

ABOVE THIS LINE FOR DIVISION USE ONLY 3586

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
 - Check One Only for [B] or [C]
 - [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 - [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
 - [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
 - [B] Offset Operators, Leaseholders or Surface Owner
 - [C] Application is One Which Requires Published Legal Notice
 - [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 - [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 - [F] Waivers are Attached

2005 OCT 27 AM 9 24

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce James Bruce Attorney for applicant 10/27/05
 Print or Type Name Signature Title Date
 jamesbruc@aol.com
 e-mail Address

NADEL AND GUSSMAN PERMIAN, L.L.C.

601 N. Marienfeld, Suite #508

Midland, Texas 79701

(432) 682-4429

Fax (432) 682-4325

State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attn: William Jones

October 20, 2005

Please find attached:

Form C-107A Application for Downhole Commingling

Copy C-105 Well Completion or Recompletion Report

Copy of Form C-102 Well location and Acreage Dedication Plat

Well bore Schematic for Current and Proposed Completion

Production Plot

We recompleted the well to the Upper Penn and put it on line in June of this year. The attached plot contains the production data from both zones.

As shown on the attached plot neither zone is commercial by itself. The spacing unit and acreage dedication is the same for both zones.

If you require additional information or have any questions please contact this office at the above listed number.

Yours truly,



Kem E. McCready

Operations Engineer

Nadel and Gussman Permian

432-682-4429 office

432-425-6347 cell

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Nadel and Gussman Permian Address 601 N. Marienfeld Suite 508

Lease Dulce Amor Well No. 1 Unit Letter-Section-Township-Range 2 S 4. T 18S, R 26E Eddy County

OGRID No. 156615 Property Code 32673 API No. 30-015-32925 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE <i>UNDES</i>	INTERMEDIATE ZONE	LOWER ZONE <input checked="" type="checkbox"/>
Pool Name	Kennedy Farms Upper Penn		Kennedy Farms Marrow
Pool Code	79525 <input checked="" type="checkbox"/>		79520 <input checked="" type="checkbox"/>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6872-6892 Perforated		8640-8650 Perforated
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	2000 psi		2600 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1100 BTU		1050 BTU
Producing, Shut-In or New Zone	Producing		Shut in
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 8/23/ ⁰⁵ 25 Rates: 0 bopd, 0 bwpd 23 mcf	Date: Rates:	Date: 8/01/05 Rates: 0 bopd, 45 mcf, 0 bwpd
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 34 % Gas 34 %	Oil % Gas %	Oil 66 % Gas 66 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? (Minerals overlies) Yes No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE K. E. McCreech TITLE Operations Engineer DATE 9/1/05
TYPE OR PRINT NAME K. E. McCreech TELEPHONE NO. (432) 682-4329

Submit To Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Avenue, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Oil Conservation Division
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-105
 Revised June 10, 2003

WELL API NO. 30-015-32925

5. Indicate Type of Lease
 STATE FEE

State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well:
 OIL WELL GAS WELL DRY OTHER _____
 b. Type of Completion:
 NEW WORK DEEPEN PLUG DIFF.
 WELL OVER BACK RESVR. OTHER

7. Lease Name or Unit Agreement Name
 Dulce Amor

2. Name of Operator
 Nadel and Gussman Permian

8. Well No.
 1

3. Address of Operator
 601 N Marienfeld, Suite 508

9. Pool name or Wildcat
 Kennedy Farms Upper Penn

4. Well Location
 Unit Letter 2 : 900 Feet From The North Line and 1980 Feet From The East Line
 Section 4 Township 18S Range 26E NMPM Eddy County

10. Date Spudded 8/26/03 11. Date T.D. Reached 9/21/04 12. Date Compl. (Ready to Prod.) 3/22/05 13. Elevations (DF& RKB, RT, GR, etc.) 3291 GL 14. Elev. Casinghead 3291' GL

15. Total Depth 8925 16. Plug Back T.D. 7210 17. If Multiple Compl. How Many Zones? _____ 18. Intervals Drilled By _____ Rotary Tools 100% Cable Tools _____

19. Producing Interval(s), of this completion - Top, Bottom, Name 6872-6896 20. Was Directional Survey Made _____

21. Type Electric and Other Logs Run _____ 22. Was Well Cored _____

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8	48	436	17"	351 sxs circ	
8-5/8"	24	1315	11"	745 sxs circ	
5-1/2"	17	8925	7-7/8"	1510 sxs circ	

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2-7/8"	6830	6830

26. Perforation record (interval, size, and number) 6872-6896 .41" holes 4 jsfp 96 holes	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.	
	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
	6872-6896	7000 gals 15% HCl

28. PRODUCTION

Date First Production 3/22/05		Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing			Well Status (Prod. or Shut-in) Prod		
Date of Test 6/05/05	Hours Tested 24	Choke Size 1"	Prod'n For Test Period	Oil - Bbl 0	Gas - MCF 34	Water - Bbl. 0	Gas - Oil Ratio
Flow Tubing Press. 50	Casing Pressure 0 psi	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (Corr.)	
29. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold						Test Witnessed By Lee Ledbetter	

30. List Attachments _____

31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief

K. E. McCready
 Signature
 Date 9/01/05

Printed Name K. E. McCready Title Operations Engineer

E-mail Address Kemm@naguss.com

DISTRICT I
1635 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-32925	Pool Code 79525	Pool Name Kennedy Farms Upper Penn
Property Code	Property Name DULCE AMOR	Well Number 1
OGHD No. 155615	Operator Name NADEL AND GUSSMAN PERMIAN, L.L.C.	Elevation 3358'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 2	4	18 S	26 E		900	NORTH	1980	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

Lot 4 - 40.04 Ac	Lot 3 - 40.12 Ac	<p>Lot 2 - 40.20 Ac Lot - N32°46'54.8" Lon - W104°23'04.7"</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Joel Martin</i> Signature Engineering Manager Printed Name Joel Martin Title 7/25/03 Date</p>
			<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>MAY 22 2003 Date Surveyed Signature of Gary L. Jones Professional Surveyor W.O. No. 330 Certified No. Gary Jones 7977 BASIN SURVEYS</p>

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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1000 Rio Brazos Rd., Aztec, NM 87410

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2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Undesignated Morrow
Property Code	Property Name	Well Number
	DULCE AMOR	1
OGRID No.	Operator Name	Elevation
	NADEL AND GUSSMAN PERMIAN, L.L.C.	3358'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 2	4	18 S	26 E		900	NORTH	1980	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

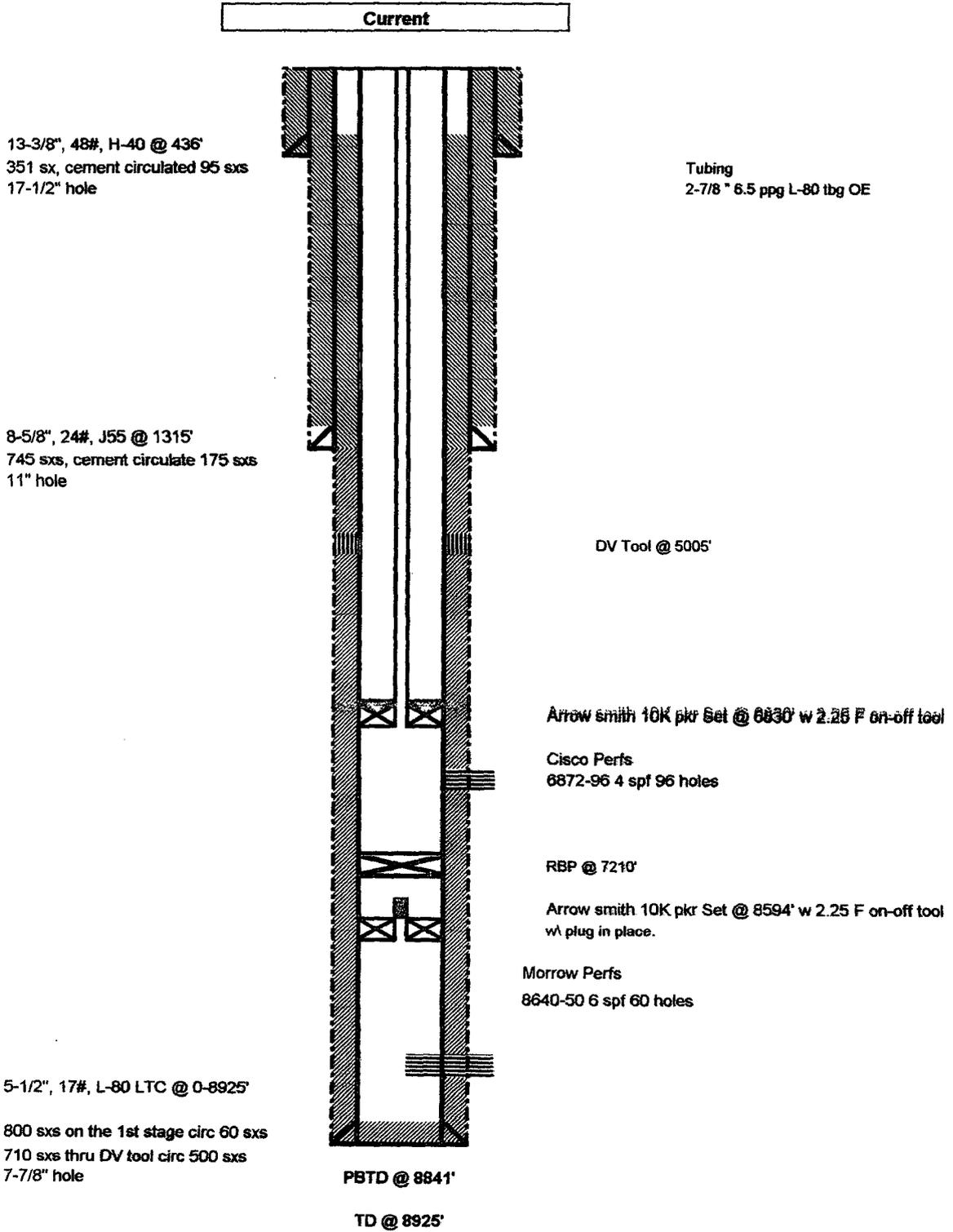
Lot 4 - 40.04 Ac	Lot 3 - 40.12 Ac	Lot 1 - 40.28 Ac	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Joel Martin</i> Signature</p> <p>Engineering Manager Printed Name</p> <p>Joel Martin Title</p> <p>7/25/03 Date</p>
<p>Lot 2 - 40.20 Ac</p> <p>Lot - N32°46'54.8" Lon - W104°23'04.7"</p>		<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MAY 22 2003 Date Surveyed</p> <p>GARY L. JONES Signature & Seal of Professional Surveyor</p> <p>W.O. No. 3304</p> <p>Certified No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>	

JUL 2003
RECEIVED
OCD - ARTESIA

NADEL AND GUSSMAN PERMIAN

Dulce Amor No. 1
900' FNL, 1980' FEL, Unit H Sec 4, 18S, 26E, Eddy County, NM
API # 30 - 015 - 32925-00

Elev: 3291', KB: 3309'

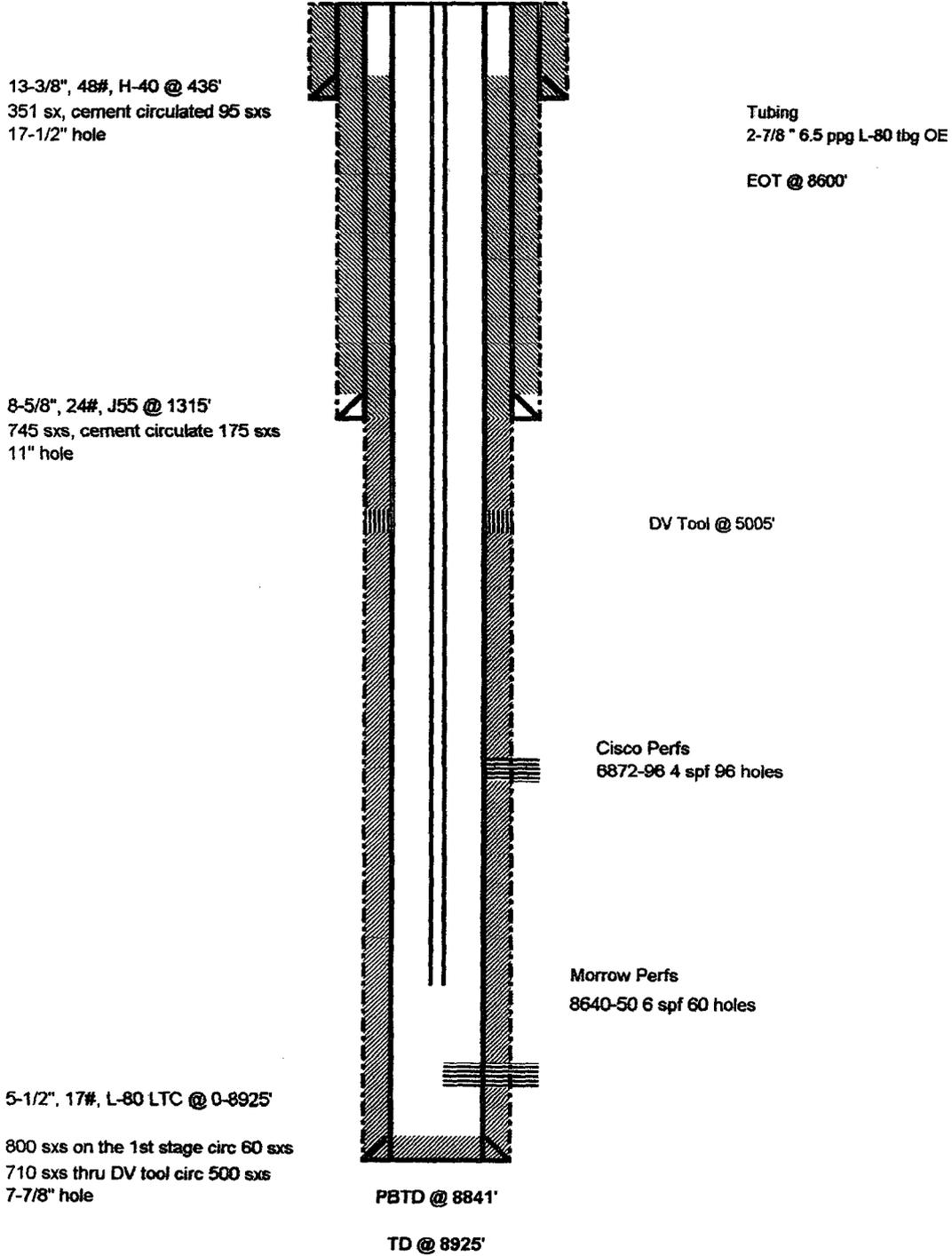


NADEL AND GUSSMAN PERMIAN

Dulce Amor No. 1
900' FNL, 1980' FEL, Unit H Sec 4, 18S, 26E, Eddy County, NM
API # 30 - 015 - 32925-00

Elev: 3291', KB: 3309'

Proposed



NADEL and GUSSMAN PERMIAN

Dulce Amor #1

Cum Production: 0 MBO, 28 MMCF, 0. MBW

