Geologic Write Up for Moe San Andres Unit Proposal

NEMO Fund I, LLC is formally requesting the formation of an exploratory unit that comprises all or part of Sections 12, 13, 14, 23, 24, 25, 26, 27, 34, 35, and 36 in T10S; R36E in Lea County, New Mexico.

The exploratory unit is proposed to cover the San Andres Formation, corresponding to the interval identified between the logged depths of 4,665 feet and 5,645 feet in the Dual Spaced Neutron/Gamma Ray log formulated by Halliburton on the Muddy Waters State #1 well (API: 30-025-39011), located in Section 1, Township 10 South, Range 36 East, Lea County, NM.

The stratigraphic thickness of the San Andres Formation, as defined above, is very consistent across the acreage proposed for unitization. The interval from the top of the Upper Pi Marker to the top of the Glorieta Sandstone ranges from 950 to 1,010 ft. of gross thickness. This variation is not known to have any effect on production. The San Andres formation is lithologically composed of alternating sequences of evaporites, dolomites, and carbonate units that were deposited in shallow water during the Permian.

The San Andres formation is an ideal candidate for horizontal development because of the known lateral and vertical variability in terms of net feet of viable reservoir. Directly north of the proposed unit, the Sawyer Field pool has produced approximately 5 million barrels of oil from this stratigraphic interval using vertical drilling technology with mixed results. Large disparities in cumulative oil production between vertical wells drilled on uniform spacing demonstrates the complex nature of the San Andres reservoir in this area.

In the target reservoir interval, the San Andres Dolomite Member (commonly referred to as the P1 zone), average porosity is 8.5% and average permeability is 8.7 mD based on analysis of conventional core data from the Williams State 12-004H pilot hole (API: 30-025-42726). However, the target reservoir is randomly interbedded with non-productive carbonate that has average porosity of 3.3% and average permeability of only 0.10 mD. The presence of these non-productive carbonate beds is difficult to predict and map. Therefore, the goal of horizontal drilling is to reduce the geologic risk of exploring and developing hydrocarbons in this reservoir. Based on production from analogous San Andres oil fields in Yoakum County, Texas, it has been proven that horizontal drilling technology reduces the number of wells needed to produce these reserves. However, our understanding of the economic risk associated with these higher cost horizontal wells, and the adaptation of these drilling techniques to this specific area in Lea County, New Mexico is still in its early stages.

We believe unitization of this acreage is favorable to the State of New Mexico because it will allow these minerals to be produced with maximum revenue to the State and in a manner that will cause the least environmental impact to sensitive species in the area. Maximizing revenue to the state and reducing environmental impact depends primarily upon proving the effectiveness of horizontal drilling technology within the proposed unit. Secondarily it requires building the most cost-efficient and least damaging system of infrastructure such as roads, electrical lines, natural gas lines, saltwater disposal systems, and production facilities. The goal of the exploration and development plan will be to increase production at a sustainable rate over time in order to optimize the large capital investment required for the development of this pool.

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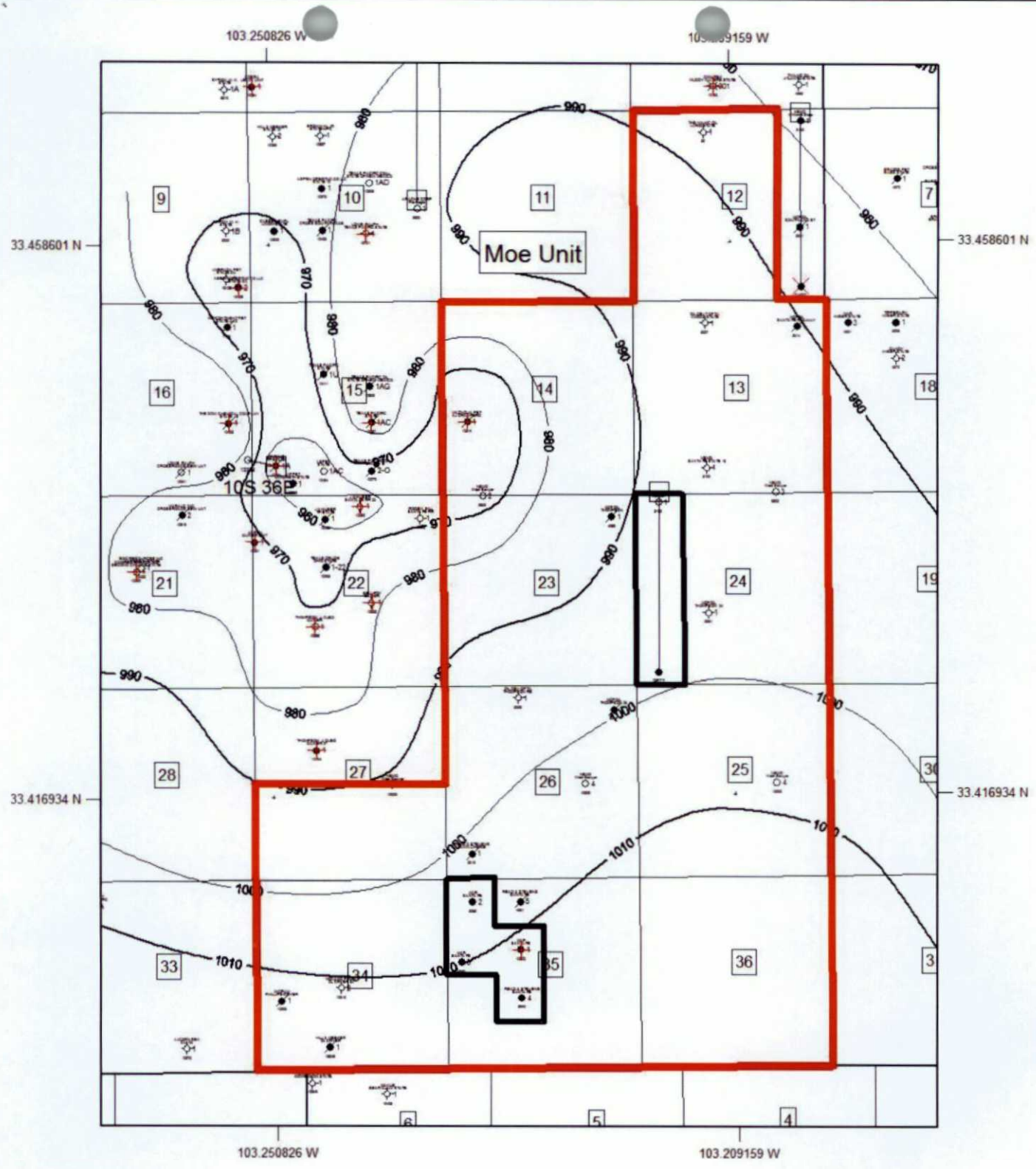
EXHIBIT 2

Future development plans will be submitted each year pursuant to the Unit Agreement, and will be a function of geologic understanding and commodity price environment. We respectfully submit this geologic write up as part of our formal proposal to form the exploratory unit in the above stated Sections 12, 13, 14, 23, 24, 25, 26, 27, 34, 35, and 36 in T10S; R36E in Lea County, New Mexico.



GEOLOGIC ISOPACH MAP: GROSS THICKNESS OF SAN ANDRES FORMATION (C.I. = 10 ft.) MOE SAN ANDRES UNIT LEA COUNTY, NEW MEXICO

Excluded from Moe Unit

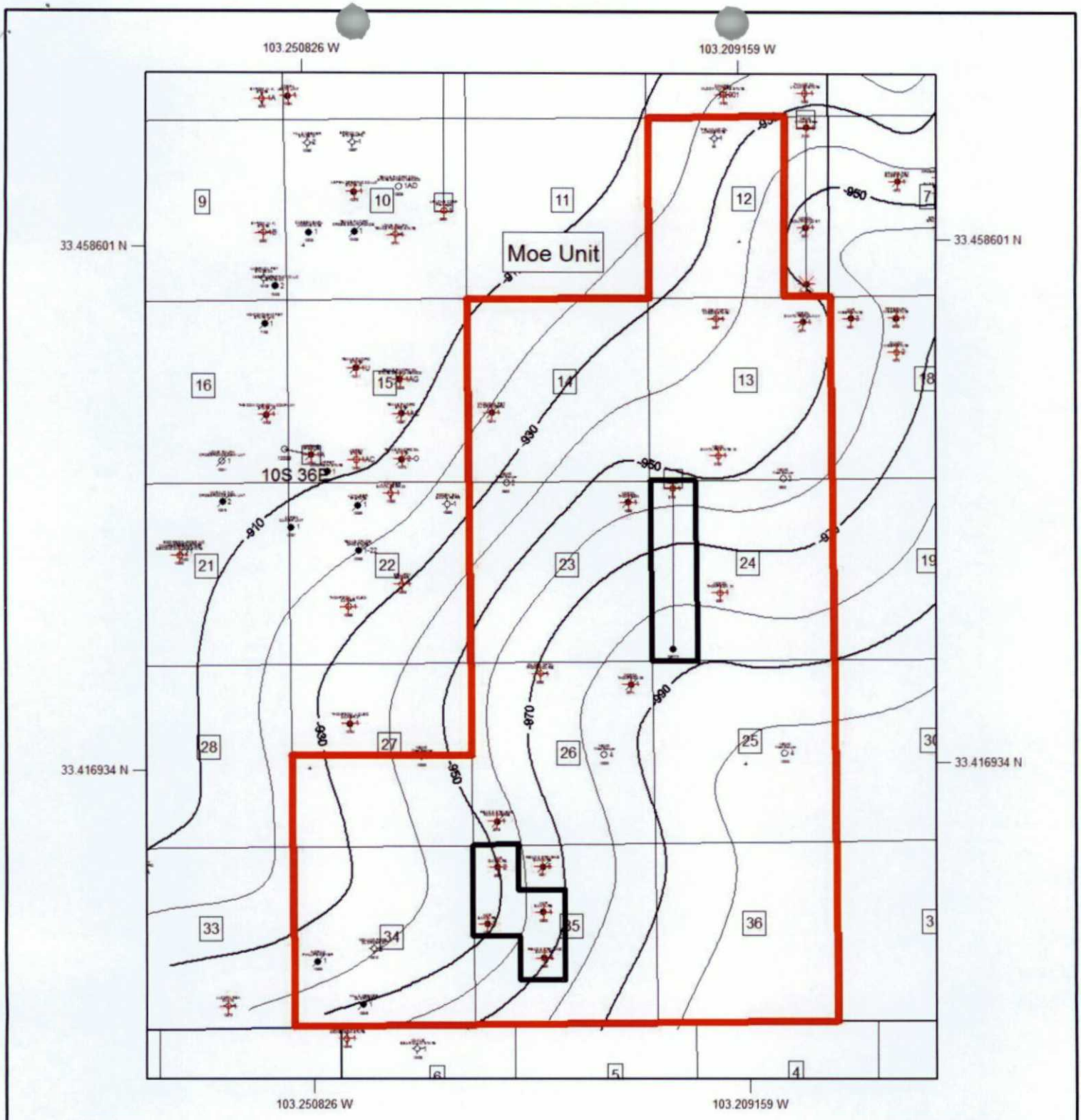
Moe San Andres Unit

1000 0 1000 2000 ft

1:48000

NEMO FUNDI LLC, OPERATOR

NAD 1927 New Mexico State Plane East Feet



GEOLOGIC STRUCTURE MAP: TOP OF SAN ANDRES FORMATION (C.I. = 10 ft.) MOE SAN ANDRES UNIT LEA COUNTY, NEW MEXICO

Excluded from Moe Unit

Moe San Andres Unit

1000 0 1000 2000 ft

1:48000

NAD 1927 New Mexico State Plane East Feet

NEMO FUNDI LLC, OPERATOR