



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 10, 1997

Nassau Resources, Inc.
650 South Cherry - Suite 1225
Denver, Colorado 80222-1894
Attention: Gary J. Johnson

AMENDED
Administrative Order NSL-3257

Dear Mr. Johnson:

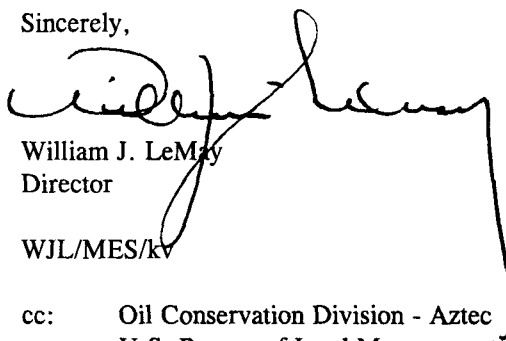
Reference is made to your application dated June 12, 1997 to amend Division Administrative Order NSL-3257, dated June 9, 1993, which authorized, in part, Nassau Resources, Inc. ("Nassau") to drill the Carracas Canyon Unit "PC-22-B" Well No. 14 at an unorthodox gas well location in the Pictured Cliffs formation 620 feet from the South line and 2055 feet from the West line (Unit N) of Section 22, Township 32 North, Range 4 West, NMPM, Undesignated Carracas-Pictured Cliffs Pool, Rio Arriba County, New Mexico. The standard 160-acre gas spacing and proration unit comprising the SW/4 of said Section 22 to be dedicated to said well.

It is our understanding that since the 1993 approval, the aforementioned location was re-evaluated by the United States Forest Service, whereby Nassau was asked to withdraw this particular location for drilling. Subsequent to the re-submittal of an application by Nassau to drill on this 160-acre tract, an alternate location for this well to now be drilled 254 feet from the South line and 2202 feet from the West line (Unit N) of said Section 22 is desired to adequately meet the Forest Service's surface requirements.

The immediate application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), said Division Administrative Order NSL-3257 is hereby amended to reflect a location change for the Carracas Canyon Unit "PC-22-B" Well No. 14 to be drilled an unorthodox gas well location that is 254 feet from the South line and 2202 feet from the West line (Unit N) of said Section 22. All other provisions of said Order NSL-3257 shall remain in full force and effect until further notice.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U.S. Bureau of Land Management - Farmington
File: NSL -3257