



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

April 11, 1989

Nassau Resources, Inc.
c/o Jerome P. McHugh & Associates
P.O. Box 809
Farmington, NM 87499-0809

Attention: Fran Perrin:

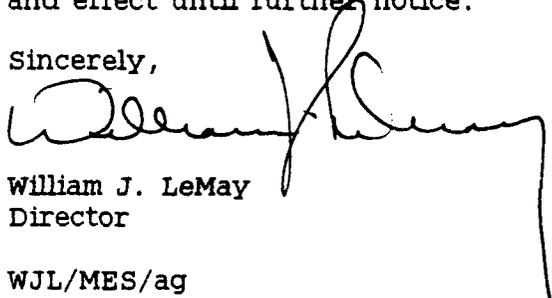
Amended Administrative Order NSL-2596

Dear Ms. Perrin:

Reference is made to your application of February 13, 1989 to amend Division Administrative Order NSL-2596 to include the Basin-Fruitland Coal (Gas) Pool. Said NSL-2596, dated November 8, 1988, authorized a non-standard gas well location for the Carracas Unit 15-A Well No. 1 to be drilled 1000 feet from the North line and 620 feet from the East line (Unit A) of Section 15, Township 32 North, Range 5 West, NMPM, to test the Fruitland (Sand) Formation, Rio Arriba County, New Mexico, the NE/4 of said Section 15 to be dedicated to said well forming a standard 160-acre gas spacing and proration unit.

By authority granted me under the provisions of Rule 8 of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool as promulgated by Division Order No. R-8768, the above-described well is hereby approved as an unorthodox coal gas well location. The N/2 of said Section 15 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool. Furthermore, all other provisions of the original order shall remain in full force and effect until further notice.

Sincerely,


William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
New Mexico Oil & Gas Engineering Committee - Hobbs
US Bureau of Land Management - Farmington

February 10, 1989

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

RE: Administrative Order # NSL-2596
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:

The above referenced Administrative Order granted approval of an unorthodox gas well location to test the Fruitland (Sand) formation.

We hereby request that order be amended to grant approval to test the Basin Fruitland Coal Pool. The Application for Permit to Drill was submitted to the Bureau of Land Management on September 13, 1988; it is not approved yet.

Attached is a copy of the C-102 plat for the Basin Fruitland Coal Pool.

All offsetting operators, as indicated on the attached Revised Lease Plat, have been notified of this application by certified mail. According to Bureau of Land Management records, the E/2 of Sec. 16, T32N, R5W, is unleased federal minerals.

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

Respectfully submitted,

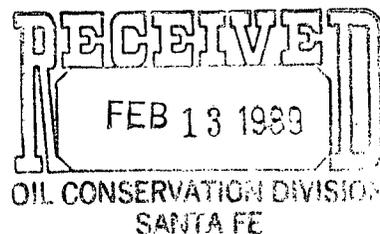
Fran Perrin

Fran Perrin

Attachments

XC: Ernie Busch, NMOCD, Aztec, NM
Amoco Production Co.
Southland Royalty Co.
Kindermac Partners

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

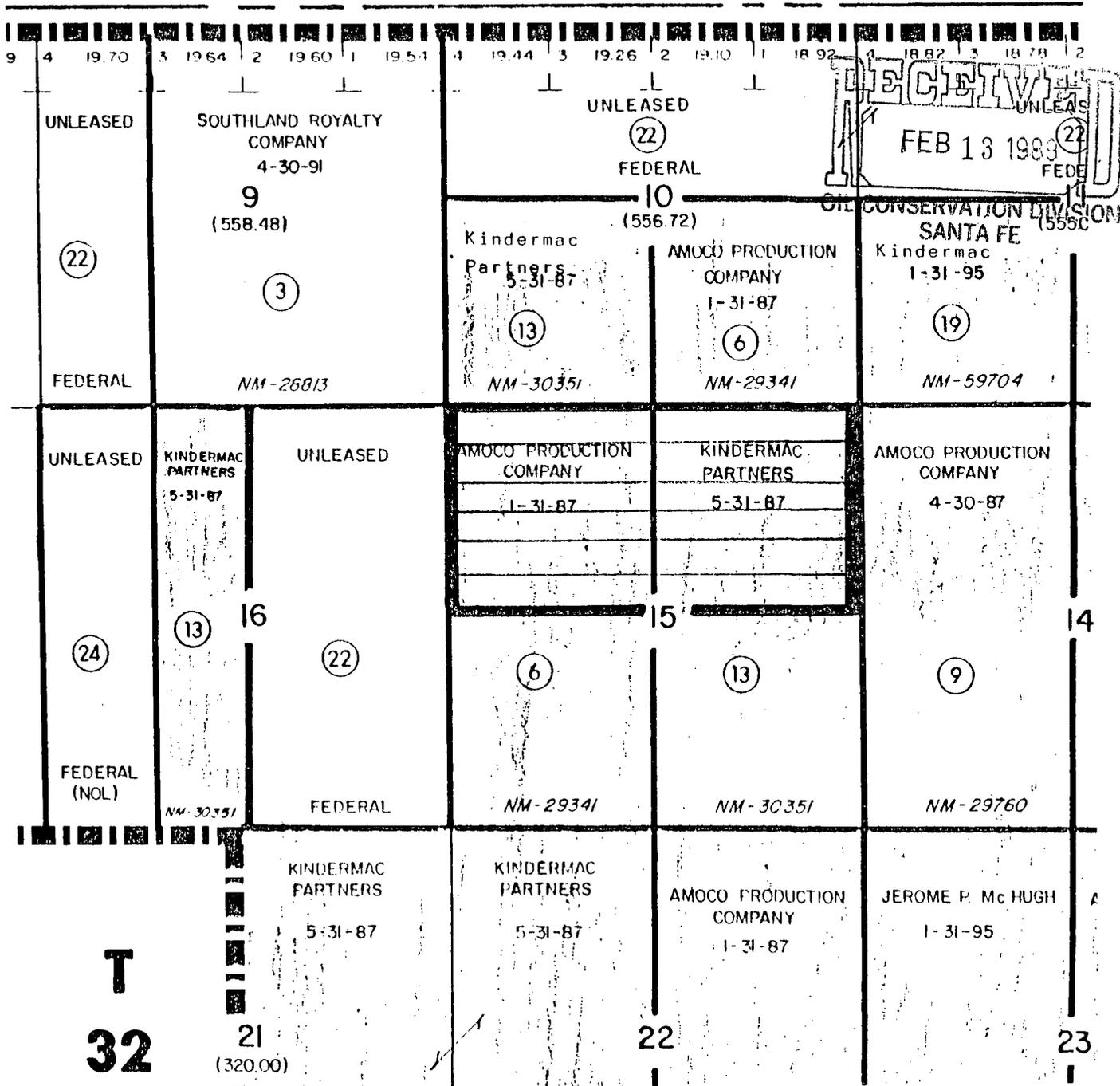


LEASE PLAT

Township 32 North, Range 5 West

Rio Arriba County, N.M.

R 5 W



Offsetting Operators:
 Amoco Production Co.
 Southland Royalty Co.

Operating Affiliates:
 Kindermac Partners
 Nassau Resources, Inc.

Unleased Federal Minerals
 E/2 of Sec. 16, T32N, R5W

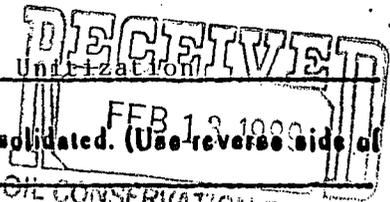
All distances must be from the outer boundaries of the Section.

Operator Nassau Resources, Inc.		Lease Carracas Unit 15 A			Well No. 1
Well 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 Basin Fruitland Coal		Dedicated Acreage 320 Acres	

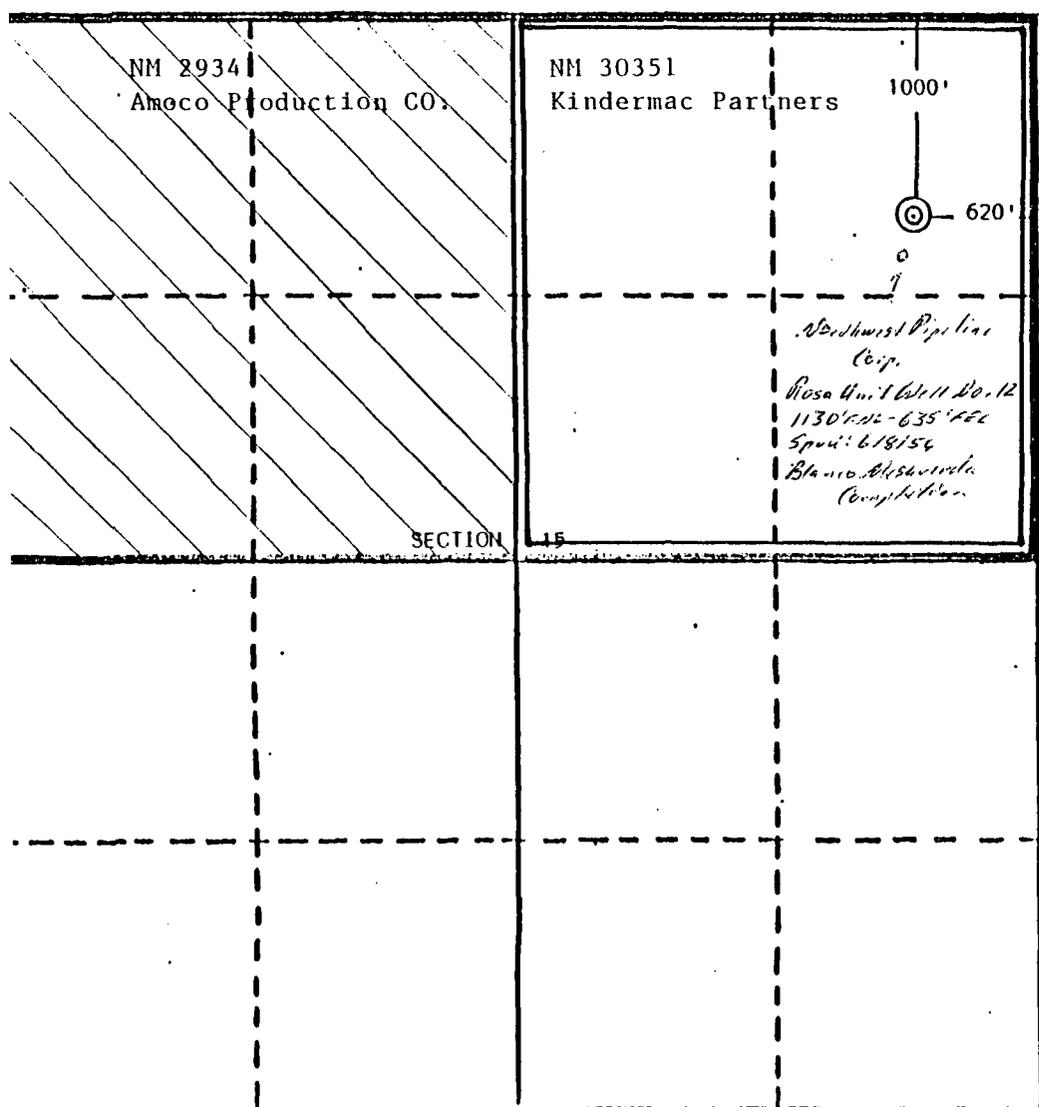
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is 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.

Fran Perrin

Name
Fran Perrin

Position
Admin. Asst.

Company
Nassau Resources, Inc.

Date
12/8/88

Date Surveyed
August 25, 1988

Registered Professional Engineer and/or Land Surveyor
Edw. L. Risenhoover

Certificate No. 5870

February 10, 1989

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Southland Royalty Co.
801 Cherry St.
Ft. Worth, Texas 76102

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 Southland Royalty Co., as an offsetting operator to the proposed location, has no objection, we request that you notify the Oil Conservation Division, Attn: Mike Stogner, P. O. Box 2088, Santa Fe, New Mexico 87504, at your earliest convenience.

Please feel free to call if you have any questions.

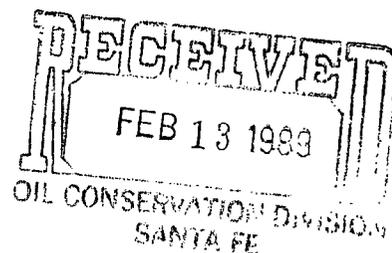
Thank you,

Fran Perrin

Fran Perrin
Admin. Asst.

cm

Enclosure



ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE



TERMI (NO) HHAZOS (NO) 11
AZTEC, NEW MEXICO 87410
(505) 334-6170

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 2-15-89

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

Gentlemen:

I have examined the application dated 2-13-89

for the NASSAU RESOURCES, INC. CARRACAS UNIT LSA#1A-15-32N-5W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

APPROVE

Yours truly,

Eric Buoch

RECEIVED
FEB 21 1989
OIL CONSERVATION DIVISION
SANTA FE