NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

February 28, 2000

Nadel and Gussman Permian, L.L.C.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Administrative Order NSL-4415

Dear Mr. Bruce:

Reference is made to the following: (i) your application dated February 25, 2000 on behalf of the operator Nadel and Gussman Permian, L.L.C. ("Nadel and Gussman"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Nadel and Gussman's request to drill its Mia Michelle State Well No. 1 at an unorthodox Devonian oil well location 572 feet from the North line and 1189 feet from the East line (Unit A) of Section 32, Township 15 South, Range 30 East, NMPM, Chaves County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case 12119 on August 12, 1999.

The geologic interpretation submitted therein indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Devonian formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the NE/4 NE/4 of Section 32.

Further, the Division's records indicate that the E/2, NW/4, W/2 SW/4, and SE/4 SW/4 of Section 32 is a single state lease issued by the New Mexico State Land Office (State Lease No. V-03756) in which Nadel and Gussman is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Nadel and Gussman.

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

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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