



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



November 2, 2009

Nadel and Gussman Permian, LLC
Attn: Mr. Emerald Johnson
601 N. Marienfeld, Suite 508
Midland, TX 79701

Administrative Order NSL-6107

Re: Raptor West 3 State Well No. 1
API No. 30-025-36680
1650 feet FSL and 1650 feet FEL
Unit J, Section 3-19S-34E
Lea County, New Mexico

Dear Mr. Johnson:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW09-28857182**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 15, 2009, and

(b) the Division's records pertinent to this request.

Nadel and Gussman Permian, LLC [OGRID 155615] (NGP) has requested to drill the above-referenced well at an unorthodox oil well location, as described above in the caption of this letter. The W/2 SE/4 of Section 3 will be dedicated to this well in order to form a standard 80-acre oil spacing and proration unit in the Scharb-Bone Spring Pool (55610). Spacing in this pool is governed by the Special Rules and Regulations for the Scharb-Bone Spring Oil Pool, as promulgated in Order No. R-2589, issued on October 30, 1963, which provide for 80-acre units comprising two adjacent quarter-quarter sections within the same section, with wells to be located no more than 200 feet from the center of a quarter-quarter section.

This location is more than 200 feet east and south of the center of the NW/4 SE/4 of Section 3.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).



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It is our understanding that you are seeking this location in order to utilize and existing wellbore formerly completed in another formation.

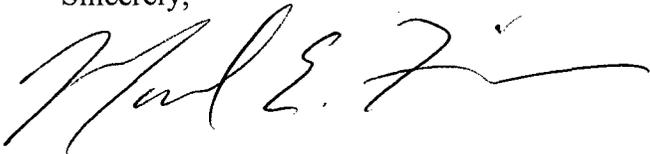
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe