EXHIBIT "B"
SECOND REVISION TO FRUITLAND COAL FORMATION PARTICIPATING AREA "CDE", (CDE2)
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
2A	USA NM-28812 100.00000000%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 26: W/2	320	9.09090909	AMOCO PRODUCTION CO. (12.50%) FRONTIER ENERGY CORP. (12.50%) McHUGH COMPANIES (75.00%)
		SUB TOTAL	320	9.09090909	

PREVIOUSLY ESTABLISHED FRUITLAND COAL FORMATION PARTICIPATING AREA "CDE":

TRACT NO.	LEASE NO. OR TYPE OF LAND	DESCRIPTION	PARTICIPATING ACRES	PERCENT OF PARTICIPATION	WORKING INTEREST OWNERS
15	USA NM-30585 100.00000000%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 24: S/2 SECTION 25: N/2	640	18.18181818	McHUGH COMPANIES (100.00%)
2B	USA NM-28812 100.00000000%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM 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	15.34090909	McHUGH COMPANIES (84.41%) CNG PRODUCING CO. (15.59%)
31	(FEE) LOU DEANE MONTOYA	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM 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	1.27840909	McHUGH COMPANIES (100.00%)
32	(FEE) JOHN W. WEST, CONS. 50.00000000% KENNETH J. WEST, EX. 50.00000000%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 23: E/2NW/4SW/4, E/2NE/4SW/4SW/4, NE/4SE/4SW/4, SE/4SE/4SW/4	55	1.56250000	McHUGH COMPANIES (100.00%)
4	USA NM-29339 100.00000000%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 15: W/2E/2, SE/4SE/4	200	5.68181818	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	3.40909090	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	9.09090909	AMOCO PRODUCTION CO. (12.50%) McHUGH COMPANIES (75.00%) FRONTIER ENERGY CORP. (12.50%)
18	USA NM-59696 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM</u> SECTION 34: N/2	320	9.09090909	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	18.18181818	AMOCO PRODUCTION CO. (12.50%) McHUGH COMPANIES (52.72%) CNG PRODUCING COMPANY (22.28%) FRONTIER ENERGY CORP. (12.50%)
18	USA NM-59696 100.00000000%	<u>TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM</u> SECTION 22: S/2	320	9.09090909	AMOCO PRODUCTION CO. (25.00%) McHUGH COMPANIES (75.00%)
		TOTAL	3520	100.00000000	

SUMMARY
EXHIBIT "B"
SECOND REVISION TO FRUITLAND COAL FORMATION PARTICIPATING AREA "CDE", (CDE2)
CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

TYPE LAND	COMMITTED ACRES	NON-COMMITTED ACRES	PERCENT COMMITTED
FEDERAL	3300	-0-	100.00000000
STATE	-0-	-0-	-0-
PATENTED	196	* 24	89.09090909
TOTAL	3496	* 24	99.31818181

* 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 DUPLIC (See other instructions on reverse side)

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

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

b. TYPE OF COMPLETION: NEW WELL ☒ 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 1100' FSL - 790' FWL
At top prod. interval reported below
At total depth

5. LEASE DESIGNATION AND SERIAL NO.
NM 28812

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
Carracas Unit

8. FARM OR LEASE NAME
Carracas Unit 26 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. 26, T32N, R4W, NMPM

14. API # 30-039-24519 | DATE ISSUED 8-10-89

12. COUNTY OR PARISH Rio Arriba | 13. STATE 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
5-8-90	5-16-90	11/14/90	7045' GL: 7057' KB	7045' 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
4210'	4142' KB	NA	→	X	--

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
3970' KB - 3983' KB

25. WAS DIRECTIONAL SURVEY MADE: NO

26. TYPE ELECTRIC AND OTHER LOGS RUN Dual Induction-SFL, Microlog, Compensated Neutron Formation Density, Coal Log, GR-CL,

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#	352'	12-1/4"	251 cu.ft.	---
5-1/2"	15.5#	4210'	8-3/4"	1614 cu.ft. circ. to surf.	---
				See reverse.	

29. LINER RECORD

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

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-7/8"	3974' KB	--

31. PERFORATION RECORD (Interval, size and number)
3970-3983' KB 4 spf
Total of 52 perfs. 0.50 diam. holes

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3970-3983' KB	500 gal. 15% HCL acid
	1514 bbls. 35# YF-135 #35 fluid
	21,600# of 40/70 sand
	104,960# 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)
10-18-90*	Flowing	SI

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
11-15-90	24	1.250"	→	--	363	0	--

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
100 psi	470 psi	→	--	363	0	--

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

TEST WITNESSED BY
Elmer Perry

ACCEPTED FOR RECORD
NOV 28 1990
FARMINGTON RESOURCE AREA
BY

Jerome P. McHugh
Farmington, N.M.

35. LIST OF ATTACHMENTS
*1st hydrocarbons to wellbore during completion operations.

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

SIGNED Fran Perrin TITLE Admin. Asst. DATE 11-16-90
Fran Perrin

OPERATOR

*(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: 190 sk of Class "B" w/ 2% CaCl (222 cu.ft.) Did not circ. to surface. Dropped 25 sx from top. Total of 251 cu.ft. Cemented 5-1/2" casing as follows: 10 bbls. mud flush 563 sk of 65/35 poz w/ 12% gel and 1/4#/sk flocele (1475 cu.ft.) 100 sk of 50/50 poz w/ 12% gel, 6-1/4#/sk gilsonite and 1/4#/sk flocele (139 cu.ft.) Total of 1614 cu.ft.

38. GEOLOGIC MARKERS

NAME	TOP: MEAS. DEPTH	TOP: TRUE VERT. DEPTH
Ojo Alamo	3384'	
Kirtland	3510'	
Fruitland	3760'	
Fruitland Coal	3968'	

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 26 B #13

7-9-90 PBTD 4142' KB. Ran GR-CCL from 4142' KB to 3800' KB.
Perforated with 4" guns. Shot 0.5" diam. holes.
Shot 3970' KB to 3983' KB with 4 spf.
Total perfs 52.

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

9-26-90 Rigged up. Nipple BOP. Ran in hole with 135 jts.
Picked up to 3974'. Landed 129 jts.
Seating nipple on bottom of tubing with notch collar.
Seating nipple at 3973.37' KB.
Notch collar at 3974.37' KB. (No anchor).

10-1-90 Rigged up and soft set pressure bombs in seating nipple.
Rigged up Smith and started leak-off test at 12 noon.

10-2-90 Completed 23 hour pump test at 11 am.
Started test with zero psi, and built to a maximum of 1270 psi in 7 hours.
Finished test at 1210 psi. Rigged down Smith.

10-11-90 MI & RU completion rig.
Nippled down wellhead and nippled up BOP.

10/12/90 Fraced with 35# YF-135 #35 fluid as follows:

500 gal	15% HCL acid	
25,200# gal	Pad	
3,800# gal	1#/gal	40/70 sand
3,650# gal	2#/gal	40/70 sand
3,500# gal	3#/gal	20/40 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
5,150#/gal	6#/gal	20/40 sand
2,730# gal	Flush	

Total load to recover 1514 bbls.
21,600# of 40/70 sand pumped
104,960# of 20/40 sand pumped

Pressure Max	4118 psi	Avg 3330 psi
Injection Rate Max	52 bbl/min.	Avg 50 bbl/min.

(cont.)

NASSAU RESOURCES, INC.
Carracas Unit 26 B #13

10-12-90 (Cont.)

ISIP	3922 psi
SI 5 min.	2306 psi
10 min.	1958 psi
15 min.	1858 psi

Well SI at 11:17 am on 10/12/90.
Screened off during 6 lbs. sand stage.
Opened well to pit and TIH. Cleaned out sand to PBTD.
Landed tubing as follows:
Ran 130 jts. of 2-7/8", 6.5#, EUE tubing at 3991' KB with notch collar on bottom and seating nipple at 3959' KB. (no anchor).
Nippled up well head and released rig.

10-18-90 Casing and tubing pressure at 0 psi.
Fluid level at 500'.
Made 25 swab runs and well kicked off with casing pressure at 200 psi.
Left well flowing to pit over night.

ENGINEERING REPORT

Carracas Unit 26B #13
Section 26 T32N, R04W
Rio Arriba County, New Mexico

Carracas Unit 26B #13, located 1100' FSL and 790' FWL of Section 26, Township 32 North, Range 4 West, was spudded on May 8, 1990. Total depth of 4210' was reached on May 16, 1990 and 5-1/2", 15.5 lb/ft casing was set. The Fruitland Coal was perforated at 3970' to 3983' with 4 shots per foot. The formation was fractured with 21,600 lbs 40/70 sand and 104,960 lbs 20/40 sand in 1514 barrels gelled water at 50 barrels per minute.

The well was first delivered at a rate of 139 MCFD on December 15, 1990.

The well has produced a cumulative of 29,341 MCF through October 31, 1992. The October, 1992 production was 3209 MCF and 62 BW for an average producing rate of 107 MCFD and 2 BWPD. October, 1992 gas sales were 3186 MCF. A listing of monthly production is attached.

ECONOMICS

Based on October, 1992 sales of 3186 MCF, a wellhead price for gas of $2.055 per MCF and operating expenses for this well of $1573.65, 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 26B #13
SW SW Section 26, T32N R04W
Rio Arriba County, New Mexico

Well Costs: (based on actual costs) $456,054

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 = $2307 per month *
1991 average = $1720 per month *
1992 average = $1995 per month *
1993 est = $2050 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: December 15, 1990

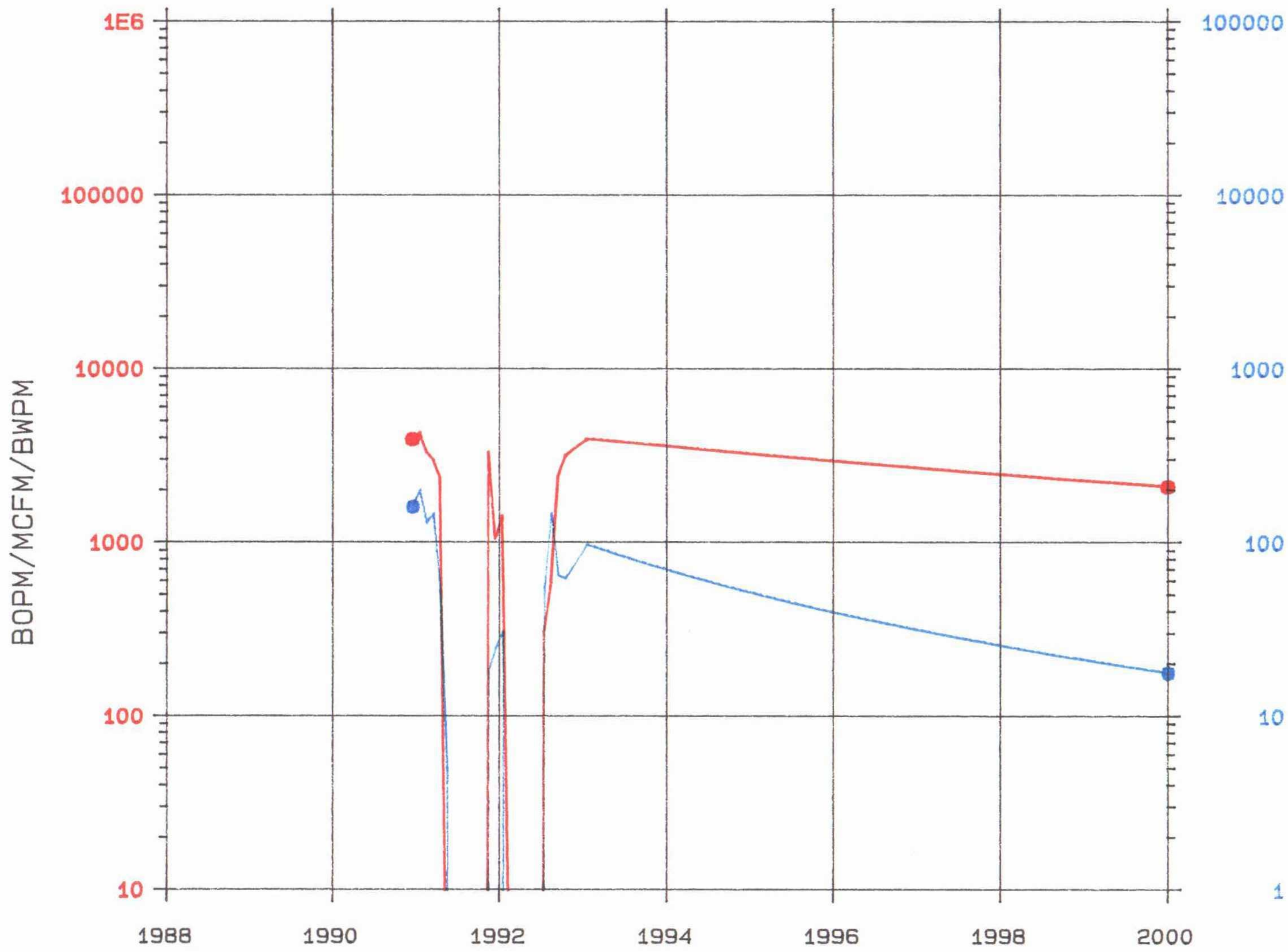
Initial Production Rate: 139 MCFD

Calculated Economic Reserves: 29,341 MCF Cumulative + 309,812 MCF remaining

NASSAU RESOURCES, INC.
Multiphase Curve Analysis
Rate vs Time

CARRACAS UNIT 26B-13
M 26 T32N R04W FRUITLAND COAL
RIO ARRIBA COUNTY, NM

12/08/1992
Project:
CCU 26B-13



Production Curves

GAS: • GAS DATA
0 History 12/90 - 10/92
1 Hyperbolic 1/93 - 1/68
Qi : 4000.000 MCF/M
Di : 10.000 %
n : 0.500
Qe : 156.417 MCF/M
De : 2.105 %
Np : 711.891 MMCF

OTH: • OTHER DATA
0 History 12/90 - 10/92
1 Hyperbolic 1/93 - 1/04
Qi : 100.000 UNT/M
Di : 30.000 %
n : 0.500
Qe : 9.991 UNT/M
De : 11.286 %
Np : 4.204 MUNT

OPERATOR: NASSAU RESOURCES, INC.
LSE WELLNO: CARRACAS UNIT 26B-13
FIELD: BASIN FRUITLAND COAL
COUNTY: RIO ARRIBA
STATE: NM

CCU 26B-13

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

LOCATION: M 26 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	9 years 11 months
PAYOUT TERM	N/A
ROI - DISCOUNTED	N/A
ROI - UNDISCOUNTED	N/A
INTERP. IRR	> 400 %

END OF	GROSS PRODUCTION		NET PRODUCTION		EFFECTIVE PRICES		NET REVENUE			
PERIOD	OIL & CND	GAS & CGS	OIL & CND	GAS & CGS	OIL & CND	GAS & CGS	OIL & CND	GAS & CGS	OTHER	TOTAL
(MO/YR)	--(MBBL)--	--(MMCF)--	--(MBBL)--	--(MMCF)--	--($/BBL)--	--($/MCF)--	----(M$)----	----(M$)----	----(M$)----	---(M$)---
PRIOR		29.341								
12/93	0.000	45.537	0.000	36.429	N/A	1.53	0.000	55.718	0.000	55.718
12/94	0.000	41.091	0.000	32.873	N/A	1.59	0.000	52.252	0.000	52.252
12/95	0.000	37.266	0.000	29.813	N/A	1.65	0.000	49.178	0.000	49.178
12/96	0.000	33.952	0.000	27.162	N/A	1.71	0.000	46.434	0.000	46.434
12/97	0.000	31.061	0.000	24.849	N/A	1.77	0.000	43.971	0.000	43.971
12/98	0.000	28.524	0.000	22.819	N/A	1.83	0.000	41.749	0.000	41.749
12/99	0.000	26.286	0.000	21.028	N/A	1.89	0.000	39.735	0.000	39.735
12/00	0.000	24.301	0.000	19.441	N/A	1.95	0.000	37.902	0.000	37.902
12/01	0.000	22.533	0.000	18.026	N/A	2.01	0.000	36.226	0.000	36.226
12/02	0.000	19.261	0.000	15.409	N/A	2.07	0.000	31.853	0.000	31.853
SUB TOTAL	0.000	309.812	0.000	247.849			0.000	435.018	0.000	435.018
REMAINDER	0.000	0.000	0.000	0.000			0.000	0.000	0.000	0.000
TOTAL	0.000	309.812	0.000	247.849			0.000	435.018	0.000	435.018
ULTIMATE		339.153								

END OF	NET	NET PROD.	NET	TOTAL	NET CASH	NET	NET	NET OPERATING INCOME BFIT		
PERIOD	EXPENSES	TAXES	W.P.T.	EXP+TAXES	OPER. INC.	INVESTMENT	RESALE	UNDISC	DISC @ 10.00%	CUM DISC
(MO/YR)	---(M$)---	---(M$)---	---(M$)---	---(M$)---	---(M$)---	---(M$)---	---(M$)---	----(M$)----	----(M$)----	---(M$)---
12/93	24.633	8.273	0.000	32.906	22.812	0.000	0.000	22.812	21.651	21.651
12/94	25.337	7.550	0.000	32.887	19.364	0.000	0.000	19.364	16.639	38.290
12/95	26.084	6.924	0.000	33.007	16.170	0.000	0.000	16.170	12.579	50.869
12/96	26.858	6.378	0.000	33.236	13.198	0.000	0.000	13.198	9.296	60.165
12/97	27.653	5.899	0.000	33.552	10.419	0.000	0.000	10.419	6.645	66.810
12/98	28.464	5.476	0.000	33.940	7.809	0.000	0.000	7.809	4.511	71.321
12/99	29.288	5.101	0.000	34.388	5.347	0.000	0.000	5.347	2.799	74.120
12/00	30.121	4.766	0.000	34.887	3.015	0.000	0.000	3.015	1.432	75.552
12/01	30.963	4.465	0.000	35.429	0.797	0.000	0.000	0.797	0.348	75.900
12/02	29.129	3.855	0.000	32.984	-1.130	0.000	0.000	-1.130	-0.434	75.466
SUB TOTAL	278.530	58.687	0.000	337.216	97.801	0.000	0.000	97.801	75.466	
REMAINDER	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL	278.530	58.687	0.000	337.216	97.801	0.000	0.000	97.801	75.466	

--- PRESENT WORTH PROFILE ---

1 -	5.00 %	85.509 M$	3 -	15.00 %	67.188 M$	5 -	30.00 %	49.657 M$	7 -	70.00 %	28.1
2 -	10.00 %	75.465 M$	4 -	20.00 %	60.307 M$	6 -	50.00 %	36.129 M$			

OPERATOR: NASSAU RESOURCES, INC.
LSE WELLNO: CARRACAS UNIT 26B-13
FIELD: BASIN FRUITLAND COAL
COUNTY: RIO ARRIBA
STATE: NM

CCU 26B-13

INPUT DATA SUMMARY
INDIVIDUAL WELL ANALYSIS

LOCATION: M 26 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), 29.341 MMCF, 01/93 STANDARD
1, HYP (4), 4000.000 MCF/M (2), 156.139 MCF/M (2), EXP 0.50, DEC 10.000, CUM PROD (2), 1000.000, MMCF (2)
OTH-P (3), 0, HST (2), 1.112 MUNT, 01/93 STANDARD
1, HYP (4), 100.000 UNT/M (2), 9.991 UNT/M (2), EXP 0.50, DEC 30.000, ADD TIME (5), 11-Y 1-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), 1880.00 $/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 26B-13

GAS

TIME SEG	DEC TYPE						STANDARD END CONDITION		
0	HST	29.341 MMCF					01/93		

HISTORIC DATA: MCF

12/ 1/90 - 12/31/90	3940.000
1/ 1/91 - 1/31/91	4321.000
2/ 1/91 - 2/28/91	3325.000
3/ 1/91 - 3/31/91	2997.000
4/ 1/91 - 4/30/91	2340.000
5/ 1/91 - 5/31/91	2.000
6/ 1/91 - 10/31/91	0.000
11/ 1/91 - 11/30/91	3366.000
12/ 1/91 - 12/31/91	1057.000

PRIOR PRODUCTION: 0.000 MMCF

1/ 1/92 - 1/31/92	1438.000
2/ 1/92 - 2/28/92	5.000
3/ 1/92 - 6/30/92	0.000
7/ 1/92 - 7/31/92	314.000
8/ 1/92 - 8/31/92	592.000
9/ 1/92 - 9/30/92	2435.000
10/ 1/92 - 10/31/92	3209.000

1	HYP	4000.000 MCF/M	156.139 MCF/M	0.50	10.000	2	1000.000 MMCF	CUM

OTHER - PRIMARY

TIME SEG	DEC TYPE						STANDARD END CONDITION	
0	HST	1.112 MUNT					01/93	

HISTORIC DATA: UNT

12/ 1/90 - 12/31/90	162.000
1/ 1/91 - 1/31/91	203.000
2/ 1/91 - 2/28/91	130.000
3/ 1/91 - 3/31/91	150.000
4/ 1/91 - 4/30/91	53.000
5/ 1/91 - 5/31/91	5.000
6/ 1/91 - 10/31/91	0.000
11/ 1/91 - 11/30/91	19.000
12/ 1/91 - 12/31/91	25.000

PRIOR PRODUCTION: 0.000 MUNT

1/ 1/92 - 1/31/92	31.000
2/ 1/92 - 6/30/92	0.000
7/ 1/92 - 7/31/92	55.000
8/ 1/92 - 8/31/92	152.000
9/ 1/92 - 9/30/92	65.000
10/ 1/92 - 10/31/92	62.000

1	HYP	100.000 UNT/M	9.991 UNT/M	0.50	30.000	5	[11]-YRS [1]-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 THIRD 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 **Third Revision of the Fruitland Coal Participating Area "CDE"**, to wit;

Township 32 North, Range 4 West, NMPM
Section 33: N/2

ACRES INCLUDED IN THIS THIRD REVISION: 320.00
CUMULATIVE ACRES WITHIN PARTICIPATING AREA, AS REVISED: 3840.00

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 Third Revision of the Fruitland Coal Participating Area "CDE".

This proposed Third 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 33B-#4
Location: 1160' FNL - 1060' FWL, (NW/4NW/4 33-32N-04W)
Completion Date: 12/6/90
First Sales: 1/15/91
Formation: Basin Fruitland Coal
Producing Interval: 4072' - 4168' KB, Basin Fruitland Coal
Initial Production: 627 MCF, (24 hrs.)

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

Sincerely,

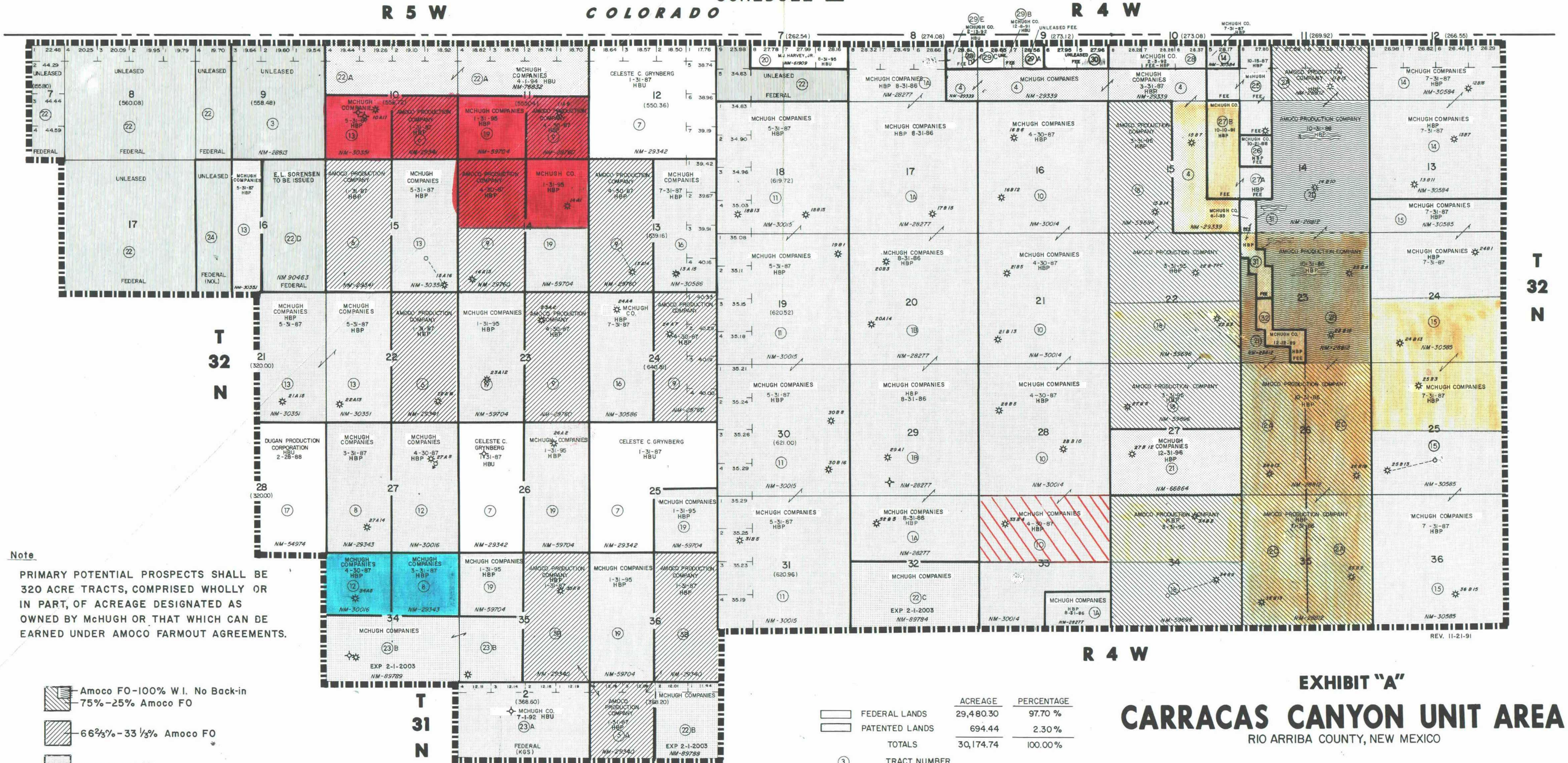
NASSAU RESOURCES, INC.

James C. Joda

enc

'CDE 3"

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 3rd Revision Fruitland Coal Participating Area CDE, "CDE 3"

	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 1/2 0 1

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

APR 93