

7025
0235
Form 3160-3
(September 2001)

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

RECEIVED

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.	CC 066067
6. If Indian, Allottee or Tribe Name	
7. If Unit or CA Agreement, Name and No.	
8. Lease Name and Well No.	Big Eddy Unit #150
9. API Well No.	30-015-33231
10. Field and Pool, or Exploratory	Fenton Draw - Morrow
11. Sec., T., R., M., or Bk. and Survey or Area	Sec. 17, 21S, 28E
12. County or Parish	Eddy
13. State	NM

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		
2. Name of Operator Nadel and Gussman Permian, L.L.C. OGRID# 155615		
3a. Address 601 N. Marienfeld, Suite 508 Midland, TX 79701	3b. Phone No. (include area code) 432/682-4429	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1980' FSL, 1980' FWL At proposed prod. zone		
14. Distance in miles and direction from nearest town or post office* 12 miles east of Carlsbad, NM		17. Spacing Unit dedicated to this well 320
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1980' from lease line	16. No. of Acres in lease 320	20. BLM/BIA Bond No. on file NM2812
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 12,500'	23. Estimated duration 45 days
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3196'	22. Approximate date work will start* 2/14/04	24. Attachments CARLSBAD CONTROLLED WATER BASIN

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Joel Martin</i>	Name (Printed/Typed) Joel Martin	Date 12/18/03
Title Engineering Manager		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date 20 JAN 2004
Title ACTING FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

*(Instructions on reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS

Witness Surface Casing

UNITED STATES DEPARTMENT OF INTERIOR

Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name: Nadel and Gussman Permian, L.L.C.
Address: 601 N. Marienfeld, Suite 508
City, State: Midland, Texas
Zip Code: 79701

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land, or portion thereof, as described below:

Lease Name: Big Eddy Unit #150

Lease Number: Federal Lease NMLC 066067-A
Federal Lease NMLC 066067
Federal Lease NMLC 067145

Legal Description of Land: 1980' FSL, 1980' FWL, Sec. 17, T21S-R28E, Eddy Co., NM

Formations: Morrow, Atoka, Strawn, and Delaware

Bond Coverage: Statewide

BLM Bond File Number: NM2812

Authorized Signature: _____

Name: Joel Martin

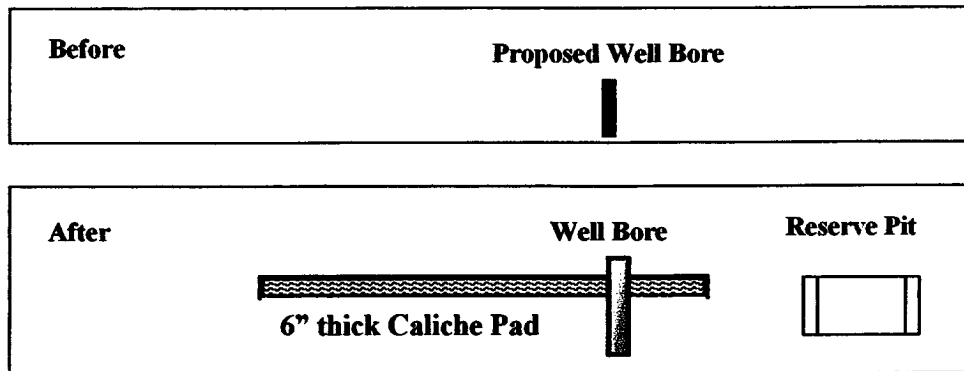
Title: Engineering Manager

Date: 12/17/03

13 Point Land Use Plan

1. **Existing Roads** - A small scale map is attached (**Exhibit #1**) which shows the location of this well in relation to Carlsbad, New Mexico and U.S. 62-180 and C.R. 603. A larger scale topographical map is (**Exhibit #2**) shows the location of the well.
2. **Planned Access Roads** - We propose a 500' caliche road from the location to the existing lease road, which is shown on **Exhibit #3**. The lease is not fenced and a cattle guard or gate will not be needed.
3. **Location of Existing Wells** - There are no other wells in Section 17. The Bond #1, operated by Nadel and Gussman Permian, L.L.C. is located in Section 20, T21S-R28E, as is the Big Eddy Unit #50, operated by Bass. That well is plugged and abandoned.
4. **Location of Tank Batteries, Production Facilities & Lines** -
 - We anticipate gas production from the Morrow, Atoka, and Strawn, with possible volumes of produced oil or water. We will build a battery with a minimum of two 210 Bbl steel tanks, one for oil and one for water. We will also have a Stack-Pack separator or line heater and separator on location.
 - All produced fluids from the Morrow, Atoka, or Strawn will be hauled off lease by road. There are no initial plans for oil pipelines, LACT units or SWD lines.
 - We do not anticipate a need for electrical service on the lease at this time.
5. **Location & Type- of Water Supply** - Fresh and salt water will be trucked from Carlsbad by a third-party contractor.
6. **Source of Construction Material** - Primary source of caliche will be an existing Fee pit ¼ mile to SW of the drilling location.
7. **Methods of Handling Waste Disposal** - A lined reserve pit will be dug to handle drill cuttings and fluids. After sufficient time has elapsed to allow drilling fluids to dry, all pits will be closed and leveled. All trash and debris will be removed from the location.
6. **Ancillary Facilities** - There are no camps or airstrips planned.
7. **Well Site Layout** - The well site (see NMOCD C-102 Form) has been staked and is also indicated on the enclosed maps (**Exhibits #1, #2 & #4**). The drilling site is mainly caliche rock and some soil, covered by sparse native vegetation. The drilling pad will be covered with 6" compacted caliche with measurements as per attached drawing. The drilling pad will blend in with the terrain since the topography is generally flat.

Cross section – Before and After is shown below:



8. Plans for Restoration of Surface – Commercial Well:

- Reshaped Topography – Rubbish will be hauled off upon completion of drilling operations. All future rubbish will be removed by the subcontractor generating same.
- Caliche Pad – Caliche drilling pad will remain intact until well is abandoned.
- Road – The road will remain intact as long as there is production on the lease.
- Timetable – This well is expected to produce for several years.
- Plans for Restoration of Surface – Plugged and Abandoned Well:

Surface will be restored in accordance with all regulations in effect at the time of abandonment.

9. Other Information –

- Topography – sandy, flat plain.
- Soil Characteristics – Karro fine sandy loam
- Flora – scrub mesquite and weeds
- Fauna – rabbits, mice, rats, birds and snakes
- Other Surface Use Activities – leased grazing land.
- Surface Ownership – Fee
- Water Wells – No windmills within 1000' of the location.
- Lakes, Streams, Ponds – Avalon Reservoir lies about 8 miles Northwest of the location and the Pecos River is 6 miles to the West and South-West. Preferential surface drainage is to the West. In the event of a spill, it is unlikely that any produced fluid will reach the river. However, a firewall will be built around the battery and, if necessary, a separate SPCC plan will be prepared under Federal guidelines: 40 CFR Sections 109, 110, 113 and 114 and Section 311 of the Clean Water Act.
- Dwellings – There are no inhabited structure within 1000 feet of the location.

- **Archeological Summary:**

Drilling location and two lease roads are covered under attached BLM report titled "A Cultural Resource Survey of the Big Eddy Well #150, Eddy County, New Mexico" by Don Clifton. The report was negative, and the cultural resource use permit holder recommends clearance for this operation.

10. Operator's Representative -

Gordon Barker - ----- Mobile Phone (432) 238-1269

Joel Martin ----- Office Phone (432) 682-4429
Home Phone (432) 694-2569

Lee Ledbetter ----- Home Phone (505) 887-0866
Mobile Phone (505) 631-6071

12. Other facets: none

13. Certification - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drilling site and access route; that I am familiar with the condition which presently exists; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by B&H Construction Company or their contractors and sub-contractors in conformity with this plan


Joel Martin
Engineering Manager

13 Point Drilling Plan:

1. Location: 1980 FSL, 1980' FWL, Sec. 17, T-21-S, R-28-E, Eddy County, New Mexico (Form C-102)
2. Elevation: 3196' GL
3. Geological Name of Surface Formation: Quaternary Rock
4. Type of Drilling Tools to be utilized: Rotary Tools
5. Proposed Drilling Depth: 12,500'
6. Tops of Important Geological Markers:

Delaware	2,885'	Wolfcamp	9,327'	Morrow	11,200'
Bone Springs	5,795'	Strawn	10,590'	Morrow clastics	11,450'
3 rd Bone Springs	8,821'	Atoka	11,070'		

7. Estimated Depth of Anticipated Water, Oil or Gas:

Oil and water	- Delaware	2,885'
Gas	- Strawn	10,590'
Gas	- Morrow	11,200'

8. Casing Program:

- 13 3/8" 48# H-40 @ 500' 510 sx, circulated to surface
- 9 5/8" 40# N80 @ 3000' 2000 sx, TOC to surface
- 7" 26# P110 @ 10,400' TOC to be determined
- 4 1/2" 11.6 or 13.5# N80 or P110 @ 9,900' to TD 500 sx TOC @ 9900'

The 13 3/8" and 9 5/8" casing strings will be cemented to the surface. The TOC on the 7" casing will be determined after running open hole logs. The 4 1/2" liner will be cemented to the liner top @ +/- 9900'.

9. Specifications for Pressure Control Equipment: (see figures No. 6, No. 7 & No. 8)

This rig will have a 13 5/8" 5M BOP with pipe rams and blind rams, kill line, choke manifold, Koomey hydraulic controls, and accumulator with remote controls. When nipping up, will test BOP and choke to 1000 psi, will operate BOP once a day or as directed by the company representative.

10. Mud Program:

Spud and drill with fresh water to a depth of approx. 500'. Drill out from under surface casing with fresh water. Control lost circulation with paper and LCM pills. Drill out from under the intermediate casing and drill to 8700' with fresh water while maintaining a Ph of 10. Drill from 8,700' to 10,400' with cut brine at approximately 9.2 to 10 PPG. Use starch and XCD polymer for filtrate control and mix pre-hydrated freshwater gel slurry to clean and condition hole prior to running electric logs. Drill from 10,400' to TD with a cut brine system utilizing starch, SCD, and barite as needed for viscosity and weight.

11. Testing, Logging & Coring Program:

- a. Testing:: No DST's are expected.
- b. Coring: no coring is planned.
- c. Logging: open hole logs will be run prior to running production casing. The standard suite will be a Dual Lateral/ ML and GR/Density/Neutron combination.
- d. Depending on the sand quality, a FMI and/or formation tester may be run.
- e. Open hole logs will not be run through the 17 1/2" or 12 1/4" hole section.

12. Potential Hazards:

None significant. Lost circulation may occur, but minor amounts of H₂S are possible in the Strawn. The operator will utilize a 3rd party H₂S monitoring package from 3000' to TD. Abnormal pressure is possible in the Strawn, which is the reason for the 7" string.

13. Anticipated starting date & duration:

Plans are to begin drilling operations about February 12, 2004; approximately 40 days will be required to drill the well and 10 days will be needed for the completion.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name BIG EDDY UNIT	Well Number 150
OGRID No.	Operator Name NADEL AND GUSSMAN PERMIAN, L.L.C.	Elevation 3196'

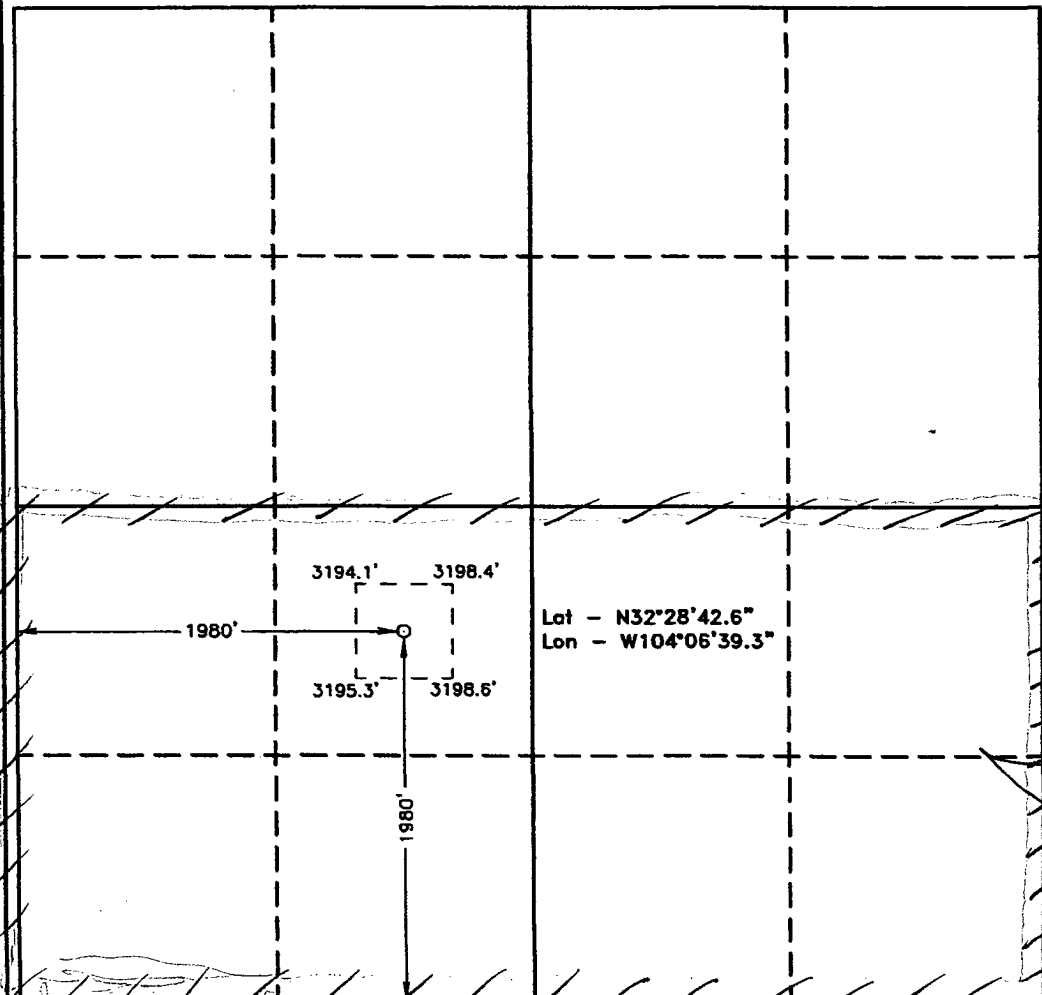
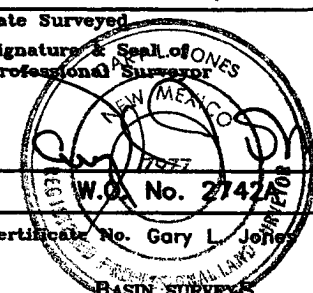
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	17	21 S	28 E		1980	SOUTH	1980	WEST	EDDY

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

 <p>3194.1' 3198.4'</p> <p>1980'</p> <p>3195.3' 3198.6'</p> <p>1980'</p> <p>Lot - N32°28'42.6"</p> <p>Lon - W104°06'39.3"</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Gum 3am</u></p> <p>Signature</p> <p><u>GORDON BARKER</u></p> <p>Printed Name</p> <p><u>OPERATIONS MGR</u></p> <p>Title</p> <p><u>12/8/03</u></p> <p>Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>OCTOBER 14, 2003</p> <p>Date Surveyed</p> <p>Signature & Seal of ONE Professional Surveyor</p> <p></p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
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TITLE PAGE/ABSTRACT/NEGATIVE SITE REPORT

1. BLM Report No. 2. Reviewer's Initials/Date..... 3. NMCRIS Number
Accepted () Rejected () 85988

4. Type of Report: Negative (X) Positive ()

5. Title of Report: 6. Fieldwork Date(s)
A Cultural Resource Survey of the Big Eddy Well 17Nov2003
#150, Eddy County, New Mexico
Author: **Don Clifton** 7. Report Date:
24Nov2003

8. Consultant Name & Address: 9. Cultural Resource Permit No.:
Direct Charge: **Don Clifton** #83-2920-02-0
Field Personnel Names: **Don Clifton**
Address: **P. O. Box 30, Pep, N.M. 88126** 10. Consultant Report No.:
Phone: **(505) 675-2360** 504

11. Client Name: **Nadel and Gussman Permian**
Responsible Individual: **Gordon Barker**
Address: **601 N. Marienfeld, Suite 508, Midland, Tx. 79701**
Phone: **482-238-1269**

13. Land Status	BLM	State	Private	Other	Total
a. Area Surveyed			11.5		11.5 acres
b. Area of Effect			2.1		2.1 acres

14. Linear: Length: **950'** Width: **150'**

15. Location:
a. State: **New Mexico**
b. County: **Eddy**
c. BLM Office: **Carlsbad**
d. Nearest City or Town: **Carlsbad**
e. Legal Description: **T21S R 28E Sec. 17 NW¼ SW¼**
f. Well Pad Footages: **1980'fsl/1980'fwl**
g. USGS 7.5' Map: **Indian Flats, N.M. 1985 32104 D1**

16. Project Data:

a. Records Search:

Date of BLM File Review: 17Nov2003 Name of Reviewer: Don Clifton

Date of ARMS Data Review: 16Nov2003 Name of Reviewer: Don Clifton

Findings: **Three previously recorded archaeological sites are within one mile of the project. None are in the immediate vicinity of the proposed well location.**

b. Description of Undertaking: **Nadel and Gussman Permian propose to construct the Big Eddy #150 well location. Two access roads were examined for cultural resources.**

c. Environmental Setting: **The proposed well location is on a flat plain at an elevation of 3194 feet. Soils are classified as Karro fine sandy loam. Observed soils are fine sands with areas of medium-sized gravels. There is an estimated 70-80% of surface visibility. Vegetation is sparse and consists of scrub mesquite and mixed grasses. The western portion of the proposed well location is a parking area and a residence with outbuildings are adjacent to the western perimeter of the 600' x 600' well location**

d. Field Methods: **The proposed well location was inspected for cultural resources by walking a series of parallel transects spaced no wider than 50' apart. The proposed access roads were examined by walking three linear transects which covered a 150' wide area.**

e. Artifacts Collected: **None**

17. Cultural Resource Findings: **Other than abandoned automobiles, industrial debris, and recent refuse, no cultural resources were discovered.**

a. Location and Identification of Each Resource:

b. Evaluation of Significance of Each Resource:

18. Management Summary: **It is recommended that construction of the Big Eddy #150 well location and the two proposed access roads proceed without any further cultural resource investigations.**

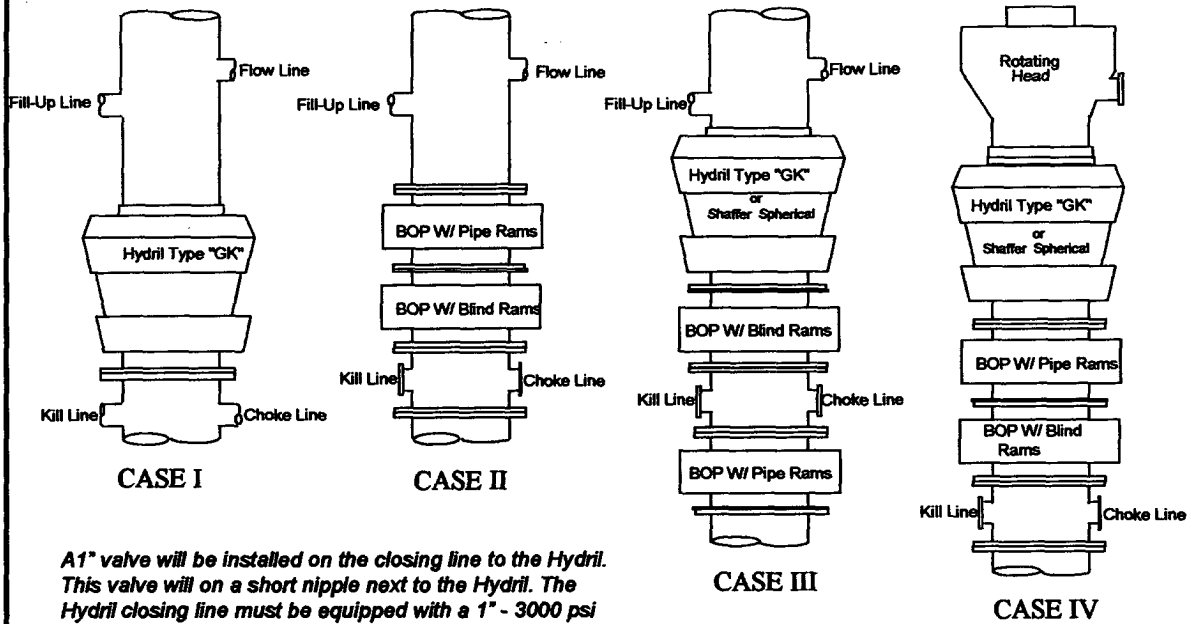
19. I certify the information provided is correct and accurate to my knowledge and meets all applicable BLM standards.

Responsible Archaeologist: *Don Clifton*

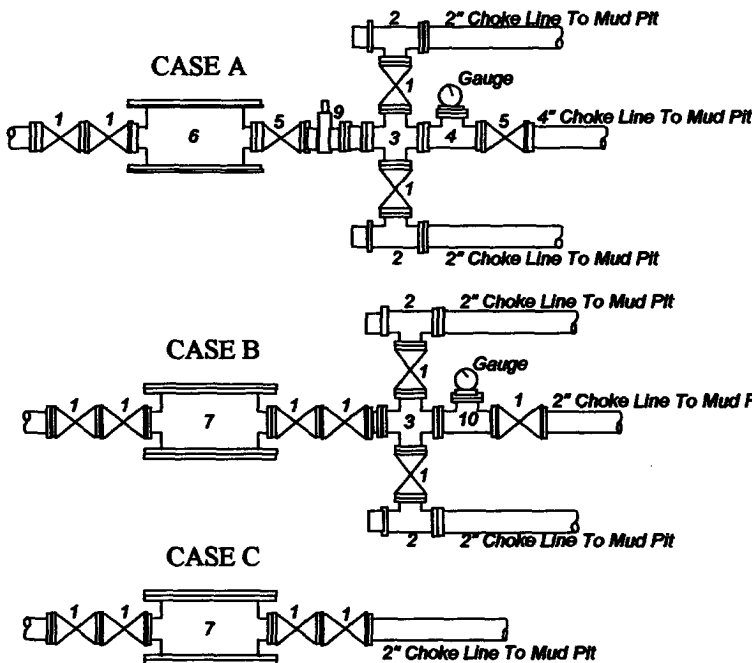
Date *Nov. 24, 2004*

Nadel and Gussman Permian
Big Eddy Unit #150

MINIMUM BLOWOUT PREVENTER REQUIREMENTS



A1" valve will be installed on the closing line to the Hydril. This valve will be on a short nipple next to the Hydril. The Hydril closing line must be equipped with a 1" - 3000 psi WP plug valve on the nipple into the Hydril.



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
13 5/8"	III	5000	A

*Rotating head required

Bradenhead : _____
Mfr: _____
Size: _____ Type: _____

Legend

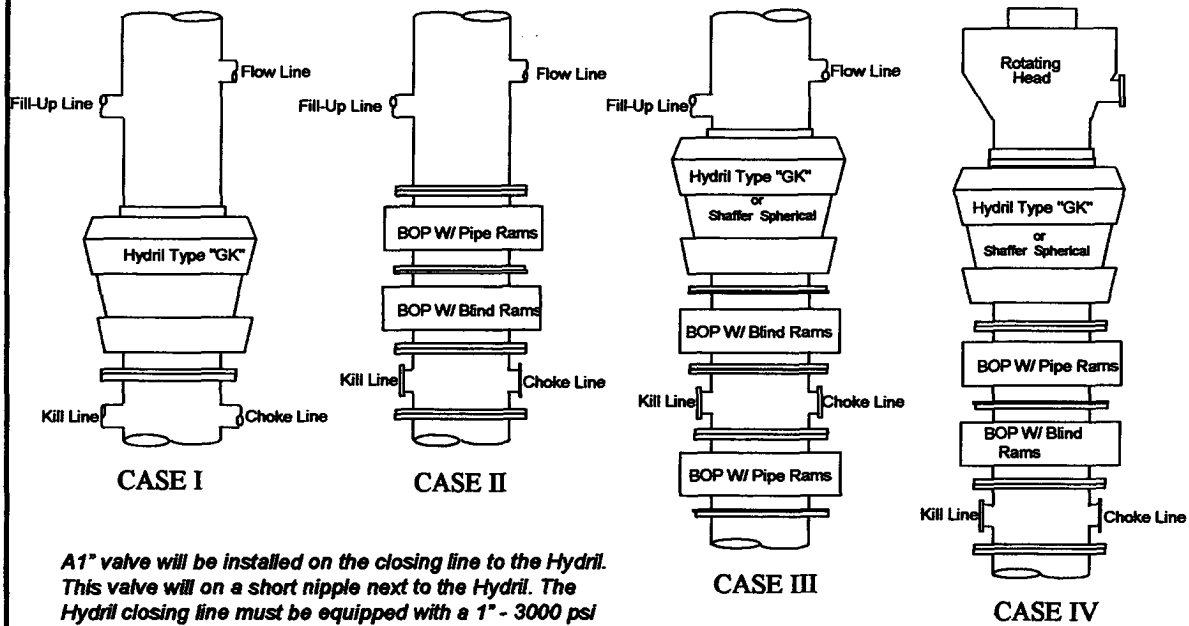
- 2" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shaffer Flo-Seal.
- 2" flanged adjustable chokes, min. 1" full opening & equipped with hard trim.
- 4" x 2" flanged steel cross.
- 4" flanged steel tee.
- 4" flanged all steel valve (Type as in no. 1).
- Drilling Spool with 2" x 4" flanged outlet.
- Drilling Spool with 2" x 2" flanged outlet.
- 2" x 2" flanged steel cross.
- 4" pressure operated gate valve.
- 2" flanged steel tee.

Notes

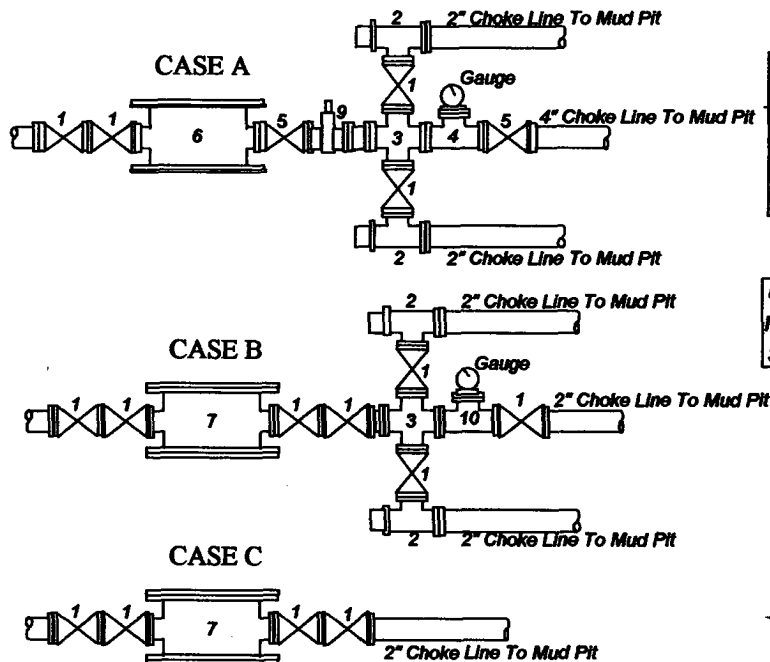
Choke manifold may be located in any convenient position. Use all steel fittings throughout. Make 90° turns with bull plugged tees only. No field welding will be permitted on any of the components of the choke manifold and related equipment upstream of the chokes. The choke spool and all lines and fittings must be at least equivalent to the test pressure of the preventers required. Independent closing control unit with clearly marked controls to be located on derrick floor near driller's position.

(10-31-96) WTXBOPS.PPT

Nadel and Gussman Permian
Big Eddy Unit #150
MINIMUM BLOWOUT PREVENTER REQUIREMENTS



A1" valve will be installed on the closing line to the Hydril. This valve will on a short nipple next to the Hydril. The Hydril closing line must be equipped with a 1" - 3000 psi WP plug valve on the nipple into the Hydril.



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
13 5/8"	III	5000	A

***Rotating head required**

Bradenhead : _____
Mfr. : _____
Size: _____ Type: _____

Legend

1. 2" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shaffer Flo-Seal.
2. 2" flanged adjustable chokes, min. 1" full opening & equipped with hard trim.
3. 4" x 2" flanged steel cross.
4. 4" flanged steel tee.
5. 4" flanged all steel valve (Type as in no. 1).
6. Drilling Spool with 2" x 4" flanged outlet.
7. Drilling Spool with 2" x 2" flanged outlet.
8. 2" x 2" flanged steel cross.
9. 4" pressure operated gate valve.
10. 2" flanged steel tee.

Notes

Choke manifold may be located in any convenient position. Use all steel fittings throughout. Make 90° turns with bull plugged tees only. No field welding will be permitted on any of the components of the choke manifold and related equipment upstream of the chokes. The choke spool and all lines and fittings must be at least equivalent to the test pressure of the preventers required. Independent closing control unit with clearly marked controls to be located on derrick floor near driller's position.

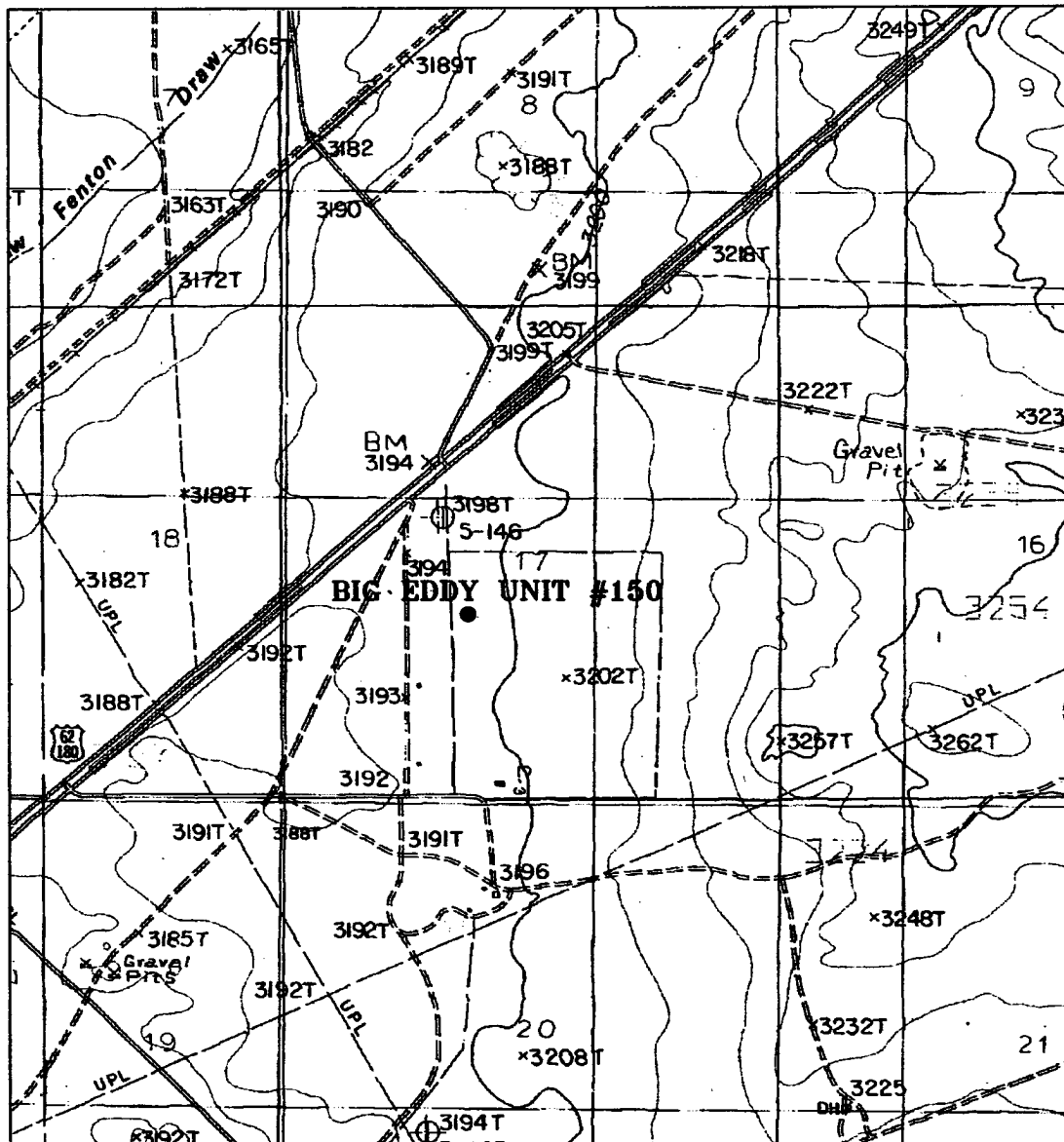
(10-31-96) WTXBOPS.PPT

**Located at 1980' FSL and 1980' FWL
Section 17, Township 21 South, Range 28 East,
N.M.P.M., Eddy County, New Mexico.**



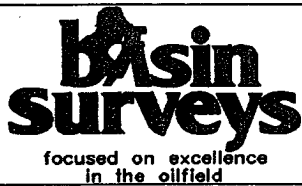
Date: 10-16-2003

**NADEL & GUSSMAN
PERMIAN, L.L.C.**



BIG EDDY UNIT #150

Located at 1980' FSL and 1980' FWL
Section 17, Township 21 South, Range 28 East,
N.M.P.M., Eddy County, New Mexico.



**P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com**

W.O. Number: 3698AA - KJG CD#6

Survey Date: 10-14-2003

Scale: 1" = 2000'

Date: 10-16-2003

**NADEL & GUSSMAN
PERMIAN, L.L.C.**

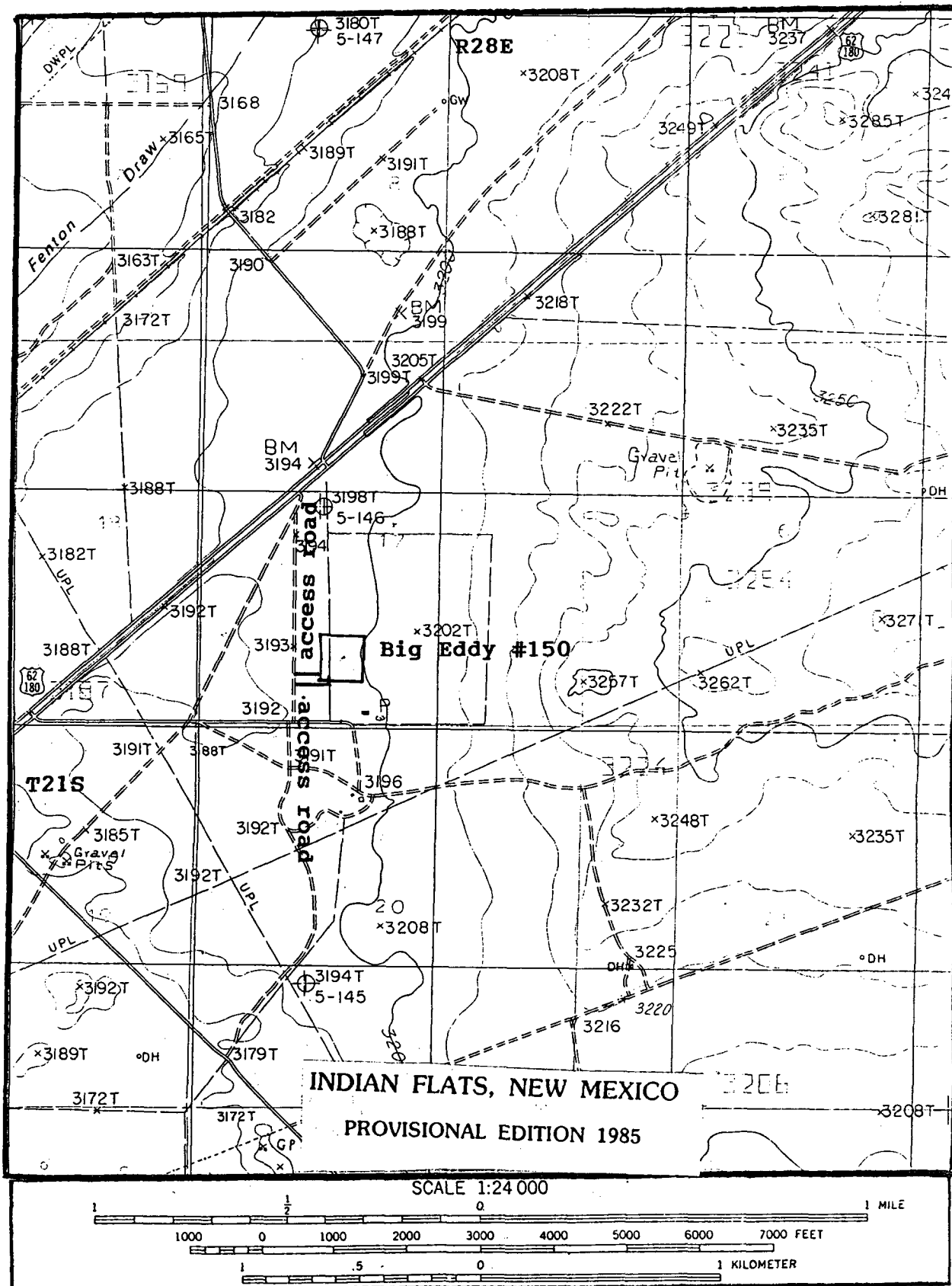


EXHIBIT #3

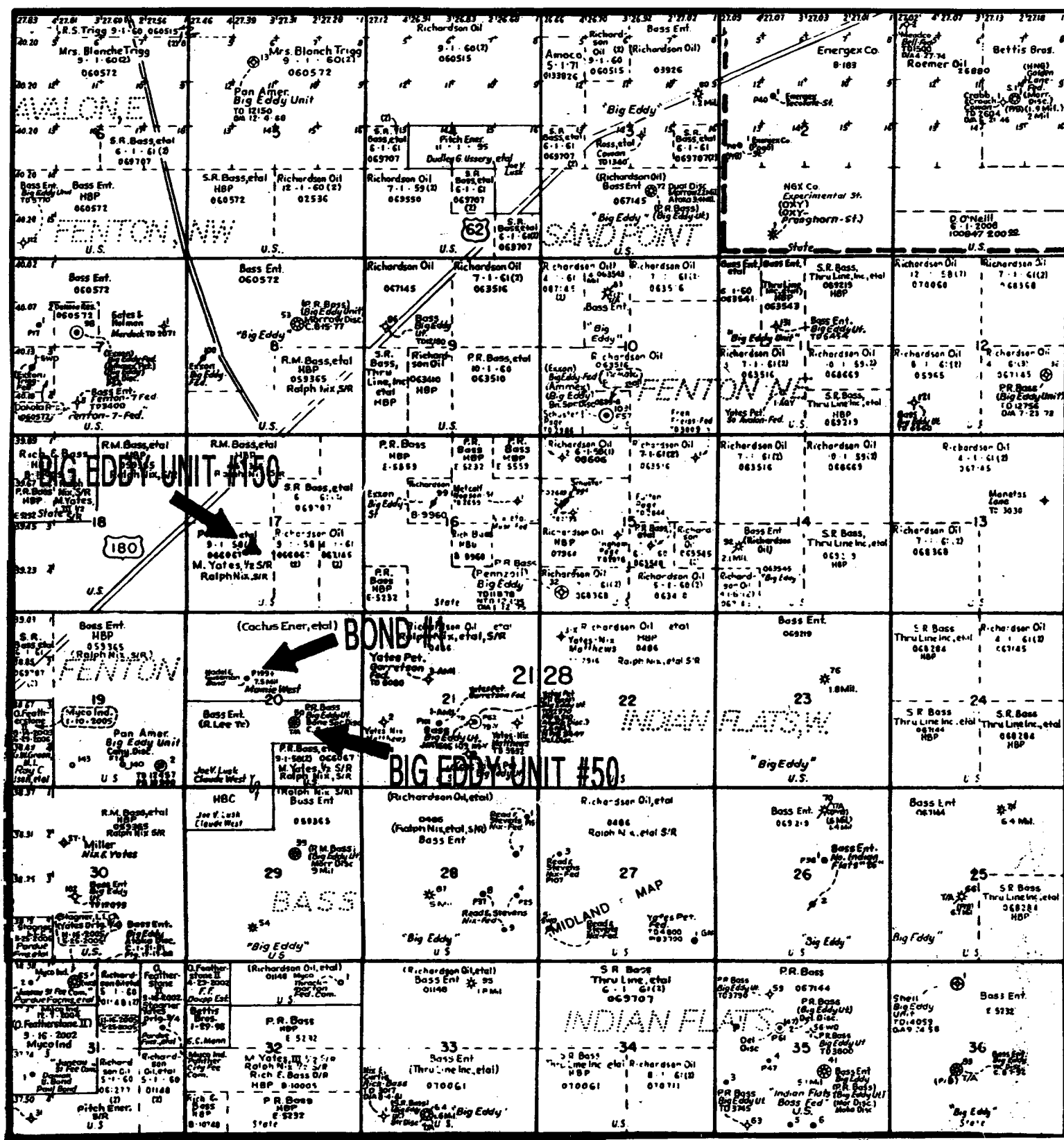
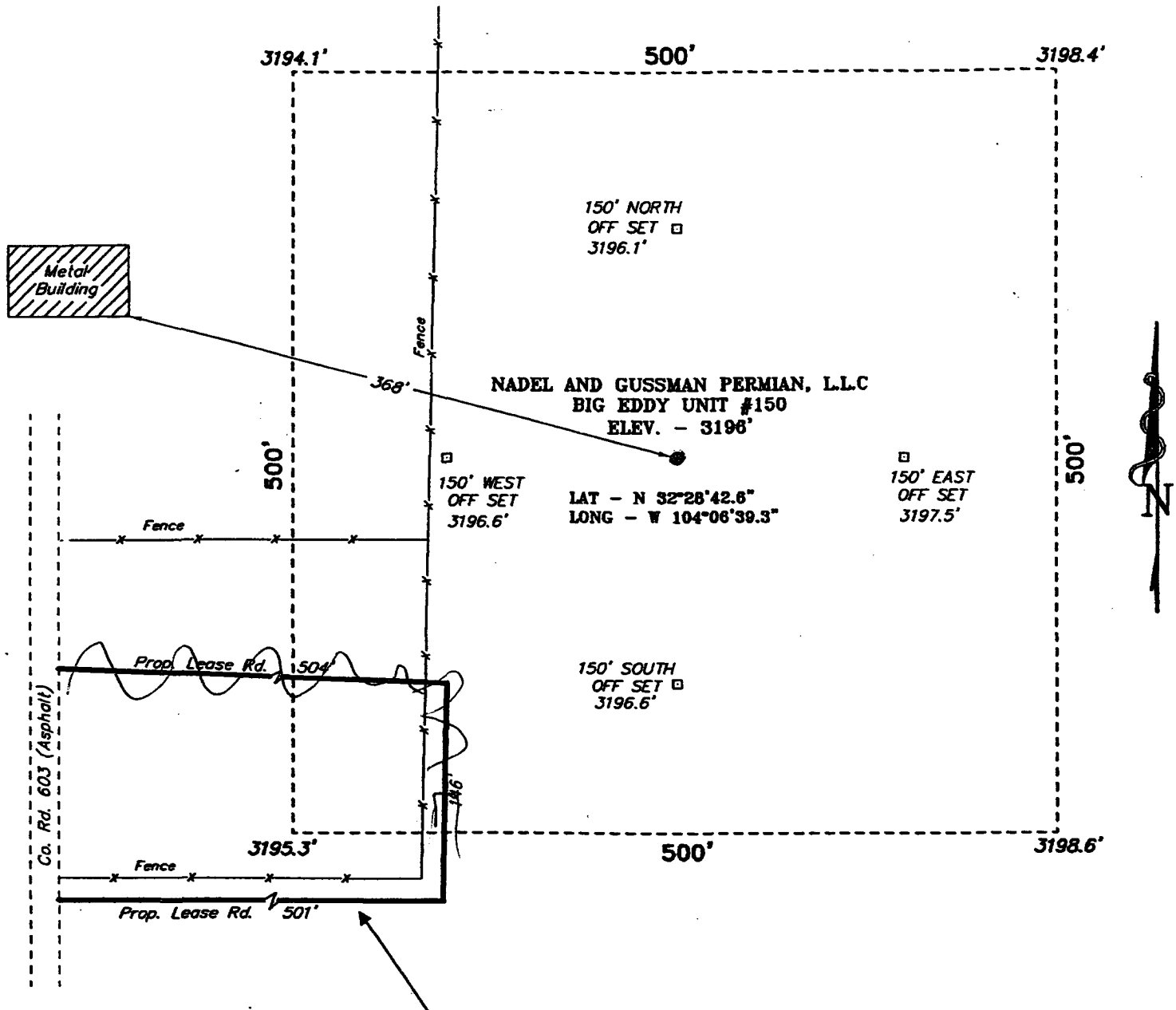


Exhibit #4

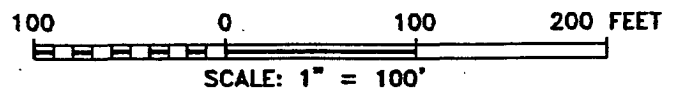
Nadel and Gussman Permian, L.L.C.

Big Eddy Unit #150
1980' FSL, 1980' FWL
Sec. 17-T21S-R28E
Eddy County, NM

**SECTION 17, TOWNSHIP 21 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



Plan to utilize this lease access road.



DIRECTIONS TO WELL LOCATION

FROM THE JUNCTION OF CO. RD. 603 AND US
HWY 62/180, GO SOUTH ON CO. RD. 603 FOR
APPROX. 0.25 MILE TO A PROPOSED LEASE ROAD.

NADEL AND GUSSMAN PERMIAN, L.L.C.

REF: BIG EDDY UNIT No. 150 / Well Pad Topo

THE BIG EDDY UNIT No. 150 LOCATED 1980' FROM
THE SOUTH LINE AND 1980' FROM THE WEST LINE OF
SECTION 17, TOWNSHIP 21 SOUTH, RANGE 28 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 3698

Drawn By: K. GOAD

Date: 10-16-2003

Disk: KJG #7 - 3698A.DWG

Survey Date: 10-14-2003

Sheet 1 of 1 Sheets

**BIG EDDY UNIT #150
1980' FSL', 1980' FWL
Sec. 17, T21S-R28E
Eddy Co., NM**



**APPLICATION FOR PERMIT TO DRILL
BUREAU OF LAND MANAGEMENT**

NADEL AND GUSSMAN PERMIAN, L.L.C.
601 N. Marienfeld, Suite #508
Midland, TX 79701
Office: 915/682-4429
Fax: 915/682-4325

12/17/2003

NADEL AND GUSSMAN PERMIAN, L.L.C.
601 N. Marienfeld, Suite 508
Midland, TX 79701
Office: (915)682-4429
Fax: (915)682-4325

December 17, 2003

Bureau of Land Management
Lands & Minerals
2909 W. Second St.
Roswell, NM 88201

Attn: Ms. Linda Askwig

Dear Ms. Askwig,

Nadel and Gussman Permian, as operator, requests permission to drill the Big Eddy Unit #150, 1980' FSL, 1980' FWL, Sec.17, T21S-R28E, Eddy Co., NM. The following items are attached:

1. 13 Point Surface Use and Operation Plan
2. 13 Point Drilling Plan
3. Lease Responsibility Statement
4. BOP and Choke Diagrams
5. Lease and Topographical Maps
6. Archeological Survey

There are no archeological or environmental problems at this site. If you have any questions, contact Gordon Barker at the letterhead telephone number.

Sincerely,


Joel Martin
Engineering Manager

**Laboratory Services, Inc.**

4016 Fiesta Drive
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

DEC 08 2003

FOR: Nadel & Gussman Permian
Attention: Mr. Ernie Little
2400 N. Charlcia
Hobbs, New Mexico 88240

SAMPLE:
IDENTIFICATION: Bond State #1
COMPANY: Nadel & Gussman Permian
LEASE:
PLANT:

SAMPLE DATA: DATE SAMPLED: 11/24/03 9:45 am
ANALYSIS DATE: 11/24/03
PRESSURE - PSIA 445
SAMPLE TEMP. °F 63
ATMOS. TEMP. °F 40

GAS (XX) LIQUID ()
SAMPLED BY: Rolland Perry
ANALYSIS BY: Vickie Biggs

REMARKS: Gas tested from well to treater:
H₂S = 4 PPM

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H ₂ S)		
Nitrogen (N ₂)	0.945	
Carbon Dioxide (CO ₂)	0.318	
Methane (C ₁)	84.899	
Ethane (C ₂)	8.673	2.314
Propane (C ₃)	3.007	0.827
i-Butane (iC ₄)	0.492	0.161
n-Butane (nC ₄)	0.808	0.254
i-Pentane (iC ₅)	0.226	0.082
n-Pentane (nC ₅)	0.184	0.066
Hexane Plus (C ₆ +) <hr/>	0.448 <hr/>	0.194 <hr/>
	100.000	3.898

BTU/CU.FT. - DRY 1167
AT 14.650 DRY 1163
AT 14.650 WET 1143
AT 14.73 DRY 1169
AT 14.73 WET 1149

MOLECULAR WT. 19.4222

SPECIFIC GRAVITY -
CALCULATED 0.670
MEASURED

NADEL AND GUSSMAN PERMIAN, L.L.C.
601 N. Marienfeld, Suite 508
Midland, TX 79701
Office: (432) 682-4429
Fax: (432) 682-4325

Re: Big Eddy Unit #150

January 29, 2004

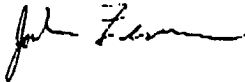
State of New Mexico
Energy, Mineral and Natural Resources
District II
1301 W. Grand Avenue
Artesia, NM 88210
Attn: Mr. Brian Arrant

Dear Mr. Arrant,

Nadel and Gussman Permian, as operator, finds that we are exempted from OCD Rule 118. An attached gas well test from Laboratory Services, Inc. shows that an offset well to the Big Eddy Unit #150, the Bond #1, which produces out of the Strawn, contains only 4 ppm H₂S.

We will utilize a 3rd party monitoring system from 3000' to TID as documented in our drilling permit application.

Sincerely,



Josh Fernau
Staff Engineer