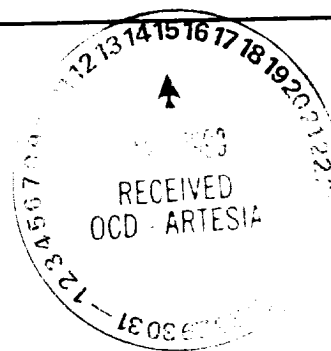




NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 10, 1999



Nadel and Gussman Permian, L.L.C.
601 N. Marienfield - Suite 508
Midland, Texas 79701
Attention: Sam H. Jolliffe, IV

Administrative Order NSL-4228

Dear Mr. Jolliffe:

Reference is made to the following: (i) your application dated February 16, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Artesia and Santa Fe: all concerning Nadel and Gussman Permian, L.L.C.'s request to drill its proposed Rolling Rock State Well No. 1 at an unorthodox gas well location in the Baldrige Canyon-Morrow Gas Pool 990 feet from the South and West lines (Lot 4/Unit M) of Section 31, Township 23 South, Range 25 East, NMPM, Eddy County, New Mexico.

Lots 1, 2, 3, and 4 and the E/2 W/2 (W/2 equivalent) of Section 31, being a standard 320.36-acre stand-up gas spacing and proration unit for this pool is to be dedicated to the well.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard for this 320.36-acre unit.

The application has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia /
New Mexico State Land Office - Santa Fe