

DATE IN 1/29/06	SUSPENSE	ENGINEER W.D.	LOGGED IN DHC-3628	APP NO. PW 0602431304
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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]

[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

2006 JUN 23 PM 4 16

[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.

K. E. McCready  
 Print or Type Name

*K. E. McCready*  
 Signature

Operations Manager  
 Title

1/18/06  
 Date

kemm@naguss.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

Oil Conservation Division

Attn: William Jones

1220 South St. Francis Drive

Santa Fe, New Mexico 87505

RE: Downhole Commingling and Measurement of  
Hydrocarbon Production for:  
Angler State #1  
Section 15, T16S, R33E  
Lea County, New Mexico

Nadel and Gussman Permian L.L.C as operator of the referenced well respectfully requests administrative approval for downhole commingling and measurement of production.

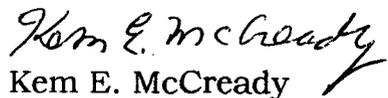
Nadel and Gussman Permian proposes to commingle Hume Queen West and Hume Grayburg West production in the Angler State #1 API 30-025-37569 (State of NM Lease OG-1430). Production of both pools will be measured at the Angler State Tank Battery.

Nadel and Gussman has notified to all parties owning an interest in this lease of the intent to commingle.

Nadel and Gussman Permian is respectfully requesting administrative approval of this application to downhole commingle. As of 01/19/06 several downhole commingling orders have been approved for these two zones. The approved orders are DHC - 3442, 3466, 3497, 3498, 3499 and 3599.

NGP also requests that we be allowed 60 days following completion to submit the allocation percentages. A 60 day time period is necessary to allow us to adequately test all intervals to be commingled.

Yours truly,



Kem E. McCready

Operations Manager

Nadel and Gussman Permian

kemm@naguss.com

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

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

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

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved

District III  
1000 Rio Brazos Road, Aztec, NM 87410

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

EXISTING WELLBORE  
 Yes  No

APPLICATION FOR DOWNHOLE COMMINGLING

Nadel and Gussman Permian, LLC  
Operator

601 N. Marienfeld, Suite 508 Midland, Texas 79701  
Address

Angler State #1 #1 UL H Sec. 15 T16S R33E Lea  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 155615 Property Code 35253 API No. 30-025-37569 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Hume Queen West <i>01</i>		Hume Grayburg West
Pool Code	33560		97444
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3,927'-3,952'		4,387'-4,401'
Method of Production (Flowing or Artificial Lift)	Artificial		Artificial
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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	36.8		36.8
Producing, Shut-In or New Zone	New Zone		New Zone
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: _____ Rates: _____	Date: _____ Rates: _____	Date: _____ Rates: _____
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil _____ Gas <i>Later</i> %	Oil _____ Gas _____ %	Oil _____ Gas <i>Later</i> %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No \_\_\_\_\_  
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? Yes \_\_\_\_\_ No \_\_\_\_\_

NMOCD Reference Case No. applicable to this well: DHCs: 3442, 3466, 3497, 3498, 3499, 3599

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. McCready* TITLE Operations Manager DATE 01/19/06

TYPE OR PRINT NAME K. E. McCready TELEPHONE NO. ( 432 ) 682-4429

DISTRICT I  
1025 N. French Dr., Hobbs, NM 88240

DISTRICT II  
511 South First, Artesia, NM 88210

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

DISTRICT IV  
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 30-025-37569	Pool Code 33560/91444	Pool Name Queen West	Pool Name Hume Grayburg West
Property Code 35253	Property Name ANGLER STATE		Well Number 1
OCRD No. 155615	Operator Name NADEL AND GUSSMAN PERMIAN		Elevation 4194'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	15	16 S	33 E		1650	NORTH	330	EAST	LEA

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 40	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

**OPERATOR CERTIFICATION**

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

*[Signature]*  
Signature

Josh Fernau  
Printed Name

Staff Engineer  
Title

11/18/05  
Date

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**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.

NOVEMBER 8, 2005  
Date Surveyed

*[Signature]*  
Signature

Professional Surveyor

7977  
W.C. No. 5982

Certification No. Gary L. Jones 7977

BASIN SURVEYS