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

2012 FEB 24 A 11: 05

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 wellbores 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 nonstandard 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.

NMOCD Case 14804 Amended Application for Nadel and Gussman Permian

Page 1

(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 theW/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

NMOCD Case 14804 Amended Application for Nadel and Gussman Permian Page 2 DISTRICT I 1820 N. French Dr., Hobbs, NN 88240 Phone (676) 393-8010 Fast (675) 395-6720 DISTRICT II 1901 N. Grand Avenue, Artesis. NN 88210 Phone (875) 745-1283 Fast (675) 745-9720 DISTRICT III 1000 Rio Brazos Rd., Azieo, NM 87410 Phone (805) 234-0170 Fast (855) 334-0170 DISTRICT IV 1220 S. B. Francis Dt., Santa Te, NN 87505 Finone (585) 470-2450 Fast (855) 470-2402

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

D AMENDED REPORT

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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

□ AMENDED REPORT

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	DISTRICT I 1625 N. French Dr., Hobbs, NN 85240		State of Ne	w Mexico		For Revised Aug	m C-102 Jst 1, 2011
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DISTRICT I 1625 N. French Dr., Nobbs, NM 88240 DISTRICT II 1301 V. Grand Avenue, Artesia, NN 88210

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

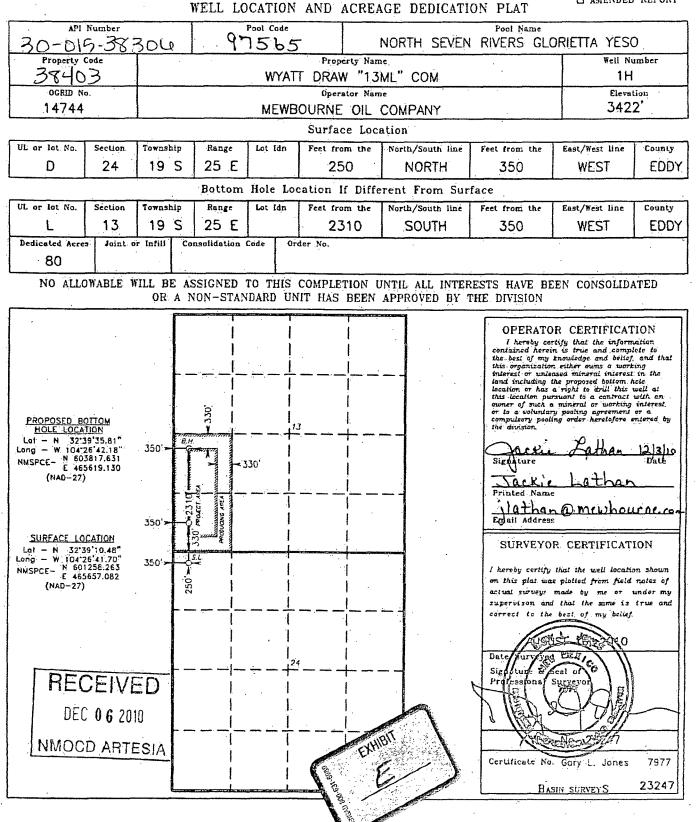
DISTRICT IV 1220 S. Si. Francis Dr., Santa Fe, NM 87003 State of New Mexico Energy, Minerals and Natural Resources Department Revised July 16, 2010

Form C-102

Submit one copy to appropriate District Office

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

□ AMENDED REPORT



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

D AMENDED REPORT

API Number	Pool Code		Pool Name			
· .	97565	N. Seven Rivers;	Glorieta-Yeso			
Property Code		· .	Well Number			
21143	FA	IRCHILD 24		2H		
OGRID No.		Operator Name		Elevation		
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Bottom Hole Location If Different From Surface

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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

