

NADEL AND GUSSMAN PERMIAN, LLC
601 North Marienfeld, Suite 508
Midland, Texas 79701
Phone: (432) 682-4429
Fax: (432) 682-4325

Stogner

September 15, 2004

State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED

SEP 20 2004

**OIL CONSERVATION
DIVISION**

Re: Nadel and Gussman Permian, LLC
Quick Draw Federal Well No.1
NW/4 Section 23, T-7-S, R-26-E, NMPM
Chaves, County, New Mexico

Gentlemen:

Please find enclosed, for your information and file, information mailed this date to the parties that were pooled under Compulsory Pooling Case No. 13309, Order No. 12211 dated July 22, 2004. All other interest parties have leased or joined in the drilling of the captioned well.

Thank you for your assistance in this matter and if other information is needed please advise.

Very truly yours,


Frank K. Wolfe

NADEL AND GUSSMAN PERMIAN, LLC

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Midland, Texas 79701

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Fax: (432) 682-4429

September 15, 2004

Warren Resources
c/o Ellis Vickers
105 West Third Street, Suite 302
Roswell, New Mexico 88201

CERTIFIED MAIL

Re: Nadel and Gussman Permian, LLC
Quick Draw Federal Well No. 1
NW/4 Section 23, T-7-S, R-26-E
Chaves County, New Mexico

Gentlemen:

Please find enclosed a copy of Compulsory Pooling Order No. R-12211, Case No. 13309, issued September 10, 2004 covering the captioned land. The location of the Quick Draw Federal Well No.1 will be in the NW/4 of Section 23, T-7-S, R-26-E, Chaves County, New Mexico. An AFE for the drilling of this well is also enclosed for your evaluation.

As per the Order, please advise within thirty (30) days from receipt of this letter whether or not you elect to participate in this well. If you elect to participate, please sign, date and return the AFE to this office at your earliest convenience.

If you have any questions please feel free to call the undersigned.

Very truly yours,


Frank K. Wolfe

cc: State Of New Mexico
Oil Conservation Division

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September 15, 2004

John D. Cadigan
P. O. Drawer F
Cashmere, Washington 98815

CERTIFIED MAIL

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NW/4 Section 23, T-7-S, R-26-E
Chaves County, New Mexico

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September 15, 2004

William J. Derrick, Trustee
6006 North Meas, Suite 600
El Paso, Texas 79912

CERTIFIED MAIL

Re: Nadel and Gussman Permian, LLC
Quick Draw Federal Well No. 1
NW/4 Section 23, T-7-S, R-26-E
Chaves County, New Mexico

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Oil Conservation Division

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September 15, 2004

Pecos Production Company
400 West Illinois, Suite 1070
Midland, Texas 79701

CERTIFIED MAIL

Re: Nadel and Gussman Permian, LLC
Quick Draw Federal Well No. 1
NW/4 Section 23, T-7-S, R-26-E
Chaves County, New Mexico

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Frank K. Wolfe

cc: State Of New Mexico
Oil Conservation Division

AUTHORITY FOR EXPENDITURE

NADEL / GUSSMAN PERMIAN, LLC MIDLAND, TX

PROSPECT NAME: Lobo Draw FIELD: _____ DATE: 05/18/04
 LEASE/WELL NUMBER: Quick-draw Federal #1 PREPARED BY: Josh Fernau
 LOCATION: 990' FNL, 660' FWL, Sec. 23-7s-28e
 COUNTY, STATE: CHAVES, NM DAYWORK CONTRACT
 PRIMARY OBJECTIVES: Montoya Dolomite, Wolcamp Lime and Abo Sands

PROJECTED TOTAL DEPTH: 8400'

ASSUMES OCD APPROVES CSG PROGRAM AND PROTECTION LINER NOT NEEDED
INTANGIBLE COSTS

	CASING POINT	COMPLETION COSTS
LEGAL WORK/PERMITTING/SURVEY/STAKING	2300	500
ROW	5000	500
SITE PREPARATION/CLEAN-UP	25000	10000
RIG MOVES	30000	
DRILLING TURN-KEY	DRLG COMPL DAYS	
DRILLING DAYWORK	20 2 8500 /DAY	170000
DRILLING FOOTAGE	0 FT. @ 18 /FT	0
DRILL PIPE/TOOL RENTAL - INCL IN DAYWORK BID	0 /DAY	0
BITS	15000	500
WATER	15000	3500
DIRECTIONAL EQUIP (MONEL COLLAR/ SINGLE SHOT)	0 250 /DAY	0
MUD/CHEMICALS/PKR FLUID	30000	1000
MUD LOGGING	15 DAYS @ 750 /DAY	11250
OPEN HOLE LOGGING FORMATION EVALUATION		18000
STABILIZERS/SHOCK SUBS/ROTATING HEAD		
DIESEL - INCL IN BID	20 2 1000 /DAY	20000
DST'S 1 @ \$4000/TEST		0
WELDING		
CASING CREW/TOOLS	4000	2000
CASING CEMENTING	15000	15000
SQUEEZE CMTG/PLUGGING	15000	-15000
TRANSPORTATION	2500	2500
RENTAL TOOLS/EQUIP		2000
COMPLETION RIG	10 DAYS @ 2000 /DAY	20000
PERFORATING/CASED HOLE LOGGING/CIBP/CMT		7500
BREAKDOWN		20000
FRACTURING/STIMULATION		0
FRAC TANKS/WATER TRANSPORTS		2500
PIT LINER	3000	
LABOR/ROUSTABOUT CREWS	1500	5000
INSURANCE	6500	
BOP TESTING - 3RD PARTY	1200	
COLLAR INSPECTION/DAMAGES	1500	
TREATING PACKER	DRLG COMPL DAYS	
FIELD SUPERVISION	22 10 805 /DAY	17710
ADMINISTRATIVE SERVICES/OVERHEAD		1000
CONTINGENCY	41046	10355
TOTAL INTANGIBLE COSTS	451606	115905

TANGIBLE COSTS

20" "	CONDUCTOR	0 FT @ 40.13 /FT	0	INCL IN LOCATION COS
13-3/8" "	SURFACE	400 FT @ 28.25 /FT	11300	
9 5/8" "	INTERMEDIATE	1350 FT @ 28.00 /FT	37800	
7-0" "	2 nd INTERMEDIATE	0 FT @ 14.00 /FT	0	
5-1/2" "	PRODUCTION CASING	6400 FT @ 12.00 /FT		76800
2-7/8" "	TUBING	6000 FT @ 6.00 /FT		36000
	RODS	0 FT @ 0 /FT		0
	FLOAT EQUIP, DV TOOL, ETC			
	CATTLEGUARDS/GATES			
	WELLHEAD - 3000 PSI TREE		5000	6000
	PACKER			0
	DOWNHOLE PUMP/TAC			
	FORKLIFT/PIPE RACKS		1500	1500
	STOCK TANKS/WATER TANKS			8000
	SEPARATORS			
	GPU/TREATER			8500
	VALVES/FITTINGS			5000
	FLOWLINE			15000
	METER RUN, ETC.			2500
	MISCELLANEOUS (ROCK, FIREWALL, ETC)			3000
	CONTINGENCY		650	16230
TOTAL TANGIBLE			56250	178630
TOTAL TANGIBLE/INTANGIBLE			507756	294435

TOTAL WELL COST **802191**

JOINT INTEREST APPROVAL _____

COMPANY: _____

BY: _____ DATE: ____/____/____

NADEL AND GUSSMAN _____

BY: *Josh Fernau*

DATE: 05/18/04