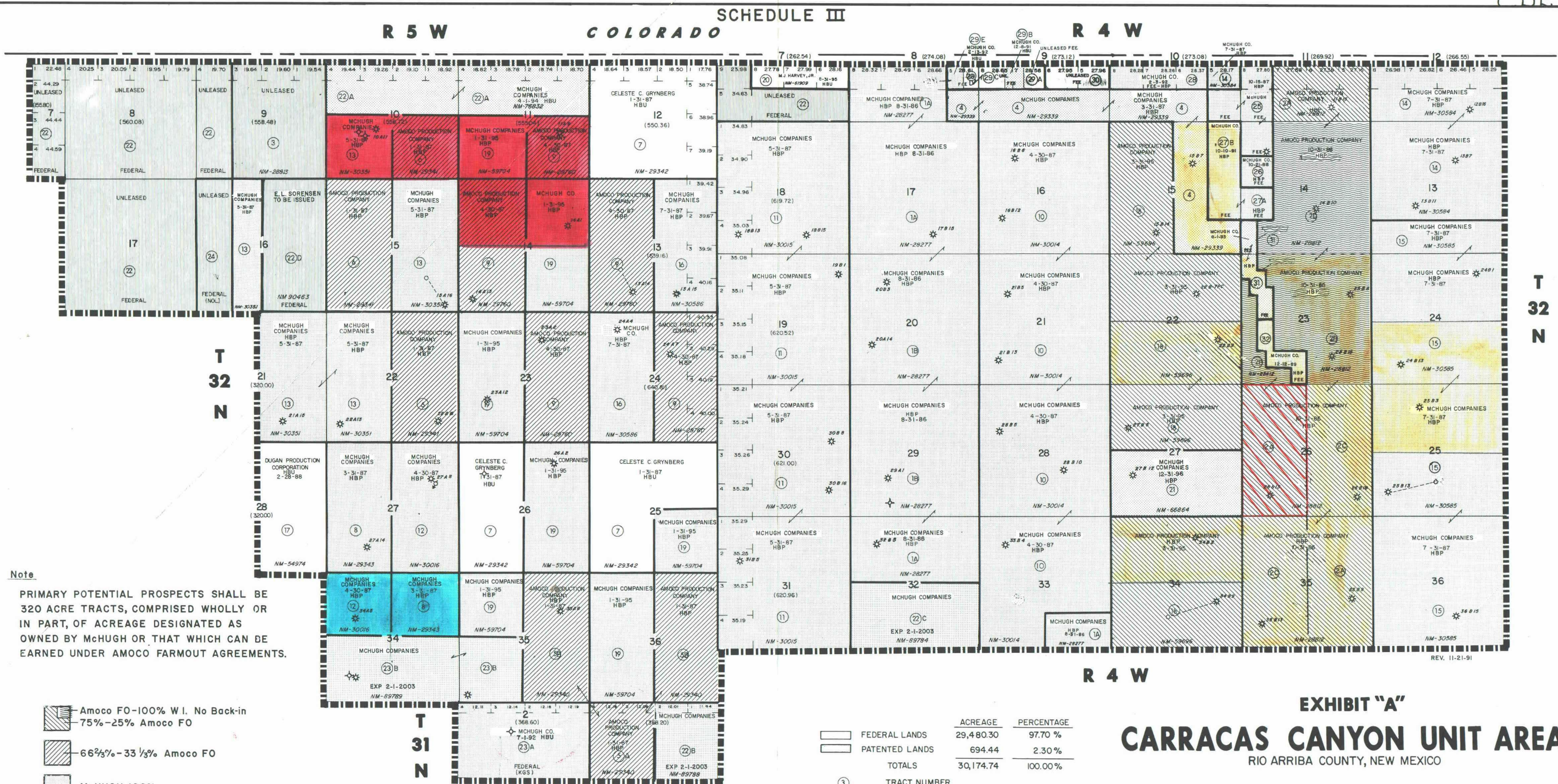
NASSAU RESOURCES, INC.

James C. Joda

enc

"CDE 2"

SCHEDULE III



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
- 66⅔%-33⅓% Amoco FO
- McHUGH 100%
- Unleased Federal Lands
- Fruitland Coal Participating Area "A"
- Fruitland Coal Participating Area "B"
- Fruitland Coal Participating Area "CDE"
- Proposed 2nd Revision Fruitland Coal Participating Area CDE, "CDE2"

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

③ TRACT NUMBER

UNIT OUTLINE

1 ½ 0

SCALE IN MILES

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

EXHIBIT "A"

CARRACAS CANYON UNIT AREA

RIO ARRIBA COUNTY, NEW MEXICO

NASSAU RESOURCES, INC.

DENVER, COLORADO

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