

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF NADEL AND GUSSMAN
PERMIAN, L.L.C. FOR COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.**

Case No. 14,410

VERIFIED STATEMENT OF CRYSTAL EMERALD JOHNSON

Crystal Emerald Johnson, being duly sworn upon her oath, deposes and states:

1. I am a landman for Nadel and Gussman Permian, L.L.C., and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition is expected because the working interest owners being pooled have been contacted regarding the proposed well and have simply not decided whether to join in the well or farm out their interests upon terms agreeable to all parties.

(b) A plat outlining the spacing unit being pooled is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 20, Township 8 South, Range 33 East, NMPM, and in the following manner: The S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent; the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the SE/4SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Mohawk State Well No. 1, to be drilled at an orthodox location in the SE/4SE/4 of Section 20.

(c) The parties being pooled, their working interests in the 320 acre well unit, and their last known addresses, are as follows:

WORKING INTEREST

Tomahawk Investments, L.P.
c/o Wells Fargo Bank, N.A.
750 E. Mulberry Avenue
San Antonio, Texas 78212

0.0372025 %

Oil Conservation Division
Case No. 14
Exhibit No. 1

JPMorgan Chase Bank, Trustee of the W.J. Goldston Residuary Trust P.O. Box 2605 Ft. Worth, Texas 76113	0.2232150 %
Megan Goldston, Trustee of the Bill Goldston Family Trust c/o Wells Fargo Bank, N.A. 750 E. Mulberry Avenue San Antonio, Texas 78212	0.1736100 %
Goldstruck Investments, L.P. c/o Wells Fargo Bank, N.A. 750 E. Mulberry Avenue San Antonio, Texas 78212	0.04340375 %
Trustee of the Jeanne Goldston Kies Special Trust c/o Wells Fargo Bank, N.A. 750 E. Mulberry Avenue San Antonio, Texas 78212	0.13020875 %
ENI Oil & Gas Suite 350 1201 Louisiana Houston, Texas 77002	4.1015625 %
Rutter & Wilbanks Corp. P.O. Box 3186 Midland, Texas 79702	3.1250000 %
Mayfield I, L.P. P.O. Box 570365 Houston, Texas 77257	0.3906250 %
Iris Goldston, L.P. P.O. Box 570365 Houston, Texas 77257	0.3906250 %

(d) Copies of the proposal letters sent to the uncommitted working interest owner are attached hereto as Exhibit B. In addition, phone calls have been made and e-mails have been sent to the interest owners.

(e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against a non-consenting working interest owner.

(f) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Chaves County.

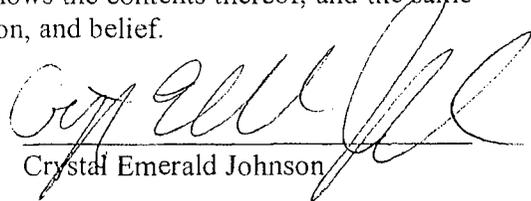
(g) Overhead charges of \$ 5,500/month for a drilling well, and \$ 670/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.

(h) Applicant requests that it be designated operator of the well.

VERIFICATION

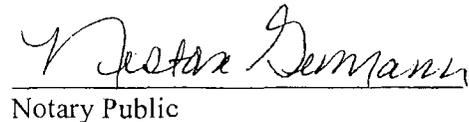
STATE OF TEXAS)
) ss.
CITY AND COUNTY OF MIDLAND)

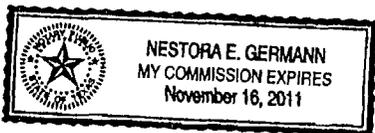
Crystal Emerald Johnson, being duly sworn upon his oath, deposes and states that: She is a landman for Nadel and Gussman Permian, L.L.C.; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.


Crystal Emerald Johnson

SUBSCRIBED AND SWORN TO before me this 16th day of December, 2009 by Crystal Emerald Johnson.

My Commission Expires: 12/16/2011


Notary Public



NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 23, 2009

Oil Join Ventures II Partnership
c/o Horkey Oil Company
P.O. Box 2669
Lubbock, TX 79408

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

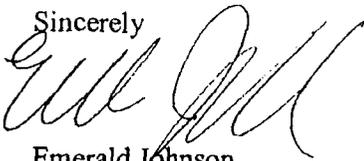
Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that Oil Ventures II owns a 6.00% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE is enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

EXHIBIT

B

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 22, 2009

Oil Ventures II
P.O. Box 2669
Lubbock, TX 79408

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

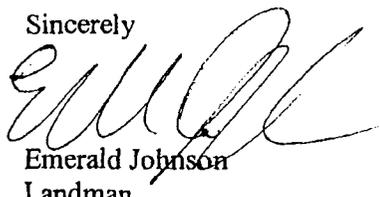
Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that Oil Ventures II owns a 6.00% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE is enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 22, 2009

Tomahawk Investments, L.P., a Texas Limited Partnership
c/o Wells Fargo Texas Bank
Oil and Gas Trust
Attn: Mr. Pete Keedy
750 Mulbury Avenue
San Antonio, TX 78212

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

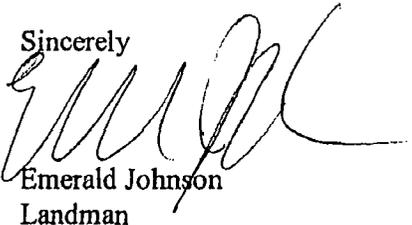
Dear Mr. Keedy:

Our inspection of the county records of Chaves County, New Mexico indicates that Tomahawk Investments, L.P., a Texas Limited Partnership owns a .29762% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508
Midland, Texas 79701
Phone: (432) 682-4429
Fax: (432) 682-4325

October 20, 2009

Tomahawk Investments, L.P., a Texas Limited Partnership
Wells Fargo Teas Bank
Oil and Gas
P.O. Box 6000
San Antonio, TX 78286

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that Tomahawk Investments, L.P., a Texas Limited Partnership owns a .29768% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 22, 2009

JPMorgan Chase Bank, as Successor Trustee of the W.J.
Goldston Residuary Trust u/w/o W.J. Goldston f/b/o of:
Walter Jerome Goldston, Gwendolyn Carlisle King Kenney,
Allan Goldston King, Duane Hadley King, David Russell King,
William Jerome Goldston, III
Attn: Mr. Frank Medrano
TX-1-1315
P.O. Box 2605
Ft. Worth, TX 76113

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

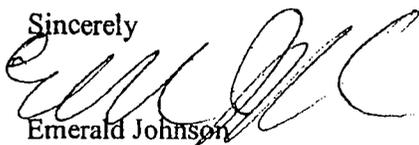
Dear Mr. Medrano:

Our inspection of the county records of Chaves County, New Mexico indicates that the W.J. Goldston Residuary Trust u/w/o W.J. Goldston f/b/o of: Walter Jerome Goldston, Gwendolyn Carlisle King Kenney, Allan Goldston King, Duane Hadley King, David Russell King, William Jerome Goldston, III ("the Trust") owns a 1.78572% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, the Trust has the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of the Trust's interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 22, 2009

King Oil and Gas of Texas, Ltd.,
a Texas Limited Partnership
800 Bering, Suite 305
Houston, TX 77057

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

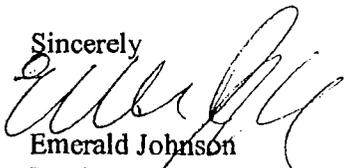
Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that King Oil and Gas of Texas, Ltd., owns a 1.38888% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely


Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508
Midland, Texas 79701
Phone: (432) 682-4429
Fax: (432) 682-4325

October 22, 2009

Megan Goldston,
as Trustee of the Bill Goldston Family Trust,
c/o Wells Fargo Bank, N.A., Agent,
Wells Fargo Bank, N.A., Trust Oil & Gas
Attn: Mr. Pete Keedy
750 Mulbury Avenue
San Antonio, TX 78212

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

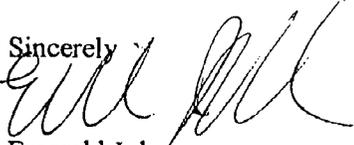
Dear Mr. Keedy:

Our inspection of the county records of Chaves County, New Mexico indicates that the Bill Goldston Family Trust ("the Trust") owns a 1.38888% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, the Trust has the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of the Trust's interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely


Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 22, 2009

Gold Struck Investments, Ltd., a Texas Limited Partnership
c/o Wells Fargo Bank, N.A., Trust Oil & Gas
Attn: Mr. Pete Keedy
750 Mulbury Avenue
San Antonio, TX 78212

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

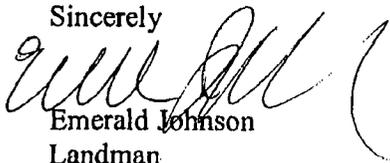
Dear Mr. Keedy:

Our inspection of the county records of Chaves County, New Mexico indicates that Gold Struck Investments, Ltd., as Texas Limited Partnership ("Gold Struck") owns a .34723% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, Gold Struck has the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of the Gold Struck's interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 22, 2009

The Trustee of the Jeanne Goldston Kies
Special Trust u/t/a dated August __, 1994
Between Kathleen Hadley Goldston, as Trustor,
and Texas Commerce Bank National Association, as Trustee
c/o Wells Fargo Texas Bank
Oil and Gas Trust
Attn: Mr. Pete Keedy
750 Mulbury Avenue
San Antonio, TX 78212

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

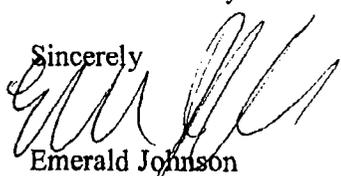
Dear Mr. Keedy:

Our inspection of the county records of Chaves County, New Mexico indicates that the Jeanne Goldston Kies Special Trust ("the Trust") owns a 1.04167% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, the Trust has the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of the Trust's interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely


Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 20, 2009

Andrews Oil L.P.
Attn: David Andrews
1015 Bee Cave Woods Drive
Austin, TX 78746

Sent Via Certified Mail

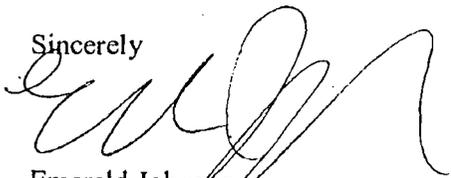
Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

Dear Mr. Andrews:

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 20, 2009

Orr Exploration, Ltd.
Attn: Mr. Bill Orr
3660 Stoneridge Road A-101
Austin, TX 78746

Sent Via Certified Mail

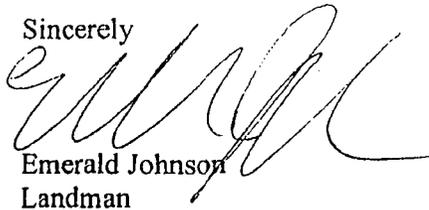
Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

Dear Mr. Orr:

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 20, 2009

Mrs. Polette Parker
2315 Bobwhite Dr.
Odessa, TX 79767-2234

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

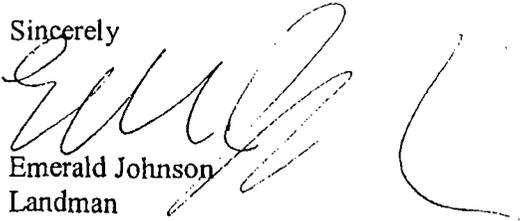
Dear Mrs. Parker:

Our inspection of the county records of Chaves County, New Mexico indicates that Polette Parker, a married woman, owns a 12.50% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely


Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 20, 2009

ENI Oil and Gas
1201 Louisiana, Suite 350
Houston, TX 77002

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

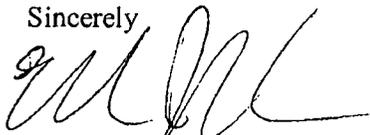
Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that ENI Oil and Gas owns a 32.8125% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 20, 2009

V.F. Neuhaus Properties, Inc.
214 N. 16th Street
McAllen, TX 78501

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

Gentlemen:

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 20, 2009

Rutter and Wilbanks Corporation
P.O. Box 3186
Midland, TX 79702

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

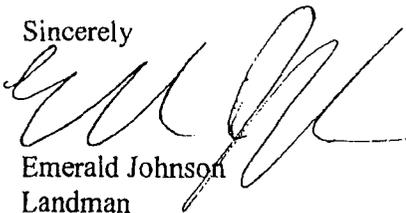
Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that Rutter and Wilbanks Corporation owns a 12.50% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider a farm-in of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 20, 2009

Doug Laufer, and wife Suzanne Laufer, d/b/a Principal Properties
4425 South MOPAC
Building II, Suite 103
Austin, TX 78735

Sent via Certified Mail

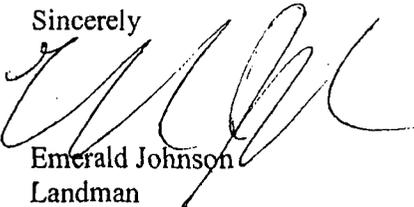
Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

Dear Mr. Laufer:

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely


Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 20, 2009

Nova Mud, Inc.
Attn: Mr. Ken Bromley
P.O. Box 2703
Hobbs, NM 88241

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

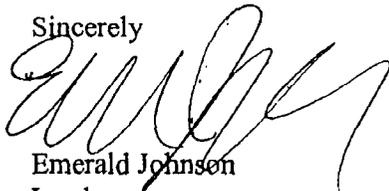
Dear Mr. Bromley:

Our inspection of the county records of Chaves County, New Mexico indicates that Nova Mud, Inc. owns a 1.00% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE is enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 20, 2009

Lindenmuth and Associates, Inc.
Attn: Gerald Lindenmuth
510 Hearn Street, Suite 200
Austin, TX 78703

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

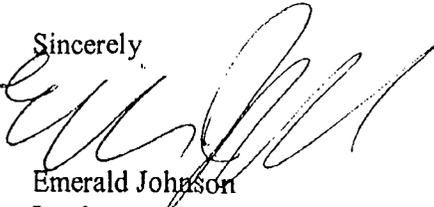
Mr. Lindenmuth:

Our inspection of the county records of Chaves County, New Mexico indicates that Lindenmuth and Associates, Inc. ("Lindenmuth") owns a 50% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. NGP will be the designated Operator of the well. Per Letter of Understanding executed October 9, 2009 by Gerald Lindenmuth an AFE has been enclosed for your evaluation. In the event you do not elect to participate, NGP will work with Lindenmuth to prepare a Term Assignment of Lindenmuth's interest in the captioned land.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 20, 2009

Mayfield I, Ltd.
P.O. Box 570365
Houston, TX 77257-0365

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

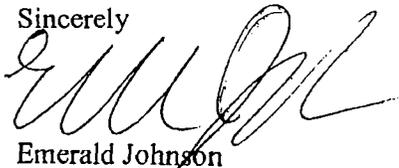
Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that Mayfield I, Ltd. owns a 3.125% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 20, 2009

Charles Preston
831 Boulevard of the Champions
Shalimar, FL 32579

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

Dear Mr. Preston:

Our inspection of the county records of Chaves County, New Mexico indicates that you own a 2% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508
Midland, Texas 79701
Phone: (432) 682-4429
Fax: (432) 682-4325

October 20, 2009

Iris Goldston, Ltd., a Texas Limited Partnership
Attn: Mr. Jack Mayfield Jr.
P.O. Box 570365
Houston, TX 77257-0365

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

Dear Mr. Mayfield

Our inspection of the county records of Chaves County, New Mexico indicates that Iris Goldston, Ltd., a Texas Limited Partnership owns a 3.125% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman

Enclosures

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

October 20, 2009

Quanah Exploration Limited Partnership
Attn: Mrs. Denise Newton
P.O. Box 494
Midland, TX 79702

Sent Via Certified Mail

Re: Mohawk State #1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

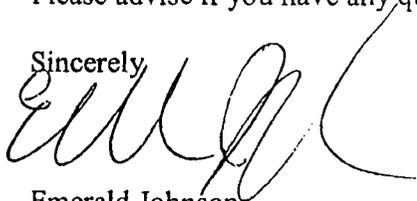
Dear Mrs. Newton:

Our inspection of the county records of Chaves County, New Mexico indicates that Quanah Exploration Limited Partnership owns a 12.50% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE is enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely,



Emerald Johnson
Landman

Enclosures

AUTHORITY FOR EXPENDITURE

NADEL AND GUSSMAN PERMIAN, LLC

Date: 10/19/2009

Prepared By: Terry West

Prospect Name: Tobac

County, State: Chaves, New Mexico

Projected Total Depth: 11000'

Lease / Well Number: Mohawk State #1

Location: Sec. 20, T8S R33E

660' FEL, 660' FSL

Field:

Primary Objectives: Morrow, Lower Penn

NOTES

Daywork Contract - Vertical Gas or Oil Well - Closed-Loop Mud System

Assumes regulatory agent approves casing program

Note all pipe prices may be subject to increase due to market fluctuations.

It is recognized that the amounts provided here are estimates only and approval of this authorization shall extend to actual costs incurred in conducting the operations specified, whether more or less than estimated.

Intan. Drilling Costs BCP	COSTS
4-02 Abandonment & Cleanup	\$ 30,000
1-10 Abstracts & Title Opinions	\$ -
4-87 Well Control Insurance 11000' \$/Ft: 0.684	\$ 7,524
4-01 Legal, Permits & Fees	\$ 2,500
4-07 Staking Location & Surveys	\$ 1,800
4-36 Location, Road & ROW	\$ 40,650
4-15 IDC Daywork Days: 33 \$/Day: 7000	\$ 231,000
4-14 Mobilization / Demobilization	\$ 70,000
4-66 Rig Fuel Days: 33 \$/Day: 2025	\$ 66,825
4-24 IDC Footage \$/Ft:	\$ -
4-72 Supervision Days: 33 \$/Day: 900	\$ 29,700
4-18 Drilling Overhead (Administrative Services)	\$ 7,700
4-03 Bits & Reamers	\$ 53,800
4-61 Rentals Surface	\$ 109,205
4-62 Rentals Sub-Surface	\$ 18,150
4-62 Drill Pipe / Motors Days: \$/Day:	\$ -
4-16 Directional Drilling Expense	\$ -
4-31 Inspection - Drill String	\$ 15,000
4-04 Well Control & Testing	\$ 6,000
4-45 Miscellaneous IDC	\$ 5,000
4-52 Mud Logging Days: 26 \$/Day: \$ 909	\$ 23,625
4-08 Contract Labor	\$ 5,000
4-78 Transportation	\$ 40,000
4-05 Surface Casing Crews	\$ 8,000
4-06 Surface Cement and Cement Services	\$ 7,000
4-23 Surface Float Equipment & Centralizers	\$ 1,500
4-05 Intermediate Surface Casing Crews	\$ 8,000
4-06 Intermediate Cement and Cement Services	\$ 13,000
4-23 Intermediate Float Equipment & Centralizers	\$ 1,300
4-51 Mud & Additives	\$ 50,000
4-12 Corrosion Control & Chem.	\$ 5,000
4-84 Water	\$ 20,176
4-85 Water / Mud Disposal	\$ 69,990
Contingency (10%)	\$ 94,744
TOTAL	\$ 1,042,189

Intan. Formation Testing BCP	COSTS
4-39 Logging & Wireline	\$ 35,000
4-21 Drill Stem - Formation Tests	\$ -
4-12 Coring & Analysis (Sidewall Cores)	\$ -
Contingency (10%)	\$ 3,500
TOTAL	\$ 38,500

Tangible Lease & Well Equipment BCP	COSTS
6-72 Surface Casing 13-3/8" \$/Ft: 24 Feet: 400	\$ 9,600
6-32 Intermediate Csg 9-5/8" \$/Ft: 19 Feet: 3755	\$ 72,284
" \$/Ft: Feet:	\$ -
" \$/Ft: Feet:	\$ -
6-84 Wellhead	\$ 7,000
6-76 Cattle Guards	\$ 1,500
Contingency (10%)	\$ 9,038
TOTAL EQUIPMENT	\$ 89,422

TOTAL DRILLING	\$ 1,180,112
TOTAL INTANGIBLE	\$ 1,460,318

Intan. Comp. Costs ACP	COSTS
5-02 Abandonment & Cleanup	\$ (30,000)
5-12 IDC Daywork Days: 2 \$/Day: 7000	\$ 16,000
4-66 Rig Fuel Days: 2 \$/Day: 2025	\$ 4,050
5-84 Drilling Rig Supervision Days: 2 \$/Day: 900	\$ 1,800
5-05 Production Casing Crews	\$ 12,000
5-08 Production Casing Cement & Services	\$ 25,000
5-08 Prod. Float Equipment & Centralizers	\$ 2,500
5-09 Completion / Swab Unit Days: 30 \$/Day: 2000	\$ 60,000
5-84 Compl. Rig Supervision Days: 30 \$/Day: 650	\$ 19,500
5-18 Administrative Services	\$ 7,467
5-48 Mud & Chemicals	\$ 2,500
5-66 Water Hauling	\$ 9,500
5-32 Logging, Perforations & Wireline	\$ 25,000
5-62 Rentals Subsurface	\$ 7,500
5-61 Rentals Surface	\$ 5,400
5-53 Nitrogen Service & Coiled Tubing	\$ -
5-22 Fishing	\$ -
5-80 Stimulation	\$ 90,000
5-92 Transportation	\$ 12,000
5-77 Contract Labor & Roustabout	\$ 10,000
5-04 Bits & Reamers	\$ 2,500
5-11 Couplings & Fittings	\$ 9,500
5-28 Location & Road Expense	\$ 5,000
5-40 Miscellaneous IDC	\$ 12,000
5-31 Pipe Inspection & Recondition	\$ 9,000
5-68 Pumping Services (Kill Truck)	\$ 5,400
5-21 Testing	\$ 11,000
5-40 Well Control Insurance Days: 30 \$/Day: 350	\$ 10,500
Contingency (10%)	\$ 34,512
TOTAL	\$ 379,628

Tangible Well Equipment ACP	COSTS
6-60 Prod. Csg / Liners 5-1/2" \$/Ft: 12 Feet: 11000	\$ 135,520
" \$/Ft: Feet:	\$ -
6-80 Tubing 2-7/8" \$/Ft: 5 Feet: 10800	\$ 51,300
6-84 Wellhead	\$ 8,000
6-68 Rods & Pump	\$ 35,400
6-56 Subsurface Equipment	\$ 3,000
Contingency (10%)	\$ 23,322
TOTAL EQUIPMENT	\$ 256,542

Tangible Lease & Battery Equipment ACP	COSTS
6-64 Pumping Units & Engines	\$ 75,000
6-16 Gas Processing & Dehy	\$ -
6-24 Heaters, Treaters & Separators	\$ 20,000
6-76 Tanks & Accessory Equipment	\$ 25,000
6-40 Pipeline	\$ 15,000
6-42 Flowline	\$ 10,000
6-12 Controllable Valves	\$ 9,000
6-44 Misc. Controllable Equipment	\$ 6,000
Contingency (10%)	\$ 16,000
TOTAL EQUIPMENT	\$ 176,000

TOTAL COMPLETION	\$ 812,170
TOTAL TANGIBLE	\$ 531,964

Joint Interest Approval

Company:

Company: Nadel and Gussman Permian, LLC

TOTAL DRY HOLE COST	\$ 1,204,147
TOTAL WELL COST	\$ 1,992,282

By: *Terry West*

Date: 10/19/2009