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August 8, 2007

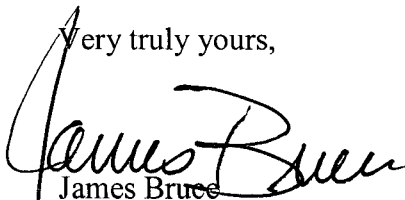
Case 13981

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Nadel and Gussman Permian, L.L.C., are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the September 6, 2007 Examiner hearing. Thank you.

Very truly yours,


James Bruce

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

Lobos Energy
Suite 950
3817 NW Expressway
Oklahoma City, Oklahoma 73112

Parties Being Pooled

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF NADEL AND GUSSMAN
PERMIAN, L.L.C. FOR COMPULSORY POOLING
AND AN UNORTHODOX GAS WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.

Case No. 13981

APPLICATION

Nadel and Gussman Permian, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the E½ of Section 8, Township 13 South, Range 27 East, N.M.P.M., Chaves County, New Mexico, and for an unorthodox gas well location, and in support thereof, states:

1. Applicant is an interest owner in the E½ of Section 8, and has the right to drill or re-enter a well thereon.
2. Applicant proposes to re-enter the plugged and abandoned Pecos River Bluff Unit Well No. 1, originally surveyed at a location 1980 feet from the north line and 660 feet from the east line of Section 8, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate the E½ of Section 8 to the well to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent.
3. The well will be re-named the Cazador Fed. Com. Well No. 1, and it has been re-surveyed at an unorthodox gas well location 2034 feet from the north line and 660 feet from the east line of Section 8. This location is unorthodox, and applicant requests approval thereof.
4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 8 for the purposes set forth herein.
5. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to

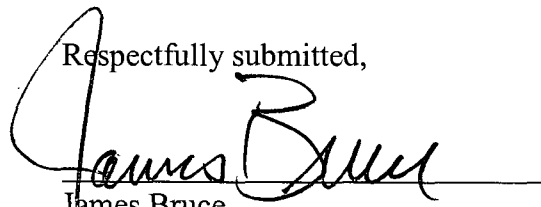
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 8, pursuant to NMSA 1978 §70-2-17.

6. The pooling of all mineral interests underlying the E½ of Section 8 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E½ of Section 8, from the surface to the base of the Wolfcamp formation;
- B. Approving the unorthodox location;
- C. Designating applicant as operator of the well;
- D. Considering the cost of re-entering, drilling, and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in re-entering, drilling, and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
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Santa Fe, New Mexico 87504
(505) 982-2043

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

PROPOSED ADVERTISEMENT

Case No. 1398! Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling and unorthodox gas well location, Chaves County, New Mexico: Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the E/2 of Section 8, Township 13 South, Range 27 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent. The unit is to be dedicated to the plugged and abandoned Pecos River Bluff Unit Well No. 1, to be re-named the Cazador Fed. Com. Well No. 1, to be re-entered at an unorthodox location 2034 feet from the north line and 660 feet from the east line of Section 8. Also to be considered will be the cost of re-entering, drilling, and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in re-entering, drilling, and completing the well. The unit is located approximately 6-1/2 miles east of Dexter, New Mexico.