



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

July 31, 2000

Lori Wrotenbery

Director

Oil Conservation Division

Nadel and Gussman Permian, L.L.C.

c/o James Bruce

P. O. Box 1056

Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Administrative Order NSL-4497

Dear Mr. Bruce:

Reference is made to the following: (i) your application dated July 26, 2000 on behalf of the operator Nadel and Gussman Permian, L.L.C. ("Nadel and Gussman"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Nadel and Gussman's request to drill its Atalaya Federal Well No. 3 (API No. 30-015-31063) at an unorthodox oil well location within the Grayburg-Jackson (Queen-Grayburg-San Andres-Seven Rivers) Pool 1175 feet from the South line and 430 feet from the West line (Unit M) of Section 35, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico.

The SW/4 SW/4 of Section 35 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that the E/2 SE/4 of Section 34 and the SW/4 of Section 35, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, is a single federal lease issued by the U. S. Bureau of Land Management (United States Government Lease No. NM-055858) in which Nadel and Gussman is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Nadel and Gussman.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

Lori Wrotenbery

Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad