

AUTHORITY FOR EXPENDITURE

NADEL AND GUSSMAN PERMIAN, LLC

Date: 10/31/2012

Lease / Well Number: Super Chief #1H

Prepared By: Jason Goss

Location: Sec. 24- T18S - R26E

Prospect Name: Bridgestone Prospect

SHL: 250' FSL, 1650' FWL

County, State: Eddy County, New Mexico

BHL: 330' FNL, 1650' FWL

Projected Total Depth: 7150' MD 3,000' TVD (3,200 Pilot Hole)

Primary Objectives: Yeso

NOTES

Daywork Contract - Horiz Oil Well - Closed Loop Mud System- Moyno

Packers Plus OH completion, pilot hole and logs, use frac pit in sec 16

Assumes regulatory agent approves casing program.

Note all pipe prices may be subject to increase due to market fluctuations.

It is recognized that the amounts provided here are estimates only and approval of this authorization shall extend to actual costs incurred in conducting the operations specified, whether more or less than estimated.

Intan. Drilling Costs BCP	COSTS
4-02 Abandonment & Cleanup	\$ 30,000
1-10 Abstracts & Title Opinions	\$ 25,000
4-87 Well Control Insurance 7150' MD \$/Ft: 0.684	\$ 4,891
4-01 Legal, Permits & Fees	\$ 5,000
4-67 Staking Location & Surveys	\$ 1,250
4-36 Location, Road & ROW	\$ 70,000
4-15 IDC Daywork Days: 17 \$/Day: 14000	\$ 238,000
4-14 Mobilization / Demobilization	\$ 65,000
4-66 Rig Fuel Days: 17 \$/Day: 3000	\$ 51,000
4-24 IDC Footage \$/Ft:	\$ -
4-72 Supervision Days: 17 \$/Day: 650	\$ 11,050
4-18 Drilling Overhead (Administrative Services)	\$ 10,000
4-03 Bits & Reamers	\$ 28,180
4-61 Rentals Surface	\$ 68,480
4-62 Rentals Sub-Surface	\$ 15,000
4-62 Drill Pipe Rental Days: 13 \$/Day: 1800	\$ 12,000
4-16 Directional Drilling Expense Days: 10 \$/Day: 12500	\$ 125,000
4-31 Inspection - Drill String	\$ 10,000
4-04 Well Control & Testing	\$ 5,000
4-45 Miscellaneous IDC	\$ 5,000
4-52 Mud Logging & Geo Steering Days: 13 \$/Day: \$ 2,567	\$ 33,375
4-08 Contract Labor	\$ 8,000
4-78 Transportation	\$ 30,000
4-05 Surface Casing Crews	\$ 4,500
4-06 Surface Cement and Cement Services & possible 1"	\$ 30,000
4-23 Surface Float Equipment & Centralizers	\$ 2,000
4-05 Intermediate Casing Crews	\$ 6,500
4-06 Intermediate Cement and Cement Services, kick off plug	\$ 30,000
4-23 Intermediate Float Equipment & Centralizers	\$ 5,000
4-51 Mud & Additives	\$ 55,000
4-12 Corrosion Control & Chem.	\$ 5,000
4-84 Water	\$ 7,500
4-85 Water / Mud Disposal CRI	\$ 80,000
Contingency (5%)	\$ 53,836
TOTAL	\$ 1,130,562

Intan. Formation Testing BCP	COSTS
4-39 Logging & Wireline	\$ 25,000
4-21 Drill Stem - Formation Tests	\$ -
4-12 Coring & Analysis (Sidewall Cores)	\$ 10,000
Contingency (5%)	\$ 1,750
TOTAL	\$ 36,750

Tangible Lease & Well Equipment BCP	COSTS
6-72 Surface Casing 9-5/8" \$/Ft: 26 Feet: 1200	\$ 31,200
6-32 Intermediate Csg 7" 26# " \$/Ft: 28 Feet: 3350	\$ 93,800
" \$/Ft: Feet:	\$ -
" \$/Ft: Feet:	\$ -
6-84 Wellhead	\$ 9,000
6-76 Cattle Guards, Gates, Fences	\$ -
Contingency (5%)	\$ 6,700
TOTAL EQUIPMENT	\$ 140,700

TOTAL DRILLING	\$ 1,308,012
TOTAL INTANGIBLE	\$ 2,262,042

Intan. Comp. Costs ACP	COSTS
5-02 Abandonment & Cleanup	\$ (30,000)
5-12 IDC Daywork Days: 2 \$/Day: 13500	\$ 27,000
4-66 Rig Fuel Days: 2 \$/Day: 3000	\$ 6,000
5-84 Drilling Rig Supervision Days: 2 \$/Day: 650	\$ 1,300
5-05 Production Casing Crews	\$ 12,000
5-08 Production Casing Cement & Services	\$ -
5-08 Prod. Float Equipment & Centralizers	\$ -
5-09 Completion / Swab Unit Days: 10 \$/Day: 2500	\$ 25,000
5-84 Compl. Rig Supervision Days: 12 \$/Day: 650	\$ 7,800
5-18 Administrative Services	\$ -
5-48 Mud & Chemicals	\$ 2,400
5-66 Water	\$ 55,000
5-32 Logging, Perforations & Wireline	\$ -
5-62 Rentals Subsurface	\$ 7,500
5-61 Rentals Surface, Frac Tanks, Transfer Svcs	\$ 20,000
5-53 Nitrogen Service & Coiled Tubing Days: 2 \$/Day: 28000	\$ 56,000
5-22 Fishing	\$ -
5-80 Stimulation	\$ 800,000
5-92 Transportation	\$ 8,000
5-77 Contract Labor & Roustabout	\$ 12,000
5-04 Bits & Reamers	\$ 5,000
5-11 Couplings & Fittings	\$ 9,500
5-28 Location & Road Expense	\$ 10,000
5-40 Miscellaneous IDC	\$ -
5-31 Pipe Inspection & Recondition	\$ -
5-68 Pumping Services; Kill Truck set OH packers, open toe sub	\$ 6,000
5-21 Testing	\$ -
5-40 Well Control Insurance Days: 6 \$/Day: 350	\$ 2,100
Contingency (5%)	\$ 52,130
TOTAL	\$ 1,094,730

Tangible Well Equipment ACP	COSTS
6-60 Prod. Csg / Liners 4.5" \$/Ft: 13.5 Feet: 4400	\$ 59,400
" \$/Ft: Feet:	\$ -
6-80 Tubing 2-7/8" \$/Ft: 6.5 Feet: 2300	\$ 14,950
6-84 Wellhead	\$ 2,500
6-68 Rods and Pump, Moyno	\$ 65,000
6-56 Packers Plus Tools	\$ 270,000
Contingency (5%)	\$ 20,593
TOTAL EQUIPMENT	\$ 432,443

Tangible Lease & Battery Equipment ACP	COSTS
6-64 Pumping Units & Engines	\$ -
6-16 Gas Processing & Dehy	\$ -
6-24 Heater Treater	\$ 20,000
6-76 Tanks & Accessory Equipment	\$ 90,000
6-40 Pipeline	\$ -
6-42 Flowline	\$ 2,500
6-12 Controllable Valves	\$ 9,000
6-44 Misc. Controllable Equipment	\$ 6,000
Contingency (5%)	\$ 6,375
TOTAL EQUIPMENT	\$ 133,875

TOTAL COMPLETION	\$ 1,661,048
TOTAL TANGIBLE	\$ 707,018

Joint Interest Approval
 Company: Oil Conservation Division
 Case No. _____
 By: _____ Da Exhibit No. **4**

J Gussman Permian, LLC

Date: 10/31/2012

TOTAL DRY HOLE COST	\$ 1,344,027
TOTAL WELL COST	\$ 2,969,059