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June 25, 2004

Hand Delivered

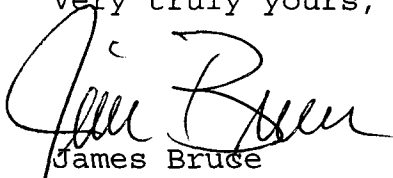
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Nadel and Gussman Permian, L.L.C. Please set this matter for the July 22, 2004 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Nadel and Gussman Permian, L.L.C.

Parties Being Pooled

Pecos Production Company
Suite 1070
400 West Illinois
Midland, Texas 79701

Campbell Investment Company
15 Fitzwilliam Square
Dublin 2
Republic of Ireland

CALTO Oil Company
P.O. Box 12266
Dallas, Texas 75225

Robert L. Thornton
2700 West Pafford Street
Fort Worth, Texas 76110

William J. Derrick, Trustee
Suite 600
6006 North Meas
El Paso, Texas 79912

Gruy, L.L.C.
6915 Hunters Glen
Dallas, Texas 75205

John D. Cadigan
P.O Drawer F
Cashmere, Washington 98815

Warren Resources
c/o Ellis Vickers
Suite 302
105 West Third Street
Roswell, New Mexico 88201

Carrie Gray
611 Lincoln Street
Brush, Colorado 80723

Hal Gray
Apt. M206
2140 West 10th Street
Broomfield, Colorado 80102

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF NADEL AND GUSSMAN
PERMIAN, L.L.C. FOR COMPULSORY
POOLING, CHAVES COUNTY, NEW MEXICO.

2004 JUN 25 AM 7 57

No. 13309

APPLICATION

Nadel and Gussman Permian, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Montoya formation underlying the W½ of Section 23, Township 7 South, Range 26 East, N.M.P.M., Chaves County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W½ of Section 23, and has the right to drill a well thereon.

2. Applicant proposes to drill its Quick Draw Fed. Well No. 1, at an orthodox location in the NW¼NW¼ of the section, to a depth sufficient to test the Montoya formation (approximately 6400 feet), and seeks to dedicate the following acreage to the well:

(a) The NW¼ of Section 23 to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the Pecos Slope-Abo Gas Pool; and

(b) The W½ of Section 23 to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Leslie Spring-Pennsylvanian Gas Pool and Leslie Spring-Wolfcamp Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½ of

Section 23 for the purposes set forth herein.

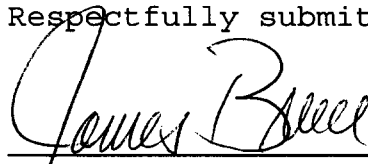
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 23, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 23, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the W½ of Section 23, from the surface to the base of the Montoya formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script, reading "James Bruce". The signature is written in dark ink and is positioned above a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Nadel and Gussman
Permian, L.L.C.