



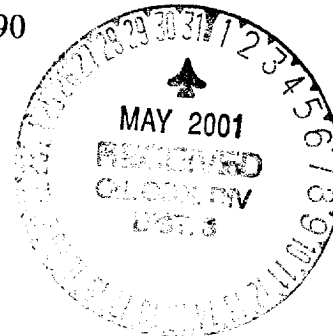
STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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

April 9, 1990

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



Attention: Fran Perrin

Administrative Order NSP-1597(L)

Dear Ms. Perrin:

Reference is made to your application dated February 14, 1990 for a 236.72-acre non-standard gas proration unit consisting of the following acreage in the Basin-Fruitland Coal Gas Pool:

RIO ARRIBA COUNTY, NEW MEXICO
TOWNSHIP 32 NORTH, RANGE 5 WEST, NMPM
Irregular Section 10: Lots 1 through 4 and the S/2 N/2

It is my understanding that this unit is to be dedicated to your Carracas Unit "10-A" Well No. 8 to be drilled at an unorthodox coal gas well location 800 feet from the North line and 540 feet from the East line (Unit H) of said Section 10, hereby approved pursuant to 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.

Jerome P. McHugh
Farmington, N.M.

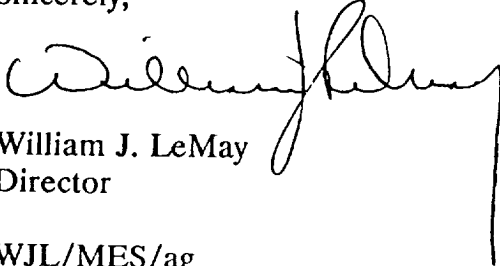
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Also, by authority granted me under the provisions of Rule 6 of said Order No. R-8768, the above non-standard gas proration unit is hereby granted.

Sincerely,


William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
US Forest Service - Blanco

April 21, 2000

Nassau Resources, Inc.
650 South Cherry - Suite 1225
Denver, Colorado 80222-1894

Telefax No. (303) 321-1563

Attention: Gary J. Johnson

Re: Affirmation of Division Administrative Order NSP-1597 (L)

Dear Mr. Johnson:

Reference is made to your letter of petition dated March 27, 2000, which included supporting information and notice to off-set operators, essentially requesting the affirmation of Division Administrative Order NSP-1597 (L).

By Division Administrative Order NSP-1597 (L), dated April 9, 1990, the Division established a 236.72-acre non-standard gas spacing and proration unit in the Basin-Fruitland Coal (Gas) Pool comprising Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of irregular Section 10, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, to be dedicated to Nassau Resources, Inc.'s ("Nassau") proposed Carracas Unit "10-A" Well No. 8 (**API No. 30-039-24854**), to be drilled at an unorthodox coal gas well location 800 feet from the North line and 550 feet from the East line (Unit H) of Section 10.

Under the provisions of Rules 6 and 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, Division Administrative Order NSP-1597 (L), dated April 9, 1990, shall remain in full force and effect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders as the Division may deem necessary.

Sincerely,

LORI WROTENBERY
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
U. S. Forest Service - Bloomfield
File: NSP-1597 (L)