



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

29 January 2007

Nadel and Gussman Permian, L.L.C.
Attn: Mr. Sam Jolliffe, Land Manager
601 N. Marienfeld, Suite 508
Midland, TX 79701

Administrative Order NSL-5555

Re: Major Gant Fed. Well No. 1
N-12-21S -21E
Eddy County

Dear M:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-01140122**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 11, 2007, and

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

Nadel and Gussman Permian, L.L.C. (Nadel and Gussman) has requested to drill its proposed Major Gant Fed. Well No. 1 at an unorthodox Morrow gas well location, 660 feet from the South line and 2160 feet from the West line (Unit N) of Section 12, Township 21 South, Range 21 East, N.M.P.M., in Eddy County, New Mexico. The S/2 of Section 12 will be dedicated to this well in order to form a standard 320-acre spacing unit in the Little Box Canyon-Morrow Gas Pool (80240). This pool is governed by statewide Rule 104.C(2), which provides for 320-acres units, with wells located at least 660 feet from a quarter section boundary. This location is approximately 480 feet from the nearest quarter section boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Nadel and Gussman is seeking this location for topographic reasons and to avoid interference with an archeological site located to the immediate west of the proposed location.

Since this location encroaches only toward an internal quarter section boundary, within the spacing unit, there are no affected persons to whom notice is required.

Pursuant to the authority granted me by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', is written over a light blue horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad