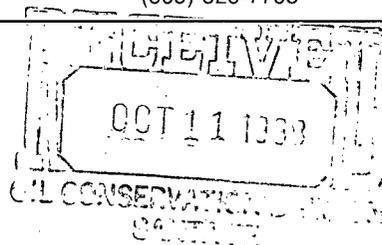


October 7, 1988

New Mexico Oil Conservation Division
ATTN: Mike Stogner
310 Old Santa Fe Trail, Room 206
Santa Fe, NM 87503



RE: Application for Unorthodox Location
Nassau Resources, Inc.
Carracas Unit 15 A #1
1000' FNL - 620' FEL
Sec. 15, Township 32 North, Range 5 West, NMPM
Rio Arriba County, New Mexico

Gentlemen:

Nassau Resources, Inc., hereby requests administrative approval of an unorthodox location for the captioned well based upon terrain.

As indicated by the attached topographic map, the terrain in this section is extremely rough and no other drill sites are feasible.

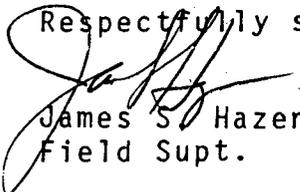
Attached is a copy of a letter from Philip Settles of the Jicarilla Ranger District of Carson National Forest indicating their guidelines for development.

This well is in Nassau's Carracas Unit. Amoco Production Co., the only offsetting operator, as indicated by the attached lease plat, has been notified of this application by certified mail. Jerome P. McHugh and Kindermac Partners are operating affiliates with Nassau Resources, Inc. and have been notified of this application.

Also attached are the C-102 plat and production map.

Please contact us if anything further is required to complete this application.

Respectfully submitted,


James S. Hazen
Field Supt.

Attachments

XC: Ernie Busch, NMOCD, Aztec, NM
Jerome P. McHugh/Kindermac Partners
Amoco Production Co.

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

All distances must be from the outer boundaries of the Section.

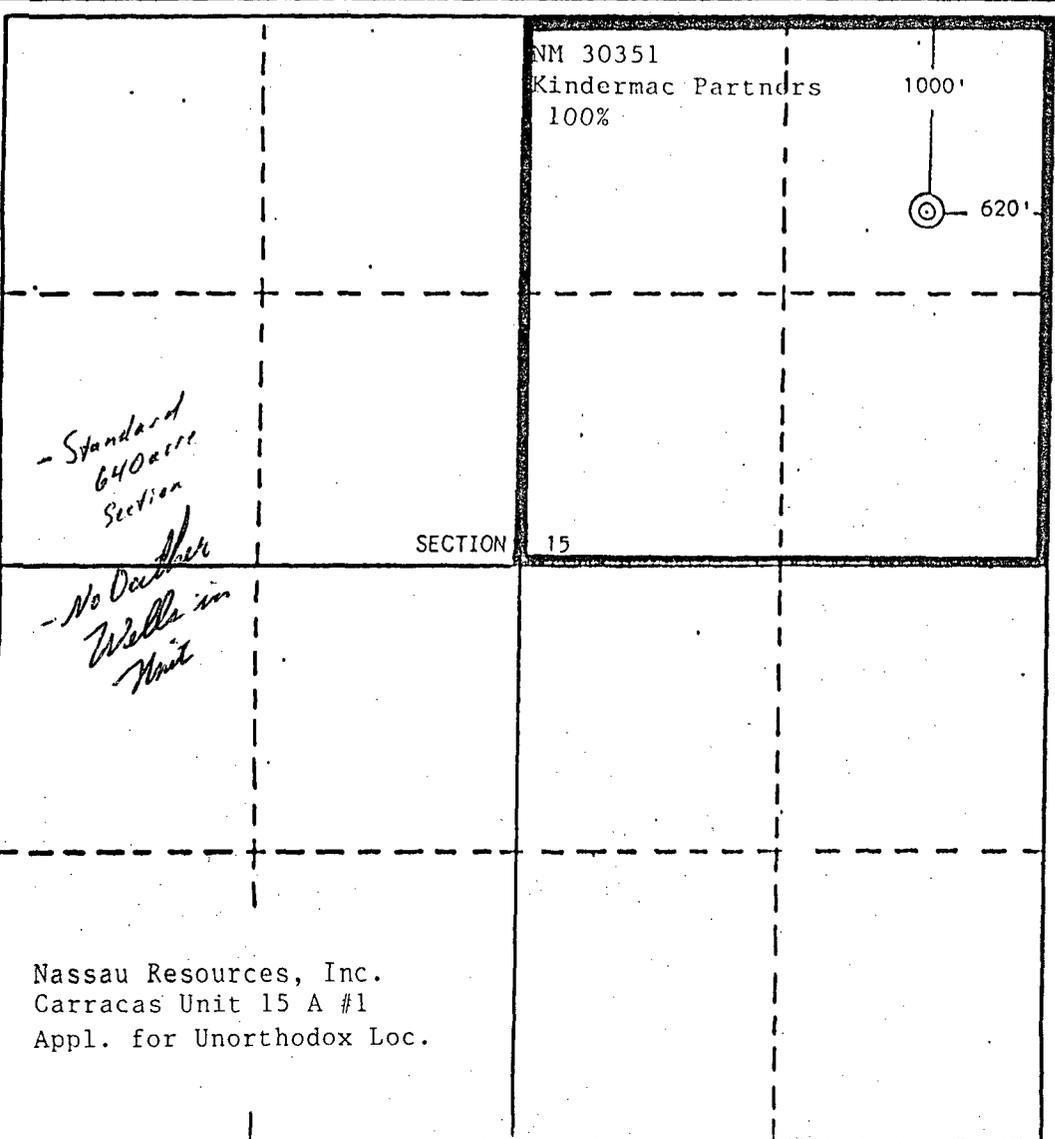
Operator Nassau Resources, Inc.		Lease Carracas Unit 15 A			Well No. 1
Unit Letter A	Section 15	Township 32 North	Range 5 West	County Rio Arriba	
Actual Footage Location of Well: 1000 feet from the North line and 620 feet from the East line					
Ground Level Elev. 7522	Producing Formation Fruitland	Pool WC Fruitland	Dedicated Acres 160.0 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Carracas Unit - Unitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

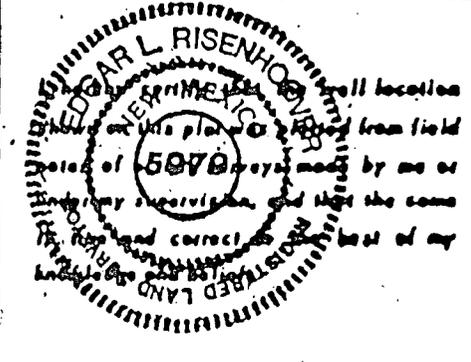
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



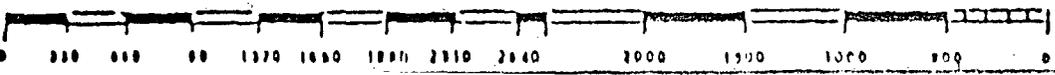
CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

James S. Hazen
 Name
 James S. Hazen
 Position
 Field Supt.
 Company
 Nassau Resources, Inc.
 Date
 September 13, 1988



Date Surveyed
 August 25, 1988
 Registered Professional Engineer and/or Land Surveyor
Edgar L. Risenhoover
 Certificate No. 5979
 Edgar L. Risenhoover, L.S.



LEASE PLAT

Township 32 North, Range 5 West NMPM Rio Arriba County, N.M.

10 (556.72)		11 (555.04)	
Kindermac Partners 5-31-87 (13) NM-30351	AMOCO PRODUCTION COMPANY 1-31-87 (6) NM-29341	JEROME P. McHUGH 1-31-95 (19) NM-59704	AMOCO PRODUCTION COMPANY 4-30-87 (9) NM-29760
AMOCO PRODUCTION COMPANY 1-31-87 (6) NM-29341	KINDERMAC PARTNERS 5-31-87 (13) NM-30351	AMOCO PRODUCTION COMPANY 4-30-87 (9) NM-29760	JEROME P. McHUGH 1-31-95 (19) NM-59704
15		14	

Offsetting Operators:

Amoco Production Co.

Jerome P. McHugh - Operating Affiliate with Nassau Resources, Inc.

Kindermac Partners - Operating Affiliate w/Nassau Resources, Inc.

Nassau Resources, Inc.
 Carracas Unit 15 A #1
 Appl. for Unorthodox Loc.

J. Za

23

24

19

COLORADO

RIO

NEW MEXICO

ARR

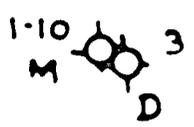
L.P.G.S.

10

11

R5W

T32N



San Juan 32-5 Unit

Pan Am



Proposed Location

15

14

San Juan 325 Unit

22

23

24

Nassau Resources, Inc.
Carracas Unit 15 A #1
Appl. for Unorthodox Loc.

2400



United States
Department of
Agriculture

Forest
Service

Jicarilla
Ranger District

Gobernador Route
Blanco, NM 87412

Reply to: 2820

Date: August 3, 1988

Mr. James Hazen
Nassau Resources, Inc.
P.O. Box 809
Farmington, New Mexico 87499

Dear James:

It was brought to my attention by Mike Atchison that you will be needing to apply for some unorthodox locations for some of the wells in the Carracas Unit. The current location in need of unorthodox approval is the well location just northwest of the Carracas Administrative site, Section 18, T. 32 N., R. 4 W. The need for moving the location to the new site is based upon wildlife habitat protection and in keeping within the guidelines set forth in the Carson Forest Plan. The Plan, as you know, has a major emphasis in wildlife and wildlife habitat. Also key to this request for moving the location is the current Off-Road-Vehicle restriction policy in place over the entire Carracas Unit. This restriction is in place to limit off-road-vehicle travel within a key wildlife management area so that security area will not be lost by unnecessary road construction.

Whenever possible, locations will be required to be placed along open access roads. Further unorthodox locations can be expected within the Carracas Unit to keep in line with the management direction set forth for this area.

Because of this management direction and the probability of future relocations, I would hope the approval of these unorthodox locations can become routine. If not, please don't hesitate to contact me for further help or if needed to appear in person before the approving officer. If you have any questions, please give me a call.

Sincerely,

Philip R. Settles

PHILIP R. SETTLES
District Forest Ranger

Jerome P. McHugh
Farmington, N.M.

CARING FOR THE LAND AND SERVING PEOPLE



AUG 9 1988

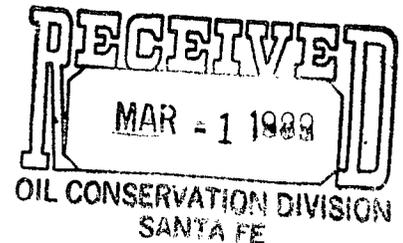
RECEIVED

Nassau Resources, Inc.
Carracas Unit 15 A #1
Appl. for Unorthodox Loc.

MERIDIAN OIL

February 27, 1989

New Mexico Oil Conservation Division
Attn: Mr. Mike Stogner
P.O. Box 2088
Santa Fe, NM 87504



Re: Nassau Resources, Inc.
Application for Unorthodox Location
Carracus Unit 15 A #1
1000' FNL, 620' FEL Section 15
Township 32 North, Range 5 West
Rio Arriba County, New Mexico

Dear Mr. Stogner:

This is to advise that Meridian Oil, on behalf of Southland Royalty Company, does not object to the referenced application.

Please contact the undersigned at (505) 326-9760 if there are any questions regarding our approval of this request.

Yours very truly,

A handwritten signature in cursive script that reads "Linda Donohue".

Linda Donohue
Landman

LD/tlm
McHugh Correspondence
Doc. 231+

xc: Jerome P. McHugh & Assoc.
Attn: Fran Perrin

October 7, 1988

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Amoco Production Co.
2325 E. 30th St.
Farmington, New Mexico 87401

RE: Application for Unorthodox Location
Nassau Resources, Inc.
Carracas Unit 15 A #1
1000' FNL - 620' FEL
Sec. 15, Township 32 North, Range 5 West, NMPM
Rio Arriba County, New Mexico

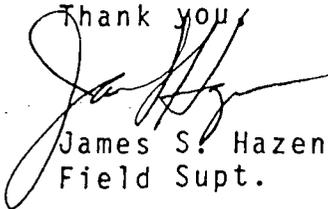
Gentlemen:

Enclosed is a copy of the subject Application for Unorthodox Location.

If Amoco Production Co., as an offsetting operator to the proposed location, has no objection, we request that you notify the Oil Conservation Division, Attn: Mike Stogner, 310 Old Santa Fe Trail, Room 206, Santa Fe, NM 87503, at your earliest convenience.

Please feel free to call if you have any questions.

Thank you,



James S. Hazen
Field Supt.

fp

Enclosure

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE



THOMAS HAZARD ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6170

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

OCT 18 1988

DATE 10-17-88

RE: Proposed MC _____
Proposed DHC _____
Proposed HSL X _____
Proposed SWD _____
Proposed WFX _____
Proposed PIX _____

Gentlemen:

I have examined the application dated 10-11-88
for the NASSAU RESOURCES, INC. CARIBACAS UNIT LSA#1 A-15-32N-5W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

APPROVE

Yours truly,

E. B. Beach