

7/02/2015 DATE IN	SUSPENSE	MAm ENGINEER	7/06/2015 LOGGED IN	PLC TYPE	PLM 1518729074 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

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]

*State Lease #
UO 16903*

[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 _____

*PLC
- Wadel and Gussman, LLC
155615
- WCI
- Macho Grande State
1H
30-015-39345
- Macho Grande State
2H
30-015-42659
Pos
- Cedar Canyon
Bone Spring
11520
- WL-015, 607
15232 932A, 9PAC
WOLF CAMP
98118*

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
[B] ☐ Offset Operators, Leascholders 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

[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.

Sarah Presley

Print or Type Name

Sarah Presley
Signature

Regulatory Analyst

Title

7/6/2015

Date

spresley@naguss.com
e-mail Address

permian 1514729074
received
5/4/15
get Admin Checklist

NADEL AND GUSSMAN PERMIAN, L.L.C.
601 N. Marienfeld, Suite 508
Midland, Texas 79701
O (432) 682-4429
F (432) 682-4325

July 2, 2015

Working Interest Owners

Macho Grande State #1H
Lease # VO-6803
Sec. 32-T23S-R29E
Eddy Co., NM

Re: Application for Surface Commingling

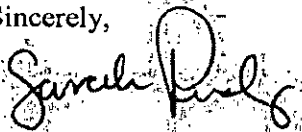
Ladies and Gentlemen:

Nadel and Gussman Permian, L.L.C. is sending an application to the New Mexico Oil Conservation Division to Commingle gas sales from the Macho Grande State #1H and Macho Grande State #2H wells. The gas will flow down the 4" sales line owned by NGP. The sales meter is located 1 miles west of both wells, and an EFM check meter will be set to measure gas from the #2H so that volumes can be correctly allocated.

After initial notification, future wells that will produce from the pools and leases approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau in Santa Fe.

Please call me if you have any questions at 432-682-4429.

Sincerely,



Sarah Presley
Regulatory Analyst
(432) 682-4429
spresley@naguss.cm

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., 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-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: NADEL AND GUSSMAN PERMIAN, L.L.C.
OPERATOR ADDRESS: 601 N. MARIENFELD, SUITE 208, MIDLAND, TX 79701
APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☐ Yes ☒ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	COMBINED AVERAGE	Calculated Value of Commingled Production	Volumes
CEDAR CANYON; BONE SPRING (11520)	.72 / 1182		1200 BTU/SCF		650 MCFD
WC-015 G-07 S232932A; UPPER WOLFCAMP (98113)	.7 / 1205		.71 GRAVITY		1700 MCFD

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.
(4) Measurement type: ☒ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No
(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Sarah Presley TITLE: REGULATORY ANALYST DATE: 7/2/2015

TYPE OR PRINT NAME: SARAH PRESLEY TELEPHONE NO.: 432-682-4429

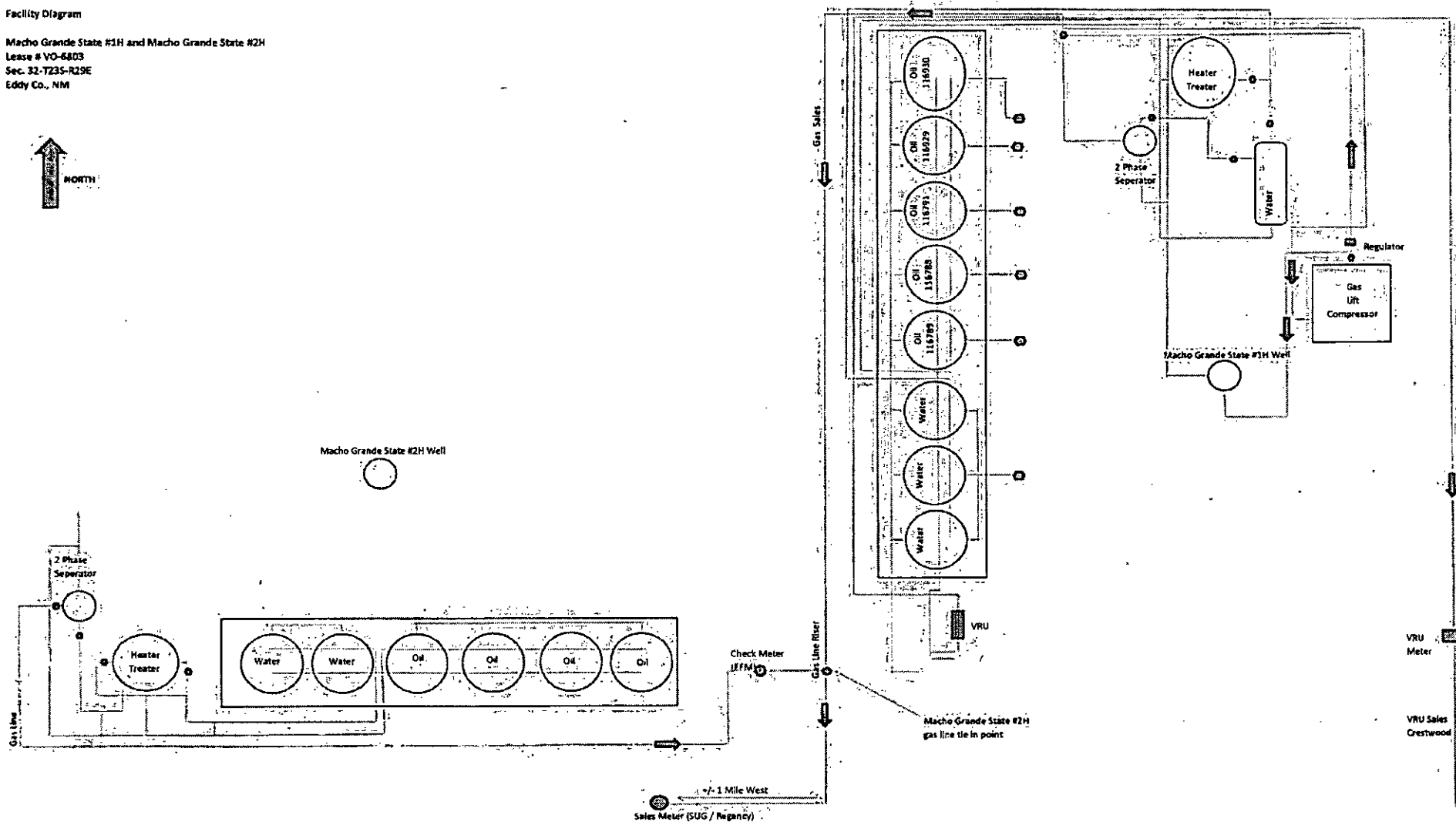
E-MAIL ADDRESS: SPRESLEY@NAGUSS.COM

Procedure to Connect to the Macho Grande State #2H Gas Sales to the Macho Grande #1H Gas Sales Line and Meter.

1. Hook up 4" line to sales side of separator
2. Run 400' of 4" line to meter loop
3. Hook up 4" line to meter loop and hook up meter loop to sales line at the Macho Grande State #1H

Facility Diagram

Macho Grande State #1H and Macho Grande State #2H
 Lease # YO-6803
 Sec. 32-T235-R29E
 Eddy Co., NM



DISTRICT I,
1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-42659	Pool Code 98113	Pool Name WC-D15 G-07 S232932A; Upper Wolfcamp
Property Code 38734	Property Name MACHO GRANDE STATE	Well Number 2H
OGRID No 155615	Operator Name NADEL & GUSSMAN PERMIAN, LLC	Elevation 3014

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	23-S	29-E		200	NORTH	700	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
P	32	23-S	29-E		330	SOUTH	330	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=461340.9 N X=602976.0 E</p> <p>LAT.=32.267904° N LONG.=104.000176° W</p>		<p>GRID AZ.=174.1907° HORIZ. DIST.=4781.5'</p>	
<p>CORNER COORDINATES TABLE</p> <p>A - Y= 461539.7 N, X= 602349.7 E B - Y= 461542.2 N, X= 603671.6 E C - Y= 456251.7 N, X= 603786.2 E D - Y= 456261.2 N, X= 602461.4 E</p>			
<p>BOTTOM HOLE LOCATION Y=456584.1 N X=603449.1 E</p>		<p>DATE OF SURVEY JULY 26, 2014</p>	

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: Sarah Presley Date: 7.2.15

Printed Name: Sarah Presley

E-mail Address: spresley@naguss.com

SURVEYOR CERTIFICATION

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.

Signature & Seal of Professional Surveyor:
Ronald J. Eidson 3239
Certificate Number: 12641
Surveyor: Ronald J. Eidson 3239

LSL REV: 8/6/14 JWSC W O: 14 11.0730

DISTRICT I

1825 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 Department

Form C-102

Revised July 18, 2010

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-39345	Pool Code 11520	Pool Name Cedar Canyon Bone Spring
Property Code 38734	Property Name MACHO GRANDE STATE	Well Number 1H
OGRID No. 155615	Operator Name NADEL & GUSSMAN PERMIAN	Elevation 3022'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	23 S	29 E		330	NORTH	330	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
P	32	23 S	29 E		330	SOUTH	330	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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

<p>SURFACE LOCATION Lat - N 32°16'03.61" Long - W 103°59'58.06" NMSPC - E 644532.400 (NAD-83)</p>	<p>PROPOSED BOTTOM HOLE LOCATION Lat - N 32°15'17.80" Long - W 103°59'57.06" NMSPC - E 644632.83 (NAD-83)</p>	<p>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sarah Presley</i> 7-2-15 Signature Date</p> <p>Sarah Presley Printed Name</p> <p>spresleye.naguss.com Email Address</p>
		<p>SURVEYOR CERTIFICATION 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>GARY L. JONES Date Surveyed Signature & Seal of Professional Surveyor 7977</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 25006</p>

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Macho Grande
 App. for Surface
 Postmark
 Commingling

JUN 03 2015

PS Form 3800, August 2006
 See Reverse for Instructions
 Supply To:
 New Mexico State Land Office
 310 N Old Santa Fe Trail
 Santa Fe, NM 87501

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Macho Grande
 App. for Surface
 Postmark
 Commingling

JUN 03 2015

PS Form 3800, August 2006
 See Reverse for Instructions
 Supply To:
 ICA Energy Inc
 PO Box 233
 Odessa, TX 79700-0233

Macho Grande State #1H
Sec. 32-T23S-R29E
Eddy Co., NM

6 Month Production

	Oil	Gas	Water
January	1,130	13,746	1,322
February	876	7,776	1,896
March	1,066	10,064	800
April	2,203	13,760	3,363
May	2,389	17,898	4,091
June	2,066	18,849	3,106

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Macho Grande App for Surface Commingleing	
J. Thompson MT, St. Oil and Gas LLC Attn: Rod 2405 Briarwood Ave Apt F302 Midland, TX 79701	

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Dennis Sledge 2501 Concord Ave Midland, TX 79705	

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Macho Grande App for Surface Commingleing	
JAVIS J. Slade 5335 Madison Ave 4th Floor New York City, NY 10022	

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J. Thompson and James O. Thompson Jr LP 205 North St. Paul, Suite 4300 Dallas, TX 75201	

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Ray Westfall, DEAN WESTALL OIL & GAS LLC PO-Box 4 LORD HILLS, NM 88255	

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TBO Oil & Gas LLC PO-Box 10502 Midland, TX 79702	

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JAL Properties LLC C/O Hanley Petroleum 1105 West Wall, Suite 1500 Midland, TX 79701	

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Petherstone Development Corp. PO-Box 429 Roswell, NM 88202	

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Macho Grande App for Surface Commingleing	
Marshall & Winston Inc. PO-Box 50880 Midland, TX 79710-0880	

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PEM-1 INC. PO-Box 52070 Midland, TX 79710-2070	

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Stamps Oil & Gas LLC -2003 13335 South 121 East Ave Broken Arrow, OK 74011	

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JUN 03 2015	
Macho Grande App for Surface Commingleing	
Hanley Petroleum Inc. 1105 West Wall, Suite 1500 Midland, TX 79701-4473	

McMillan, Michael, EMNRD

From: Sarah Presley <spresley@naguss.com>
Sent: Wednesday, July 22, 2015 1:09 PM
To: McMillan, Michael, EMNRD
Subject: RE: Nadel and Gussman Permian, L.L.C. - Surface Commingling Application

We have a check meter that is set up on the #2H. We will be able to get the total gas from the 2 wells from the sales point and be able to subtract the amount the #2H is showing from the total to get what the #1H made.

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Wednesday, July 22, 2015 1:59 PM
To: Sarah Presley
Subject: RE: Nadel and Gussman Permian, L.L.C. - Surface Commingling Application

How is the gas measured at the 1H well? Does it have an EFM before it goes into the gas line tie in pont?
Mike

From: Sarah Presley [mailto:spresley@naguss.com]
Sent: Wednesday, July 22, 2015 9:59 AM
To: McMillan, Michael, EMNRD
Subject: RE: Nadel and Gussman Permian, L.L.C. - Surface Commingling Application

Good Morning Mr. McMillan,

Sending you a reminder about working on the Order. I have also attached a letter from the State stating they approve our request.

Please let me know if there is anything you need from me.

Thanks!
-sarah

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Monday, July 06, 2015 10:04 AM
To: Sarah Presley
Subject: RE: Nadel and Gussman Permian, L.L.C. - Surface Commingling Application

Remind me on July 22, and I will work on the Order
Michael McMillan

From: Sarah Presley [mailto:spresley@naguss.com]
Sent: Monday, July 06, 2015 9:00 AM
To: McMillan, Michael, EMNRD
Subject: RE: Nadel and Gussman Permian, L.L.C. - Surface Commingling Application

Mr. McMillan,

I have attached the items you asked for as well as the certified receipts showing the packet has been sent out to the Working Interest Owners. Please let me know if you need anything else.

Thank you for your help!

Sarah Presley

Nadel and Gussman Permian, L.L.C.

601 N. Marienfeld, Suite 508

Midland, TX 79701

Ph: 432-682-4429

Fax: 432-682-4325

spresley@naguss.com

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]

Sent: Monday, July 06, 2015 8:54 AM

To: Sarah Presley

Subject: RE: Nadel and Gussman Permian, L.L.C. - Surface Commingling Application

Ms. Presley:

Please e-mail administrative application checklist.

Provide the last 6 month's monthly production for the two pools

Michael McMillan

From: Sarah Presley [<mailto:spresley@naguss.com>]

Sent: Thursday, July 02, 2015 4:51 PM

To: McMillan, Michael, EMNRD

Subject: Nadel and Gussman Permian, L.L.C. - Surface Commingling Application

Mr. McMillan,

I have attached NGP's Application for surface commingling. Please let me know if you need anything else from us.

Thank you for all of your help!!

Sarah Presley

Nadel and Gussman Permian, L.L.C.

601 N. Marienfeld, Suite 508

Midland, TX 79701

Ph: 432-682-4429

Fax: 432-682-4325

spresley@naguss.com

JUL 20 2015



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

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www.nmstateclands.org

June 14, 2015

Nadel and Gussman Permian, LLC
601 Maricfeld, Site 508
Midland, TX 79701

Attention: Ms. Sarah Presley

Re: Surface Commingle at Central Tank Battery, Sales & Storage
Macho Grande State #1H API #30-015-39345
Macho Grande State #2H API #30-015-42659
WC-015 G-07 5232932A; Upper Wolfcamp Pool (38734) and Cedar Canyon; Bone Spring Pool (38734)
Eddy County, New Mexico

Dear Ms. Presley:

We are in receipt of your application requesting to surface commingle at the Macho Grande State #1H, for Sales & Storage of the WC-015 G-07 5232932A; Upper Wolfcamp Pool (38734) and Cedar Canyon; Bone Spring Pool (38734) for the above mentioned wells.


Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division. Please submit a copy of the NMOCDD's approval to this office.

Our approval does not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

Please submit a \$30.00 dollar filing fee. When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,


AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/sk

cc: Reader File, OCD-Daniel Sanchez

McMillan, Michael, EMNRD

From: Sarah Presley <spresley@naguss.com>
Sent: Wednesday, July 22, 2015 1:41 PM
To: McMillan, Michael, EMNRD
Subject: RE: Nadel and Gussman Permian, L.L.C. - Surface Commingling Application

Yes sir. The macho #1H has one different person than the #2H

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Wednesday, July 22, 2015 2:35 PM
To: Sarah Presley
Subject: RE: Nadel and Gussman Permian, L.L.C. - Surface Commingling Application

I assume the ownership is diverse?
Mike

From: Sarah Presley [mailto:spresley@naguss.com]
Sent: Wednesday, July 22, 2015 1:09 PM
To: McMillan, Michael, EMNRD
Subject: RE: Nadel and Gussman Permian, L.L.C. - Surface Commingling Application

We have a check meter that is set up on the #2H. We will be able to get the total gas from the 2 wells from the sales point and be able to subtract the amount the #2H is showing from the total to get what the #1H made.

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Wednesday, July 22, 2015 1:59 PM
To: Sarah Presley
Subject: RE: Nadel and Gussman Permian, L.L.C. - Surface Commingling Application

How is the gas measured at the 1H well? Does it have an EFM before it goes into the gas line tie in pont?
Mike

From: Sarah Presley [mailto:spresley@naguss.com]
Sent: Wednesday, July 22, 2015 9:59 AM
To: McMillan, Michael, EMNRD
Subject: RE: Nadel and Gussman Permian, L.L.C. - Surface Commingling Application

Good Morning Mr. McMillan,

Sending you a reminder about working on the Order. I have also attached a letter from the State stating they approve our request.

Please let me know if there is anything you need from me.

Thanks!