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B. REID HALTOM
LESTER K. TAYLOR
ALAN C. TARADASH
PAUL E. FRYE
WAYNE H. BLADH
JONATHAN L. JANTZEN
MARCIA L. GREEN
HOLLIS ANN WEISZ
LEE BERGEN
TERESA ISABEL LEGER

NORDHAUS, HALTOM, TAYLOR, TARADASH & FRYE

ATTORNEYS AT LAW
SUITE 1050
500 MARQUETTE AVENUE N.W.
ALBUQUERQUE, NEW MEXICO 87102
TELEPHONE (505) 243-4275
TELEFAX (505) 243-4464

SANTA FE OFFICE
SUITE 9
200 W. DE VARGAS STREET
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 982-3622
TELEFAX (505) 982-1827

Reply to Santa Fe Office

March 19, 1990

Mr. Michael E. Stogner
Chief Hearing Officer/Engineer
State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
Post Office Box 2088
Santa Fe, NM 87504

Re: Application For Two Unorthodox Coal Gas Well Locations
Carracas Unit "25-B" Well No. 3, 920' FNL - 1850' FWL,
Section 25-T32N-R4W; and

Carracas Unit "12-B" Well No. 16, 470' FSL - 1190'
FEL, Section 12-T32N-R4W, Both in the Basin-Fruitland
Coal Gas Pool, Rio Arriba County, New Mexico

Dear Mr. Stogner:

This firm represents the Jicarilla Apache Tribe in connection with the Application for Well Locations identified above.

By letter dated March 5, 1990, Thurman Velarde, the Oil & Gas Administrator of the Tribe, informed you that the Tribe opposes these applications by Nassau Resources Inc. for the reasons stated in that letter. The Administrator also requested that you inform the Tribe of any future actions or proposed actions by OCD in connection with the Nassau Application.

Your letter dated March 9, 1990, to Nassau Resources indicates that a hearing is to be held on this matter on April 4, 1990. This letter is to inform you that the Jicarilla Apache Tribe has not, and will not, submit itself to the jurisdiction of the Oil Conservation Division for purposes of determining any rights of the Tribe related to the Nassau Application for Well Locations. As a sovereign Indian tribal government, the Jicarilla Apache Tribe is not subject to the jurisdiction of any New Mexico state agency for the purpose of determining whether Nassau Resources may infringe on the Tribe's mineral resources located within the Reservation. Mr. Velarde's letter to you was intended simply to inform the State that the Tribe has not consented to Nassau Resources' applications in their present form. The Tribe did not submit itself to the jurisdiction of the Oil

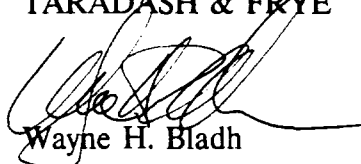
Mr. Michael E. Stogner
March 19, 1990
Page 2

Conservation Division in this matter. Furthermore, the Tribe will not participate in the hearing you have scheduled for April 4, 1990.

If you have any questions concerning the Tribe's position in this matter, feel free to contact me at the Santa Fe office of this firm.

Sincerely,

NORDHAUS, HALTOM, TAYLOR,
TARADASH & FRYE



Wayne H. Bladh

WHB/s

cc: Mr. Thurman Velarde
Ms. Sherryl Vigil, Jicarilla Agency Superintendent
Ms. Fran Perrin, Jerome P. McHugh & Associates
Oil & Gas Supervisor, BLM, Farmington
Carey Vicenti, Esq.

ms\jat\letters\stogner



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

GARREY CARRUTHERS
GOVERNOR

March 9, 1990

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

RE: *Application for two unorthodox coal gas well locations,
Carracas Unit "25-B" Well No. 3, 920' FNL - 1850' FWL, C-
25-T32N-R4W; and*

*Carracas Unit "12-B" Well No. 16, 470' FSL - 1190'
FEL, P-12-T32N-R4W, Both in the Basin-Fruitland
Coal Gas Pool, Rio Arriba County, New Mexico.*

Dear Ms. Perrin:

Both of the subject filings were received on February 16, 1990, and on March 8, 1990 objections to both filings were received from the Oil and Gas Administration of the Jicarilla Apache Tribe. These objections were filed in a timely manner under Rules 6(d) of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8170, and as such shall be placed on the next available docket for an examiner hearing scheduled for April 4, 1990.

Please provide adequate notice to all concerned pursuant to General Rule 1207(a)2 prior to the hearing.

Should you have any questions concerning this matter, please contact me.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
US Forest Service - Blanco
Oil & Gas Administration, Jicarilla Apache Tribe - Dulce
Robert G. Stovall - Santa Fe



OIL & GAS ADMINISTRATION

JICARILLA APACHE TRIBE

P.O. Box 507

Dulce, New Mexico 87528

(505) 759-3485 / 759-3242

'90 MAR 8 AM 8:43

March 5, 1990

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

**Re: Application for Unorthodox Location
Nassau Resources, Inc., Carracas Unit 25 B #3
920' FNL-1850' FWL
Section 25, Township 32 N, Range 4 West, NMPM
Rio Arriba County, New Mexico**

**Application For Unorthodox Location and
Non-Standard Proration Unit
Nassau Resources, Inc.
Carracas Unit 12 B, #16
470' FSL-1190' FEL
Section 12, Township 32 N, Range 4 West, NWPM
Rio Arriba County, New Mexico**

Dear Sirs:

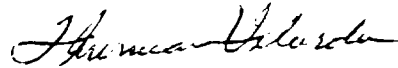
The Jicarilla Apache Tribe has been notified of the two applications by Nassau Resources, Inc., for Unorthodox Well Locations, identified above. The Tribe is the beneficial owner of a portion of the mineral estate that would be affected by location of these wells as proposed.

The Tribe objects to these applications in their current form. The materials we have received do not indicate whether the applicant has conducted appropriate studies to determine the impact of its proposed activities on ground water resources in the area. We have also not seen any details for proposed disposal of water to be removed in connection with the proposed activities. Finally, the materials we have received do not propose payment of a compensating royalty to the Tribe. Until these matters have been adequately addressed, the Tribe must oppose these applications.

New Mexico Oil Conservation Division
Attention: Mike Stogner
March 5, 1990
Page 2

Please keep this office informed of all future actions or proposed actions by OCD
in connection with these applications.

Sincerely,



Thurman Velarde
Oil and Gas Administrator

cc: Sherryl Vigil, Jicarilla Agency Superintendent
Fran Perrin, Jerome P. McHugh & Associates
Oil & Gas Supervisor, BLM, Farmington

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OIL & GAS ADMINISTRATION
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JICARILLA APACHE TRIBE
P.O. Box 507
Dulce, New Mexico 87528
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March 5, 1990

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

**Re: Application for Unorthodox Location
Nassau Resources, Inc., Carracas Unit 25 B #3
920' FNL-1850' FWL
Section 25, Township 32 N, Range 4 West, NMPM
Rio Arriba County, New Mexico**

**Application For Unorthodox Location and
Non-Standard Proration Unit
Nassau Resources, Inc.
Carracas Unit 12 B, #16
470' FSL-1190' FEL
Section 12, Township 32 N, Range 4 West, NWPM
Rio Arriba County, New Mexico**

Dear Sirs:

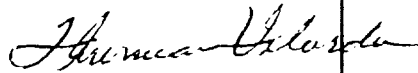
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New Mexico Oil Conservation Division
Attention: Mike Stogner
March 5, 1990
Page 2

Please keep this office informed of all future actions or proposed actions by OCD
in connection with these applications.

Sincerely,



Thurman Velarde
Oil and Gas Administrator

cc: Sherryl Vigil, Jicarilla Agency Superintendent
Fran Perrin, Jerome P. McHugh & Associates
Oil & Gas Supervisor, BLM, Farmington

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OIL CONSERVATION DIVISION
RECEIVED

90 FEB 27 AM 8 34

Amoco Production Company

Denver Region
1670 Broadway
P.O. Box 800
Denver, Colorado 80201
303-830-4040

February 21, 1990

Michael Stogner
New Mexico Oil Conservation Division
PO Box 2088
Santa Fe, NM 87504

File: CAW-132-986.511

Nassau Resources, Inc.'s Application for Unorthodox Locations
Carracas Unit 23B #15 - Sec. 23, T32N-R4W
Carracas Unit 10A # 8 - Sec. 10, T32N-R5W
Carracas Unit 11A # 5 - Sec. 11, T32N-R5W
Carracas Unit 12B #16 - Sec. 12, T32N-R4W
Carracas Unit 25B # 3 - Sec. 25, T32N-R4W
Rio Arriba County, New Mexico

Amoco Production Company has no objection to the unorthodox locations for the subject wells as proposed in Nassau Resources, Inc.'s applications dated February 14, 1990.

Sincerely,

J.W. Hawkins

JWH/ae

cc: T.D. Autry
J.L. Spitler

Jerome P. McHugh and Associates
Attn: Fran Perrin
PO Box 809
Farmington, NM 87499-0809



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 THE DIAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6170

ARREY CAPRUTHERS
GOVERNOR

Date: 2-26-70

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

Re: Proposed MC _____
Proposed DHC _____
Proposed NSL X _____
Proposed SWD _____
Proposed WFX _____
Proposed PHX _____

Gentlemen: N3P X

I have examined the application dated 2-16-70

for the NASSAU RESOURCES, INC. - CARRACAS U-12B #16
Operator Lease & Well No.

P-12-32N-4W and my recommendations are as follows:
Unit, S-T-R

By Approval

Yours truly,

Ernie R. Smith

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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2068
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

April 5, 1990

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

Attention: Fran Perrin

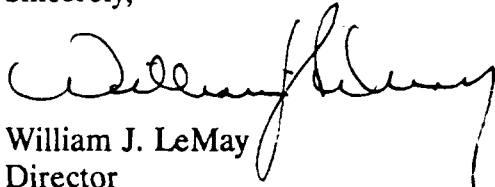
Administrative Order NSL-2778

Dear Ms. Perrin:

Reference is made to your application dated February 14, 1990 for a non-standard coal gas well location for your Carracas Unit "12-B" Well No. 16 to be located 470 feet from the South line and 1190 feet from the East line (Unit P) of Irregular Section 12, Township 32 North, Range 4 West, NMPM, Basin Fruitland Coal (Gas) Pool, Rio Arriba County, New Mexico. Lots 5 through 8 and the S/2 S/2 of said Section 12 shall be dedicated to the well forming a standard 266.55-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
US Bureau of Land Management - Farmington
US Forest Service - Blanco
Case File No. 9904

