

Mr. Jason Goss
Drilling Engineer
NADEL AND GUSSMAN PERMIAN, LLC
601 N. Marienfeld, Suite 508
Midland, TX 79701

HOBBS OCD

24 October 2012

OCT 30 2012

RECEIVED

Mr. Geoffrey Leking
OIL CONSERVATION DIVISION
1625 N. French Drive
Hobbs, NM 88240

Re: South Tobac State Unit No. 001Y Pad Closure Notice
U/L N Sec. 29 8S 33E 850 FNL 830 FWL
Chaves County, New Mexico

API No.: 30-005-29179

Dear Mr. Leking:

Nadel and Gussman Permian, LLC (NGP) herewith submits its notice of intent for final closure of the South Tobac State Unit No. 001Y drilling pad and lease road spur scheduled to begin on October 29, 2012. Final reclamation implementation was based on visual conditions and soil samples taken in preparation for closure, which were obtained earlier. The New Mexico Oil and Gas Conservation Division (NMOCD) will be notified for an onsite inspection of the final remediation action prior to the time heavy equipment is removed. During the actual closure event, a total of 5 more samples will be taken, if required, to verify onsite conditions following the remediation action and prior to release by the NMOCD.

The pad caliche will be "flipped" and covered with at least 4" to 6" of native topsoil or soil which can be fertilized and used for cover. Since the South Tobac was drilled using a closed loop system, no drilling pits are present. All existing trash and debris will be removed, disposed of at an authorized facility defined by its regulatory disposition or taken to NGP's yard for future use.

NGP will ensure compliance with NMOCD Recommended Remediation Action Levels (RRAL's). The entire area will then be treated with calcium sulfate and nitrate to reduce the influence of any remaining soil chlorides and enhance degradation of remaining hydrocarbons. Since excavation is not seen to be necessary at the South Tobac, no material will be hauled off unless onsite actions show there is a direct regulatory issue discovered, at which time the NMOCD would be notified immediately.

Approved for sampling and if necessary remediation
Reclamation per SLO
Consentance
Geoffrey Leking
Environmental Specialist

NMOCD-DIST 1

10/31/12

Final topographic relief following the pad closure will be commensurate with the surrounding terrain. At this time, there is no plan to apply additional soil because utilization of the onsite materials will be sufficient to achieve topographic relief patterns.

Seeding the footprint with a local grass seed mixture approved by the NMOCD will follow in spring when ambient conditions and soil temperatures are sufficiently warm enough to ensure seed germination and growth.

Please call (432-682-4429) should you have questions.

Sincerely



Jason Goss
Drilling Engineer

Enclosures: Laboratory Analyticals (to follow)