

**NADEL AND GUSSMAN PERMIAN, L.L.C.**  
**601 N. Marienfeld, Suite 508**  
**Midland, TX 79701**  
**Office: (915)682-4429**  
**Fax: (915)682-4325**

May 16, 2001

Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702  
Attn: Mr. Joe Rusnak

Re: Ancell #1  
S/2 Section 17, T-19-S, R-24-E  
Eddy County, New Mexico

Gentlemen:

Nadel and Gussman Permian, LLC ("NGP") hereby proposes the drilling of the Ancell #1, to be located 990' FEL & 990' FSL Section 17, T-19-S, R-24-E. Said well will be drilled into the Mississippian section at an approximate depth of 9,000 feet. The target zones are the Morrow, Strawn, and Wolfcamp Formations. The S/2 Section 17 will be the designated spacing unit for the well. An inspection of the Eddy County records indicates Marathon Oil Company owns approximately 50% working interest under the SW/4 Section 17.

An AFE is enclosed for your evaluation. We will also attempt to enter into a mutually acceptable Joint Operating Agreement. In the event you do not want to participate, NGP will consider entering into a trade with mutually acceptable terms.

Please advise if you have any questions or need further information. Thank you for your attention to this matter.

Sincerely,

*Sam H. Jolliffe IV*  
Sam H. Jolliffe IV  
Land Manager

CONSERVATION DIVISION  
CASE NUMBER \_\_\_\_\_  
EXHIBIT 4



P.O. Box 552  
Midland, TX 79702-0552  
Telephone 915/682-1626

May 31, 2001

Mr. Michael M Gray  
CONCHO RESOURCES INC.  
110 W. Louisiana  
Midland, Texas 79701

Mark K. Nearburg  
AMERISTATE EXPLORATION, LLC  
P. O. Box 341449  
Austin, Texas 78734-0025

Re: Well Proposal – Nadel and Gussman Permian, L.L.C.  
Our Lease NM-1423 - State of New Mexico E-7901  
N/2 & SW/4 Section 17, T-19-S, R-24-E,  
Eddy County, New Mexico  
Southern Cross Area

Gentlemen:

Per our earlier conversation, enclosed please find an AFE and well proposal from Nadel and Gussman Permian, L.L.C. (N&G) covering the drilling of their Ancell #1 well. The spacing unit for this well will be the south half of section 17. As we discussed, Marathon's interest (49.4695%) in the above referenced lease is subject to a working interest unit dated July 1, 1965. Additionally this lease is subject to the Letter agreement with attached Operating Agreement dated May 19, 1999 between Concho Resources Inc. (Concho), Ameristate Exploration, LLC (Ameristate) and Marathon. I believe that both Concho as to a 15.49047% interest and Ameristate as to a 3.098% interest are entitled to participate in the drilling of N&G's well by virtue of our May 19, 1999 agreement. Please let me know as soon as possible if Concho and/or Ameristate wish to participate in this well and I will prepare a partial assignment of your interest. In the event Concho and/or Ameristate does not wish to participate, Marathon respectfully requests the above referenced tract be deleted from the May 19, 1999 letter and operating agreement. Please feel free to give me a call at (915) 687-8480 if you have any questions or need additional information.

Yours very truly,

A handwritten signature in cursive script that reads 'J. F. Rusnak'.

J. F. Rusnak  
Senior Landman

Enclosure  
xc: Sam H. Jolliffe IV

**NADEL AND GUSSMAN PERMIAN, L.L.C.**  
601 N. Marienfeld, Suite #508  
Midland, Tx 79701  
Phone: (915) 682-4429  
Fax: (915) 682-4325

June 11, 2001

Oxy USA Inc.  
6 Desta Drive, Ste. 6000  
Midland, Texas 79705

Attn: Mrs. Leslyn M. Wallace, CPL

RE: Ancell #1  
S/2 Section 17, T-19-S, R-24-E  
Eddy County, New Mexico

Dear Mrs. Wallace:

Nadel and Gussman Permian, LLC ("NGP") hereby proposes the drilling of the Ancell #1, at a legal location in the SE/4 Section 17, T-19-S, R-24-E. Said well will be drilled into the Mississippian section at an approximate depth of 9,000 feet. The target zones are the Morrow, Strawn, and Wolfcamp Formations. The S/2 Section 17 will be the designated spacing unit for the well. An inspection of the Eddy County, records indicates Yates Petroleum Corporation owns approximately 35% working interest under the SW/4 Section 17.

An AFE is enclosed for your evaluation. We will also attempt to enter into a mutually acceptable Joint Operating Agreement. In the event you do not want to participate, NGP will consider entering into a trade with mutually acceptable terms. We anticipate securing a rig around the end of July, so your prompt response will be greatly appreciated.

Please advise if you have any questions or need further information.

Sincerely,



Sam H. Jolliffe IV  
Land Manager

**NADEL AND GUSSMAN PERMIAN, L.L.C.**  
**601 N. Marienfeld, Suite 508**  
**Midland, TX 79701**  
**Office: (915)682-4429**  
**Fax: (915)682-4325**

June 20, 2001

Joe and Billie Helm  
Bill and Clara Helm  
P.O. Box 1081  
Artesia, New Mexico 88201

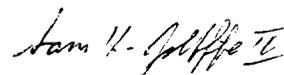
Re: T-19-S, R-24-E, NMPM  
Section 17: SE/4

Nadel and Gussman Permian, LLC ("NGP") hereby proposes the drilling of the Ancell #1, at a legal location in the SE/4 Section 17, T-19-S, R-24-E. said well will be drilled into the Mississippian section at an approximate depth of 9,000 feet.. The target zones are the Morrow, Strawn, and Wolfcamp Formations. The S/2 Section 17 will be the designated spacing unit for the well.

An AFE is enclosed for your share of the well costs, which is approximately 12.5% of the total costs. We will also forward you a Joint Operating Agreement. We will also stake the well within the next couple of days. Our agent, Mr. Bill McCaw, has diligently worked with you in attempting to secure a mutually acceptable Oil & Gas Lease, but has had no success in obtaining an acceptable response (or any type of solid response) from you. If you therefore decide not to participate in our well proposal, we will commence compulsory pooling action with New Mexico Oil Conservation Division in Santa Fe. We have committed to a drilling rig, and must move quickly. We will certainly welcome the opportunity however, to continue discussions in securing an Oil & Gas Lease from you if we can receive a firm commitment from you very soon. If we are able to secure a lease from you, we will dismiss all pooling procedures.

Please advise if you have any questions.

Sincerely,



Sam H. Jolliffe IV  
Land Manager

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Received by (Please Print Clearly) <b>ARNIE HERRE</b> B. Date of Delivery <b>6-14-01</b></p> <p>C. Signature <b>Arnie Herre</b> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>
<p>1. Article Addressed to:</p> <p style="text-align: center;"><b>Oxy USA Inc</b>  <b>Attn: Leslyn M. Wallace</b>  <b>6 Desta Drive, Ste. 6000</b>  <b>Midland, Texas 79705</b></p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below: <input type="checkbox"/> No</p> <p style="text-align: center;"><b>BOX 50250</b>  <b>MIDLAND TX 79710</b></p> <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Copy from service label)  <b>7099 3400 0016 0162 9638</b></p> <p>PS Form 3811, July 1999 Domestic Return Receipt 102595-99-M-1789</p>	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Received by (Please Print Clearly) <b>JOE HELM</b> B. Date of Delivery <b>06-25-01</b></p> <p>C. Signature <b>Joe Helm</b> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p>
<p>1. Article Addressed to:</p> <p style="text-align: center;"><b>Joe &amp; Billie Helm</b>  <b>Billie Clara Helm</b>  <b>P.O. Box 1081</b>  <b>Artesia, NM 88201</b></p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Copy from service label)  <b>7099 3400 0016 0163 1259</b></p> <p>PS Form 3811, July 1999 Domestic Return Receipt 102595-99-M-1789</p>	

Joe Helm  
P.O. Box 1081  
Artesia, NM 88211  
505-457-2344

July 5, 2001

Sam H. Jolliffe  
Nadel and Gussman Permian, L.L.C.  
601 N. Marienfeld, Suite 508  
Midland, TX 79701

Re: T-19-S, R-24-E, NMPM, Section 17: SE/4

Pursuant to our enjoyable conference in the offices of Mr. D. B. Baxter on July 3, 2001, I am herewith confirming my understanding of the items upon which we seemed to agree. You were very friendly and courteous and, I believe, were acting in good faith.

- 1) Drilling pad allowance for damage, \$3500.00
- 2) Buried pipeline damage on private land, \$30.00 per rod. \$10.00 on other classes of land.
- 3) Bonus, \$150.00 per acre.
- 4) Roads, if needed, \$15.00 per rod.
- 5) Depth of well limited to 100 feet below production depth.
- 6) After well completion, there is to be NO continuous night light illumination.
- 7) Sale of water from my well, thirty cents (0.30) per barrel, metered at the wellhead.

As to the royalty due to myself, your original offer was 3/16. I expressed the fact that I was the surface owner and would bear the burden and inconvenience of your operation being so near my house, and the monetary reduction of value to my property, that 4/16 for myself would not be unreasonable. In response, you increased your offer to 7/32; and I appreciate your attempt to work with me. However, I still must insist on receiving 4/16 for the lease, and leave it to the board to determine if my demand is unreasonable.

Sincerely,  
  
Joe Helm

c.c. D. B. Baxter

NADEL AND GUSSMAN PERMIAN, L.L.C.  
601 N. Marienfeld, Suite 508  
Midland, TX 79701  
Office: (915)682-4429  
Fax: (915)682-4325

July 13, 2001

Mr. Joe Helm  
P.O. Box 1081  
Artesia, New Mexico 88211

Re: T-19-S, R-24-E, NMPM  
Section 17: SE/4

Dear Joe:

We are in receipt of your letter dated July 5, 2001, pertaining to our Oil & Gas lease negotiations on the captioned acreage. I enjoyed our visit, and we appreciate your effort in taking the time to come over from Artesia to meet on this issue. Please allow me to clarify some of the items addressed in your letter:

- 1.) I never firmly committed or agreed to any one issue other than the royalty. As to the royalty, I stated that we would not be able to pay over 1/5 royalty, and that this was the best we can offer. I did not increase my offer to 7/32 royalty. I did mention we could "probably" agree to the .30 cents per barrel on the sale of water from your well, and also on the 100 feet below producing depth on the lease depth limitation. I would still need final Management approval on these two issues.
- 2.) Your letter mentioned \$150 per acre for bonus consideration. We never did discuss particular bonus amounts.

Hopefully we will still be able to resolve these outstanding issues, and look forward to successful negotiations. Thank you for your time and attention to this matter.

Sincerely,



Sam H. Jolliffe IV  
Land Manager

**NADEL AND GUSSMAN PERMIAN, L.L.C.**  
**601 N. Marienfeld, Suite 508**  
**Midland, TX 79701**  
**Office: (915)682-4429**  
**Fax: (915)682-4325**

July 20, 2001

Joe and Billie Helm  
Bill and Clara Helm  
P.O. Box 1081  
Artesia, New Mexico 88201

Re: T-19-S, R-24-E, NMPM  
Section 17: S/2

Reference is made to our letter June 20, 2001 whereby you were submitted an AFE for the captioned well proposal. As follow up to our letter and transmitted AFE, we have enclosed a Joint Operating Agreement for your review and execution. In the event you elect to participate in said well proposal, please sign and return the AFE sent to you on June 20, along with an executed signature page to the Joint Operating Agreement enclosed herewith. If you decide to participate, your prompt response will be appreciated as we have a pooling hearing set for August 9, 2001. A copy of the pooling application was sent to you from Mr. James Bruce via letter dated July 16, 2001.

Please advise if you have any questions.

Sincerely,



Sam H. Jolliffe IV  
Land Manager

**NADEL AND GUSSMAN PERMIAN, L.L.C.**  
**601 N. Marienfeld, Suite 508**  
**Midland, TX 79701**  
**Office: (915)682-4429**  
**Fax: (915)682-4325**

July 24, 2001

Oxy USA Inc.  
6 Desta Drive, Suite 6000  
Midland, Texas 79705

Re: Ancell #1  
S/2 Section 17, T-19-S, R-24-E  
Eddy County, New Mexico

Gentlemen:

Reference is made to our letter of June 11, 2001 to Oxy USA Inc. ("Oxy") pertaining to the captioned well proposal, accompanied with an AFE for said well. As follow up to our letter and transmitted AFE, please find enclosed a Joint Operating Agreement for said well proposal. Oxy owns 15.0428% of the leasehold under the SW/4 Section 17, and will therefore be allowed to participate with a 7.5214% working interest in this well proposal.

In the event you elect to participate, please return an executed copy of the AFE along with an executed JOA signature page to the undersigned. If you decide to participate, your prompt response would be appreciated as we have a pooling hearing set for August 9, 2001. A copy of the pooling application was sent to Oxy from Mr. James Bruce via letter dated July 16, 2001.

Please advise if you have any questions or need further information at this time.

Sincerely,



Sam H. Jolliffe IV  
Land Manager

**NADEL AND GUSSMAN PERMIAN, L.L.C.**  
**601 N. Marienfeld, Suite 508**  
**Midland, TX 79701**  
**Office: (915)682-4429**  
**Fax: (915)682-4325**

July 24, 2001

Devon Energy Production Company, L.P.  
20 North Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102-8260  
Attn: Meg Muhlinghause  
Senior Petroleum Landman

Re: Ancell #1  
S/2 Section 17, T-19-S, R-24-E  
Eddy County, New Mexico

Dear Meg:

As follow up to our phone conversation, I have enclosed an original copy of the AFE and Joint Operating Agreement for the captioned well proposal. Also enclosed for your reference is a copy of the May 31, 2001 letter from Marathon to Concho and Mark Nearburg transmitting our AFE and well proposal.

Please return an executed copy of the AFE and an executed JOA signature page to this office. Please advise if you have any questions or need further information at this time. Thank you for your assistance in this matter.

Sincerely,



Sam H. Jolliffe IV  
Land Manager

**NADEL AND GUSSMAN PERMIAN, L.L.C.**  
**601 N. Marienfeld, Suite 508**  
**Midland, TX 79701**  
**Office: (915)682-4429**  
**Fax: (915)682-4325**

July 25, 2001

**Marathon Oil Company**  
**P.O. Box 552**  
**Midland, Texas 79702**  
**Attn: Mr. Joe Rusnak**  
**Senior Landman**

**Re: Ancell #1**  
**S/2 Section 17, T-19-S, R-24-E**  
**Eddy County, New Mexico**

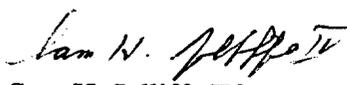
Dear Joe:

Reference is made to our letter of May 16, 2001 to Marathon Oil Company ("Marathon") pertaining to the captioned well proposal, accompanied with an AFE for said well. As follow up to our letter and transmitted AFE, please find enclosed a Joint Operating Agreement for said well proposal.

In the event Marathon elects to participate, please send us an executed copy of the AFE along with an executed JOA signature page. If you decide to participate or enter into an acceptable trade with us, please advise as soon as possible as we have a pooling hearing set for August 9, 2001.

Please advise if you have any questions or need further information at this time. Thank you for your attention in this matter.

Sincerely,

  
Sam H. Jolliffe IV  
Land Manager

THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Joe Helm B. Date of Delivery 7-27-01  
C. Signature [Signature]  Agent  Addressee  
D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below:

OX 50250  
2001 79710

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.  
4. Restricted Delivery? (Extra Fee)  Yes

102595-99-M-1789

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Devon Energy Production, L.P.  
Attn: Land Department  
20 North Broadway, Ste. 1500  
Oklahoma City, OK 73102

Article Number (Copy from service label)  
1099 3400 0016 0162 9614

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Williams B. Date of Delivery JUL 26 2001  
C. Signature [Signature]  Agent  Addressee  
D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below:

JUL 27 2001

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.  
4. Restricted Delivery? (Extra Fee)  Yes

102595-99-M-1789

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) [Signature] B. Date of Delivery JUL 30 2001  
C. Signature [Signature]  Agent  Addressee  
D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below:

JUL 30 2001

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.  
4. Restricted Delivery? (Extra Fee)  Yes

Domestic Return Receipt

102595-99-M-1789

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Joe and Billie Helm  
Bill and Clara Helm  
P.O. Box 1081  
Artesia, NM 88211

2. Article Number (Copy from service label)  
1099 3400 0016 0162 9614

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) JOE HELM B. Date of Delivery 7-26-01  
C. Signature [Signature]  Agent  Addressee  
D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below:

JUL 27 2001

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.  
4. Restricted Delivery? (Extra Fee)  Yes

102595-99-M-1789