STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 13,043

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

OFFICIAL EXHIBIT FILE

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, JR., Hearing Examiner

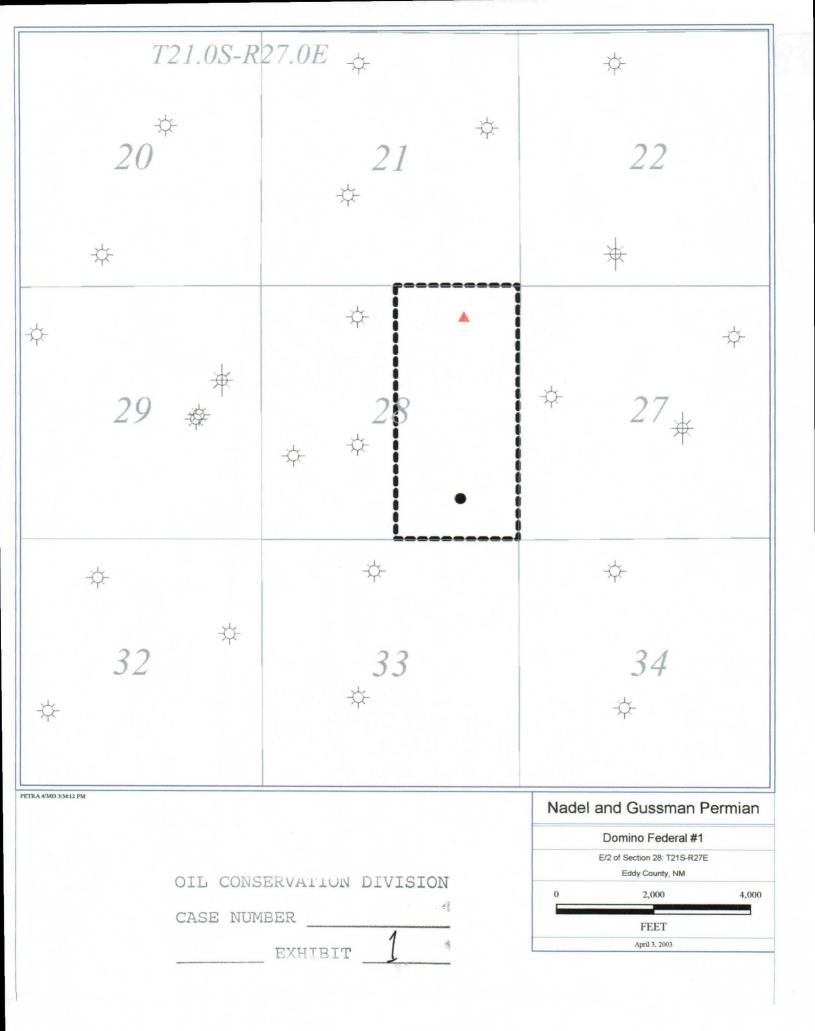
April 10th, 2003

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, JR., Hearing Examiner, on Thursday, April 10th, 2003, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

STEVEN T. BRENNER, CCR (505) 989-9317



OWNERSHIP SUMMARY DOMINO FED #1 E/2 SECTION 28, T-21-S, R-27-E EDDY COUNTY, NEW MEXICO

Nadel and Gussman Permian, LLC Rubicon Oil & Gas, LLC	25%
Redfern Enterprises, Inc.	17.856%
Devon Energy Corporation	17.786%
Oxy USA WTP, Inc.	39.375%

OIL CONSERVATION	DIVISION
CASE NUMBER	••
EXHIBIT	2 *
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NADEL AND GUSSMAN PERMIAN, L.L.C. 601 N. Marienfeld, Suite 508 Midland, TX 79701 Office: (915)682-4429 Fax: (915)682-4325

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February 4, 2003

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- TO: Domino Fed #1 Fed Working Interest Owners Address List attached
- FROM: Nadel and Gussman Permian, LLC Sam Jolliffe, Land Manager fam fliffe
- RE: Domino Fed #1 well proposal E/2 Section 28, T-21-S, R-27-E Eddy County, New Mexico

Nadel and Gussman Permian, LLC ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Domino Fed #1. Said well is being proposed at a legal location in the NE/4 Section 28, T-21-S, R-27-E, and will be drilled to test the Morrow and Atoka Formations at an approximate depth of 11,900 feet. The E/2 Section 28 will be the designated spacing unit for the well.

An AFE is enclosed for your evaluation. We will attempt to enter into a mutually acceptable Joint Operating Agreement. In the event you do not wish to participate, we will consider a farm-in of your working interest on acceptable terms.

Please contact Scott Germann (Geology), or Sam Jolliffe (Land) if you have any questions concerning this proposal. Thank you for your attention to this matter.

OIL CONSERVATION	DIVISION
CASE NUMBER	. ć
EXHIBIT	3

WORKING INTEREST OWNERS DOMINO FED #1

Nadel and Gussman Permian, LLC 601 N. Marienfeld, Suite 508 Midland, Texas 79701

Rubicon Oil & Gas 1, L.P. 400 W. Illinois, Suite 1130 Midland, Texas 79701

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Devon Energy Corporation 20 North Broadway, Suite 1500 Oklahoma City, Oklahoma 73102

/

Oxy USA WTP, Inc. 6 Desta Drive, Suite 6000 Midland, Texas 79710

Redfern Enterprises, Inc. P.O. Box 2127 Midland, Texas 79702

0.S. Postal Service CERTIFIED MAIL RECEIPT stic Mail Only; No Insurance Cove	erage Pro
OFFICIAL	USE
Postage \$ 3 Certified Fee 3.30 Return Receipt Fee 1.75 Restricted Delivery Fee	Postmark Here
Total Postage & Fees \$ 4.22	
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	erse for Instructions
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 Complete items 1, 2 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse 	A. Signature
 so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	B. Reserved by (Printed Name) C. Date of Delivery HLME E. R.M.W. D. Is delivery address different from item 1? Yes
1. Article Addressed to: Oxy USA WIP, Inc.	If YES, enter delivery address below: No
6 Desta Dr. Suite 6000	MIDLAND 7 797\$0
6 Desta Dr, Suite 6000 miolland, Tx 79702	3. Service Type Certified Mail Express Mail Registered Express Mail Insured Mail C.O.D.
2. Article Number 7002 0460 0	4. Restricted Delivery? (Extra Fee) □ Yes □002 □082 9673
(Transfer from service label) PS Form 3811, August 2001 Domestic Re U.S. Postal Service CERTIFIED MAIL RECEIPT nestic Mail Only; No Insurance Coverage	eturn Receipt 102595-01-M-2509
OFFICIAL	USE
Postage \$,60 Certified Fee 2.30	
Return Receipt Fee (Endorsement Required)	Postmark Here
(Endorsement Required) Total Postage & Fees \$ 4.65 Sent To Deuton Photon 1	
Street, Apt. No.; Or PO Box No.	
	e for Instructions
ENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
Complete items 5.2 d 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece,	A. Signature Agent X Addressee B. Received by (Printed Name) C. Date of Delivery
or on the front if space permits. Article Addressed to: Devon Energy Corporation O N. Broadway, Suite 1500	D. Is delivery address different from item 1? If YES, enter delivery address below: No
Klahoma (ity, OK 73102	 3. Service Type Certified Mail Registered Insured Mail C.O.D. 4. Restricted Delivery? (<i>Extra Fee</i>) Yes

APR 0 7 2003

DIAMOND HEAD PROPERTIES, L.P.

Redfern Enterprises, Inc., General Partner

P.O. Box 2127 Midland, TX 79702-2127 Telephone (915) 683-9137 Facsimile (915) 682-5639

April 4, 2003

VIA FAX 915-682-4325 and U.S. MAIL

Nadel and Gussman Permian, L.L.C. Attn: Sam Jolliffe - Land 601 N. Marienfeld, Suite 508 Midland, TX 79701

RE: Domino Fed #1 E/2 Sec. 28, T-21-S, R-27-E Eddy Co., New Mexico Our Reference #DED0704

Dear Sam:

As we discussed previously, Redfern Enterprises, Inc. has farmed out its interest to Diamond Head Properties, L.P. which also operates out of this office. I have enclosed a copy of that Farmout Agreement. I have also enclosed a executed AFE covering the Domino Fed #1 well. Please provide a Operating Agreement for our review at your earliest convenience.

It is my understanding that an application for compulsory pooling has been filed with the New Mexico Oil Conservation Division. Diamond Head Properties, L.P. would like to take this opportunity to express our support for Nadel and Gussman Permian, L.L.C. as the operator in this well.

If there is any way I can be of further assistance please let me know.

Sincerely,

Shirly R. Chook

Shirley R. Choate, RLP Land Department

Enclosures

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Rubicon Oil & Gas, bbC

400 West Illinois, Suite 1130 Midland, Texas 79701 (915) 687-5100 - Main (915) 687-5109 - Fax

April 9, 2003

Nadel and Gussman Permian, LLC 601 N Marienfeld, Suite 508 Midland, Texas 79701

RE: Thunderball Prospect Domino Fed Well No. 1 Section 28, E/2 Township 21 South, Range 27 East N.M.P.M. Eddy County, New Mexico

Attention: Sam H. Jolliffe IV Land Manager

Dear Sam:

Please let it be known that Rubicon Oil & Gas, LLC supports Nadel and Gussman Permian, LLC as Operator on the above referenced well to be drilled in the NE/4 of Section 28 to a depth sufficient to test the Morrow formation

Should you have any questions regarding this matter, please contact the undersigned at 915/687-5100, ext. 309.

Yours truly,

Rubicon Oil & Gas, LLC

. Michael D. Hayes

MDH/cp

	THORIT	Y FOR EXPENDIT	URE		1		
	NADEL AND GUSSMA	N PERMIAN, LLC	MIDLAND,	TX	J		
ROSPECT NAME:	Thunderball	FIELD:		DATE:	02/03/03		
EASE/WELL NUMBER:	Domino Fed Well #1			PREPARED BY:	K E McCready		
	990 Fel, 660 FNL S28, 21S	27E dsywork contract	-				
OUNTY, STATE: RIMARY OBJECTIVES:	EDDY, NM Morrow, ATOKA, DST IN A		ED	-			
ROJECTED TOTAL DEPTH		SINGLE MORROW		ASSUMED			
TANGIBLE COSTS	CSG PROGRAM AND PROT	ECTION LINER NOT I	NEEDED	CASING POINT	COMPLETION COSTS		
EGAL WORK/PERMITTING/ DW	SURVEY/STAKING			2000	<u>500</u> 500		
TE PREPARATION/CLEAN	-UP			8000	10000		
G MOVES			DAV/0	20000			
RILLING TURN-KEY RILLING DAYWORK		DRLG COMPL 33 3	DAYS 7300 /DAY	240900	21900		
RILLING FOOTAGE		FT. @	/FT	0			
RILL PIPE/TOOL RENTAL -	INCL IN DAYWORK BID	0	/DAY	0			
<u>тs</u>				35000	500		
ATER	EL COLLAR/ SINGLE SHOT)	0	250 /DAY	25000 0	3500		
UD/CHEMICALS/PKR FLUI				45000	2000		
UD LOGGING		27 DAYS @	500 /DAY	13500			
PEN HOLE LOGGING				25000			- ~
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ST'S 1 @ \$4000/TEST	<u> </u>			4000	<u>†</u>	- H	\mathbf{t}
ELDING					<u>t</u>	-03	
ASING CREW/TOOLS					5000		
ASING CEMENTING QUEEZE CMTG/PLUGGING					20000	- 	┣_┓
RANSPORTATION	,			2500	2500	- -	┣─
ENTAL TOOLS/EQUIP					5000		F
OMPLETION RIG		8 DAYS @	1850 /DAY		14800		
ERFORATING/CASED HOL	E LOGGING/CIBP/CMT				15000		
REAKDOWN RACTURING/STIMULATION				 	10000		L
RAC TANKS/WATER TRAN					5000	N C A	
IT LINER				4000		ск ш	
ABOR/ROUSTABOUT CREV	WS			1500	5000	<u></u>	
ISURANCE OP TESTING - 3RD PARTY				<u>6000</u> 1200			
OLLAR INSPECTION/DAMA				1200	<u>+</u>	-5-2	
REATING PACKER		DRLG COMPL	DAYS			-0	
IELD SUPERVISION		33 14	500 /DAY	16500	7000		
DMINISTRATIVE SERVICES	VUVERHEAD		<u></u>	<u>1000</u> 51750	1000		
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ANGIBLE COSTS							
ANGIBLE COSTS	CONDUCTOR	40 FT @	40.13 /FT	1605			
3-3/8" "	SURFACE	500 FT @	17.23 /FT	8614	<u>+</u>		
-5/8" "	INTERMEDIATE	5100 FT @	13.00 /FT	66300			······
0" "	2 nd 'INTERMEDIATE	0 FT@	10.00 /FT	0	+		
1\2" "	PRODUCTION TUBING	11900 FT @ 11700 FT @	7.00 /FT 3.50 /FT	}	83300 40950		
, w	RODS	0 FT @	<u>3.50 /FT</u>	1	40950		
	FLOAT EQUIP, DV TOOL, I	ETC		t	†	<u> </u>	
	CATTLEGUARDS/GATES						
	WELLHEAD			5000	7500		
	PACKER DOWNHOLE PUMP/TAC			{	7000		
	FORKLIFT/PIPE RACKS			1500	1500		
	STOCK TANKS/WATER TA	NKS		<u> </u>	10000		
	SEPARATORS						
	GPU/TREATER				10000		
	MALL CONTINUES			}	5000		
	VALVES/FITTINGS			-	2500		
	FLOWLINE				2500		
		FIREWALL, ETC)			2500 3000		
	FLOWLINE METER RUN, ETC.	FIREWALL, ETC)		650	3000 17325		
DTAL TANGIBLE	FLOWLINE METER RUN, ETC. MISCELLANEOUS (ROCK,	FIREWALL, ETC)		650 83669	3000		

JOINT INTEREST APPROVAL

COMPANY:

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BY: _____ DATE: ____/___/

NADEL AND GUSSMAN BY: <u>96m</u> DATE: <u>23</u>

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 13043

AFFIDAVIT REGARDING NOTICE

) ss.

STATE OF NEW MEXICO

COUNTY OF SANTA FE

James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters set forth herein.

2. I am an attorney for Applicant.

3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.

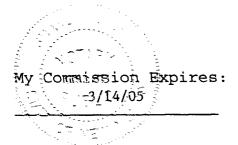
5. Applicant has complied with the notice provisions of Division Rule 1207. \square

mes Bruce

SUBSCRIBED AND SWORN TO before me this _____ day of April, 2003, by James Bruce.

Notary Public

OTL C	CONSERVATION	DIVISION
CASE	NUMBER	
in the second	EXHIBIT	5
The second se		



JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (PHONE) (505) 982-2151 (FAX)

jamesbruc@aol.com

March 20, 2003

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and Gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Nadel and Gussman Permian, L.L.C., regarding the E½ of Section 28, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. This application is scheduled to be heard at 8:15 a.m. on Thursday, April 10, 2003 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to appear at the hearing and present evidence. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

You are requested to notify the Division, and the undersigned, by Friday, April 4, 2003, if you intend to enter an appearance and participate in the case.

Very truly yours,

James Bruce

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

EXHIBIT A

Devon Energy Production Company, L.P. P.O. Box 108838 Oklahoma City, Oklahoma 73101-8838

> Attention: Ken Gray Land Department

OXY USA WTP LP Suite 6000 6 Desta Drive Midland, Texas 79710

Rubicon Oil & Gas I, L.P. Suite 1130 400 West Illinois Midland, Texas 79701

Redfern Enterprises, Inc. P.O. Box 2127 Midland, Texas 79702

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