

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007Month - Year
APR 16 2007
OCD - ARTESIA, NM

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160 - 3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well Oil Well Gas Well Other

X

2. Name of Operator Nadel and Gussman Permian, LLC

3a. Address 601 N. Marienfeld, Suite 508
Midland, TX 7970013b. Phone No. (include area code)
432-682-4429

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Unit Letter N: 660 feet from the South line and 2160 feet from the West line of Section 12,
Township 21S, Range 21E

5. Lease Serial No. NM886

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and or No.

8. Well Name and No.

Major Gant Federal #1

9. API Well No.

30-015-35415

10. Field and Pool, or Exploratory Area

Little Box Canyon (Morrow)

11. County or Parish, State

Eddy County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
X Notice of Intent	Acidize	Deepen	Production (Start/Resume)	Water Shut-Off
	Alter Casing	Fracture Treat	Reclamation	Well Integrity
	Casing Repair	New Construction	Recomplete	
	Change Plans	Plug and Abandon	Temporarily Abandon	X Other: Drill with Air
	Convert to Injection	Plug Back	Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Due to the potential for loss circulation in the 12-1/4" hole section from 362' to 1800', we would like to use air as the drilling fluid in this interval.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed) Terry West

Title Engineer

Signature

Date 4/6/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Ar2rave~

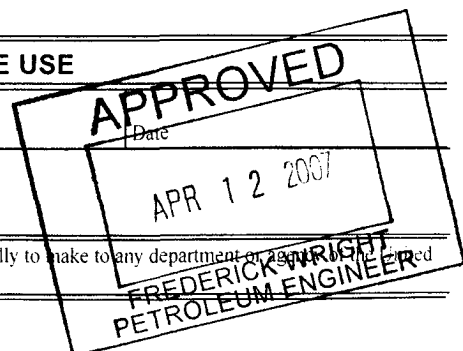
Title

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)



SUNDRY NOTICE SPECIAL STIPULATIONS

1. Approval is granted for changes in the COA for the drilling and casing settings and cementing to read as follows:
2. The 13.375" 48# H-40 will be set at 362' and cemented to the surface
3. The 9.625" 36# L-55 casing will be drilled to 1800' with air drilling and cemented to the surface, using the special stipulations listed below.

Special Drilling Operations

In addition to the equipment already specified elsewhere in this onshore order, the following equipment shall be in place and operational during air/gas drilling:

- The minimum line size for all choke manifold lines is 4 inches
- Properly lubricated and maintained rotating head*
- Spark arresters on engines or water cooled exhaust*
- Blooie line discharge 100 feet from well bore and securely anchored
- Straight run on blooie line unless otherwise approved
- Deduster equipment*
- All cuttings and circulating medium shall be directed into a reserve or blooie pit*
- Float valve above bit*
- Automatic igniter or continuous pilot light on the blooie line*
- Compressors located in the opposite direction from the blooie line a minimum of 100 feet from the well bore
- Mud circulating equipment, water, and mud materials (does not have to be premixed) sufficient to maintain the capacity of the hole and circulating tanks or pits.

Engineering can be reached at 505-706-2779 for any variances that might be necessary.

F Wright 4/6/07