

NADEL AND GUSSMAN PERMIAN, L.L.C.
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May 18, 2004

TO: Working Interest Owners
Quick Draw Federal #1

FROM: Sam Jolliffe *Sam Jolliffe*
Nadel and Gussman Permian, LLC

Re: Quick Draw Federal #1
W/2 Section 23, T-7-S, R-26-E
Chaves County, New Mexico

Nadel and Gussman Permian, LLC ("NGP") as a Working Interest Owner under the captioned acreage, hereby proposes the drilling of the Quick Draw Federal #1. Said well is proposed to be drilled at an approximate location 990' FNL & 660' FWL Section 23, T-7-S, R-26-E, and will be drilled to an approximate depth of 6,400 feet to test the Montoya Dolomite, Wolfcamp Lime, and Abo Formations. The W/2 Section 23 will be the designated spacing unit for the well. As a joint Working Interest Owner under the captioned acreage, you have the opportunity to participate in this proposal. An AFE is enclosed for your evaluation. In the event you do not wish to participate, NGP will consider a farm-in of your interest on terms acceptable to NGP. We will also attempt to enter into a mutually acceptable Joint Operating Agreement. Please advise as to your response by signing in the appropriate space provided below, and returning a copy of this letter to our office.

Please advise if you have any questions. Thank you for your attention to this matter.

_____ elect to participate in the Quick Draw Federal #1 well proposal.

_____ elect NOT to participate in the Quick Draw Federal #1 well proposal.

_____ elect to farm-in working interest to NGP.

COMPANY / INDIVIDUAL: _____

DATE: _____

OIL CONSERVATION DIVISION
CASE NUMBER
EXHIBIT NUMBER 3