

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508
Midland, Texas 79701
Phone (432) 682-4429
Fax: (432) 682-4325

January 25, 2005

State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Nadel and Gussman Permian, LLC
Artemis Federal Com. Well No.1
SW/4 Section 33, T-22-S, R-28-E, NMPM
Eddy County, New Mexico

2005 JAN 31 PM 1 00

Gentlemen:

Please find enclosed, for your information and file, information mailed this date to the parties that were pooled under Compulsory Pooling Case No. 13365, Order No. R-12263 dated November 10, 2004. All other interest parties have leased or joined in the drilling of the captioned well.

Thank you for your assistance in this matter and if other information is needed please advise.

WWT
1/31/05

Very truly yours,


Frank K. Wolfe

AUTHORITY FOR EXPENDITURE
NADEL AND GUSSMAN PERMIAN, LLC MIDLAND, TX

PROSPECT NAME: CYPRESS POINT FIELD: LOVING N. MORROW DATE: 01/25/05
 LEASE/WELL NUMBER: ARTEMIS FED COM #1 PREPARED BY: JOSH FERNAU
 LOCATION: SW 1/4, SEC 33 T22S & R28E
 COUNTY, STATE: EDDY, NM DAYWORK CONTRACT - STRAIGHT WELL - LINED RESERVE PIT
 PRIMARY OBJECTIVES: MORROW SINGLE SAND COMPLETION (ONE FRAC)
 ATOKA
 PROJECTED TOTAL DEPTH: 12,850'

ASSUMES BLM APPROVES CSG PROGRAM, ASSUMES OCD ALLOWS RESERVE PIT				CASING POINT	COMPLETION COSTS
INTANGIBLE COSTS					
LEGAL WORK/PERMITTING/SURVEY/STAKING				4000	500
ROW				2000	500
SITE PREPARATION/CLEAN-UP				38000	60000
RIG MOVES				40000	10000
DRILLING TURN-KEY	DRLG	COMPL	DAYS	0	0
DRILLING DAYWORK	48	3	10500 /DAY	504000	31500
DRILLING FOOTAGE		FT. @	/FT	0	0
DRILL PIPE/TOOL RENTAL	1000		0 /DAY	0	0
BITS				70000	500
WATER				40500	5500
DOWNHOLE MOTOR / MWD	0		5800 /DAY	0	0
MUD/CHEMICALS/PKR FLUID				90000	2000
MUD LOGGING	32	DAYS @	950 /DAY	30400	0
OPEN HOLE LOGGING FORMATION EVALUATION				48000	0
LINER HANGER				0	0
DIESEL - 1000 hp rig	48	3	1100 /DAY	52800	3300
DST'S 1 @ \$4000/TEST				0	0
WELDING				9000	5000
CASING CREW/TOOLS				18000	4000
CASING CEMENTING				48000	45000
SQUEEZE CMTG/PLUGGING				15000	-15000
TRANSPORTATION				15000	2700
RENTAL TOOLS/EQUIP				30200	3000
COMPLETION RIG	25	DAYS @	2000 /DAY	0	50000
PERFORATING/CASED HOLE LOGGING/CIBP/CMT				0	25000
BREAKDOWN				0	10000
FRACTURING/STIMULATION				0	100000
FRAC TANKS/WATER TRANSPORTS				0	8000
PIT LINER / FENCE				9000	0
LABOR/ROUSTABOUT CREWS				15000	6500
INSURANCE				25700	0
BOP TESTING - 3RD PARTY				5000	0
COLLAR INSPECTION/DAMAGES				14000	0
TREATING PACKER	DRLG	COMPL	DAYS	0	15000
FIELD SUPERVISION	48	13	825 /DAY	39600	10725
ADMINISTRATIVE SERVICES/OVERHEAD				9950	3000
CONTINGENCY				117315	38673
TOTAL INTANGIBLE COSTS				1290465	426398

Note ALL PIPE PRICES ARE SUBJECT TO INCREASE DUE TO MARKET FLUCTUATION PARTNERS WILL BE BILLED FOR ACTUAL COST

TANGIBLE COSTS						
20"	"	CONDUCTOR	60 FT @	40.25 /FT	0	incl in location costs
13-3/8"	"	SURFACE	300 FT @	31.75 /FT	9525	0
9-5/8"	"	INTERMEDIATE	6100 FT @	33.50 /FT	204350	0
7-0"	"	2 nd INTERMEDIATE	0 FT @	15.00 /FT	0	0
6 1/2"	"	PRODUCTION CASING	12850 FT @	15.00 /FT	192750	0
2 7/8"	"	TUBING	12750 FT @	6.00 /FT	0	76500
		RODS	0 FT @	0 /FT	0	0
		FLOAT EQUIP, DV TOOL, ETC			8000	1500
		CATTLEGUARDS/GATES			3000	1500
		WELLHEAD			11000	7500
		PACKER			0	14000
		DOWNHOLE PUMP/TAC			0	0
		FORKLIFT/PIPE RACKS			2500	1500
		STOCK TANKS/WATER TANKS			0	14000
		SEPARATORS			0	12000
		GPU/TREATER			0	12000
		VALVES/FITTINGS			0	9000
		FLOWLINE			0	15000
		METER RUN, ETC.			0	2500
		MISCELLANEOUS (ROCK, FIREWALL, ETC)			0	6000
		CONTINGENCY			21725	17300
TOTAL TANGIBLE					452850	190300
TOTAL TANGIBLE/INTANGIBLE					1743315	616698

TOTAL WELL COST 2359013

JOINT INTEREST APPROVAL _____

COMPANY: _____

BY: _____ DATE: ____/____/____

NADEL AND GUSSMAN _____

BY: *Jh Fernau*

DATE: 01/25/05

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

January 25, 2005

Martha Rouse Schalk Trustee
Of the Schalk Family Trust
Albuquerque, New Mexico 87125

CERTIFIED MAIL

Re: Nadel and Gussman Permian, LLC
Artemis Federal Com. Well No.1
SW/4 Section 33, T-22-S, R-28-E, NMPM
Eddy County, New Mexic

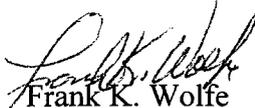
Ms. Schalk:

Please find enclosed a copy of Compulsory Pooling Case No.13365, Order No. R-12263 issued November 10, 2004 covering the captioned land. The location of the Artemis Federal Com Well No.1 will be in the SW/4 of Section 33, T-22-S, R-28-E, Eddy County, New Mexico. An AFE for the drilling of this well is also enclosed for your evaluation.

As per the Order, please advise within thirty (30) days from receipt of this letter whether or not you elect to participate in this well. If you elect to participate, please sign, date and return the AFE to this office at your earliest convenience.

If you have any questions, please feel free to call the undersigned at the above number.

Very truly yours,


Frank K. Wolfe

cc: State of New Mexico
Oil Conservation Division

NADEL AND GUSSMAN PERMIAN, LLC

601 North Marienfeld, Suite 508

Midland, Texas 79701

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January 25, 2005

Unit Petroleum Company
P. O. Box 702500
Tulsa, Oklahoma 74170

CERTIFIED MAIL

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Artemis Federal Com. Well No.1
SW/4 Section 33, T-22-S, R-28-E, NMPM
Eddy County, New Mexic

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January 25, 2005

Sande Wische
126 Passaic Street
Newark, New Jersey 07104

CERTIFIED MAIL

Re: Nadel and Gussman Permian, LLC
Artemis Federal Com. Well No.1
SW/4 Section 33, T-22-S, R-28-E, NMPM
Eddy County, New Mexic

Dear Ms. Wische:

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January 25, 2005

Allan D. Tuck, Jr.
2370 North Euclid
Upland, California 91786

CERTIFIED MAIL

Re: Nadel and Gussman Permian, LLC
Artemis Federal Com. Well No.1
SW/4 Section 33, T-22-S, R-28-E, NMPM
Eddy County, New Mexic

Dear Mr. Tuck:

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January 25, 2005

Chester J. Stuebben
1275 Rock Avenue, #HH5
North Plainfield, New Jersey 07060

CERTIFIED MAIL

Re: Nadel and Gussman Permian, LLC
Artemis Federal Com. Well No.1
SW/4 Section 33, T-22-S, R-28-E, NMPM
Eddy County, New Mexic

Dear Mr. Stuebben:

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Oil Conservation Division

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Midland, Texas 79701

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January 25, 2005

John McIsaac
3000 North Ocean Drive, Apt. 38F
Singer Island, Florida 33404

CERTIFIED MAIL

Re: Nadel and Gussman Permian, LLC
Artemis Federal Com. Well No.1
SW/4 Section 33, T-22-S, R-28-E, NMPM
Eddy County, New Mexic

Dear Mr. McIsaac:

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January 25, 2005

Mr. Larry Turner
Star Route #2
Lamesa, Texas 79331

CERTIFIED MAIL

Re: Nadel and Gussman Permian, LLC
Artemis Federal Com. Well No.1
SW/4 Section 33, T-22-S, R-28-E, NMPM
Eddy County, New Mexico

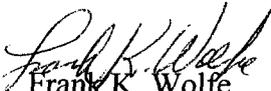
Dear Mr. Turner:

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