STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF NASSUA RESOURCES FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 9717

CERTIFICATE OF MAILING

AND

COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that on July 18, 1989, I caused to be mailed by certified mail, return-receipt requested, a notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for August 9, 1989 to the parties shown in the application evidenced by the attached Exhibit A.

Karen Aubrey

SUBSCRIBED AND SWORN TO before me this August, 1989.

Notary Public

My Commission Expires:

March 3, 1993

Nassauer 1717

SENDER: Complete items 1 and 2 when additional 3 and 4. Put your address in the "RETURN TO" Space on the rever card from being returned to you. The return receipt fee will put to and the date of delivery. For additional fees the following for fees and check box(es) for additional service(s) request 1. [] Show to whom delivered, date, and addressee's additional service(s) request 1.	se side. Failure to do this will prevent this rovide you the name of the person delivered services are available. Consult postmaster led.
3. Article Addressed to:	4. Article Number
Elizabeth Troxell	P 155 279 141
611 Poplar	Type of Service:
Farmington, NM 87401	Begistered Linsured
Methogh	Certified COD Express Mail Return Receipt for Merchandise
KA/Nassau/Carracas	Always obtain signature of addressee
	or agent and DATE DELIVERED.
5. Signature – Address X 7	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent	Fee not paid
X	100 C > 10 R
7. Date of Delivery 7-19-89 MM40	Fee not paid

2011 Mar 1099 + 11 9 G P O 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete Items 1 and 2 when additional 3 and 4/. Put your address to the "RETURN TO" Space on the rever card from being returned to you. The return receipt fee will p to and the date of Sellyary. For additional fees the following for fees and check box(se) for additional service(s) request 1. By Show to whom delivered, date, and addressee's ad (Extra charge)	se side. Failure to do this will prevent this rovide you the name of the person delivered services are available. Consult postmaster ted.
3. Article Addressed to:	4. Article Number
Sophia Martimez	P 155 279 146
Star Route, Box 33	Type of Service:
Pagosa Springs, CO 81147 McHugu-	Registered Insured Certified COD Express Mail Return Receipt for Merchandise
KA/Nassau/Carracas	Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Address	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent	
7. Date of Delivery	
PS Form 3811. Mar. 1988 + U.S.G.P.O. 1988-212-	-865 DOMESTIC RETURN RECEIPT

SENDER: Complete Items 1 and 2 when additional 3 and 4. Put your address in the "RETURN TO" Space on the rave card from Being returned to you. The return receipt fee will perform the date of delivery. For additional fees the following for fees and check box(es) for additional service is request. Show to whom delivered, date, and addressee's ac (Extra charge)	rse side. Failure to do this will prevent this provide you the name of the person delivered g services are available. Consult postmaster sted.
3. Article Addressed to:	4. Article Number
Joe E. Martinez P.D. BOx 1303 Pagosa Springs, CO 81147	P 155 279 144 Type of Service: □ Registered □ Insured □ COD □ Express Mail □ Return Receipt for Merchandise
McHu6H- KA/Nassau/Carracas	Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
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PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212	-865 DOMESTIC DETIION DECE

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Lauralee Payne 1308 Gladeview Dr. Farmington, NM 87401 McHugu KA/Nassau/Carracas	Type of Service: Registered
5. Signature - Address X Lauralet Horyne 6 Signature - Agent	Addressee's Address (ONLY if requested and fee paid)
7. Date of Delivery 7-20 fg	Fee not paid

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SEAST: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested. 1. If Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)							
3. Article Addressed to:	4. Article Number						
Norma M. Madrid	P 155 279 142						
P.O. Box 1293 Ferndale, WA 98248	Type of Service: Registered Insured COD Express Mail Return Receipt for Merchandise						
McHugH KA/Nassau/Carracas	Always obtain signature of addressee or agent and DATE DELIVERED.						
5. Signature - Address X / sma M. Madr d	8. Addressee's Address (ONLY if requested and fee paid)						
6. Signature — Agent							
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7. Date of Delivery JUL 2 0 1989							
PS Form 3811. Mar. 1088 4 II S G P O 1088-212	-865 DOMESTIC RETURN RECEIPT						

P 155 279 145

RECEIPT FOR CERTIFIED MAIL
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NOT FOR AREA VELOCITY. (See Baleria)

Semietrio Martinez
Septo Joe E. Martinez, Jr.
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Postace Postage .45 Certified Fee Special Delivery Fel-Restricted Delivery Return Receipt shawing to whom and Date Delivering .90 3 Form 3800, June 1985 Return Receipt showing to values Date, and Address of Dischery TOTAL Postage and Fee-2.00 Postmark or Date

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF NASSUA RESOURCES FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

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Karen Aubrev

SUBSCRIBED AND SWORN TO before me this $\frac{SH}{S}$ day of

August, 1989.

My Commission Expires:

March 3, 1993

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ite Items 1, and 2 when additional services are desired, and complete items

nplete Items 1 and 2 when additional services are desired, and complete it Insured COD Receipt for Merchandis in the "RETURN TO" Space on the reverse side. Failure to do this will prevent turned to you. The return receipt fee will provide you the name of the person delivery. For additional fees the following services are available. Consult postme k boxies for additional service(s) requested.

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K boxies for additional service(s) requested. DOMESTIC RETURN RE 8. Addressee's Address (ONLY if requested and fee paid) Aiways obtain signature of addressee or agent and DATE DELIVERED. 142 P 155 279
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Exhibit "A"

DOMESTIC RETURN RECEIPT

* U.S.G.P.O. 1988-212-885

PS Form 3811, Mar. 1988

7. Date of Delivery

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RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

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ILLEGIBLE

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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SUBSCRIBED AND SWORN TO before me this

August, 1989.

My Commission Expires:

March 3, 1993

SENDER: Complete Items 1 and 2 when additional services are desired, and com	ervices are desired, and complete items	R: Complete Items 1, and 2 when additional se
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7.	7. Date of Delivery JUL 2 0 1989	

"A" Exhibit

DOMESTIC RETURN RECEIPT

* U.S.G.P.O. 1988-212-865

PS Form 3811, Mar. 1988

7. Date of Delivery

Fee not paid

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RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL (See Reverse)

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ILLEGIBLE

STATE OF NEW MEXICO

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Karen Aubrey

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SENDER: Complete Items 1 and 2 when additional services are desired, and complete Items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this	card from being returned to you. The return receipt fee will provide you the name of the pers to and the date of delivery. For additional fees the following services are available. Consult for last and check box(es) for additional services is requested. 1. B. Show to whom delivered, date, and addressee's address. 2. Bestricted De (Extra charge).	3. Article Addressed to:	Se E	P.O. BOx 1303 Pagosa Springs, CO 81147	22 / 26 - 1 - 3 -	McHu6#. KA/Nassau/Carracas	5. Signature - Address X	8. Signature - Agent		PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-885	***************************************	SENDER; Complete Items 1 and 2 when additional services are desired, and co	Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will card from being returned to you. The return feesbir fee will provide you the name of the being returned to you. The return feesbir fee will not add the feesbir of the being the data of failuren. En additional fees the following services and successions.	for fless and check box(es) for additional service(s) requested. 1. Vo. Show to whom delivered, date, and addresses's address. 2. (Extra charge)	3. Article Addressed to:	Lauralee Payne	Dr.	Farmington, NM 87401	McHiga.	KA/Nassau/Carracas	5. Signature - Address	6/Signature - Agent

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	7. Date of Delivery JUL 2 0 1989	

DOMESTIC RETURN RECEIPT

* U.S.G.P.O. 1988-212-865

PS Form 3811, Mar. 1988

7. Date of Delivery

Fee not paid

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155 279 145 4

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED

NOT FOR INTERNATIONAL MAIL

(See Reverse)

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3800,	Postmark or Date	Ņ								
PS Form 3800,										

ILLEGIBLE

MCHUGH

August 25, 1989

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

CERTIFIED - Return Receipt Requested

Mrs. Sophia Martinez Star Route, Box 33 Pagosa Springs, Colorado 81147

Mr. Demetrio Martinez
c/o Joe E. Martinez, Jr.
P. O. Box 1303
Pagosa Springs, Colorado 81147

Mr. Joe E. Martinez, Jr. P. O. Box 1303 Pagosa Springs, Colorado 81147

AUG 2 8 1989
OIL CONSERVATION DIV.

Re: Carracas 15B-7
E/2 Sec. 15-T32N-R4W
Rio Arriba County, New Mexico

Ladies and Gentlemen:

Enclosed for your records is a copy of Order No. R-8978 dated August 16, 1989 issued by the New Mexico Oil Conservation Division which allows Nassau Resources, operator of the captioned well, to pool your unleased mineral interest for said well.

Pursuant to sentence #5 on page 4 of the Order, enclosed are two Authority for Expenditure (AFE) instruments itemizing the estimated drilling and completion costs for the Carracas 15B-7 well in the NE/4 of Section 15-T32N-R4W.

Three alternatives are available for your consideration:

- 1. You may execute and return one copy of the enclosed AFE to my attention along with your check for your share of the estimated well cost being:
 - a. Demetrio Martinez $1.875\% \times \$411,000 = \$7,706.25$
 - b. Joe E. Martinez, Jr. 1.875% x \$411,000 = \$7,706.25
 - c. Sophia Martinez 3.75% x \$411,000 = \$15,412.50
- 2. You may execute two of the original Oil and Gas Lease instruments, along with your spouse, before a Notary Public and return them to my attention. Said leases were previously forwarded to you by certified mail on June 29, 1989 and deposit the drafts to your local bank as a collection item.

Sophia Martinez, et al August 25, 1989 Page Two

3. You may elect to do nothing which will leave us no alternative but to proceed under the enclosed Order No. R-8978, thereby force pooling your unleased mineral interest as a carried working interest subject to a 132% penalty as noted on page 5 of the order.

Feel free to call me at (303) 321-2111 should you have any questions. We invite your participation by joining the well or executing the Oil and Gas Lease.

Very truly yours,

Kent C. Craig

KCC/rc

enclosures

cc: NMOCD w/enclosures

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. 9717 ORDER NO. R-8978

APPLICATION OF NASSAU RESOURCES FOR COMPULSORY POOLING, RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 9, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this <u>l6th</u> day of August, 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) The applicant, Nassau Resources, seeks an order pooling all mineral interests from the surface to the top of the Pictured Cliffs formation or to a depth of 3,270 feet, whichever is deeper, underlying the E/2 of Section 15, Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, forming a standard 320-acre, more or less, gas spacing and proration unit for any and all pools and/or formations developed on 320-acre spacing (which presently includes but is not necessarily limited to the Basin-Fruitland Coal Gas Pool).
- (3) The applicant has the right to drill and proposes to drill its Carracas Unit 15-B Well No. 7 at a standard coal gas well location 1650 feet from the North line and 1850 feet from the East line (Unit G) of said Section 15.
- (4) The matter in which this case is concerned should only be limited to the Basin-Fruitland Coal Gas Pool since this is the only producing interval within the vertical limits requested by the applicant that is spaced on 320 acres and the testimony presented by the applicant concerned only this particular interval.

- (5) There are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (6) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the Basin-Fruitland Coal Gas Pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.
- (7) The applicant should be designated the operator of the subject well and unit.
- (8) Any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.
- (9) At the time of the hearing the applicant requested a 200 percent risk penalty be imposed on the cost of drilling said well.
- (10) Based on the testimony and evidence presented at the hearing, the requested 200 percent risk penalty is excessive in this instance and an appropriate risk penalty, considering all the risk factors presented, is 132 percent.
- (11) Any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of reasonable well costs plus an additional 132 percent thereof as a reasonable charge for the risk involved in the drilling of the well.
- (12) Any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but actual well costs should be adopted as the reasonable well costs in the absence of such objection.
- (13) Following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.
- (14) \$3500.00 per month while drilling and \$350.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-

consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

- (15) All proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.
- (16) Upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before November 15, 1989, the order pooling said unit should become null and void and of no further effect whatsoever.
- (17) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order should thereafter be of no further effect.
- (18) The operator of the well and unit should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

- (1) The application of Nassau Resources for an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation or to a depth of 3270 feet, whichever is deeper, shall be limited to only that interval known as the Basin-Fruitland Coal Gas Pool.
- (2) All mineral interests, whatever they may be, in the Basin-Fruitland Coal Gas Pool, underlying the E/2 of Section 15, Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a standard coal gas well location 1650 feet from the North line and 1850 feet from the East line (Unit G) of said Section 15.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 15th day of November, 1989, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Basin-Fruitland Coal Gas Pool.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 15th day of November, 1989, Ordering Paragraph No. (2) of this order shall be null and void and of no effect

whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER THAT, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Ordering Paragraph No. (2) of this order should not be rescinded.

- (3) Nassau Resources is hereby designated the operator of the subject well and unit.
- (4) After the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.
- (5) Within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.
- (6) The operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.
- (7) Within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.
- (8) The operator is hereby authorized to withhold the following costs and charges from production:
 - (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of

estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him; and

- (B) As a charge for the risk involved in the drilling of the well, 132 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (9) The operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.
- (10) \$3500.00 per month while drilling and \$350.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.
- (11) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.
- (12) Any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.
- (13) All proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Rio Arriba County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.
- (14) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

- (15) The operator of the well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.
- (16) 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

WILLIAM J. LEMA

Director

SEAL

NASSAU RESOURCES, INC. - AUTHORITY FOR EXPENDITURE

LSE NAME: LOCATION: OPERATOR:	27 JUNE 1989 CARRACAS CANYON UNIT SW NE SEC 15, T32N RØ4W NASSAU RESOURCES, INC. ON: 4100' FRUITLAND COAL TEST =+=+=+=+=+=+=+=+=+=+=+=+=+=+=+=+=+=+=		15 B-7 RIO ARRIBA NEW MEX.	
ACCOUNTING	EXPENDITURE DESCRIPTION	TANGIBLE COST	INTANGIBLE COST	LEASEHOLD COSTS
	TITLE COSTS LEGAL COSTS/SURFACE DAMAGES SURVEYOR/ARCHEOLOGIST/ROADS/LOCATION	XXXXXXXX XXXXXXXX XXXXXXXX	XXXXXXXXX 2,000 20,000	2,000 XXXXXXXX XXXXXXXX
A-60204 A-60205 A-60206	CONTRACT DRILLING MUD/CHEMICALS/ADDITIVES WATER/PURCHASE/TRANSPORTATION	*********	2,000 20,000 55,000 10,000 INCL 8,500	******** *******
A-60207 A-60208 A-60209	OPEN HOLE LOGGING MUD LOGGING DST/FORMATION TESTING	XXXXXXXX XXXXXXXX	1,000	XXXXXXXXX XXXXXXXXX
A-60210 A-60211 A-60212	OPEN HOLE LOGGING MUD LOGGING DST/FORMATION TESTING CORING/CORE ANALYSIS TRUCKING/HAULING/CATWORK CEMENTING SERVICES RENTAL TOOLS AND EQUIPMENT	XXXXXXXX XXXXXXXX XXXXXXXX	1,000	XXXXXXXX XXXXXXXX
A-60213 A-60214 A-60215	AKOH PEKATCER HUD EXAENRER	*****	2,000	XXXXXXXX XXXXXXXX XXXXXXXX
A-60216 A-60217 A-60218	MISCELL ANEOUS/CONTINGENCIES	XXXXXXXX XXXXXXXXX XXXXXXXX	1,500 0 3,000	XXXXXXXXX
A-60302 A-60303 A-60304	CASING, SURFACE &/OR CONDUCTOR CASING, INTERMEDIATE FLOAT EQUIPMENT & CENTRALIZERS CASING HEAD/ DRILLING FLANGE NON-CONTROLLABLE EQUIPMENT	INCL Ø INCL	XXXXXXXX XXXXXXXX XXXXXXXX	XXXXXXXX XXXXXXXX XXXXXXXX
A-60305 A-60306	CASING HEAD/ DRILLING FLANGE NON-CONTROLLABLE EQUIPMENT	0	XXXXXXXXX	XXXXXXXXX
	DRY HOLE COST: TOTAL \$114,000 (-	•
A-60231 A-60232 A-60233	CEMENTING SERVICES COMPLETION UNIT/POWER SWIVEL/PUMP/PITS PERFORATING AND CASED HOLE LOGGING	********* ********	10,000 15,000 3.500	XXXXXXXXX XXXXXXXXX
A-60234 A-60235	FORMATION TREATING/FRAC/ACID RENTAL TOOLS & EQUIPMENT	XXXXXXXX XXXXXXXX	55,000 2,000	XXXXXXXX XXXXXXXX
A-60236 A-60237 A-60238	DIRT WORK/CONSTRUCTION CONTRACT SERVICES/SUPPLIES SUPERVISION/OVERHEAD	XXXXXXXXX XXXXXXXXX	500 10,000 4,000	XXXXXXXXX
A-60239 A-60240	PROFESSIONAL SERVICES & EXPENSES MISCELLANEOUS/CONTINGENCIES	XXXXXXXX XXXXXXXX	1,000 5,000	XXXXXXXX XXXXXXXX
A-60331 A-60332 A-60333	CASING, PRODUCTION &/OR LINER FLOAT EQUIPMENT & CENTRALIZERS TUBING/PACKER/SPECIAL SUBSURFACE EQUIP) XXXXXXXX) XXXXXXXX) XXXXXXXX	XXXXXXXX
A-60334 A-60335	RODS/PUMP/AUXILLARY EQUIP TUBING HEAD/CHRISTMAS TREE	6,000 7,000	XXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX
A-60336 A-60337 A-60338	PUMPING UNIT/PRIME MOVER/COMPRESSOR TANKS/STAIRWAY/WALKWAY SEPARATOR/TREATOR/PRODUCTION UNIT	ଅଡ, ଉଡ	B XXXXXXXX B XXXXXXXXX B XXXXXXXX	XXXXXXXX
A-60339 A-60340	PIPELINE/POWERLINE VALVES/FITTINGS/LINE PIPE	80, 000 2, 000	0 XXXXXXXX 0 XXXXXXXX	XXXXXXXX XXXXXXXX
A-60341 A-60342	NON-CONTROLLABLE EQUIP/MISC EQUIP TRUCKING/HAULING/TRANSPORTATION		ð XXXXXXXX ð XXXXXXXX	
	COMPLETION COSTS: TOTAL \$297,000 (•	•	
	TOTAL WELL COSTS: \$411,000 (=+=+=+=+=+=+=+=+=+=+=+=+=+=+=+=+=+=+=+	=+=+=+=+:		
Sophia Mar	tinez 3.75%			
BY:	TITL	DATE:		
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APPR. BY	LAND ENGR. ACCT. PRES. FIEL	.D		

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NASSAU RESOURCES, INC. - AUTHORITY FOR EXPENDITURE

AFE NO.: A52202 DATE: 27 JUNE 1989 CARRACAS CANYON UNIT WELL NO.: 15 B-7 LSE NAME: LOCATION: SW NE SEC 15, T32N R04W COUNTY: RIO ARRIBA OPERATOR: NASSAU RESOURCES, INC. STATE: NEW MEX. DESCRIPTION: 4100' FRUITLAND COAL TEST TANGIBLE INTANGIBLE LEASEHOLD EXPENDITURE ACCOUNTING DESCRIPTION COST COST COSTS CODE XXXXXXXX XXXXXXXX A--60105 TITLE COSTS 2,000 2,000 XXXXXXXXX LEGAL COSTS/SURFACE DAMAGES XXXXXXXXX A~60202 A-60203 SURVEYOR/ARCHEOLOGIST/ROADS/LOCATION XXXXXXXX 20,000 XXXXXXXXX 55,000 XXXXXXXX CONTRACT DRILLING XXXXXXXX A-60204 MUD/CHEMICALS/ADDITIVES 10,000 XXXXXXXX XXXXXXXX A-60205 WATER/PURCHASE/TRANSPORTATION A-60206 XXXXXXXX INCL XXXXXXXX OPEN HOLE LOGGING XXXXXXXX 8,500 XXXXXXXX A-60207 1,000 XXXXXXXX 1,000 XXXXXXXX MUD LOGGING XXXXXXXX A-60208 XXXXXXXX DST/FORMATION TESTING A-60209 1,000 XXXXXXXX CORING/CORE ANALYSIS XXXXXXXX A-60210 XXXXXXXX TRUCKING/HAULING/CATWORK 1,000 XXXXXXXX A-60211 INCL XXXXXXXXX 1,000 XXXXXXXXX XXXXXXXXX CEMENTING SERVICES A-60212 RENTAL TOOLS AND EQUIPMENT A-60213 XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX 2,000 XXXXXXXXX PROF SERVICES AND EXPENSES A-60214 5,000 XXXXXXXXX SUPERVISION/OVERHEAD A-60215 1,500 XXXXXXXX CONTRACT SERVICES/SUPPLIES A-60216 Ø XXXXXXXX PLUG/ABANDON/CLEANUP A-60217 MISCELLANEOUS/CONTINGENCIES 3,000 XXXXXXXX A-60218 XXXXXXXX CASING, SURFACE &/OR CONDUCTOR INCL XXXXXXXXX XXXXXXXX A-60302 Ø XXXXXXXXX XXXXXXXX CASING, INTERMEDIATE A-60303 FLOAT EQUIPMENT & CENTRALIZERS A-60304 CASING HEAD/ DRILLING FLANGE · Ø XXXXXXXX XXXXXXX A-60305 A-60306 NON-CONTROLLABLE EQUIPMENT Ø XXXXXXXX XXXXXXXX DRY HOLE COST: TOTAL \$114,000 (((2,000 112,000 XXXXXXXXX A-60231 CEMENTING SERVICES 10,000 XXXXXXXX COMPLETION UNIT/POWER SWIVEL/PUMP/PITS XXXXXXXXX 15,000 XXXXXXXXX A-60232 PERFORATING AND CASED HOLE LOGGING 3,500 XXXXXXXX A-60233 XXXXXXXXX FORMATION TREATING/FRAC/ACID 55,000 XXXXXXXX A-60234 XXXXXXXX 2,000 XXXXXXXX RENTAL TOOLS & EQUIPMENT A~60235 XXXXXXXXX XXXXXXXXX DIRT WORK/CONSTRUCTION 500 XXXXXXXX A-60236 CONTRACT SERVICES/SUPPLIES 10,000 XXXXXXXX A-60237 XXXXXXXXX 4,000 XXXXXXXX SUPERVISION/OVERHEAD XXXXXXXX A-60238 PROFESSIONAL SERVICES & EXPENSES XXXXXXXX 1,000 XXXXXXXXX A-60239 XXXXXXXXX 5,000 XXXXXXXX 25,000 XXXXXXXX XXXXXXXX A-60240 MISCELLANEOUS/CONTINGENCIES XXXXXXXXX CASING, PRODUCTION &/OR LINER A~60331 A-60332 FLOAT EQUIPMENT & CENTRALIZERS Ø XXXXXXXX XXXXXXXX TUBING/PACKER/SPECIAL SUBSURFACE EQUIP 9,000 XXXXXXXXX XXXXXXXXXXX A = 6033336,000 XXXXXXXXX XXXXXXXX 7,000 XXXXXXXXX XXXXXXXX A-60334 RODS/PUMP/AUXILLARY EQUIP TUBING HEAD/CHRISTMAS TREE A-60335 20,000 XXXXXXXXX XXXXXXXX A-60336 PUMPING UNIT/PRIME MOVER/COMPRESSOR A-60337 TANKS/STAIRWAY/WALKWAY 20,000 XXXXXXXXX XXXXXXXX 20,000 XXXXXXXXX XXXXXXXX 80,000 XXXXXXXXX XXXXXXXX SEPARATOR/TREATOR/PRODUCTION UNIT A~60338 PIPELINE/POWERLINE A-60339 VALVES/FITTINGS/LINE PIPE 2,000 XXXXXXXXX XXXXXXXX A-60340 NON-CONTROLLABLE EQUIP/MISC EQUIP A-60341 500 XXXXXXXX XXXXXXXX A-60342 TRUCKING/HAULING/TRANSPORTATION 1,500 XXXXXXXX XXXXXXXX COMPLETION COSTS: TOTAL \$297,000 (((191,000 106,000 TOTAL WELL COSTS: \$411,000 (((191,000 218,000 WORKING INTEREST PARTNER APPROVALS: Demetrio Martinez 1.875% BY:__ DATE:____ TITLE McHUGH APPROVALS: ENGR. ACCT. LAND PRES. FIELD APPR. BY: ____

NASSAU RESOURCES, INC. - AUTHORITY FOR EXPENDITURE

AFE NO.: A52202 27 JUNE 1989 DATE: CARRACAS CANYON UNIT WELL NO.: 15 B-7 LSE NAME: COUNTY: LOCATION: SW NE SEC 15, T32N R04W RIO ARRIBA OPERATOR: NASSAU RESOURCES, INC. NEW MEX. STATE: DESCRIPTION: 4100' FRUITLAND COAL TEST TANGIBLE INTANGIBLE LEASEHOLD ACCOUNTING EXPENDITURE CODE DESCRIPTION COST COST COSTS XXXXXXXX XXXXXXXX TITLE COSTS 2,000 A--60105 LEGAL COSTS/SURFACE DAMAGES XXXXXXXXX 2,000 XXXXXXXXX A-60202 SURVEYOR/ARCHEOLOGIST/ROADS/LOCATION
CONTRACT DRILLING A--60203 XXXXXXXXX 20,000 XXXXXXXXX 55,000 XXXXXXXX CONTRACT DRILLING XXXXXXXX A-60204 XXXXXXXX MUD/CHEMICALS/ADDITIVES 10,000 XXXXXXXXX A-60205 XXXXXXXX WATER/PURCHASE/TRANSPORTATION INCL XXXXXXXX A-60206 XXXXXXXX 8,500 XXXXXXXXX A-60207 OPEN HOLE LOGGING 1,000 XXXXXXXX A-60208 MUD LOGGING XXXXXXXX DST/FORMATION TESTING 1,000 XXXXXXXXX XXXXXXXX A-60203 1,000 XXXXXXXX CORING/CORE ANALYSIS XXXXXXXX A-60210 XXXXXXXXX TRUCKING/HAULING/CATWORK 1,000 XXXXXXXX A-60211 INCL XXXXXXXXX 1,000 XXXXXXXXX CEMENTING SERVICES A-60212 RENTAL TOOLS AND EQUIPMENT A-60213 XXXXXXXX PROF SERVICES AND EXPENSES 2,000 XXXXXXXXX A-60214 XXXXXXXX 5,000 XXXXXXXXX A-60215 SUPERVISION/OVERHEAD A-60216 CONTRACT SERVICES/SUPPLIES XXXXXXXX 1,500 XXXXXXXXX PLUG/ABANDON/CLEANUP
MISCELLANEOUS/CONTINGENCIES A-60217 XXXXXXXX Ø XXXXXXXX 3.000 XXXXXXXX XXXXXXXX A-60218 CASING, SURFACE &/OR CONDUCTOR INCL XXXXXXXXX XXXXXXXX A-60302 CASING, INTERMEDIATE **Ø** XXXXXXXX XXXXXXXX A-60303 FLOAT EQUIPMENT & CENTRALIZERS A-60304 INCL XXXXXXXXX XXXXXXXX A-60305 CASING HEAD/ DRILLING FLANGE · Ø XXXXXXXXX XXXXXXXX NON-CONTROLLABLE EQUIPMENT A-60306 Ø XXXXXXXX XXXXXXXX DRY HOLE COST: TOTAL \$114,000 (((0 112,000 2,000 CEMENTING SERVICES A-60231 XXXXXXXX 10,000 XXXXXXXX COMPLETION UNIT/POWER SWIVEL/PUMP/PITS XXXXXXXXX A-60232 15,000 XXXXXXXX PERFORATING AND CASED HOLE LOGGING 3,500 XXXXXXXXX A-60233 XXXXXXXX 55,000 XXXXXXXXX FORMATION TREATING/FRAC/ACID A-60234 XXXXXXXX 2,000 XXXXXXXXX A-60235 RENTAL TOOLS & EQUIPMENT XXXXXXXX DIRT WORK/CONSTRUCTION A-60236 XXXXXXXX 500 XXXXXXXXX CONTRACT SERVICES/SUPPLIES XXXXXXXX A-60237 10,000 XXXXXXXXX A-60238 SUPERVISION/OVERHEAD XXXXXXXX 4,000 XXXXXXXX XXXXXXXX XXXXXXXX 1,000 XXXXXXXXX A-60239 PROFESSIONAL SERVICES & EXPENSES MISCELLANEOUS/CONTINGENCIES A-60240 5,000 XXXXXXXXX CASING, PRODUCTION &/OR LINER 25,000 XXXXXXXXX XXXXXXXX A-60331 FLOAT EQUIPMENT & CENTRALIZERS A-60332 Ø XXXXXXXX XXXXXXXX A-60333 A-60334 A-60335 PUMPING UNIT/PRIME MOVER/COMPRESSOR 20,000 XXXXXXXX XXXXXXXX A-60336 TANKS/STAIRWAY/WALKWAY 20,000 XXXXXXXXX XXXXXXXX A-60337 A-60338 SEPARATOR/TREATOR/PRODUCTION UNIT 20,000 XXXXXXXXX XXXXXXXX PIPELINE/POWERLINE 80,000 XXXXXXXX XXXXXXXX A-60339 VALVES/FITTINGS/LINE PIPE A-60340 2,000 XXXXXXXXX XXXXXXXX NON-CONTROLLABLE EQUIP/MISC EQUIP A-60341 500 XXXXXXXX XXXXXXXX A-60342 TRUCKING/HAULING/TRANSPORTATION 1,500 XXXXXXXX XXXXXXXX COMPLETION COSTS: TOTAL \$297,000 (((191,000 106,000 TOTAL WELL COSTS: \$411,000 <<< 191,000 218,000 2,000 WORKING INTEREST PARTNER APPROVALS: Joe E. Martinez, Jr. 1.875% TITLE McHUGH APPROVALS: LAND ENGR. ACCT. PRES. FIELD APPR. BY: