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January 13, 2004

Hand Delivered

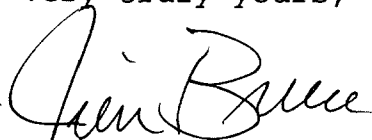
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing are an original and one copy of two applications for compulsory pooling, together with proposed advertisements, filed on behalf of Nadel and Gussman Permian, L.L.C. Please set these matters for the February 5, 2004 Examiner hearing. Thank you.

The advertisements are also on the enclosed disk.

Very truly yours,


James Bruce

Attorney for Nadel and Gussman Permian, L.L.C.

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Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 13212

Parties Being Pooled

OXY USA WTP Limited Partnership
Suite 6000
6 Desta Drive
Midland, Texas 79705

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
Case No. 13212

APPLICATION

Nadel and Gussman Permian, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E½ of Section 31, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of Section 31, and has the right to drill a well thereon.

2. Applicant proposes to drill its Hannibal Fed. Well No. 1, at an orthodox gas well location in the NW¼SE¼ of Section 31, to a depth sufficient to test the Morrow formation, and seeks to dedicate the E½ of Section 31 to the well to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated North Loving-Atoka Gas Pool, Undesignated Dublin Ranch-Morrow Gas Pool, and Undesignated North Loving-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 31 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in

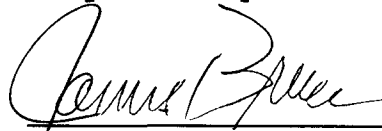
dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 31, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 31 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E½ of Section 31, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Nadel and Gussman
Permian, L.L.C.

PROPOSED ADVERTISEMENT

Case 13212: Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order to pooling all mineral interests from the surface to the base of the Morrow formation underlying the E $\frac{1}{2}$ of Section 31, Township 22 South, Range 28 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated North Loving-Atoka Gas Pool, Undesignated Dublin Ranch-Morrow Gas Pool, and Undesignated North Loving-Morrow Gas Pool. The unit is to be dedicated to applicant's Hannibal Fed. Well No. 1, to be drilled at an orthodox gas well location in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 2 $\frac{1}{2}$ miles east of Otis, New Mexico.

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Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505