

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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**APPLICATION OF NADEL AND GUSSMAN PERMIAN, LLC
FOR APPROVAL OF FOUR NON-STANDARD
HORIZONTAL WELLBORES PROJECT
EDDY COUNTY, NEW MEXICO**

CASE 14804

AMENDED APPLICATION

Comes now NADEL AND GUSSMAN PERMIAN, LLC ("NGP") and by and through its attorneys, Kellahin & Kellahin, and pursuant to Commission Order R-13499 and adopted amendments to Rule 19.15.14.8 NMAC and 19.15.16 NMAC, applies to the New Mexico Oil Conservation Division ("Division") for approval of four non-standard horizontal wellbore project areas, each consisting of 160-acre, more or less, to be dedicated to any production from the Yeso Formations to be configured as follows:

- (1) Lawman 1-H (API #30-015-39874) consisting of the W/2SW/4 of Sec 12 and the W/2NW/4 of Sec 13, T19S, R25E; See Exhibit "A" attached
- (2) Lawman 2-H (API #30-015-39875) consisting of the E/2SW/4 of Sec 12 and the E/2NW/4 of Sec 13, T19S, R25E; See Exhibit "B" attached
- (3) Lawman 3-H (API #30-015-39876) consisting of the W/2SE/4 of Sec 12 and the W/2NE/4 of Sec 13, T19S, R25E; See Exhibit "C" attached
- (4) Lawman 4-H (API #30-015-39877) consisting of the E/2SE/4 of Sec 12 and the E/2NE/4 of Sec 13, T19S, R25E; See Exhibit "D" attached

In support, NGP states:

- (1) It has an interest in each of the four 40-acre tracts that constitute each of the four non-standard horizontal wellbores project areas.
- (2) On January 31, 2012, the Division approved NGP's Applications for permits to drill, with C-102s attached, for these four wellbores, including 160-acre spacing units, and assigned API numbers as stated above.

(3) Nadel and Gussman Permian's development plan for these four horizontal wellbores is predicated upon a development pattern established by Mewbourne Oil Company when it drilled its Wyatt Draw "24/25" LE Well #1H (API # 30-015-38038) crossing over two sections with a horizontal wellbore starting in the W/2NW/4 of Sec 25 and ending in the W/2SW/4 of Sec 25.

(4) This Mewbourne wellbore set up a pattern of development that affected future horizontal wellbore planned by Nadel and Gussman "NGP"

(5) On December 7, 2010, the Division approved Mewbourne filed an application to drilled its Wyatt Draw 13ML#001H (API #30-015-38306) for an 80-acre unit consisting of the W/2SW/4 of Sec 13, T19S, R25E; See C-102 Attached as Exhibit "E"

(6) On July 28, 2011, Nearburg Producing Company's completed its Fairchild 24 #2H well (API #30-015-39013) and dedicated an 80-acre unit consisting of the N/2 NW/4 of Sec 224, T19S, R25E, see C-102-Exhibit "F" attached

(7) By filing its APD, including C-102, Mewbourne is using an 80-acre NSP consisting of the W/2SW/4 of Sec 13 thereby avoiding encroaching into the N/2 of Sec 13. By doing so, Mewbourne voluntarily chose to avoid the N/2 of Section 13

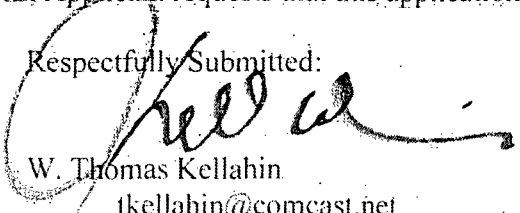
(8) In reliance upon Mewbourne's development pattern for horizontal wellbores, Nadel and Gussman has commence a plan of development for this horizontal wellbores in Section 12 and 13 and has obtained approved APDs for its Lawman Wells Nos. #1-H, #2-H, #3-H and #4-H, each with a 160-acre spacing and proration unit, and are in the process of consolidation the working interest owners upon a voluntary basis.

(9) The establishment of the proposed non-standard horizontal wellbore project areas will ensure the orderly development of the oil reserves within the Yeso formation.

(10) Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the hydrocarbons in the Yeso formation, will promote the orderly development in this area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this application be approve by the Division.

Respectfully Submitted:


W. Thomas Kellahin

tkellahin@comcast.net

phone 505-982-4285

DISTRICT I1825 N. French Dr., Hobbs, NM 88240
Phone (505) 393-8161 Fax: (505) 393-8720**DISTRICT II**1301 W. Grand Avenue, Artesia, NM 88210
Phone (505) 745-1223 Fax: (505) 745-9720**DISTRICT III**1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-8178 Fax: (505) 334-8170**DISTRICT IV**1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-2400 Fax: (505) 476-2402State of New Mexico
Energy, Minerals and Natural Resources Department**OIL CONSERVATION DIVISION**1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office**WELL LOCATION AND ACREAGE DEDICATION PLAT**☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name LAWMAN	Well Number 1H
GRID No.	Operator Name NADEL & GUSSMAN PERMIAN	Elevation 3406'

Surface Location

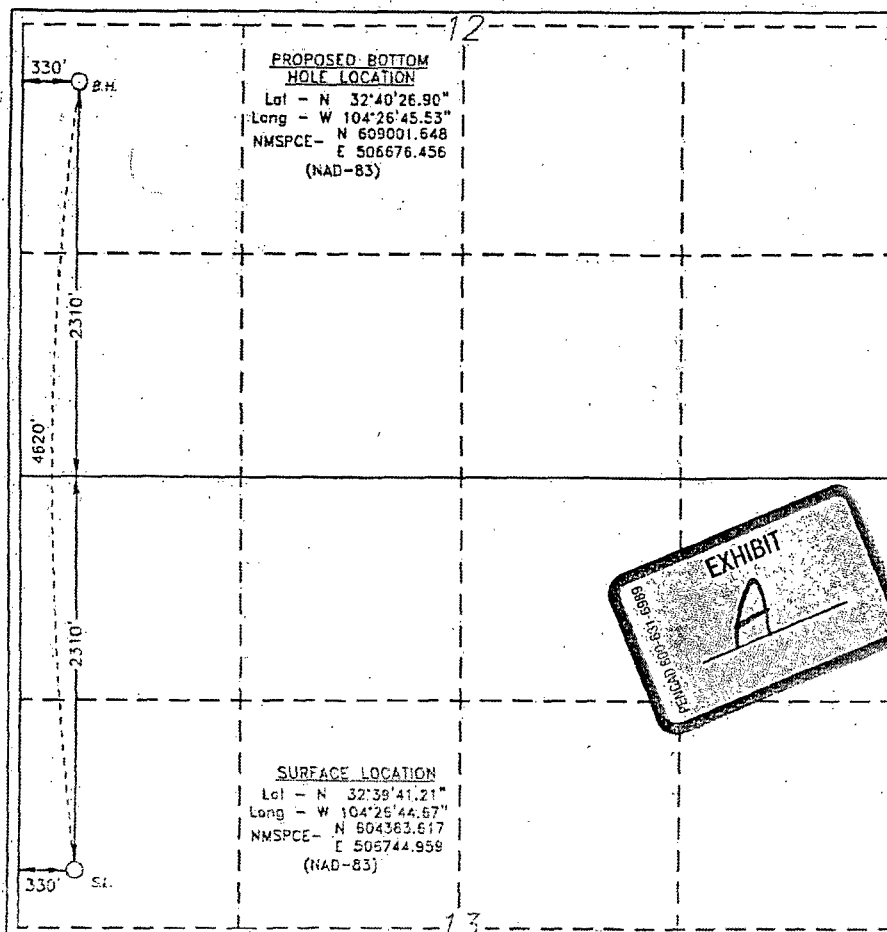
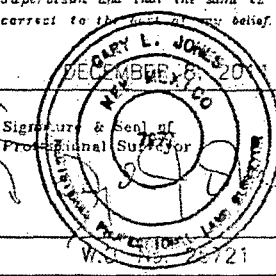
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	13	19 S	25 E		2310	NORTH	330	WEST	EDDY

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
L	12	19 S	25 E		2310	SOUTH	330	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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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

	PROPOSED BOTTOM HOLE LOCATION Lot - N 32°40'26.90" Long - W 104°26'45.53" NMSPCE - N 609001.648 E 506676.456 (NAD-83)	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature _____ Date _____ Printed Name _____ Email Address _____
SURFACE LOCATION Lot - N 32°39'41.21" Long - W 104°26'44.67" NMSPCE - N 604363.617 E 505744.959 (NAD-83)	EXHIBIT A 609001.648 N 32°40'26.90" W 104°26'45.53" E 506676.456	SURVEYOR CERTIFICATION 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. Signature & Seal of Professional Surveyor  Certificate No. Gory L. Jones 7977 BASIN SURVEYS 25721

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DISTRICT IV
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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code	Pool Name
Property Code	Property Name LAWMAN		Well Number 2H
GRID No.	Operator Name NADEL & GUSSMAN PERMIAN		Elevation 3399'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	13	19 S	25 E		2310	NORTH	1650	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
K	12	19 S	25 E		2310	SOUTH	1650	WEST	EDDY
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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	<p>PROPOSED BOTTOM HOLE LOCATION Lat - N 32°40'25.95" Long - W 104°26'30.09" NMSPCE- N 608004.984 E 507996.083 (NAD-83)</p>
	<p>SURFACE LOCATION Lat - N 32°39'41.26" Long - W 104°26'29.23" NMSPCE- N 604367.009 E 508064.623 (NAD-83)</p>
<p>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>Email Address _____</p>	
<p>SURVEYOR CERTIFICATION 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>Signature _____ Professional Surveyor 7977</p> <p>Certificate No. 3077 E. Jones 7977</p> <p>RASIN SURVEYS 25722</p>	

DISTRICT I1825 N. French Dr., Hobbs, NM 88240
Phone (505) 393-8181 Fax: (505) 393-8722**DISTRICT II**1301 W. Grand Avenue, Artesia, NM 88210
Phone (505) 743-1283 Fax: (505) 743-9720**DISTRICT III**1000 Rio Erazor Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170**DISTRICT IV**1220 S. St. Francis Dr., Santa Fe, NM 87505
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Energy, Minerals and Natural Resources Department

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office**OIL CONSERVATION DIVISION**1220 South St. Francis Dr.
Santa Fe, New Mexico 87505**WELL LOCATION AND ACREAGE DEDICATION PLAT**☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name LAWMAN	Well Number 3H
OCRID No.	Operator Name NADEL & GUSSMAN PERMIAN	Elevation 3395'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	13	19 S	25 E		2310	NORTH	2310	EAST	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
J	12	19 S	25 E		2310	SOUTH	2310	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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<p>PROPOSED BOTTOM HOLE LOCATION</p> <p>Lat - N 32°40'27.00" Long - W 104°26'13.76" NMSPC- N 609008.683 E 509391.309 (NAD-83)</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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>Email Address _____</p>
<p>SURFACE LOCATION</p> <p>Lat - N 32°39'41.30" Long - W 104°26'13.70" NMSPC- N 604389.875 E 509392.263 (NAD-83)</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>DATE: DEC 11 2011</p> <p>Date Surveyed _____</p> <p>Signature _____</p> <p>Professional Surveyor</p> <p>Certificate No. _____ Series 7977</p> <p>BASIN SURVEYS 25723</p>

DISTRICT I

1620 N. French Dr., Hobbs, NM 88240
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DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410
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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name LAWMAN	Well Number 4H
GRID No.	Operator Name NADEL & GUSSMAN PERMIAN	Elevation 3399'

Surface Location

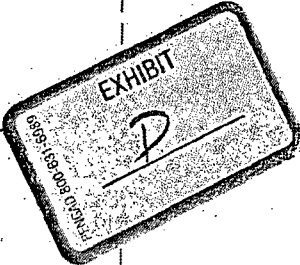
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	13	19 S	25 E		2310	NORTH	990	EAST	EDDY

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
I	12	19 S	25 E		2310	SOUTH	990	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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	<p>PROPOSED BOTTOM HOLE LOCATION Lat - N 32°40'27.04" Long - W 104°25'58.32" NAD83 - N 609012.165 E 510710.947 (NAD-83)</p>	<p>990'</p> <p>2310'</p> <p>2310'</p> <p>990'</p>	<p>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or is a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>Email Address _____</p>
	<p>SURFACE LOCATION Lat - N 32°39'41.34" Long - W 104°25'58.26" NAD83 - N 604393.337 E 510711.920 (NAD-83)</p>	<p>990'</p>	<p>SURVEYOR CERTIFICATION 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>DATE SURVEYED: DECEMBER 2, 2011</p> <p>Signature: _____ Professional Surveyor</p> <p>Certificate No. 7977</p> <p>7977</p> <p>BASIN SURVEYS: 25724</p>

DISTRICT I
1626 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

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

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87503

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 18, 2010

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-019-38306	Pool Code 97565	Pool Name NORTH SEVEN RIVERS GLORIETTA YESO
Property Code 38403	Property Name WYATT DRAW "13ML" COM	Well Number 1H
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3422'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	19 S	25 E		250	NORTH	350	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
L	13	19 S	25 E		2310	SOUTH	350	WEST	EDDY
Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.						

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PROPOSED BOTTOM HOLE LOCATION
Lat - N 32°39'35.81"
Long - W 104°26'42.18"
NMSPEC - N 603817.631
E 465619.130
(NAD-27)

SURFACE LOCATION
Lat - N 32°39'10.48"
Long - W 104°26'41.70"
NMSPEC - N 601256.263
E 465657.082
(NAD-27)

OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Jackie Lathan 12/31/10
Signature Date

Jackie Lathan
Printed Name

jathan@mewbourne.com
Email Address

SURVEYOR CERTIFICATION
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.

[Signature]
Date surveyed

[Signature]
Signature of Professional Surveyor

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 23247

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EXHIBIT
E

DISTRICT I
1525 N. FRENCH DR., HOBBS, NM 88240
DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210
DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised July 16, 2010
Submit to Appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 97565	Pool Name N. Seven Rivers; Glorieta-Yeso
Property Code 21143	Property Name FAIRCHILD 24		Well Number 2H
OSRID No.	Operator Name NEARBURG PRODUCING COMPANY		Elevation 3417

Surface Location

UL or lot No. L	Section 24	Township 19-S	Range 25-E	Lot Idn	Feet from the 2520	North/South line SOUTH	Feet from the 750	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No. D	Section 24	Township 19-S	Range 25-E	Lot Idn	Feet from the 330	North/South line NORTH	Feet from the 330	East/West line WEST	County EDDY
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Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.
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<p>330' B.H.</p> <p>GRID AZ = 351.26103 HORIZ. DIST. = 2522.7</p> <p>750'</p> <p>2520'</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=598684.5 N X=466010.5 E LAT.=32.645837° N LONG.=104.443760° W</p> <p>BOTTOM HOLE LOCATION Y=601178.6 N X=465636.3 E</p> <p>EXHIBIT F</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> 5/3/11 Signature Date Terri Stathem Printed Name tstathem@nearburg.com E-mail Address</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>MARCH 8, 2011 Date of Survey</p> <p>Signature & Seal of Professional Surveyor: <i>[Signature]</i> RONALD J. EIDSON NEW MEXICO 3230 Certificate Number: Gary G. Eidson 12541 Ronald J. Eidson 3230 LA JWC W.O. 11.13.1010</p>