

Mr. Kem McCready  
Operations Engineer  
NADEL AND GUSSMAN PERMIAN, LLC  
601 N. Marienfeld  
Suite 508  
Midland, TX 79701

Month - Year  
APR 19 2007  
OCD - ARTESIA NM

19 April 2007

Mr. Mike Bratcher  
OIL CONSERVATION DIVISION  
1301 West Grand Avenue  
Artesia, NM 88210

Re: Stevens Federal No. 4 Remediation Status (API No. 30-005-61015)

Dear Mr. Bratcher:

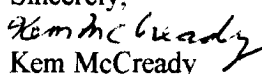
Subsequent to Cheryl Winkler's telephone conversation with you on 4 April 2007 regarding the Nadel & Gussman Permian, LLC (NGP) Stevens Federal No. 4 lease located in SESE S27 T13S R29E of Chaves County, New Mexico please be advised NGP has secured a remediation agreement with the BLM Chaves and Eddy County offices to engage in reclamation not requiring disturbance of the old drilling pit closed in 1986.

Summarily, NGP shall remove caliche from the pad and road areas using it to cap and seal off the old pit after which a minimum of 4 feet of topsoil shall be applied and contoured to match the surrounding terrain allowing for compensation of any topographic elevation variations immediately adjacent to the location boundaries. This area shall then be seeded with the Sandy Plains/Sand hill CP-2 Ecological Site seed mixture. All garbage shall be removed from the site. As well, all remediation, reclamation and abandonment of the Stevens Federal No. 4 location shall adhere to the management constraints of the Lesser Prairie Chicken mating period.

New Mexico Oil Conservation Division (NMOCD) shall be notified once reclamation has been completed and all documents shall be copied to NMOCD at closure of the project. Should NMOCD desire to view the site, Cheryl shall keep you apprised of reclamation progress at the various levels of completion.

We thank you for your input and proposed solution to our previous concerns. Certainly it would have been the next best option to defacto non-disturbance. NGP is extremely appreciative, however, that the old pit area did not have to be disturbed.

Thank you again for your assistance. Should you have questions please call 432-682-4429 (office) or 432-427-6347 (cell).

Sincerely,  
  
Kem McCready  
Operations Engineer

Enclosure: Pre-remediation site photos

