

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

January 29, 2010

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

VIA CERTIFIED MAIL

Re: Mohawk State No. 1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

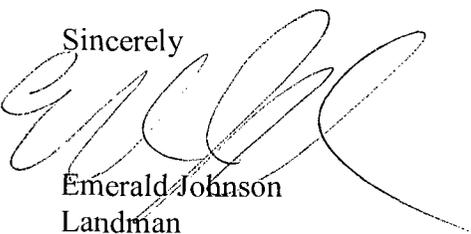
Dear Florene:

Please find enclosed Compulsory Pooling Case No. 14410, Order No. R-13210 issued January 11, 2010 covering the captioned land.

As per the Order, enclosed is AFE for the estimated costs of drilling, completing, and equipping of the Mohawk State No. 1 well. I have also enclosed copies of the letters sent to the pooled working interest owners.

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

Sincerely


Emerald Johnson
Landman

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
4-67	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					\$ 99,422

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

By: _____ Date: _____

By: *Jerry West* Date: 10/19/2009

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

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

January 27, 2010

ENI Oil & Gas
Suite 350
1201 Louisiana
Houston, Texas 77002

VIA CERTIFIED MAIL

Re: Mohawk State No. 1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

Gentlemen:

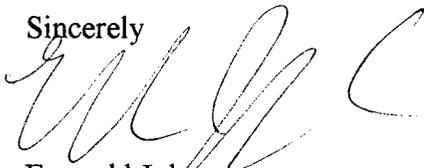
Please find enclosed Compulsory Pooling Case No. 14410, Order No. R-13210 issued January 11, 2010 covering the captioned land. The Mohawk State No. 1 Well is located in the SE/4 of Section 20, T-8-S, R-33-E, Chaves County, New Mexico. An AFE in the amount of \$1,992,282 for the drilling, completing, and equipping of the well is also enclosed for your evaluation.

As per the Order, please advise within thirty (30) days from the receipt of this letter whether or not you elect to participate in this well. In addition, as per the provisions of the Order should you elect to participate please include payment for your share of the estimated cost of drilling, completing, and equipping the well. If you elect to participate, please sign, and return the AFE and your payment to this office at your earliest convenience.

Your share of the estimated wells cost amounts to: \$81,714.69.

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

Sincerely



Emerald Johnson
Landman

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

January 27, 2010

Trustee of the Jeanne Goldston
Kies Special Trust
c/o Wells Fargo Bank, N.A.
750 E. Mulberry Avenue
San Antonio, Texas 78212

VIA CERTIFIED MAIL

Re: Mohawk State No. 1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

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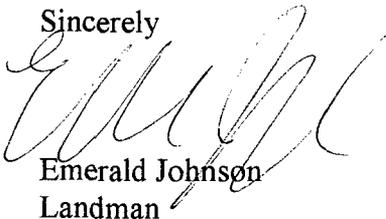
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Your share of the estimated wells cost amounts to: \$2,594.13.

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

Sincerely



Emerald Johnson
Landman

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

January 27, 2010

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

VIA CERTIFIED MAIL

Re: Mohawk State No. 1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

Gentlemen:

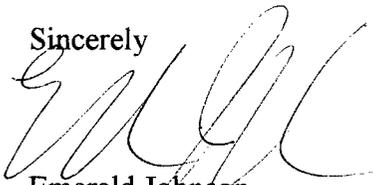
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Your share of the estimated wells cost amounts to: \$864.73.

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

Sincerely



Emerald Johnson
Landman

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

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January 27, 2010

Megan Goldston, Trustee of the
Bill Goldston Family Trust
c/o Wells Fargo Bank, N.A.
750 E. Mulberry Avenue
San Antonio, Texas 78212

VIA CERTIFIED MAIL

Re: Mohawk State No. 1
T-8-S, R-33-E, N.M.P.M.
Section 20: S/2
Chaves County, New Mexico

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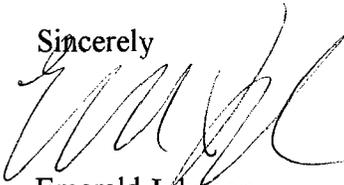
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Your share of the estimated wells cost amounts to: \$3,458.80.

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

Sincerely



Emerald Johnson
Landman

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

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January 27, 2010

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

VIA CERTIFIED MAIL

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Chaves County, New Mexico

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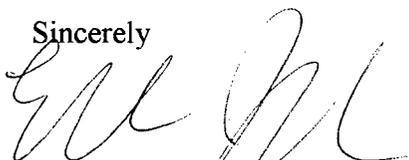
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Your share of the estimated wells cost amounts to: \$741.18.

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

Sincerely



Emerald Johnson
Landman

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

January 27, 2010

JPMorgan Chase Bank, Trustee of the
W.J. Goldston Residuary Trust
P.O. Box 2605
Ft. Worth, Texas 76113

VIA CERTIFIED MAIL

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

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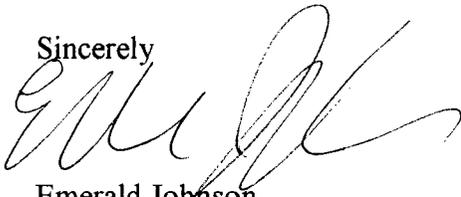
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Your share of the estimated wells cost amounts to: \$4,447.07.

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

Sincerely



Emerald Johnson
Landman

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601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

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January 27, 2010

Iris Goldston, L.P.
P.O. Box 570365
Houston, Texas 77257

VIA CERTIFIED MAIL

Re: Mohawk State No. 1
T-8-S, R-33-E, N.M.P.M.
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Chaves County, New Mexico

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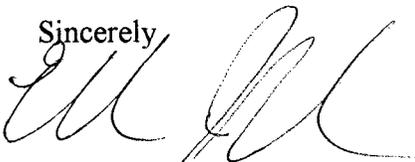
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Your share of the estimated wells cost amounts to: \$7,782.35.

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

Sincerely



Emerald Johnson
Landman

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508
Midland, Texas 79701
Phone: (432) 682-4429
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January 27, 2010

Mayfield I, L.P.
P.O. Box 570365
Houston, Texas 77257

VIA CERTIFIED MAIL

Re: Mohawk State No. 1
T-8-S, R-33-E, N.M.P.M.
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Chaves County, New Mexico

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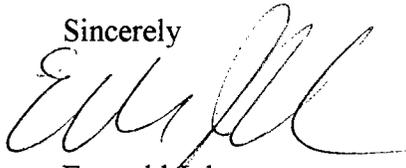
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Please advise if you have any questions. Thank you for your prompt attention to this matter.

Sincerely



Emerald Johnson
Landman