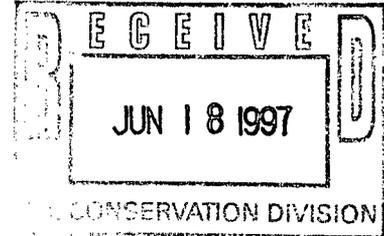


# NASSAU

NSL 7/8/97  
Nassau Resources, Inc.  
650 South Cherry, Suite 1225  
Denver, Colorado 80222-1894  
(303) 321-2111 FAX (303) 321-1563



June 12, 1997

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87504

Attention: Mr. Michael E. Stogner  
Chief Hearing Examiner/Engineer

Re: ~~Application for Unorthodox Location~~  
Nassau Resources, Inc.  
Carracas Canyon Unit PC 22B #14  
~~254' FSL - 2202' FWL~~  
Section 22, T32N R04W, NMPM  
Rio Arriba County, NM

Dear Mr. Stogner:

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

This well had previously been approved on Administrative Order NSL-3257, dated June 9, 1993 at a location of 620' FSL - 2055' FWL.

Since the 1993 approval, the approved location was re-evaluated by the United States Forest Service and Nassau was asked to withdraw the location from consideration for drilling. Nassau has complied with the USFS request and the Application for Permit to Drill was withdrawn.

Nassau recently requested the USFS accompany Nassau into the SE SW Section 22, T32N R04W and together find a location that would be acceptable to the USFS. This location was staked and surveyed and is the location requested above. The required Spotted Owl surveys and archeological surveys have been completed and the location has been submitted to the BLM on an Application for Permit to Drill. It is Nassau's opinion this location will be drilled.

Application for approval of unorthodox location  
Carracas Unit PC 22B #14  
SE SW Section 22, T32N R04W  
Rio Arriba County, NM

Attached is a copy of a letter sent to you addressing unorthodox locations in the Carracas Unit in general, and a location in this area in particular. The reasons for drilling in the SE SW Section 22 are addressed.

All interest owners, as shown on the attached lease plat, have been notified of this application by certified mail. The only offset operator, McHugh Companies, is an operating affiliate of Nassau Resources, Inc.

Please contact Nassau Resources, Inc. if you require any further data to approve this application.

Sincerely,

A handwritten signature in cursive script, reading "Gary J. Johnson". The signature is written in black ink and is positioned below the word "Sincerely,".

Gary J. Johnson  
Engineering Manager

Attachments

cc: Ernie Busch, NMOCD, Aztec, NM  
Amoco Production Company  
McHugh Companies

1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-10:  
 Revised February 21, 199-  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

' API Number		' Pool Code 96154		' Pool Name CARRACAS: Pictured Cliffs	
' Property Code		' Property Name Carracas Unit-PC 22 B			' Well Number 14
' OGRID No.		' Operator Name Nassau Resources, Inc.			' Elevation 7256' Estimated

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	22	32N	4W		254	South	2202	West	Rio Arriba

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

' Dedicated Acres	' Joint or Infill	' Consolidation Code	' Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

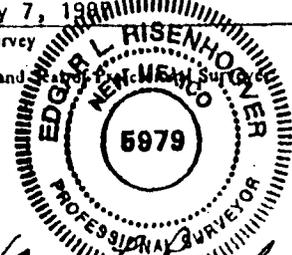
16			
		Section 22	
NM 59694 25% Amoco Production Co. 75% McHugh Companies			
2202'		254'	

**<sup>17</sup> OPERATOR CERTIFICATION**  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

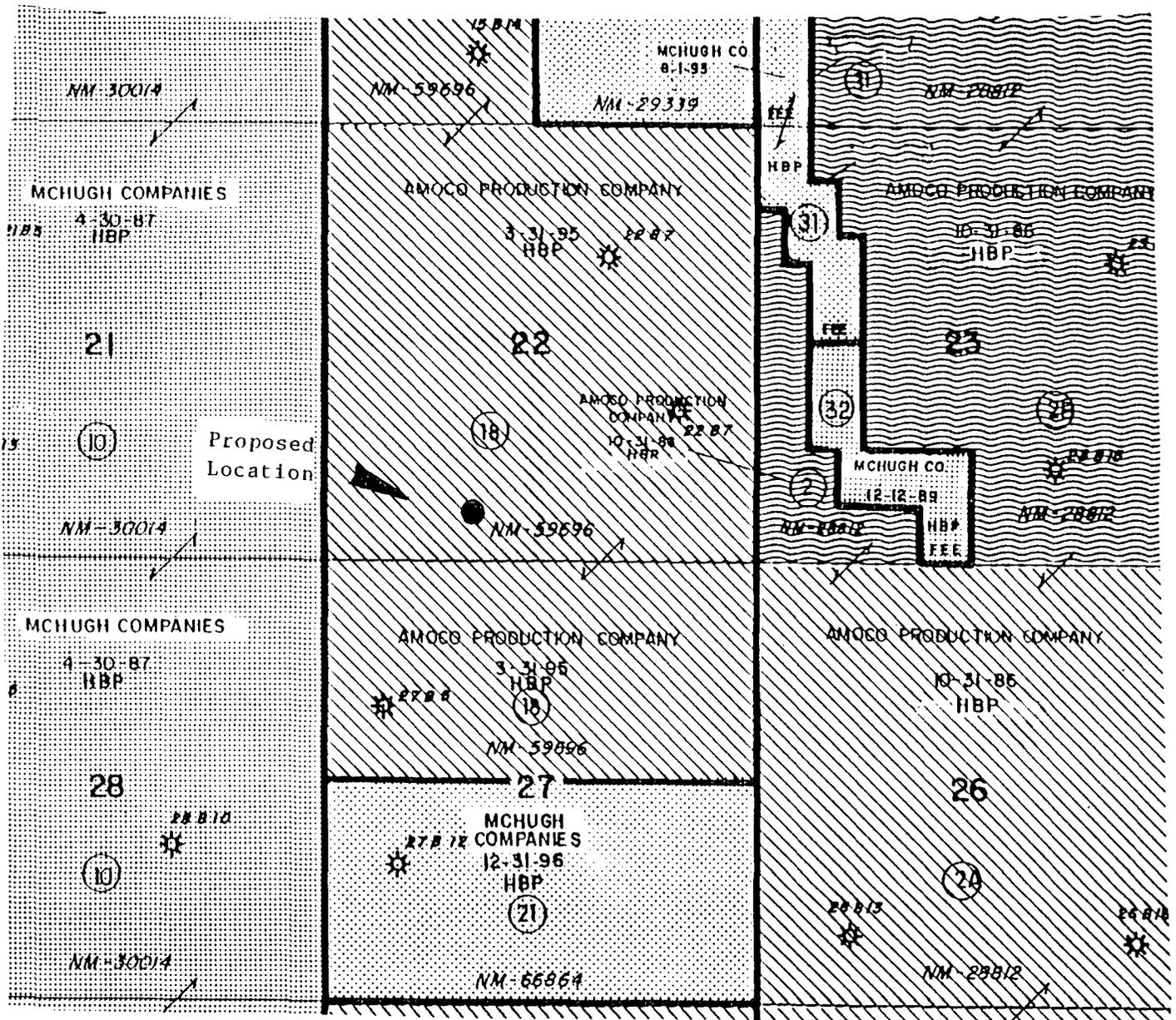
*Fran Perrin*  
 Signature  
 Fran Perrin  
 Printed Name  
 Regulatory Liaison  
 Title  
 Nassau Resources, Inc.  
 Date  
 8/6/97

**<sup>18</sup> SURVEYOR CERTIFICATION**  
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

May 7, 1997  
 Date of Survey

Signature and Seal  
  
 Edgar L. Risenhoover  
 Certificate Number 5979

LEASE PLAT



NASSAU RESOURCES, INC.  
 Carracas Unit-PC 22 B #14  
 Application for Unorthodox  
 Location



9

10

C O U N T Y

Carracas Uni

Phillips  
Nassau

NASSAU

McHUGH

6  
O  
F

7  
O  
F



16

15

14  
10  
O

2-16  
12  
F

CU 15 B #14

Carracas Unit 16 B  
Sanduan 32-4 Unit

Carracas Ut. 15 B

C. Un  
Carracas Me

NASSAU

5  
O  
F

21

22

23

13  
O

CU-PC #201

CU FR #105

CU-PC #202

CARRACAS 21 B

Proposed  
CU-PC 22 B #14

NASSAU

NASSAU

NASSAU

CU-PC #203

5  
F

28

27

26

F

Proposed  
CU-PC  
27 B #8

T32N  
R04W

CU 27 B #12

Proposed  
CU-PC  
27 B #15

13  
O

CARRACAS 28 B

CARRACAS 27

NASSAU RESOURCES, INC.  
Carracas Unit-PC 22 B #14  
Application for Nonstandard Loc.

NASSAU

NASSAU

# NASSAU

Nassau Resources, Inc.  
650 South Cherry, Suite 1225  
Denver, Colorado 80222-1894  
(303) 321-2111 FAX (303) 321-1563

14 April 1993

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
Post Office Box 2088  
State Land Office Building  
Santa Fe, New Mexico 87504

Attention: Mr. Michael E. Stogner  
Chief Hearing Examiner/Engineer

Dear Mr. Stogner:

Your letter of March 17, 1993 concerning unorthodox locations for Fruitland Coal wells has been forwarded to me for reply.

I will answer your inquiry in general first, and then address specific well locations.

When drilling in the Carracas Unit was begun in 1987, the impact of drilling on this part of the Carson Forest was an unknown. To minimize the impact on wildlife as much as possible, Nassau Resources and the US Forest Service implemented a plan to keep road building to a minimum by locating wells as close as possible to existing roads. When new roads were to be built, the new road was to service as many wells as possible. This necessitated moving some well locations so they could be drilled along the proposed road right-of-way. This procedure allowed more well locations to be controlled with a single locked gate at the existing roads. The aim here was to keep all traffic except routine well servicing in areas where it had been historically and to avoid any looping or circular roads.

To lessen impact on calving and fawning areas, well locations were spotted so larger areas would remain roadless. This often involved spotting wells on the same side of a section so a full half section would be left without impact. (An example of this would be drilling two wells in the west half of Section 6 and two wells in the east half of Section 5 so nearly a full square mile would not be impacted.) To implement this reduction of impact, wells had to be moved from one of the standard locations in each Section.

Another consideration of the plan was to keep road cuts and fills to a minimum and to minimize impact on cultural (archeological) concerns. This often dictated the route a road could follow and therefore the location of wells.

I cannot speak for the Forest Service, but I feel they are now more comfortable with Nassau's operations and know we are conscientious in enforcing locked gates and doing what we can to minimize impact. Also, I feel they have found the impact of our operations to be less than expected. Because this plan has been successful at Carracas, Nassau and the Forest Service have had time to evaluate impacts and develop a working relationship. As a result, additional development in some areas can now be considered. Future development at Carracas will continue to follow the original plan, with some allowance for infill locations. These infill locations are those which you are seeing now as Pictured Cliffs locations.

Specific discussion of the locations in question are as follows:

1. 22B-14 The two wells originally drilled in Section 22 were spotted to minimize the amount of road required and the impact on a large area which covers parts of Sections 15, 16, 21, and 22. The road which serves 22B-7 and 22B-9 comes in from the North and also serves wells in section 15 and provides access to Sections 11, 12, 13, 14, 23, 24, and 25. This entire area was nearly roadless when drilling began. To keep the road traffic in this area to a minimum, access to Section 22 was allowed from the North only.

The road to 22B-14 as now proposed involves about 1/4 mile of road and will be built from the south as an extension of a road behind a locked gate. Apparently, the impact on the area has been low enough to allow the Forest Service to favorably consider a well in the SW of Section 22 now.

2. 27B-8 Here again, the original wells were drilled on the same side of Section 27 to minimize impact on a larger area between wells. The wells in Section 27 are behind a locked gate and apparently the impact is low enough for the Forest Service to now consider a location in the NE of Section 27.

3. 28B-7 The two original wells in Section 28 were drilled on a main existing road. Apparently impact in this area has been low enough for the Forest Service to consider a location at 28B-7 as it will be accessed from the main road also.

4. 35B-8 The wells in Section 35 were originally drilled at locations approved by the Forest Service in the south half of the section to minimize impact on the north half and calculated to reduce well crowding in the corner of Sections 25, 26, 35 and 36. Three Fruitland wells would have been crowded into this corner because of terrain if 35B-9 had not been moved.

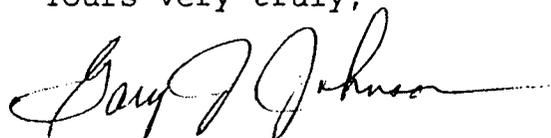
The proposed Pictured Cliffs location is on the current road and will involve no new road construction.

Page 3

The wells originally drilled as unorthodox locations were drilled to comply with the original Carracas development plan developed by Nassau in cooperation with the US Forest Service. Time and experience with the results of the plan have allowed the plan to be modified somewhat. The proposed Pictured Cliffs wells are proposed in locations that have become available as a result of the success of the original plan.

If you have any further questions on this matter, please advise.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Gary J. Johnson", with a long horizontal flourish extending to the right.

Gary J. Johnson  
Vice President Engineering



CONSERVATION DIVISION  
RECEIVED

Jerome P. McHugh & Associates  
Operating Affiliate: **Nassau Resources, Inc.**  
P O Box 809, Farmington, NM 87499-0809  
(505) 326-7793 Fax (505) 327-0859

'93 FEB 12 AM 8 59  
February 10, 1993

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

RE: Application for Unorthodox Location  
Nassau Resources, Inc.  
Carracas Unit-PC 22 B #14  
620' FSL - 2055' FWL  
Sec. 22, T32N, R4W, NMPM  
Rio Arriba County, NM

Gentlemen:

Nassau Resources, Inc., hereby requests administrative approval of an unorthodox location for the captioned well due to terrain and Forest Service guidelines for development. This location for a Pictured Cliffs well was staked after consultation with the Forest Service.

All interest owners, as shown on the attached lease plat, have been notified of this application by certified mail. The only offsetting operator, McHugh Companies, is an operating affiliate with Nassau Resources, Inc.

Also attached are copies of the surveyor's plat, topographic map, production map, and Forest Service guidelines.

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

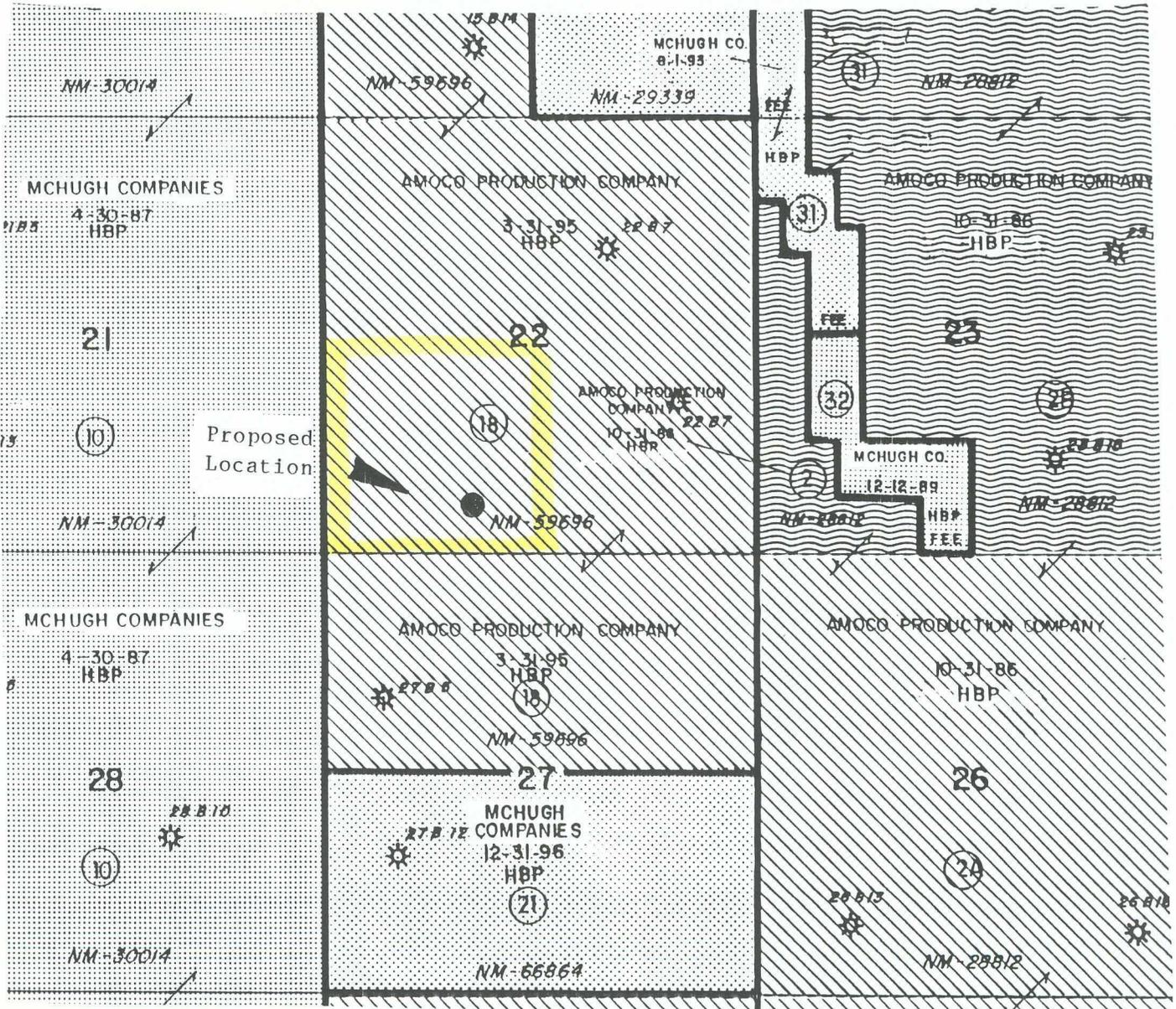
Respectfully submitted,

Fran Perrin  
Admin. Asst.

**Attachments**

XC: Ernie Busch, NMOCD, Aztec, NM  
Amoco Production Co.  
McHugh Companies

LEASE PLAT



<u>NM 59696</u>	
Amoco Production Co.	25%
McHugh Companies	75%
<u>NM 30014</u>	
McHugh Companies	100%

NASSAU RESOURCES, INC.  
 Carracas Unit-PC 22 B #14  
 Application for Unorthodox  
 Location

**OIL CONSERVATION DIVISION**

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

**DISTRICT I**

P.O. Box 1980, Hobbs, NM 88240

**DISTRICT II**

P.O. Drawer DD, Artesia, NM 88210

**DISTRICT III**

1000 Rio Brazos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

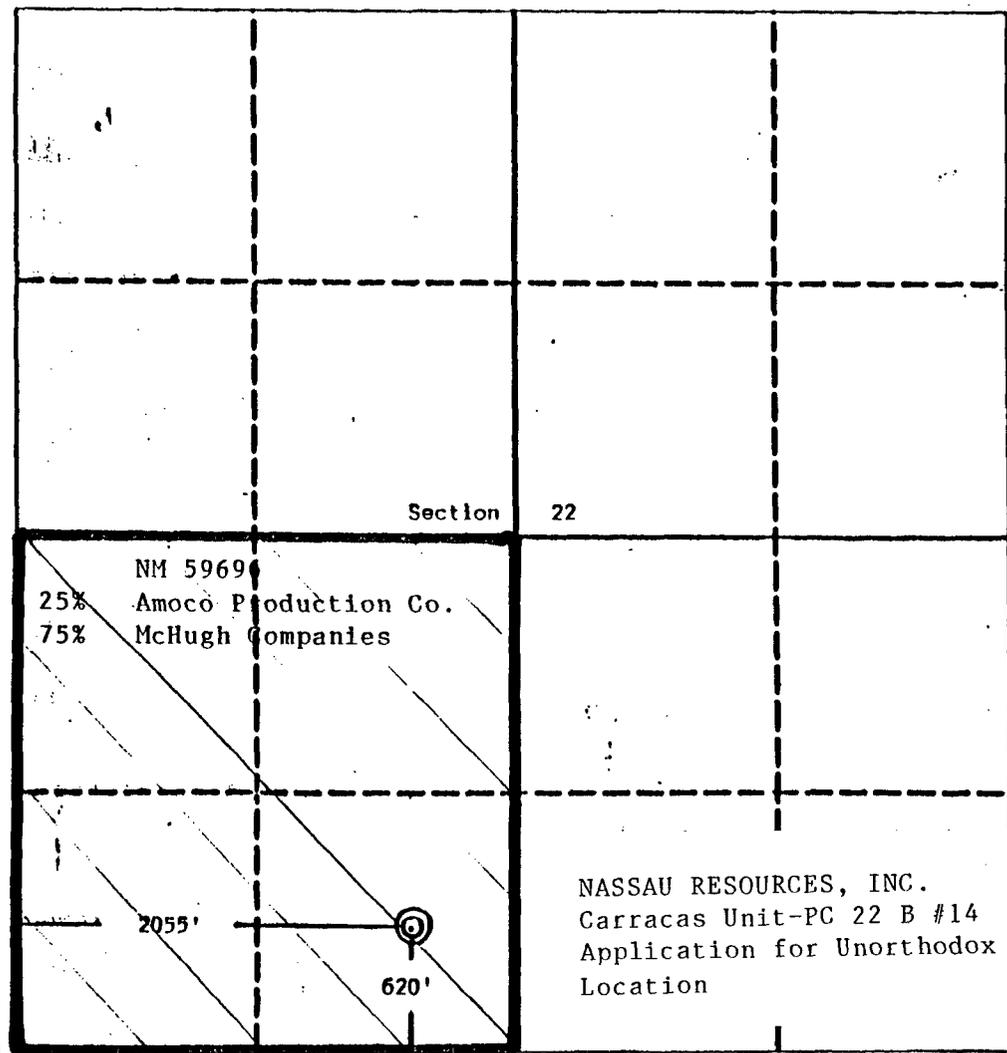
Operator Nassau Resources, Inc.			Lease Carracas Unit-PC 22 B		Well No. 14
Unit Letter N	Section 22	Township 32 North	Range 4 West	County Rio Arriba	
Actual Footage Location of Well: 620 feet from the South line and 2055 feet from the West line					
Ground level Elev. 7210	Producing Formation Pictured Cliffs		Pool Undesignated Pictured Cliffs		Dedicated Acreage: 160.0 Acres

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

Yes     No    If answer is "yes" type of consolidation \_\_\_\_\_

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 interest, has been approved by the Division.



NASSAU RESOURCES, INC.  
 Carracas Unit-PC 22 B #14  
 Application for Unorthodox  
 Location

**OPERATOR CERTIFICATION**

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

Signature: *Fran Perrin*

Printed Name: Fran Perrin

Position: Regulatory Liaison

Company: Nassau Resources, Inc.

Date: 2/2/93

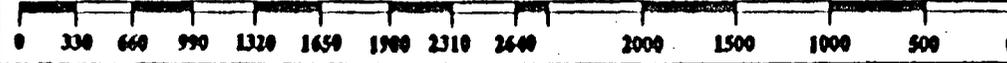
**SURVEYOR CERTIFICATION**

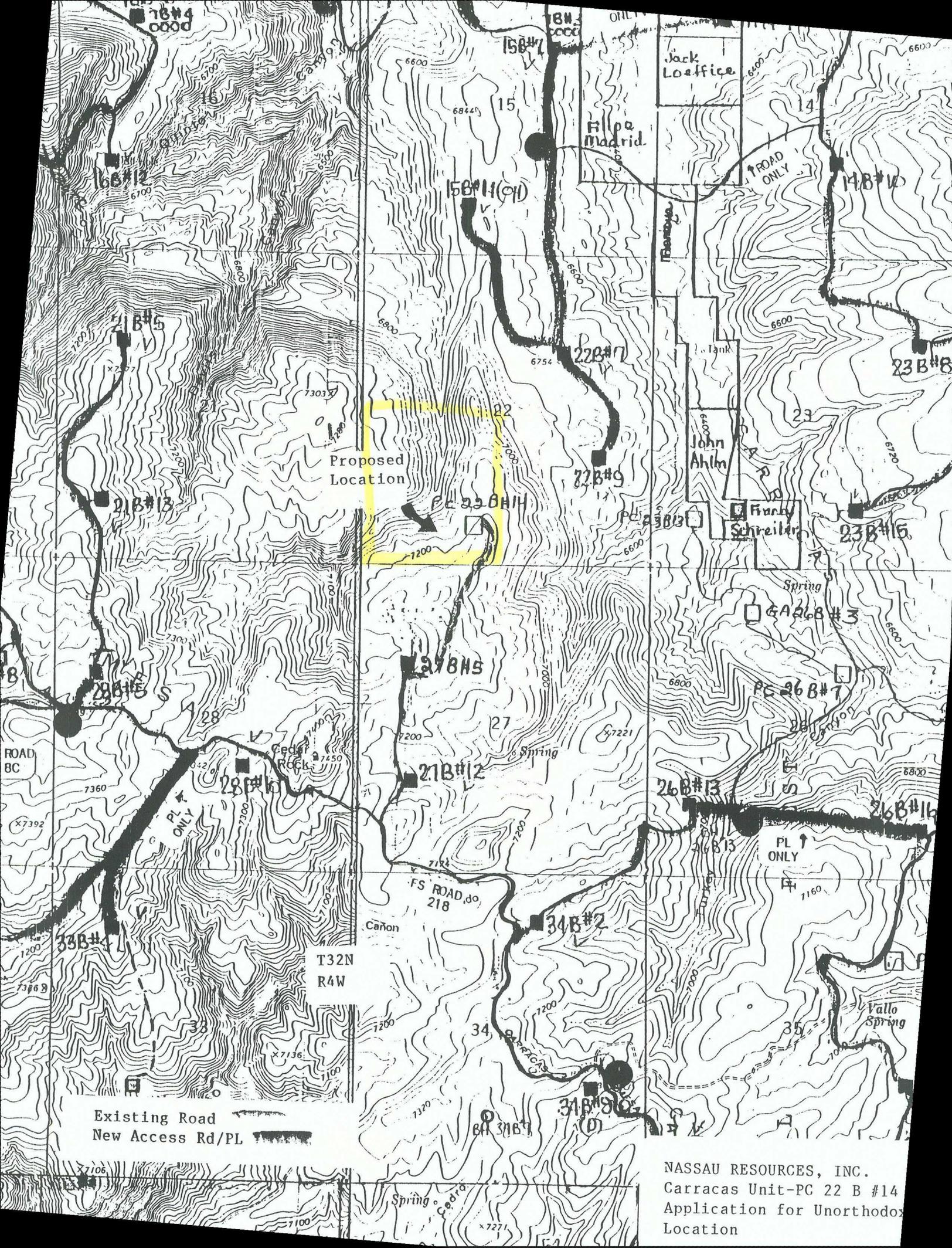
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: December 5, 1989

Signature & Seal of Professional Surveyor: *Edgar L. Risenhoover*

Edgar L. Risenhoover





Proposed Location

Existing Road  
New Access Rd/PL

NASSAU RESOURCES, INC.  
Carracas Unit-PC 22 B #14  
Application for Unorthodox  
Location

Phillips

McHUGH

Q<sub>1</sub>  
D

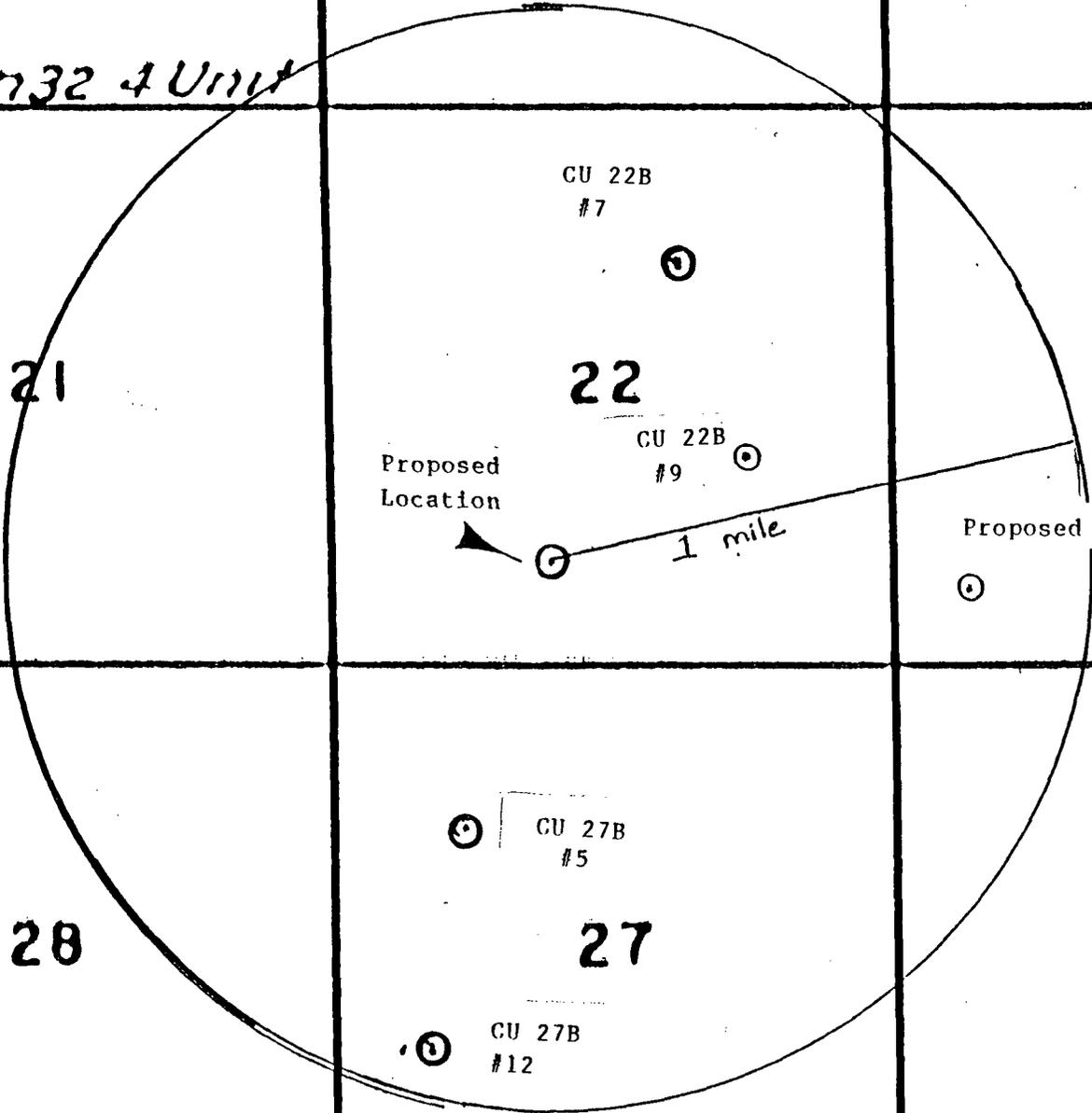
16

15

14

2-16  
⊙

Son Juan 32 4 Unit



Proposed Location

CU 22B #7

22

CU 22B #9

1 mile

Proposed CUPC 23B #1

CU 27B #5

27

CU 27B #12

T32N  
R4W

NASSAU RESOURCES, INC.  
Carracas Unit-PC 22 B #14  
Application for Unorthodox  
Location

22

24

26



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-PC 22 B #14  
Application for Unorthodox  
Location



OIL CONSERVATION DIVISION  
RECEIVED

'93 FEB 12 AM 8 59

Jerome P. McHugh & Associates  
Operating Affiliate: **Nassau Resources, Inc.**  
P O Box 809, Farmington, NM 87499-0809  
(505) 326-7793 Fax (505) 327-0859

February 10, 1993

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Amoco Production Co.  
Attn: J W Hawkins - Land Department, Proration Group  
P O Box 800  
Denver, CO 80201

RE: Application for Unorthodox Location  
Nassau Resources, Inc.  
Carracas Unit-PC 22 B #14  
620' FSL - 2055' FWL  
Sec. 22, T32N, R4W, NMPM  
Rio Arriba County, NM

Dear Mr. Hawkins:

Enclosed is a copy of the subject Application for Unorthodox Location. Amoco Production Co. is an interest owner in Lease No. NM-59696.

Please feel free to call if you have any questions.

Thank you,

Fran Perrin  
Admin. Asst.

Enclosure

xc: NMOCD, Santa Fe, NM

# McHUGH

Jerome P. McHugh & Associates  
Operating Affiliate: Nassau Resources, Inc.  
150 South Cherry, Suite 1225  
Denver, Colorado 80222-1894  
RECEIVED  
(303) 321-2111 FAX (303) 321-1563

'93 FEB 15 AM 8 56

February 12, 1993

*McH*

*Give Mike Harry ✓  
Mike:  
Bob ✓  
David ✓*

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

**Re: Authority of Nassau Resources, Inc. to Act on behalf of McHugh Companies**

Gentlemen:

Please accept this letter as notice and authorization by McHugh Companies to allow Nassau Resources, Inc. to act on its behalf in conducting oil and gas business with your office. The relationship between McHugh Companies and Nassau Resources, Inc. is detailed below.

Nassau Resources, Inc., a Colorado corporation, is the operating affiliate of Jerome P. McHugh & Associates. McHugh Companies, a Colorado general partnership, is the legal titleholder for all oil and gas interests owned beneficially by Jerome P. McHugh & Associates. McHugh Companies does not act as operator of any oil and gas properties; these responsibilities have been delegated to Nassau Resources, Inc. Nassau Resources, Inc. owns no interests in wells that it operates and Nassau Resources, Inc. only operates wells in which McHugh Companies holds legal title to all or a portion of the working interest. The shareholders of Nassau Resources, Inc. and the partners of McHugh Companies are the same parties.

Please contact James C. Joda at (303) 321-2111 if you have any further requirements.

Very truly yours,

NASSAU RESOURCES, INC.

  
James C. Joda,  
Vice President

McHUGH COMPANIES

  
Emory L. Sampson  
Attorney in Fact



STATE OF NEW MEXICO

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

RECEIVED

OIL CONSERVATION DIVISION

AZTEC DISTRICT OFFICE

'93 FEB 18 AM 9 11

1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

Date: 2-15-93

*Arthur W. Stogner*

Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

RE: Proposed MC \_\_\_\_\_  
Proposed NSL X \_\_\_\_\_  
Proposed WFX \_\_\_\_\_  
Proposed NSP \_\_\_\_\_

Proposed DIIC \_\_\_\_\_  
Proposed SWD \_\_\_\_\_  
Proposed PMX \_\_\_\_\_  
Proposed DD \_\_\_\_\_

Gentlemen:

I have examined the application received on 2-11-93

for the NASSAU RES, Inc. OPERATOR CARRACAS UNIT-PC 22B #14 LEASE & WELL NO.

N-22-32N-4W and my recommendations are as follows:  
UL-S-T-R

*Approved*

Yours truly,

*Eric Busch*

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

August 29, 1989

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

Attention: Fran Perrin

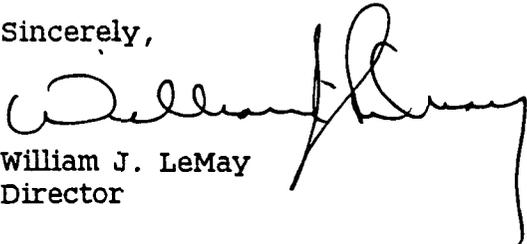
Administrative Order NSL-2690

Dear Ms. Perrin:

Reference is made to your application of July 31, 1989 for a non-standard coal gas well location for your Carracas Unit 22-B Well No. 9 to be located 1830 feet from the South line and 880 feet from the East line (Unit I) of Section 22, Township 32 North, Range 4 West, NMPM, Basin Fruitland Coal (Gas) Pool, Rio Arriba County, New Mexico. The S/2 of said Section 22 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

By the 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 unorthodox coal gas well location is hereby approved.

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  
US Forest Service - Blanco



Jerome P. McHugh & Associates  
Operating Affiliate: **Nassau Resources, Inc.**  
P O Box 809, Farmington, NM 87499-0809  
(505) 326-7793 Fax (505) 327-0859

February 10, 1993

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

OIL CONSERVATION DIVISION  
RECEIVED  
'93 FEB 12 AM 8 59

RE: Application for Unorthodox Location  
Nassau Resources, Inc.  
Carracas Unit-PC 22 B #14  
620' FSL - 2055' FWL  
Sec. 22, T32N, R4W, NMPM  
Rio Arriba County, NM

Gentlemen:

Nassau Resources, Inc., hereby requests administrative approval of an unorthodox location for the captioned well due to terrain and Forest Service guidelines for development. This location for a Pictured Cliffs well was staked after consultation with the Forest Service.

All interest owners, as shown on the attached lease plat, have been notified of this application by certified mail. The only offsetting operator, McHugh Companies, is an operating affiliate with Nassau Resources, Inc.

Also attached are copies of the surveyor's plat, topographic map, production map, and Forest Service guidelines.

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

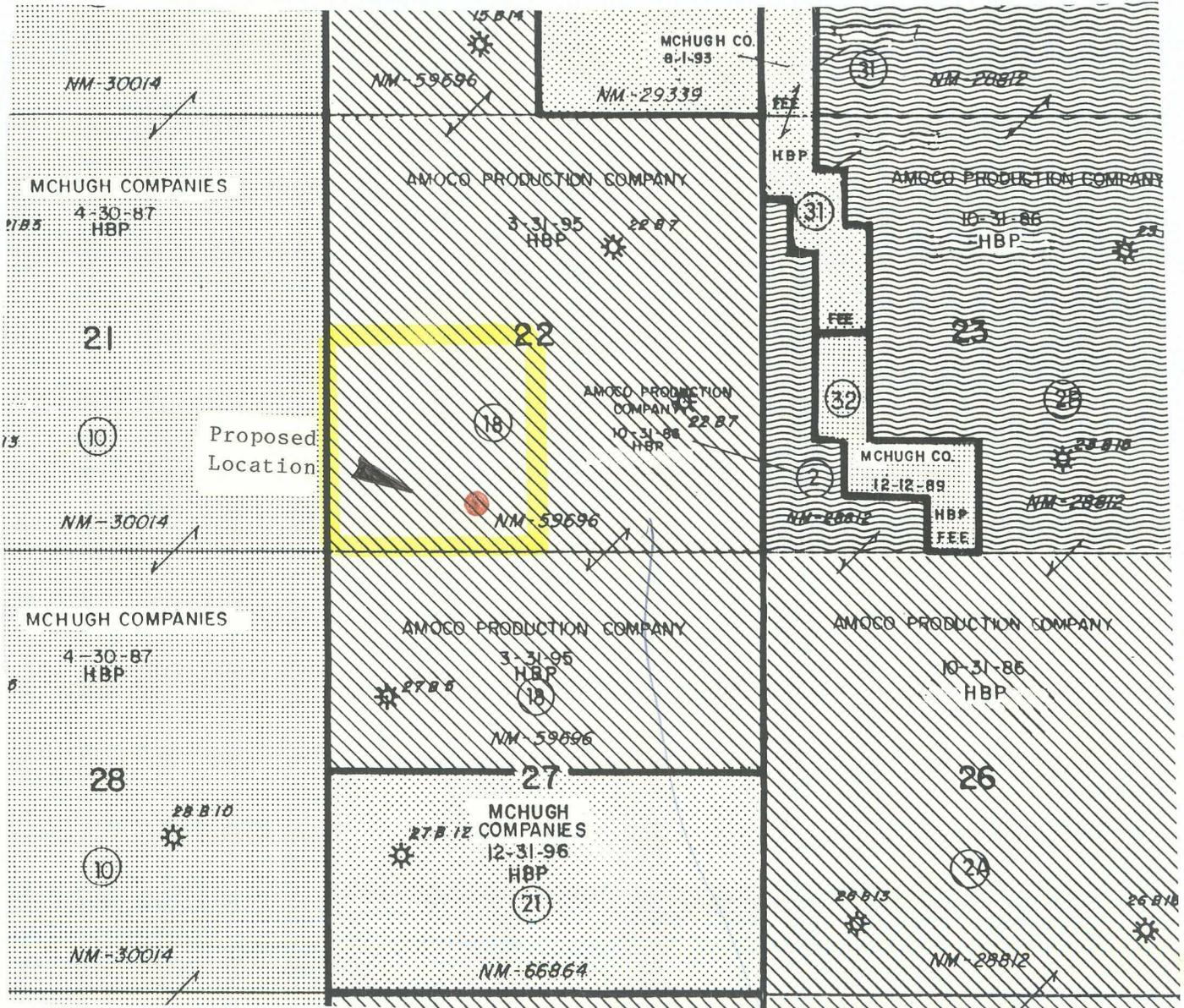
Respectfully submitted,

Fran Perrin  
Admin. Asst.

Attachments

XC: Ernie Busch; NMOCD, Aztec, NM  
Amoco Production Co.  
McHugh Companies

LEASE PLAT



*Standard  
640 Section*

<u>NM 59696</u>	
Amoco Production Co.	25%
McHugh Companies	75%
<u>NM 30014</u>	
McHugh Companies	100%

NASSAU RESOURCES, INC.  
Carracas Unit-PC 22 B #14  
Application for Unorthodox  
Location

Submit to Appropriate District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

**OIL CONSERVATION DIVISION**

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

**DISTRICT I**  
 P.O. Box 1980, Hobbs, NM 88240

**DISTRICT II**  
 P.O. Drawer DD, Artesia, NM 88210

**DISTRICT III**  
 1000 Rio Brazos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

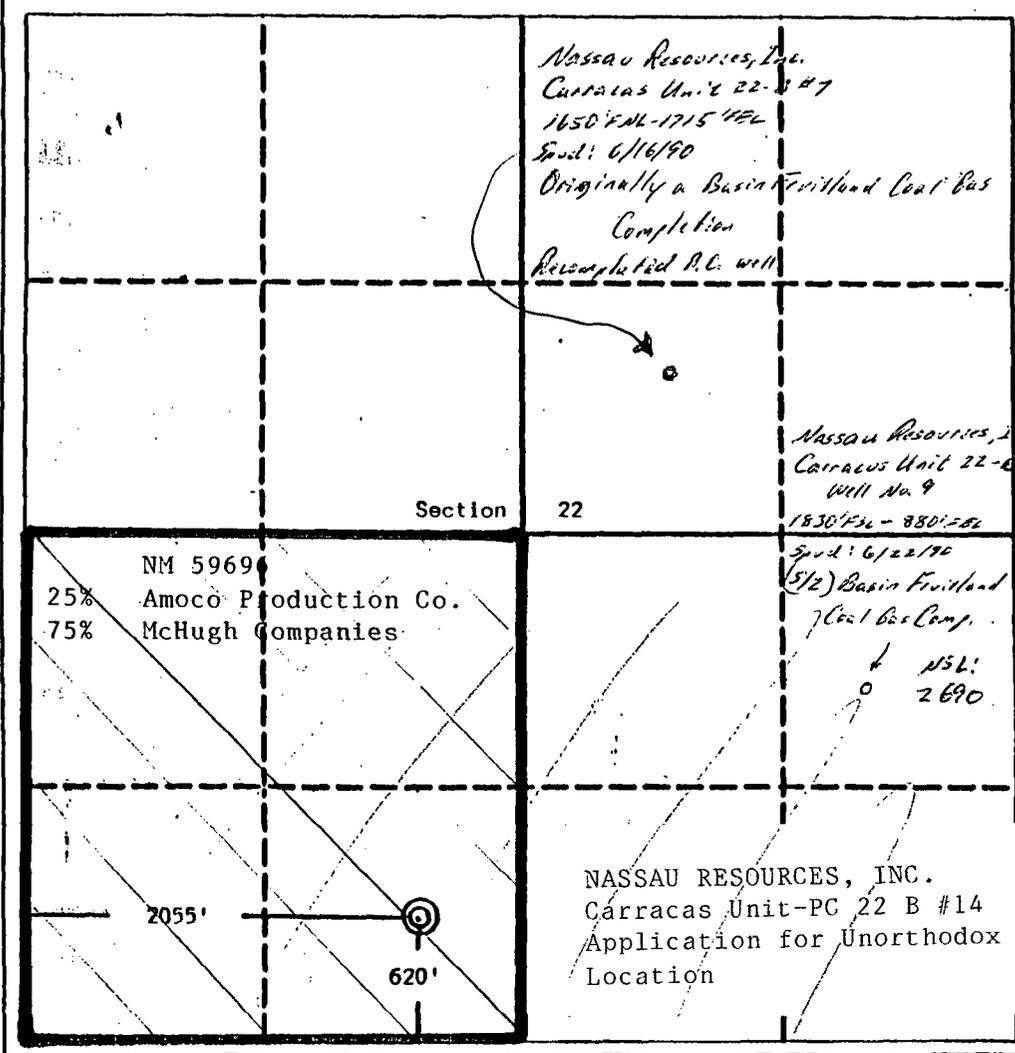
Operator Nassau Resources, Inc.			Lease Carracas Unit-PC 22 B		Well No. 14
Unit Letter N	Section 22	Township 32 North	Range 4 West	County Rio Arriba	
Actual Footage Location of Well: 620 feet from the South line and 2055 feet from the West line					
Ground level Elev. 7210	Producing Formation Pictured Cliffs	Pool Undesignated Pictured Cliffs	Dedicated Acreage: 160.0 Acres		

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

Yes     No    If answer is "yes" type of consolidation \_\_\_\_\_

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 interest, has been approved by the Division.



**OPERATOR CERTIFICATION**

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

Signature: *Fran Perrin*

Printed Name: Fran Perrin

Position: Regulatory Liaison

Company: Nassau Resources, Inc.

Date: 2/2/93

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

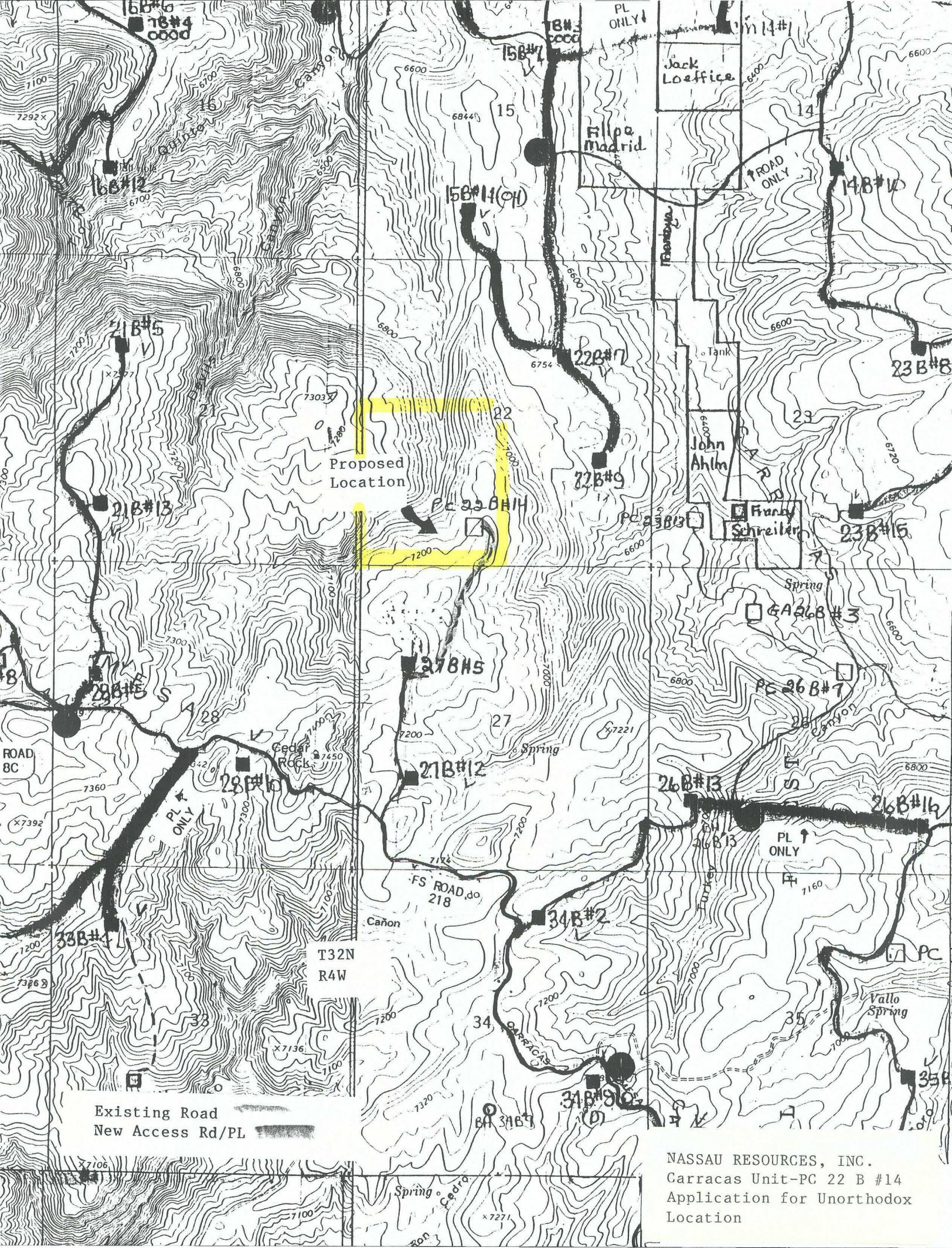
Date Surveyed: December 5, 1989

Signature & Seal of Professional Surveyor: *Edgar L. Risenhoover*

Certification No. 5979

Edgar L. Risenhoover





Existing Road  
New Access Rd/PL

NASSAU RESOURCES, INC.  
Carracas Unit-PC 22 B #14  
Application for Unorthodox  
Location

Phillips

McHUGH

Q' B

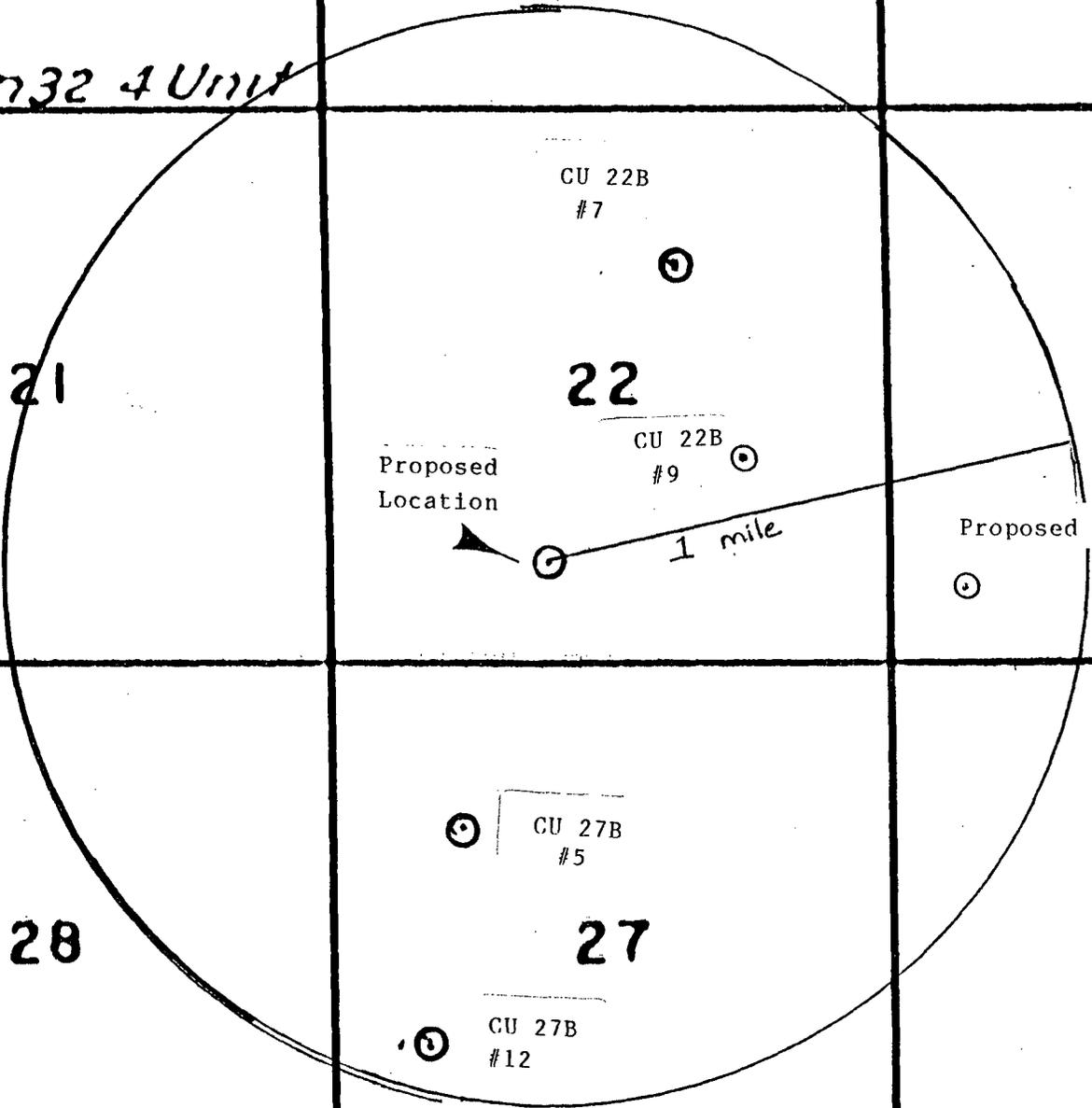
16

15

14

2-16  
⊙

Sanduan 32 4 Unit



Proposed Location

CU 22B #7

22

CU 22B #9

1 mile

Proposed CUPC 23B #1

⊙

CU 27B #5

27

⊙

CU 27B #12

28

26

T32N  
R4W

NASSAU RESOURCES, INC.  
Carracas Unit-PC 22 B #14  
Application for Unorthodox  
Location

33

24

25



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-PC 22 B #14  
Application for Unorthodox  
Location



Jerome P. McHugh & Associates  
Operating Affiliate: **Nassau Resources, Inc.**  
P O Box 809, Farmington, NM 87499-0809  
(505) 326-7793 Fax (505) 327-0859

OIL CONSERVATION DIVISION  
RECEIVED

March 12, 1993

'93 MAR 15 AM 10 07

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

RE: Application for Unorthodox Location  
Nassau Resources, Inc.  
Carracas Unit-PC 28 B #7  
1680' FNL - 1370' FEL  
Sec. 28, T32N, R4W, NMPM  
Rio Arriba County, NM

Gentlemen:

Nassau Resources, Inc., hereby requests administrative approval of an unorthodox location for the captioned well due to terrain and Forest Service guidelines for development. This location for a Pictured Cliffs well was staked near an old road after consultation with the Forest Service.

Amoco Production Company, the only offsetting operator, as shown on the attached lease plat, has been notified of this application by certified mail. McHugh Companies is an operating affiliate with Nassau Resources, Inc.

Also attached are copies of the surveyor's plat, topographic map, production map, and Forest Service guidelines.

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

Respectfully submitted,

*Fran Perrin*

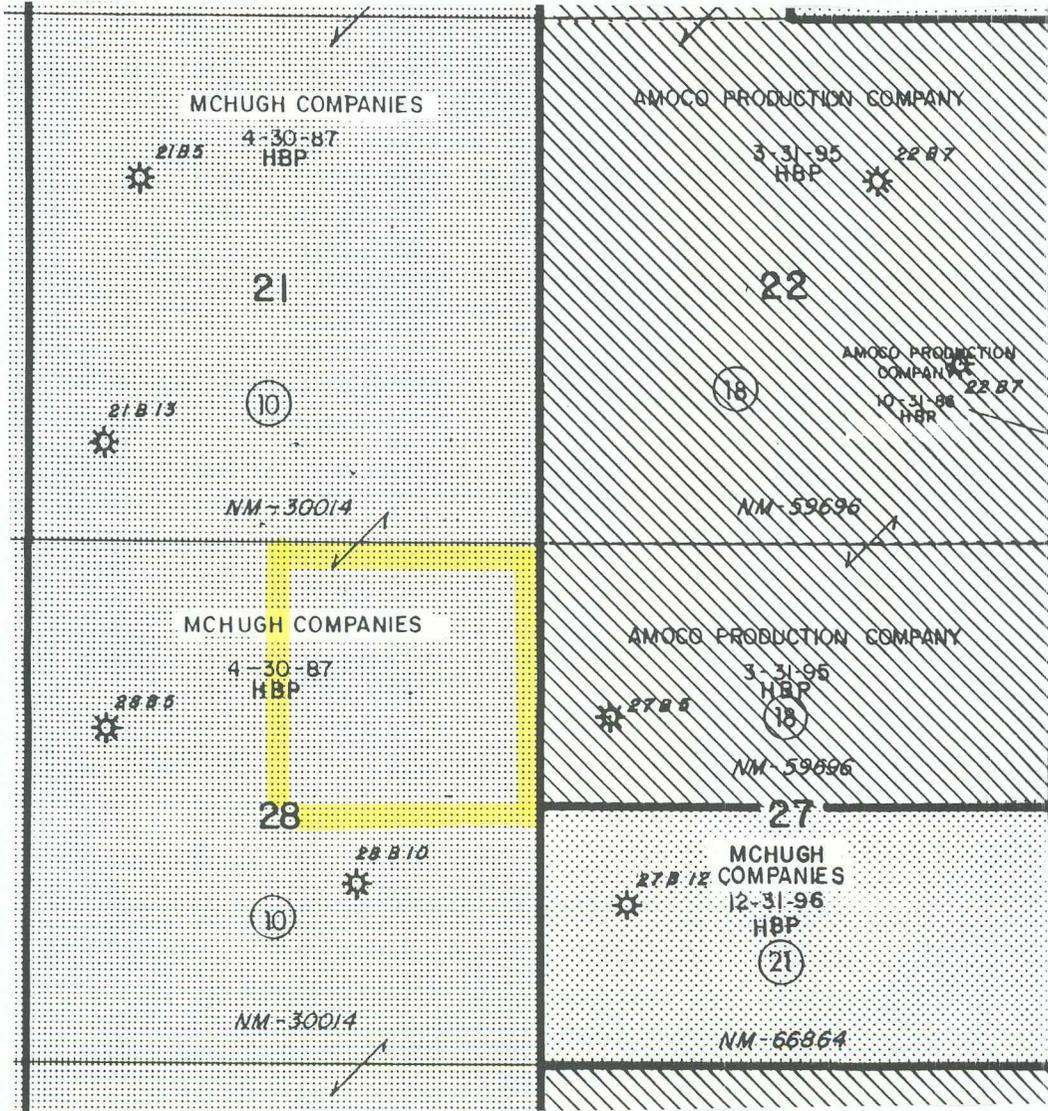
Fran Perrin  
Regulatory Liaison

Attachments

XC: Ernie Busch, NMOCD, Aztec, NM  
Amoco Production Co.  
McHugh Companies

LEASE PLAT

Township 32 North, Range 4 West, NMPM  
Rio Arriba County, New Mexico



NM 30014		
McHugh Companies		100%
NM 59696		
Amoco Production Co.		25%
McHugh Companies		75%
NM 66864		
McHugh Companies		100%

NASSAU RESOURCES, INC.  
Carracas Unit PC 28 B #7  
Application for Unorthodox  
Location

Submit to Appropriate District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

# OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

## WELL LOCATION AND ACREAGE DEDICATION PLAT

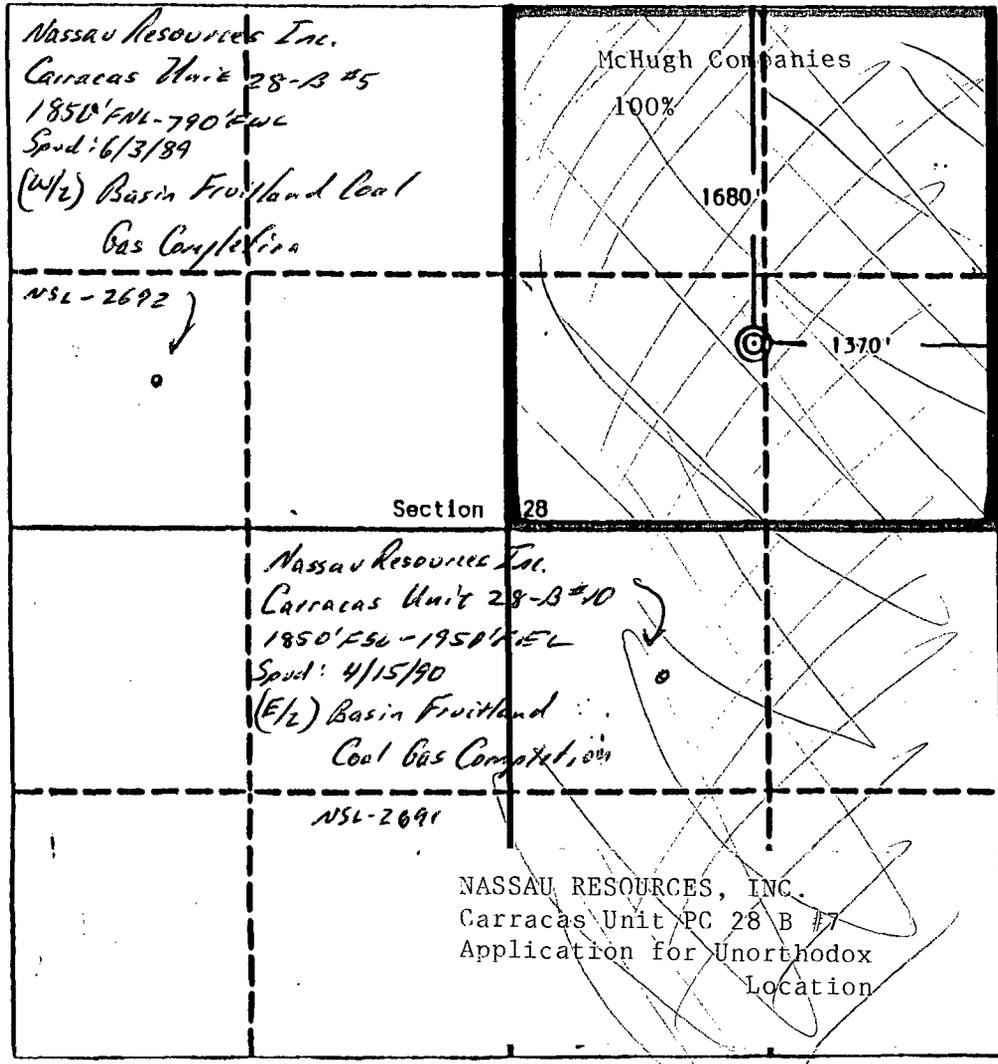
All Distances must be from the outer boundaries of the section

Operator Nassau Resources, Inc.			Lease Carracas Unit-PC 28 B		Well No. 7
Unit Letter G	Section 28	Township 32 North	Range 4 West	County NMPM	Rio Arriba

Actual Footage Location of Well:  
1680 feet from the North line and 1370 feet from the East line

Ground level Elev. 7325	Producing Formation Pictured Cliffs	Pool Undesignated Pictured Cliffs	Dedicated Acreage: 160.0 Acres
----------------------------	--	--------------------------------------	-----------------------------------

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
  - Yes  No If answer is "yes" type of consolidation \_\_\_\_\_
 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 interest, has been approved by the Division.



### OPERATOR CERTIFICATION

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

Signature: *Fran Perrin*

Printed Name: Fran Perrin

Position: Regulatory Liaison

Company: Nassau Resources, Inc.

Date: 3/12/93

### SURVEYOR CERTIFICATION

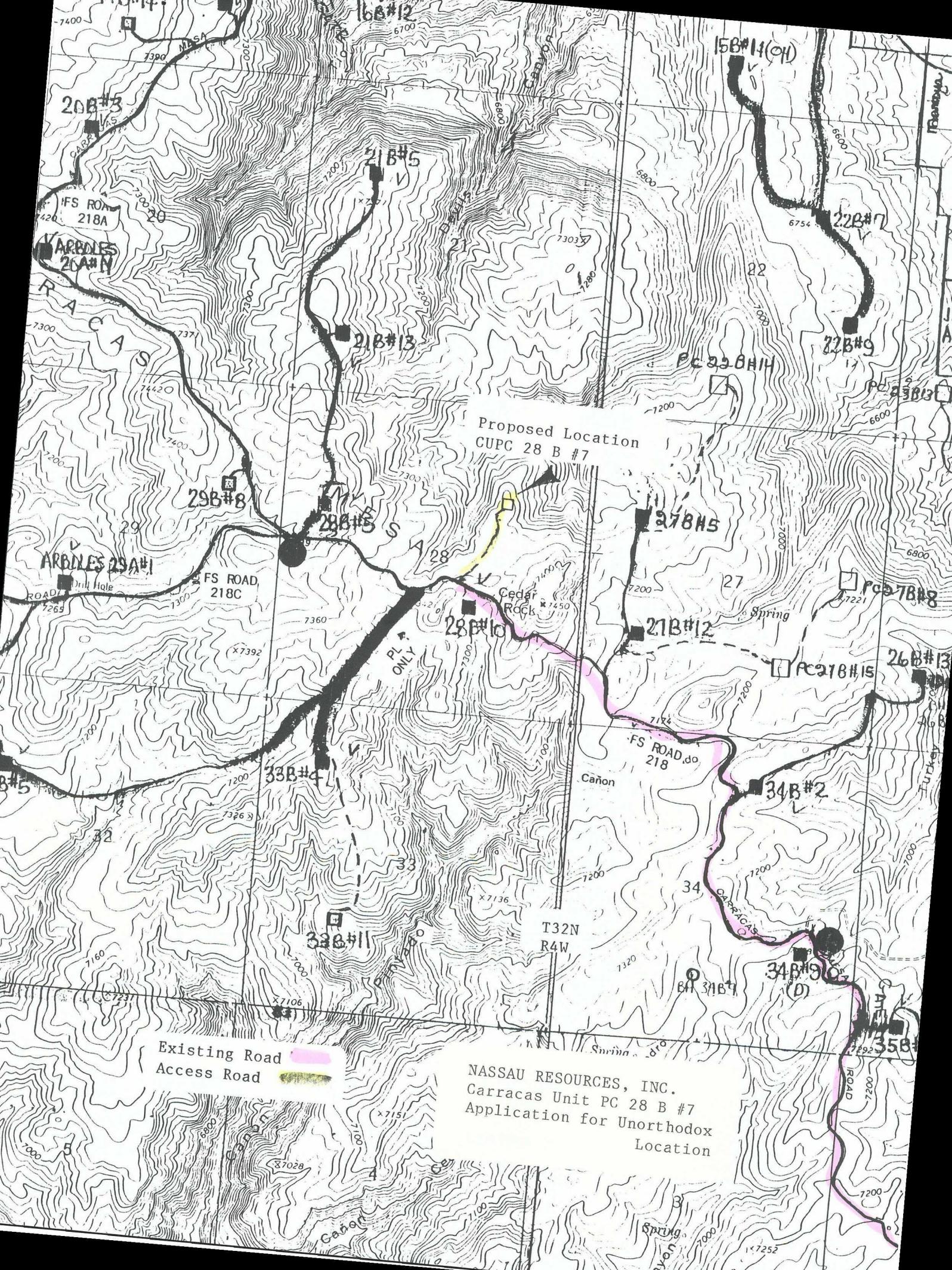
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: December 4, 1989

Signature & Seal of Professional Surveyor: *Edgar L. Risenhoover*

Professional Seal: EDGAR L. RISENHOOVER, NEW MEXICO, 5979

Confidentiality: Edgar L. Risenhoover



Proposed Location  
CUPC 28 B #7

Existing Road   
Access Road 

NASSAU RESOURCES, INC.  
Carracas Unit PC 28 B #7  
Application for Unorthodox  
Location

20B#3

21B#5

15B#14(04)

22B#7

IFS ROAD  
218A

VARBLES  
20A#1

R  
A  
C  
A  
S

29B#8

ARBOLES  
29A#1

ROAD  
7265

Drill Hole

FS ROAD  
218C

7265

7265

7265

7265

7265

7265

7265

7265

7265

7265

7265

7265

7265

7265

7265

7265

29B#8

28B#5

28B#10

27B#5

21B#12

PC 28 B #14

PC 28 B #13

26B#13

33B#4

33B#11

FS ROAD  
do  
218

34B#2

34B#9

35B#1

T32N  
R4W

BA 31B#1

(D)

ROAD

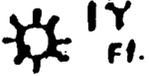
NASSAU RESOURCES, INC.  
Carracas Unit PC 28 B #7  
Application for Unorthodox  
Location

2-16  
⊙

San Juan 32-4 Unit

20

Frontier Energy



⊙ 17-D ft

Arboles

21

Proposed CU-PC  
21B #10

CU 21B #13



⊙  
Proposed  
CU-PC 21B 10

22

Proposed CU-PC  
22B #14



1 mile

CU 28B #5



29

Proposed CU 29B #8

Technigas Inc.



Arboles: A

28



CU 28B #10

27

CU 27B #5



CU 27B #12

⊙ CU 33B #4

32

33

34

NASSAU RESOURCES, INC.  
Carracas Unit PC 28 B #7  
Application for Unorthodox  
Location



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 PC 28 B #7  
Application for Unorthodox  
Location

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

March 17, 1993

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

ANITA LOCKWOOD  
CABINET SECRETARY

NASSAU RESOURCES, INC.  
c/o JEROME P. McHUGH & ASSOCIATES  
P. O. BOX 809  
FARMINGTON, NEW MEXICO 87499-0809

Attn: Fran Perrin  
Administrative Assistant

**Re:** Applications for unorthodox Pictured Cliffs gas well locations. Carracas Unit-PC "22-B" Well No. 14, "27-B" Well No. 8, "28-B" Well No. 7, and "35-B" Well No. 8 all in Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

Dear Ms. Perrin:

Reference is made to the four subject applications filed with the Division. In reviewing these applications one commonality is apparent that requires further explanation. Within the four Sections affected by these applications (Sections 22, 27, 28, and 35) there are two authorized Basin Fruitland Coal Gas wells, and in each instance the proposed Pictured Cliffs gas well, said interval being spaced on 160-acre units [see Division General Rule 104.B(2) and C(3)] is located within a quarter section that corresponds to the well location requirements for coal gas wells (see RULE 8 of the Special Rules and Regulations for the Basin Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768, as amended, which require coal gas wells on a standard 320-acre gas spacing and proration unit to be located in either the NE/4 or SW/4 of a section). However, when Nassau proposed to develop the coal gas reserves within their respective sections the Division was approached to grant unorthodox coal gas well locations in the opposite quarter sections (see Order No. R-8844 and Administrative Orders NSL-2690 and NSL-2691), because Nassau was unable "to locate and obtain U. S. Forest Service approval for a standard (coal gas) well location within the proposed (320-acre coal gas) spacing unit".



STATE OF NEW MEXICO  
 ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT  
 OIL CONSERVATION DIVISION  
 AZTEC DISTRICT OFFICE

RECEIVED  
 93 MAR 19 AM 10:00  
 91000 RIO BRAZOS ROAD  
 AZTEC, NEW MEXICO 87410  
 (505) 334-6178

Date: 3-17-93

*attn: Mike Stogner*

Oil Conservation Division  
 P.O. Box 2088  
 Santa Fe, NM 87504-2088

RE: Proposed MC \_\_\_\_\_  
 Proposed NSL X \_\_\_\_\_  
 Proposed WFX \_\_\_\_\_  
 Proposed NSP \_\_\_\_\_

Proposed DIIC \_\_\_\_\_  
 Proposed SWD \_\_\_\_\_  
 Proposed PMX \_\_\_\_\_  
 Proposed DD \_\_\_\_\_

Gentlemen:

I have examined the application received on 3-15-93  
 for the NASSAU RESOURCES, INC. OPERATOR CARRACAS UNIT PC 28 B #7 LEASE & WELL NO.

G-28-32N-4W and my recommendations are as follows:  
 UL-S-T-R

APPROVE  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Yours truly,

*Gene Bush*

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS  
GOVERNOR

August 30, 1989

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

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

Attention: Fran Perrin

Administrative Order NSL-2692

Dear Ms. Perrin:

Reference is made to your application of August 8, 1989 for a non-standard coal gas well location for your Carracas Unit 28-B Well No. 5 located 1850 feet from the North line and 790 feet from the West line (Unit E) of Section 28, Township 32 North, Range 4 West, NMPM, Basin Fruitland Coal (Gas) Pool, Rio Arriba County, New Mexico. The W/2 of said Section 28 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

By the 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 unorthodox coal gas well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

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  
US Forest Service - Blanco

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

August 30, 1989

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

Attention: Fran Perrin

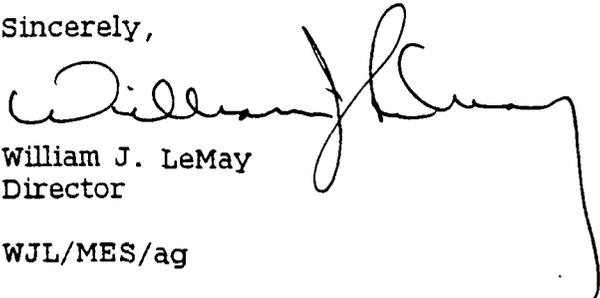
Administrative Order NSL-2691

Dear Ms. Perrin:

Reference is made to your application of August 8, 1989 for a non-standard coal gas well location for your Carracas 28-B Well No. 10 to be located 1850 feet from the South and East lines (Unit J) of Section 28, Township 32 North, Range 4 West, NMPM, Basin Fruitland Coal (Gas) Pool, Rio Arriba County, New Mexico. The E/2 of said Section 28 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

By the 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 unorthodox coal gas well location is hereby approved.

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  
US Forest Service - Blanco



Jerome P. McHugh & Associates

Operating Affiliate: **Nassau Resources, Inc.**

P.O. Box 809, Farmington, NM 87499-0809

(505) 326-7793

Fax (505) 327-0859

OIL CONSERVATION DIVISION  
RECEIVED

'93 FEB 26 AM 9 08

February 24, 1993

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

RE: Application for Unorthodox Location  
Nassau Resources, Inc.  
Carracas Unit-PC 27 B #8  
2460' FNL - 610' FEL  
Sec. 27, T32N, R4W, NMPM  
Rio Arriba County, NM

Gentlemen:

Nassau Resources, Inc., hereby requests administrative approval of an unorthodox location for the captioned well due to terrain and Forest Service guidelines for development. This location for a Pictured Cliffs well was staked after consultation with the Forest Service.

All offsetting operators and interest owners, as shown on the attached lease plat, have been notified of this application by certified mail. The only offsetting operator, McHugh Companies, is an operating affiliate with Nassau Resources, Inc.

Also attached are copies of the surveyor's plat, topographic map, production map, and Forest Service guidelines.

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

Respectfully submitted,

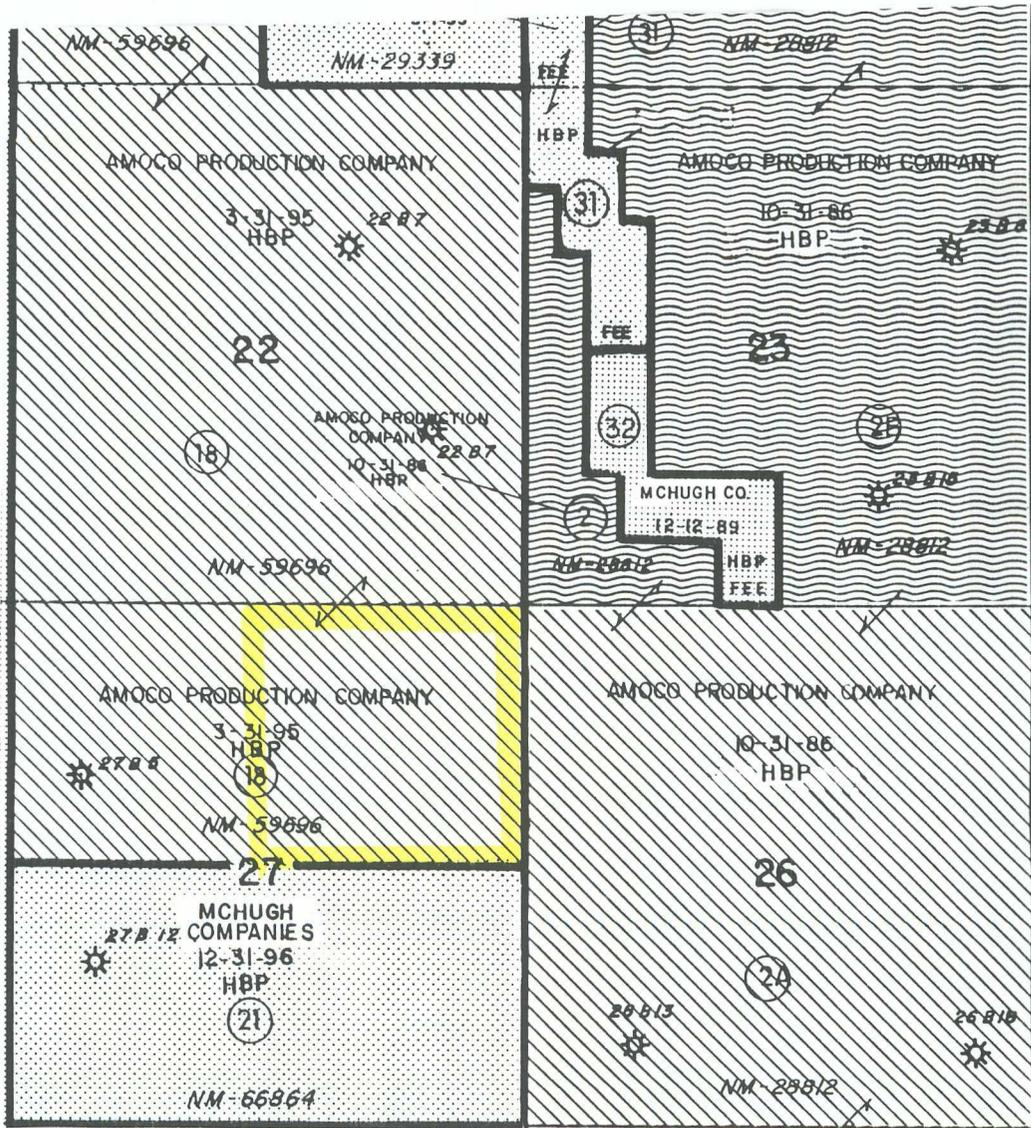
Fran Perrin  
Admin. Asst.

Attachments

XC: Ernie Busch, NMOCD, Aztec, NM  
Amoco Production Co.  
Frontier Energy Corp.  
McHugh Companies

LEASE PLAT

Township 32 North, Range 4 West



<u>NM 28812</u>	
Amoco Production Co.	12.5%
Frontier Energy Corp.	12.5%
McHugh Companies	75%

<u>Fee Leases</u>	
McHugh Companies	100%

<u>NM 66864</u>	
McHugh Companies	100%

<u>NM 59696</u>	
Amoco Production Co.	25%
McHugh Companies	75%

NASSAU RESOURCES, INC.  
 Carracas Unit-PC 27 B #8  
 Application for Unorthodox  
 Location

# OIL CONSERVATION DIVISION

P.O. Box 2088  
 Santa Fe, New Mexico 87504-2088

DISTRICT I  
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
 1000 Rio Brazos Rd., Aztec, NM 87410

## WELL LOCATION AND ACREAGE DEDICATION PLAT

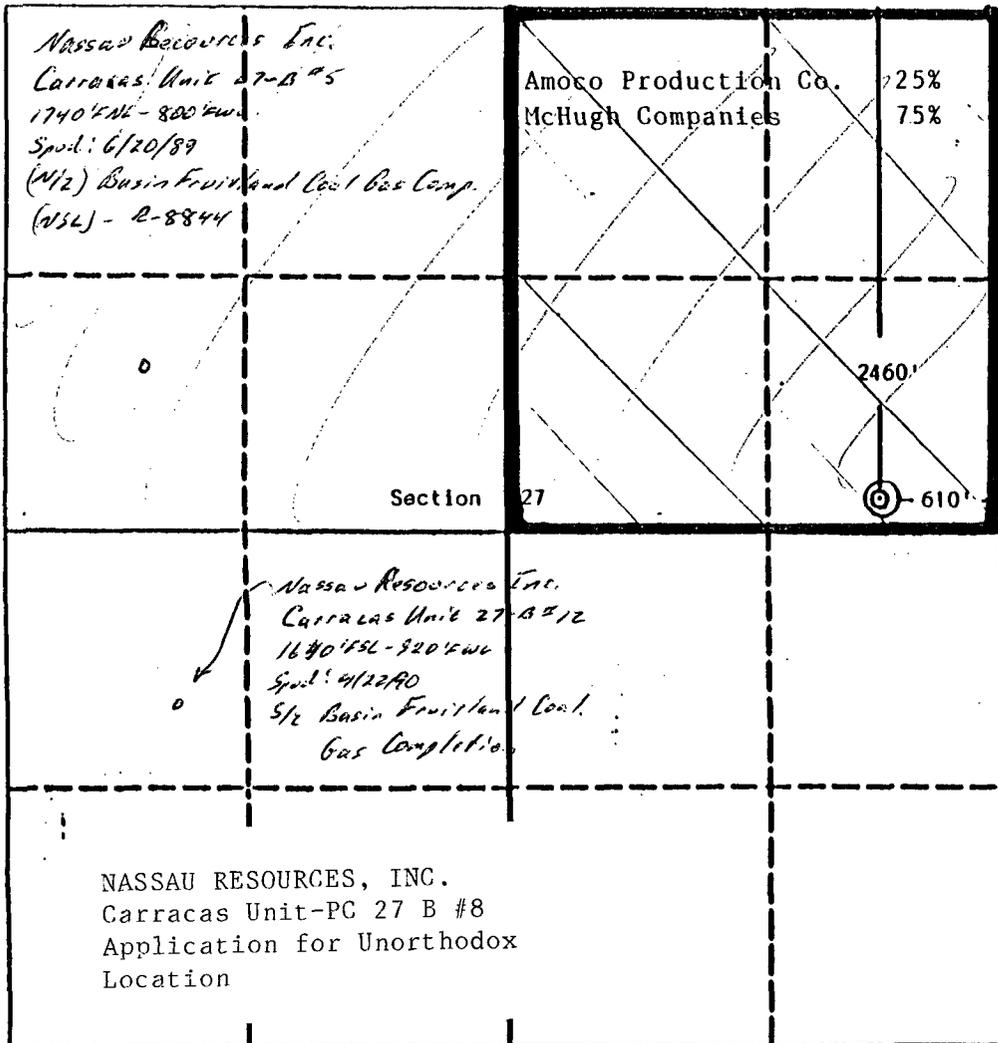
All Distances must be from the outer boundaries of the section

Operator Nassau Resources, Inc.			Lease Carracas Unit - PG 27 B		Well No. 8
Unit Letter H	Section 27	Township 32 North	Range 4 West	County NMPM Rio Arriba	

Actual Footage Location of Well:  
 2460 feet from the North line and 610 feet from the East line

Ground level Elev. 7160	Producing Formation Pictured Cliffs	Pool Undesignated Pictured Cliffs	Dedicated Acreage: 160.0 Acres
----------------------------	--	--------------------------------------	-----------------------------------

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
  - Yes  No If answer is "yes" type of consolidation \_\_\_\_\_
 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 interest, has been approved by the Division.



NASSAU RESOURCES, INC.  
 Carracas Unit-PC 27 B #8  
 Application for Unorthodox  
 Location

### OPERATOR CERTIFICATION

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

Signature  
*Fran Perrin*

Printed Name  
 Fran Perrin

Position  
 Regulatory Liaison

Company  
 Nassau Resources, Inc.

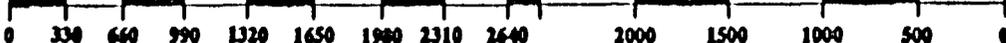
Date  
 2/4/93

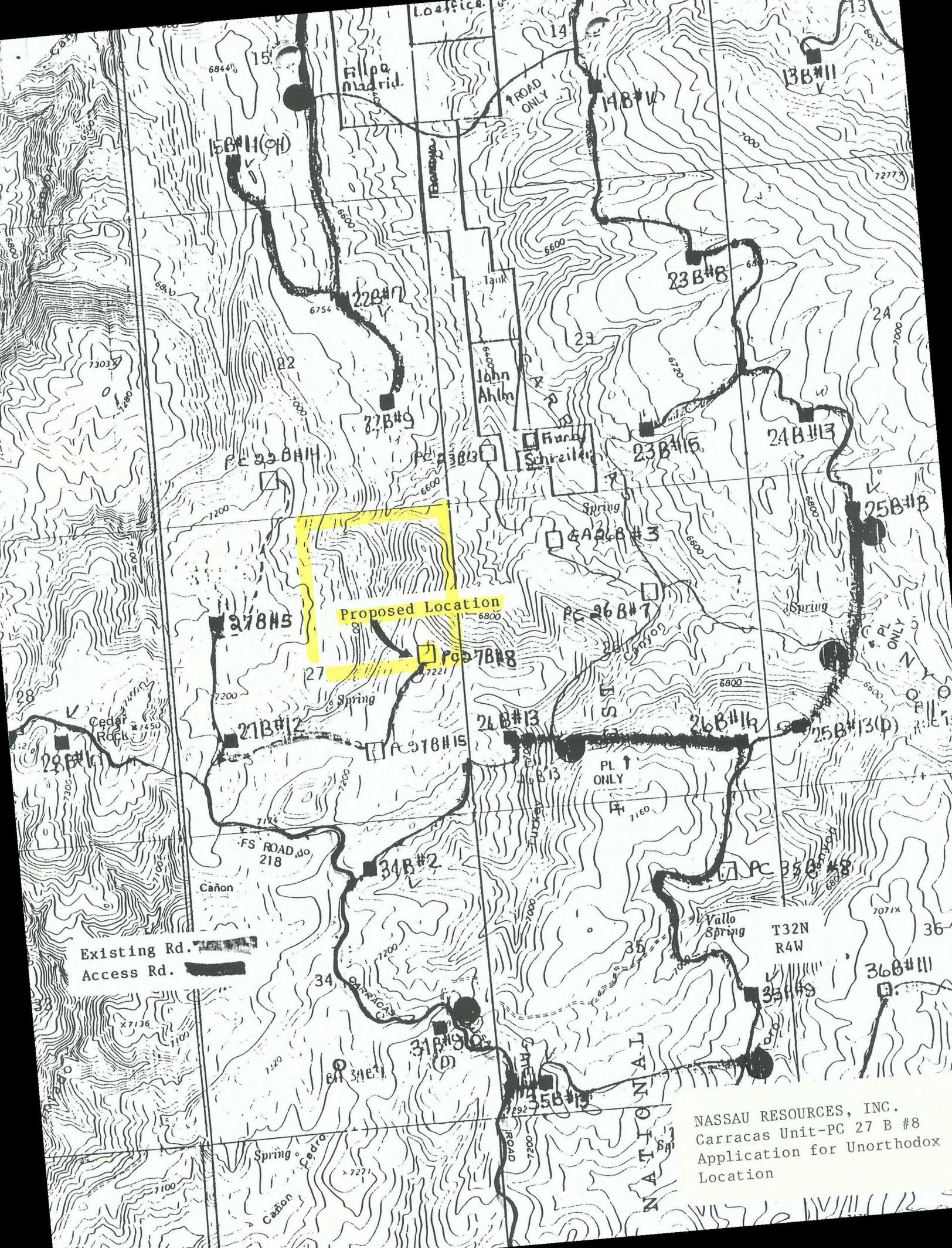
### SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed  
 December 5, 1989

Signature & Seal of Professional Surveyor  
  
 Edgar L. Risenhoover





Proposed Location

PC 27B#8

Existing Rd.  
Access Rd.

NASSAU RESOURCES, INC.  
Carracas Unit-PC 27 B #8  
Application for Unorthodox  
Location

16

15

14

Jan 32 4 Unit

21

22

CU 22 B #9

23

CU-PC 22B #14  
Proposed

Proposed CUPC 23B#13

CU 27B #5

Proposed GA 26B # 3

Proposed Location

1 MILE

28

27

26

Proposed CUPC 26B #7

CU 27B #15

CU 27B #12

CU-PC 26B #13  
CU 26B #13

CU 34B #2

T32N  
R4W

33

34

NASSAU RESOURCES, INC.  
Carracas Unit-PC 27 B #8  
Application for Unorthodox  
Location



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-PC 27 B #8  
Application for Unorthodox  
Location

# 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

OIL CONSERVATION DIVISION  
RECEIVED

14 April 1993

'93 APR 21 AM 8 51

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
Post Office Box 2088  
State Land Office Building  
Santa Fe, New Mexico 87504

Attention: Mr. Michael E. Stogner  
Chief Hearing Examiner/Engineer

Dear Mr. Stogner:

Your letter of March 17, 1993 concerning unorthodox locations for Fruitland Coal wells has been forwarded to me for reply.

I will answer your inquiry in general first, and then address specific well locations.

When drilling in the Carracas Unit was begun in 1987, the impact of drilling on this part of the Carson Forest was an unknown. To minimize the impact on wildlife as much as possible, Nassau Resources and the US Forest Service implemented a plan to keep road building to a minimum by locating wells as close as possible to existing roads. When new roads were to be built, the new road was to service as many wells as possible. This necessitated moving some well locations so they could be drilled along the proposed road right-of-way. This procedure allowed more well locations to be controlled with a single locked gate at the existing roads. The aim here was to keep all traffic except routine well servicing in areas where it had been historically and to avoid any looping or circular roads.

To lessen impact on calving and fawning areas, well locations were spotted so larger areas would remain roadless. This often involved spotting wells on the same side of a section so a full half section would be left without impact. (An example of this would be drilling two wells in the west half of Section 6 and two wells in the east half of Section 5 so nearly a full square mile would not be impacted.) To implement this reduction of impact, wells had to be moved from one of the standard locations in each Section.

Another consideration of the plan was to keep road cuts and fills to a minimum and to minimize impact on cultural (archeological) concerns. This often dictated the route a road could follow and therefore the location of wells.

I cannot speak for the Forest Service, but I feel they are now more comfortable with Nassau's operations and know we are conscientious in enforcing locked gates and doing what we can to minimize impact. Also, I feel they have found the impact of our operations to be less than expected. Because this plan has been successful at Carracas, Nassau and the Forest Service have had time to evaluate impacts and develop a working relationship. As a result, additional development in some areas can now be considered. Future development at Carracas will continue to follow the original plan, with some allowance for infill locations. These infill locations are those which you are seeing now as Pictured Cliffs locations.

Specific discussion of the locations in question are as follows:

1. 22B-14 The two wells originally drilled in Section 22 were spotted to minimize the amount of road required and the impact on a large area which covers parts of Sections 15, 16, 21, and 22. The road which serves 22B-7 and 22B-9 comes in from the North and also serves wells in section 15 and provides access to Sections 11, 12, 13, 14, 23, 24, and 25. This entire area was nearly roadless when drilling began. To keep the road traffic in this area to a minimum, access to Section 22 was allowed from the North only.

The road to 22B-14 as now proposed involves about 1/4 mile of road and will be built from the south as an extension of a road behind a locked gate. Apparently, the impact on the area has been low enough to allow the Forest Service to favorably consider a well in the SW of Section 22 now.

2. 27B-8 Here again, the original wells were drilled on the same side of Section 27 to minimize impact on a larger area between wells. The wells in Section 27 are behind a locked gate and apparently the impact is low enough for the Forest Service to now consider a location in the NE of Section 27.

3. 28B-7 The two original wells in Section 28 were drilled on a main existing road. Apparently impact in this area has been low enough for the Forest Service to consider a location at 28B-7 as it will be accessed from the main road also.

4. 35B-8 The wells in Section 35 were originally drilled at locations approved by the Forest Service in the south half of the section to minimize impact on the north half and calculated to reduce well crowding in the corner of Sections 25, 26, 35 and 36. Three Fruitland wells would have been crowded into this corner because of terrain if 35B-9 had not been moved.

The proposed Pictured Cliffs location is on the current road and will involve no new road construction.

Page 3

The wells originally drilled as unorthodox locations were drilled to comply with the original Carracas development plan developed by Nassau in cooperation with the US Forest Service. Time and experience with the results of the plan have allowed the plan to be modified somewhat. The proposed Pictured Cliffs wells are proposed in locations that have become available as a result of the success of the original plan.

If you have any further questions on this matter, please advise.

Yours very truly,

A handwritten signature in cursive script, reading "Gary J. Johnson", followed by a horizontal line extending to the right.

Gary J. Johnson  
Vice President Engineering



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

March 17, 1993

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

ANITA LOCKWOOD  
CABINET SECRETARY

NASSAU RESOURCES, INC.  
c/o JEROME P. MCHUGH & ASSOCIATES  
P. O. BOX 809  
FARMINGTON, NEW MEXICO 87499-0809

Attn: Fran Perrin  
Administrative Assistant

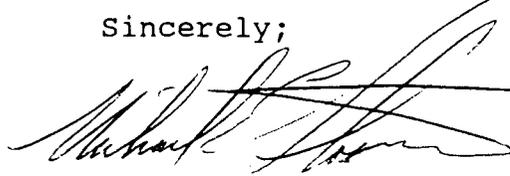
**Re:** Applications for unorthodox Pictured Cliffs gas well locations. Carracas Unit-PC "22-B" Well No. 14, "27-B" Well No. 8, "28-B" Well No. 7, and "35-B" Well No. 8 all in Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

Dear Ms. Perrin:

Reference is made to the four subject applications filed with the Division. In reviewing these applications one commonality is apparent that requires further explanation. Within the four Sections affected by these applications (Sections 22, 27, 28, and 35) there are two authorized Basin Fruitland Coal Gas wells, and in each instance the proposed Pictured Cliffs gas well, said interval being spaced on 160-acre units [see Division General Rule 104.B(2) and C(3)] is located within a quarter section that correspondences to the well location requirements for coal gas wells (see RULE 8 of the Special Rules and Regulations for the Basin Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768, as amended, which require coal gas wells on a standard 320-acre gas spacing and proration unit to be located in either the NE/4 or SW/4 of a section). However, when Nassau proposed to develop the coal gas reserves within their respective sections the Division was approached to grant unorthodox coal gas well locations in the opposite quarter sections (see Order No. R-8844 and Administrative Orders NSL-2690 and NSL-2691), because Nassau was unable "to locate and obtain U. S. Forest Service approval for a standard (coal gas) well location within the proposed (320-acre coal gas) spacing unit".

Now, however Nassau announces its plans to drill within those quarter sections that were originally off limits to coal gas wells. Please provide an explanation as to why these quarter sections are acceptable for drilling at this particular time, but were not available when the applicable coal gas wells were committed.

Sincerely;

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner  
Chief Hearing Examiner/Engineer

cc: Oil Conservation Division - Aztec  
U. S. Bureau of Land Management - Farmington  
Philip R. Settles: U. S. Forest Service - Blanco, NM  
Case File No. 9559  
File: NSL-2690  
File: NSL-2691

# McHUGH

Jerome P. McHugh & Associates  
Operating Affiliate: Nassau Resources, Inc.  
650 South Cherry, Suite 1225  
Denver, Colorado 80222-1894  
R (303) 321-2111 FAX (303) 321-1563

'93 FEB 15 AM 8 56

February 12, 1993

*McH*

*Give Larry ✓  
Mike ✓  
Rib ✓  
Davis ✓*

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

**Re: Authority of Nassau Resources, Inc. to Act on behalf of McHugh Companies**

Gentlemen:

Please accept this letter as notice and authorization by McHugh Companies to allow Nassau Resources, Inc. to act on its behalf in conducting oil and gas business with your office. The relationship between McHugh Companies and Nassau Resources, Inc. is detailed below.

Nassau Resources, Inc., a Colorado corporation, is the operating affiliate of Jerome P. McHugh & Associates. McHugh Companies, a Colorado general partnership, is the legal titleholder for all oil and gas interests owned beneficially by Jerome P. McHugh & Associates. McHugh Companies does not act as operator of any oil and gas properties; these responsibilities have been delegated to Nassau Resources, Inc. Nassau Resources, Inc. owns no interests in wells that it operates and Nassau Resources, Inc. only operates wells in which McHugh Companies holds legal title to all or a portion of the working interest. The shareholders of Nassau Resources, Inc. and the partners of McHugh Companies are the same parties.

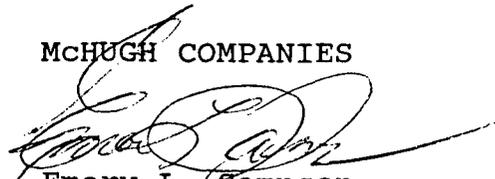
Please contact James C. Joda at (303) 321-2111 if you have any further requirements.

Very truly yours,

NASSAU RESOURCES, INC.

  
James C. Joda,  
Vice President

McHUGH COMPANIES

  
Emory L. Sampson  
Attorney in Fact



Jerome P. McHugh & Associates  
Operating Affiliate: **Nassau Resources, Inc.**  
P O Box 809, Farmington, NM 87499-0809  
(505) 326-7793 Fax (505) 327-0859

February 24, 1993

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Frontier Energy Co.  
Attn: Dennis Jones  
1717 St. James Place, Suite 380  
Houston, TX 77056

RE: Application for Unorthodox Location  
Nassau Resources, Inc.  
Carracas Unit-PC 27 B #8  
2460' FNL - 610' FEL  
Sec. 27, T32N, R4W, NMPM  
Rio Arriba County, NM

Dear Mr. Jones:

Enclosed is a copy of the subject Application for Unorthodox Location. Frontier Energy Co. is an interest owner in Federal Lease NM 28812, which is an offsetting lease to the proposed location.

If Frontier has no objection to this application, we request that you notify the Oil Conservation Division as soon as possible. Please send a waiver to the attention of Michael Stogner, New Mexico Oil Conservation Division, P O Box 2088. Santa Fe, New Mexico 87504.

Please feel free to call if you have any questions.

Thank you,

Fran Perrin  
Admin. Asst.

Enclosure

xc: NMOCD, Santa Fe, NM



Jerome P. McHugh & Associates  
Operating Affiliate: **Nassau Resources, Inc.**  
P O Box 809, Farmington, NM 87499-0809  
(505) 326-7793 Fax (505) 327-0859

February 24, 1993

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Amoco Production Co.  
Attn: J W Hawkins - Land Department, Proration Group  
P O Box 800  
Denver, CO 80201

RE: Application for Unorthodox Location  
Nassau Resources, Inc.  
Carracas Unit-PC 27 B #8  
2460' FNL - 610' FEL  
Sec. 27, T32N, R4W, NMPM  
Rio Arriba County, NM

Dear Mr. Hawkins:

Enclosed is a copy of the subject Application for Unorthodox Location. Amoco Production Co. is an interest owner in Federal Leases NM-59696 and NM-28812.

Please feel free to call if you have any questions.

Thank you,

Fran Perrin  
Admin. Asst.

Enclosure

xc: NMOCD, Santa Fe, NM



Jerome P. McHugh & Associates

Operating Affiliate: **Nassau Resources, Inc.**

P O Box 809, Farmington, NM 87499-0809

(505) 326-7793

Fax (505) 327-0859

OIL CONSERVATION DIVISION

RECEIVED

'93 APR 22 AM 9 21

April 19, 1993

New Mexico Oil Conservation Division

ATTN: Mike Stogner

P O Box 2088

Santa Fe, New Mexico 87504

RE: Application for Unorthodox Location

Nassau Resources, Inc.

Carracas Unit-PC 35 B #8

Sec. 35, T32N, R4W, NMPM

Rio Arriba County, NM

Gentlemen:

Nassau Resources, Inc., hereby withdraws its request for administrative approval of an unorthodox location.

The location has been restaked at a standard location for a Pictured Cliffs well within the same quarter quarter section.

Respectfully submitted,

Fran Perrin  
Admin. Asst.

XC: Ernie Busch, NMOCD, Aztec, NM  
Amoco Production Co.  
Frontier Energy Corp.  
McHugh Companies



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

March 17, 1993

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

NASSAU RESOURCES, INC.  
c/o JEROME P. McHUGH & ASSOCIATES  
P. O. BOX 809  
FARMINGTON, NEW MEXICO 87499-0809

Attn: Fran Perrin  
Administrative Assistant

**Re:** Applications for unorthodox Pictured Cliffs gas well locations. Carracas Unit-PC "22-B" Well No. 14, "27-B" Well No. 8, "28-B" Well No. 7, and "35-B" Well No. 8 all in Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

Dear Ms. Perrin:

Reference is made to the four subject applications filed with the Division. In reviewing these applications one commonality is apparent that requires further explanation. Within the four Sections affected by these applications (Sections 22, 27, 28, and 35) there are two authorized Basin Fruitland Coal Gas wells, and in each instance the proposed Pictured Cliffs gas well, said interval being spaced on 160-acre units [see Division General Rule 104.B(2) and C(3)] is located within a quarter section that corresponds to the well location requirements for coal gas wells (see RULE 8 of the Special Rules and Regulations for the Basin Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768, as amended, which require coal gas wells on a standard 320-acre gas spacing and proration unit to be located in either the NE/4 or SW/4 of a section). However, when Nassau proposed to develop the coal gas reserves within their respective sections the Division was approached to grant unorthodox coal gas well locations in the opposite quarter sections (see Order No. R-8844 and Administrative Orders NSL-2690 and NSL-2691), because Nassau was unable "to locate and obtain U. S. Forest Service approval for a standard (coal gas) well location within the proposed (320-acre coal gas) spacing unit".

Now, however Nassau announces its plans to drill within those quarter sections that were originally off limits to coal gas wells. Please provide an explanation as to why these quarter sections are acceptable for drilling at this particular time, but were not available when the applicable coal gas wells were committed.

Sincerely;

A handwritten signature in black ink, appearing to read "Michael E. Stogner", is written over a horizontal line that extends across the width of the page.

Michael E. Stogner  
Chief Hearing Examiner/Engineer

cc: Oil Conservation Division - Aztec  
U. S. Bureau of Land Management - Farmington  
Philip R. Settles: U. S. Forest Service - Blanco, NM  
Case File No. 9559  
File: NSL-2690  
File: NSL-2691



STATE OF NEW MEXICO

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
RECEIVED

OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

'93 MAR 19 AM 9 18

Date: 3-17-93

*Attn: Mike Stogner*

Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

RE: Proposed MC \_\_\_\_\_  
Proposed NSL A \_\_\_\_\_  
Proposed WFX \_\_\_\_\_  
Proposed NSP \_\_\_\_\_

Proposed DIIC \_\_\_\_\_  
Proposed SWD \_\_\_\_\_  
Proposed PMX \_\_\_\_\_  
Proposed DD \_\_\_\_\_

Gentlemen:

I have examined the application received on 3-5-93

for the MASSAU RESOURCES, INC. CARRACAS UNIT PC 22B#14  
OPERATOR LEASE & WELL NO.

N-22-32N-4W and my recommendations are as follows:  
UL-S-T-R

Approve  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Yours truly,

*Ernie Bush*



STATE OF NEW MEXICO  
 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
 OIL CONSERVATION DIVISION



BRUCE KING  
 GOVERNOR

ANITA LOCKWOOD  
 CABINET SECRETARY

April 22, 1993

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

U.S. Forest Service  
 Carson National Forest  
 Jicarilla Ranger District  
 Gobernador Route  
 Blanco, New Mexico 87412

Attn: Philip R. Settles, District Ranger

*Re: Applications of Nassau Resources, Inc. for four unorthodox Pictured Cliffs gas well locations. Carracas Unit-PC "22-B" Well No. 14, "27-B" Well No. 8, "28-B" Well No. 7, and "35-B" Well No. 8 all in Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.*

Dear Mr. Settles:

If you remember, I sent you a copy of my letter to Nassau Resources, Inc. dated March 17, 1993, requesting an explanation for justification for the drilling of certain unorthodox gas well locations in a specific area of their Carracas Unit area.

The Division has received Nassau's response, see copy of letter dated April 14, 1993 attached. As you can see, Nassau makes some statements about the Forest Service for approval of their plans.

I would greatly appreciate any comments you might have on any aspect of these applications. If I haven't received any comments from you concerning this matter within 20 days, I will process these applications accordingly.

Thank you in advance for your time and assistance in this matter.

Sincerely,

Michael E. Stogner  
 Chief Hearing Examiner/Engineer

*c.c. Nassau Resources*

# 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

14 April 1993

RECEIVED  
OIL CONSERVATION DIVISION  
APR 15 1993  
11:08 51

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
Post Office Box 2088  
State Land Office Building  
Santa Fe, New Mexico 87504

Attention: Mr. Michael E. Stogner  
Chief Hearing Examiner/Engineer

Dear Mr. Stogner:

Your letter of March 17, 1993 concerning unorthodox locations for Fruitland Coal wells has been forwarded to me for reply.

I will answer your inquiry in general first, and then address specific well locations.

When drilling in the Carracas Unit was begun in 1987, the impact of drilling on this part of the Carson Forest was an unknown. To minimize the impact on wildlife as much as possible, Nassau Resources and the US Forest Service implemented a plan to keep road building to a minimum by locating wells as close as possible to existing roads. When new roads were to be built, the new road was to service as many wells as possible. This necessitated moving some well locations so they could be drilled along the proposed road right-of-way. This procedure allowed more well locations to be controlled with a single locked gate at the existing roads. The aim here was to keep all traffic except routine well servicing in areas where it had been historically and to avoid any looping or circular roads.

To lessen impact on calving and fawning areas, well locations were spotted so larger areas would remain roadless. This often involved spotting wells on the same side of a section so a full half section would be left without impact. (An example of this would be drilling two wells in the west half of Section 6 and two wells in the east half of Section 5 so nearly a full square mile would not be impacted.) To implement this reduction of impact, wells had to be moved from one of the standard locations in each Section.

Another consideration of the plan was to keep road cuts and fills to a minimum and to minimize impact on cultural (archeological) concerns. This often dictated the route a road could follow and therefore the location of wells.

I cannot speak for the Forest Service, but I feel they are now more comfortable with Nassau's operations and know we are conscientious in enforcing locked gates and doing what we can to minimize impact. Also, I feel they have found the impact of our operations to be less than expected. Because this plan has been successful at Carracas, Nassau and the Forest Service have had time to evaluate impacts and develop a working relationship. As a result, additional development in some areas can now be considered. Future development at Carracas will continue to follow the original plan, with some allowance for infill locations. These infill locations are those which you are seeing now as Pictured Cliffs locations.

Specific discussion of the locations in question are as follows:

1. 22B-14 The two wells originally drilled in Section 22 were spotted to minimize the amount of road required and the impact on a large area which covers parts of Sections 15, 16, 21, and 22. The road which serves 22B-7 and 22B-9 comes in from the North and also serves wells in section 15 and provides access to Sections 11, 12, 13, 14, 23, 24, and 25. This entire area was nearly roadless when drilling began. To keep the road traffic in this area to a minimum, access to Section 22 was allowed from the North only.

The road to 22B-14 as now proposed involves about 1/4 mile of road and will be built from the south as an extension of a road behind a locked gate. Apparently, the impact on the area has been low enough to allow the Forest Service to favorably consider a well in the SW of Section 22 now.

2. 27B-8 Here again, the original wells were drilled on the same side of Section 27 to minimize impact on a larger area between wells. The wells in Section 27 are behind a locked gate and apparently the impact is low enough for the Forest Service to now consider a location in the NE of Section 27.

3. 28B-7 The two original wells in Section 28 were drilled on a main existing road. Apparently impact in this area has been low enough for the Forest Service to consider a location at 28B-7 as it will be accessed from the main road also.

4. 35B-8 The wells in Section 35 were originally drilled at locations approved by the Forest Service in the south half of the section to minimize impact on the north half and calculated to reduce well crowding in the corner of Sections 25, 26, 35 and 36. Three Fruitland wells would have been crowded into this corner because of terrain if 35B-9 had not been moved.

The proposed Pictured Cliffs location is on the current road and will involve no new road construction.

Page 3

The wells originally drilled as unorthodox locations were drilled to comply with the original Carracas development plan developed by Nassau in cooperation with the US Forest Service. Time and experience with the results of the plan have allowed the plan to be modified somewhat. The proposed Pictured Cliffs wells are proposed in locations that have become available as a result of the success of the original plan.

If you have any further questions on this matter, please advise.

Yours very truly,

A handwritten signature in cursive script that reads "Gary J. Johnson". The signature is written in dark ink and has a long horizontal flourish extending to the right.

Gary J. Johnson  
Vice President Engineering



United States  
Department of  
Agriculture

Forest Service  
Oil Conservation Division  
Jicarilla Ranger District

Gobernador Route  
Blanco, NM 87412

1993 MAR 22 AM 8 47  
OIL CONSERVATION DIVISION  
RECEIVED

Reply to: 2820

Date: May 11, 1993

Mr. Michael Stogner  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504

Dear Mike:

In response to your letter of April 22, 1993, and our phone conversation on May 10, 1993, the following comments are addressing our and your concerns:

1. At the initial stages of development of the Carracas Unit, we were very cautious in approving certain activities and placement of well locations as we did not have much data concerning their effects upon wildlife. Since then we have gained information to better ascertain how to manage these activities. We are now better able to provide proper management direction. There were some locations that were proposed in the initial development that we couldn't approve but with this added information are now able to approve. Other options need to be considered for other locations.
2. 22B #4 (Shown on attached map ) - We have accessed this proposed well and are in agreement with its location.
3. 27B #8 (Shown on attached map ) - This is one of the locations that still requires looking at other options. Some of the options we have looked at are:
  - a) Moving this well to the west side of the canyon (as shown ) and accessing the well from the new road into the 22B #14 and directional drilling.
  - b) Another option is to move the initial location to the south and directional drill both the proposed well and the future proposed well 27B #15 from the same pad (as shown ). Since these are PC wells we feel that this option exists and is feasible.
4. 28B #7 (Shown on attached map ) - This proposed location is okay if moved as far south as possible to alleviate the need for another locked gate. If possible, this well could be directional drilled and that would be best.

Caring for the Land and Serving People



5. 35B #8 (Shown on attached map ) - We have accessed this proposed well and are in agreement with its location.

One important concern to keep in mind is Nassau Resources must consider the possibility of Mexican spotted owls (now a Federally listed species) being present and comply with all necessary surveys, mitigation measures and restrictions. All of these locations are adjacent to suitable MSO habitat.

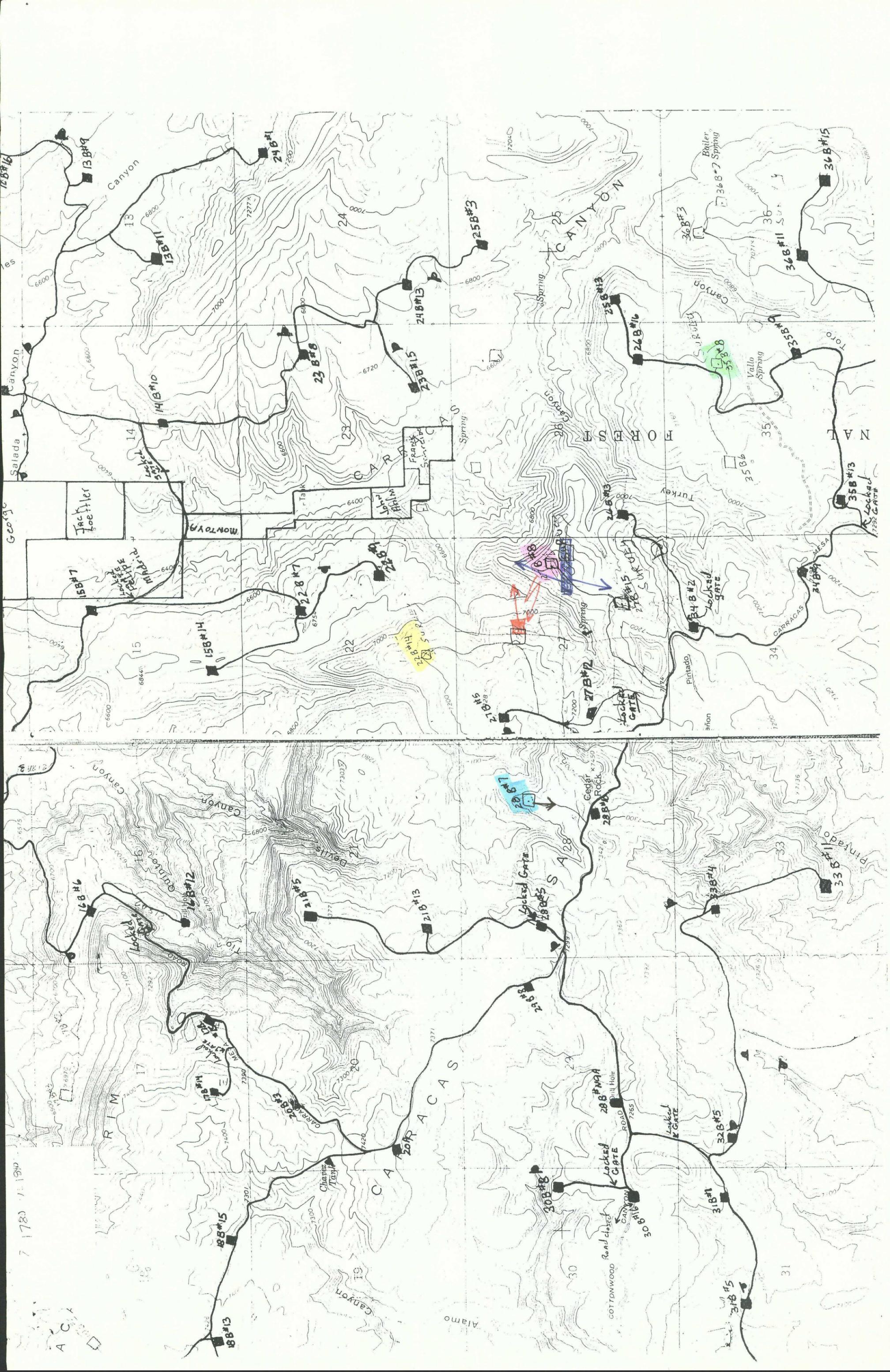
Thank you for the opportunity to comment on their proposed wells.

Sincerely,



PHILIP R. SETTLES  
District Forest Ranger

cc:  
Fran Perrin,  
Nassau Resources



# NASSAU

OIL CONSERVATION  
Nassau Resources, Inc.  
REIP: Q. Box 809  
Farmington, NM 87499-0809  
96 APR 22 1996 (505) 327-932 Fax: (505) 327-0859

April 19, 1996

New Mexico Oil Conservation Division  
ATTN: Mike Stogner  
2040 South Pacheco  
Santa Fe, New Mexico 87505

RE: Extended Permits to Drill

Dear Mr. Stogner:

Enclosed for your files are copies of Sundry Notices indicating that the Permits to Drill for the following three wells have been extended:

Carracas Unit-PC 21 B #10	Admin. Order NSL-3227
Carracas Unit-PC 27 B #8	NSL-3257
Carracas Unit-PC 34 B #6	NSL-3319 Amended

*Fran Perrin*  
Fran Perrin

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. NM 59696
2. Name of Operator NASSAU RESOURCES, INC. OGRID #015515	6. If Indian, Allottee or Tribe Name Carracas Unit
3. Address and Telephone No. P O BOX 809, Farmington, N.M. 87499 505 326-7793	7. If Unit or CA, Agreement Designation Carracas Unit-PC 27B #8
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2460' FNL - 610' FEL Sec. 27, T32N, R4W, NMPM	8. Well Name and No. Carracas Unit-PC 27B #8
	9. API Well No. 30-039-25459
	10. Field and Pool, or Exploratory Area Wildcat:Carracas-Pictured Cliffs
	11. County or Parish, State Rio Arriba, N.M.

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Request extension of APD</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Request extension of APD due to drilling schedule and seasonal drilling restrictions.

THIS APPROVAL EXPIRES SEP 13 1996

MB

NMOC Admin. Order #NSL-3257

14. I hereby certify that the foregoing is true and correct  
Signed Fran Perrin Title Regulatory Liaison Date 3/29/96

(This space for Federal or State official use)  
Approved by Terence P. McHugh Title Formington, N.M.  
Conditions of approval, if any:

APR 12 1996

APPROVED

APR 08 1996

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 or representations as to any matter within its jurisdiction.

RECEIVED

\*See Instructions for Operator

DISTRICT MANAGER

RECEIVED  
APR 11 1996  
DISTRICT MANAGER

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 9559  
ORDER NO. R-8844

APPLICATION OF NASSAU RESOURCES, INC.  
FOR NINETEEN UNORTHODOX COAL GAS  
WELL LOCATIONS, RIO ARRIBA COUNTY,  
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 21, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 17th day of January, 1989, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) At the time of the hearing this case was consolidated with Division Case No. 9560 for the purpose of testimony.

(3) The applicant, Nassau Resources, Inc., seeks approval of 19 unorthodox coal gas well locations, as described in Exhibit "A" attached hereto and made a part hereof, to test the Basin-Fruitland Coal (Gas) Pool, Rio Arriba County, New Mexico.

(4) On October 17, 1988, the Division entered Order R-8768 which adopted Special Rules for the Basin-Fruitland Coal (Gas) Pool including RULE 7 which provides in part that the first well drilled in a 320-acre unit shall be located in either the NE/4 or SW/4 of a governmental section and that it be located no closer than 790 feet to the outer boundary of the spacing unit.

(5) Prior to the adoption of the rules for this pool, the applicant in this case, Nassau Resources, Inc., formed the Carracas Canyon Unit in Rio Arriba County, New Mexico, 97.7 percent of which acreage is federal leases.

(6) The preliminary drilling by the applicant in the unit area has provided sufficient information to reasonably conclude that a substantial portion of the unit can be developed for Basin-Fruitland Coal (Gas) production.

(7) The Carracas Canyon Unit in Rio Arriba County, New Mexico, lies almost entirely within the Carson National Forest with all surface use including location of these wells subject to the jurisdiction of the United States Forest Service and to the Carson National Forest Land and Resource Management Plan.

(8) Included among the surface use restrictions for well locations, roads and pipelines to access these wells within the Carracas Canyon Unit were topographical restrictions concerning soil conservation, steepness of slope, limitation on grade for roads, forest preservation, wildlife habitat management and archeological/historical artifact preservation.

(9) The applicant with due diligence has attempted in each section of the unit to locate two wells at locations which would conform to standard well locations under the current RULE 7 of Order No. R-8768. Said U.S. Forest Service Management Plan in the Carson National Forest requires that future use of the Carracas Canyon area surfaces involves maximizing the use of existing roads and minimizing construction of new roads.



(10) For each spacing unit for the proposed nineteen unorthodox coal gas well locations, the applicant has been unable to locate and obtain U.S. Forest Service approval for a standard well location within that proposed spacing unit.

(11) The District Forest Ranger for the Jicarilla Ranger District, whose area encompasses the subject unit area, testified on behalf of the applicant at the hearing that each of the proposed nineteen unorthodox gas well locations has either been approved or is acceptable. His testimony also indicated that in some instances while a surface location may be possible at a standard well location, there is no acceptable location for the necessary roads and pipeline rights of way to access the well locations.

(12) While the proposed nineteen wells are off-pattern locations under the Special Rules for the Basin-Fruitland Coal (Gas) Pool, they will provide for an orderly development of the unit on 320-acre spacing patterns.

(13) No interest owner in the unit nor any interested party adjoining the unit appeared and objected to this application.

(14) The District Ranger also provided supporting testimony which indicates that approval of this application would enable the applicant and the United States Forest Service to implement an orderly plan for exploration and development which is consistent with oil and gas conservation and will not adversely impact environmental concerns.

Case No. 9559  
Order No. R-8844  
Page No. 3

(15) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the coal gas in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Nassau Resources, Inc. for exceptions to RULE 7 of Division Order No. R-8768 allowing 19 unorthodox coal gas well locations, as shown on Exhibit "A" attached hereto and made a part hereof, within their Carracas Canyon Unit Area, Rio Arriba County, New Mexico, for the Basin-Fruitland Coal (Gas) Pool is hereby approved.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*for*   
WILLIAM J. LEMAY  
Director

S E A L

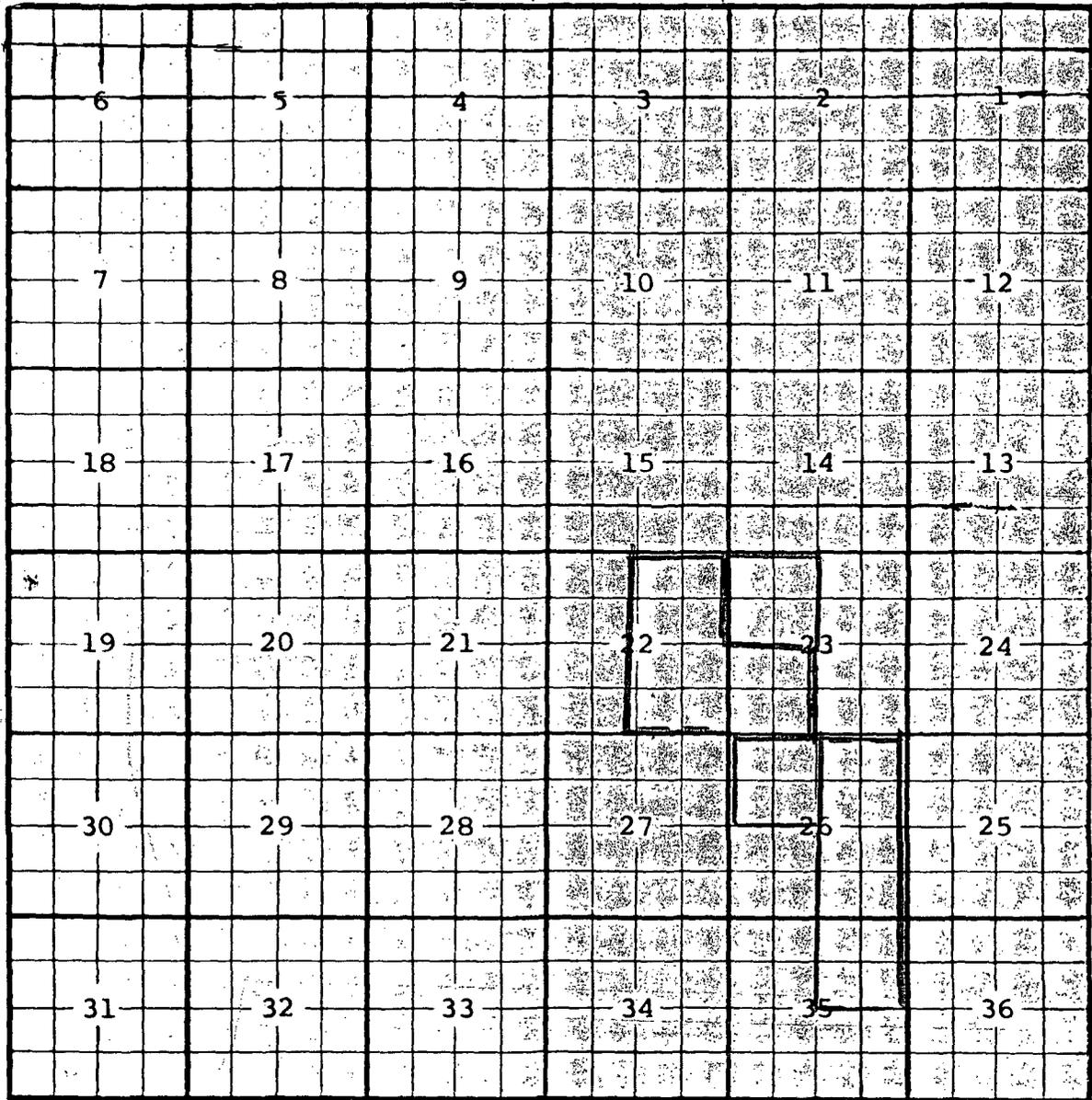
EXHIBIT "A"  
CASE NO. 9559  
ORDER NO. R-8844

WELL LOCATION

<u>WELL NAME AND NUMBER</u>	<u>FOOTAGE</u>	<u>U-S-T-R</u>	<u>DEDICATED ACREAGE</u>
Carracas Unit 17-B No. 15	650 FSL - 2070 FEL	O-17-32N-4W	E/2 (320 acres)
Carracas Unit 19-B No. 4	1170 FNL - 830 FWL	D-19-32N-4W	Lots 1, 2, 3, 4 and the E/2 W/2 (300.52 acres)
Carracas Unit 21-B No. 5	1655 FNL - 1185 FWL	E-21-32N-4W	N/2 (320 acres)
Carracas Unit 25-B No. 15	640 FSL - 1500 FEL	O-25-32N-4W	E/2 (320 acres)
Carracas Unit 26-B No. 16	790 FS & EL	P-26-32N-4W	E/2 (320 acres)
Carracas Unit 27-B No. 5	1740 FNL - 1800 FWL	E-27-32N-4W	N/2 (320 acres)
Carracas Unit 30-B No. 16	1100 FSL - 790 FEL	P-30-32N-4W	Lots 3 and 4, the E/2 SW/4, and the SE/4 (310.55 acres)
Carracas Unit 31-B No. 5	1770 FNL - 830 FWL	E-31-32N-4W	Lots 1, 2, 3, 4 and the E/2 W/2 (300.96 acres)
Carracas Unit 32-B No. 5	1630 FNL - 790 FWL	E-32-32N-4W	N/2 (320 acres)
Carracas Unit 33-B No. 4	1160 FNL - 1060 FWL	D-33-32N-4W	W/2 (320 acres)
Carracas Unit 33-B No. 16	790 FSL - 1950 FEL	P-33-32N-4W	E/2 (320 acres)
Carracas Unit 35-B No. 9	1850 FSL - 790 FEL	I-35-32N-4W	E/2 (320 acres)
Carracas Unit 36-B No. 15	1190 FSL - 1850 FEL	O-36-32N-4W	E/2 (320 acres)
Carracas Unit 14-A No. 4	790 FN & WL	D-14-32N-5W	N/2 (320 acres)
Carracas Unit 15-A No. 16	200 FSL - 500 FEL	P-15-32N-5W	S/2 (320 acres)
Carracas Unit 21-A No. 15	790 FSL - 1850 FEL	O-21-32N-5W	E/2 (320 acres)
Carracas Unit 22-A No. 16	790 FS & EL	P-22-32N-5W	E/2 (320 acres)
Carracas Unit 25-A No. 16	640 FSL - 710 FEL	P-25-32N-5W	E/2 (320 acres)
Carracas Unit 36-A No. 5	1450 FNL - 910 FWL	6-32N-5W	W/2 (320 acres)

County Rio Arriba Pool Carracas - Pictured Cliffs

TOWNSHIP 32 North Range 4 West NMPM



Description: NW/4 Sec. 26 (R-10178, 8-30-94)

Ext: E/2 Sec. 22, SW/4 Sec. 23, E/2 Sec. 26, NE/4 Sec. 35 (R-10719, 12-12-96)

Ext: NW/4 Sec. 23 (R-10761, 2-10-97)



STATE OF NEW MEXICO  
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

OIL CONSERVATION DIVISION

93 MAR 19 AM 9 13

1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

Date: 3-17-93

*Attn: Mike Stogren*

Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

RE: Proposed MC \_\_\_\_\_  
Proposed NSL X \_\_\_\_\_  
Proposed WFX \_\_\_\_\_  
Proposed NSP \_\_\_\_\_

Proposed DIIC \_\_\_\_\_  
Proposed SWD \_\_\_\_\_  
Proposed PMX \_\_\_\_\_  
Proposed DD \_\_\_\_\_

Gentlemen:

I have examined the application received on 3-5-93

for the NASSAU RESOURCES, INC. - CARRACAS UNIT PC 27B #8  
OPERATOR LEASE & WELL NO.

H-27-32N-4W and my recommendations are as follows:  
UL-S-T-R

*Approve*

Yours truly,

*Ernie Bush*



STATE OF NEW MEXICO  
 ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT  
 OIL CONSERVATION DIVISION  
 AZTEC DISTRICT OFFICE

OIL CONSERVATION DIVISION  
 RECEIVED  
 93 FEB 18 AM 9 11

1000 RIO BRAZOS ROAD  
 AZTEC, NEW MEXICO 87410  
 (505) 334-6178

Date: 2-15-93

ATTN: *Mike Stegner*

Oil Conservation Division  
 P.O. Box 2088  
 Santa Fe, NM 87504-2088

RE: Proposed MC \_\_\_\_\_  
 Proposed NSL X \_\_\_\_\_  
 Proposed WFX \_\_\_\_\_  
 Proposed NSP \_\_\_\_\_

Proposed DIIC \_\_\_\_\_  
 Proposed SWD \_\_\_\_\_  
 Proposed PMX \_\_\_\_\_  
 Proposed DD \_\_\_\_\_

Gentlemen:

I have examined the application received on 2-11-93  
 for the McHugh, Jerome P & Assoc (MESA) CARRACAS Unit  
 OPERATOR LEASE & WELL NO. PC 35 B # 8

H-35-32N-4W and my recommendations are as follows:  
 UL-S-T-R

APPROVE

---



---



---



---



---

Yours truly,

*Steve Busch*