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:

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

Case No. 14,410

VERIFIED STATEMENT OF CRYSTAL EMERALD JOHNSON

Crystal Emerald Johnson, being duly sworn upon her oath, deposes and states:

- I am a landman for Nadel and Gussman Permian, L.L.C., and have personal knowledge of the matters stated herein.
- Pursuant to Division Rule NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:
 - No opposition is expected because the working interest owners being pooled have been contacted regarding the proposed well and have simply not decided whether to join in the well or farm out their interests upon terms agreeable to all parties.
 - A plat outlining the spacing unit being pooled is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 20, Township 8 South, Range 33 East, NMPM, and in the following manner: The S/2 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 SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the SE/4SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Mohawk State Well No. 1, to be drilled at an orthodox location in the SE/4SE/4 of Section 20.
 - The parties being pooled, their working interests in the 320 acre well unit, and their last known addresses, are as follows:

WORKING INTEREST

Tomahawk Investments, L.P. c/o Wells Fargo Bank, N.A. 750 E. Mulberry Avenue San Antonio, Texas 78212

0.0372025 %

Oil Conservation Division Case No. ______Exhibit No. _____

JPMorgan Chase Bank, Trustee of the W.J. Goldston Residuary Trust P.O. Box 2605 Ft. Worth, Texas 76113	0.2232150 %
Megan Goldston, Trustee of the Bill Goldston Family Trust c/o Wells Fargo Bank, N.A. 750 E. Mulberry Avenue San Antonio, Texas 78212	0.1736100 %
Goldstruck Investments, L.P. c/o Wells Fargo Bank, N.A. 750 E. Mulberry Avenue San Antonio, Texas 78212	0.04340375 %
Trustee of the Jeanne Goldston Kies Special Trust c/o Wells Fargo Bank, N.A. 750 E. Mulberry Avenue San Antonio, Texas 78212	0.13020875 %
ENI Oil & Gas Suite 350 1201 Louisiana Houston, Texas 77002	4.1015625 %
Rutter & Wilbanks Corp. P.O. Box 3186 Midland, Texas 79702	3.1250000 %
Mayfield I, L.P. P.O. Box 570365 Houston, Texas 77257	0.3906250 %
Iris Goldston, L.P. P.O. Box 570365 Houston, Texas 77257	0.3906250 %

(d) Copies of the proposal letters sent to the uncommitted working interest owner are attached hereto as Exhibit B. In addition, phone calls have been made and e-mails have been sent to the interest owners.

- (e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against a non-consenting working interest owner.
- (f) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Chaves County.
- (g) Overhead charges of \$ 5,500/month for a drilling well, and \$ 670/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.
- (h) Applicant requests that it be designated operator of the well.

VERIFICATION

STATE OF TEXAS)
CITY AND COUNTY OF MIDLAND) ss.)
a landman for Nadel and Gussman Permi	ly sworn upon his oath, deposes and states that: She is an, L.L.C.; she is authorized to make this verification atement, and knows the contents thereof; and the same edge, information, and belief.
	Copy Elle ///
	Crystal Emerald Johnson
SUBSCRIBED AND SWORN TO Crystal Emerald Johnson.	before me this 10^{+-} day of December, 2009 by
My Commission Expires: 12/16/20	11 Jestan Demann Notary Public
NESTORA E. GERMANN	

MY COMMISSION EXPIRES November 16, 2011

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EXHIBIT _

NADEL AND GUSSMAN PERMIAN, LLC

Mohawk State #1 Sec. 20

T8S-R33E

Chaves Co., NM

December 2009

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

October 23, 2009

Oil Join Ventures II Partnership c/o Horkey Oil Company P.O. Box 2669 Lubbock, TX 79408

Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that Oil Ventures II owns a 6.00% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE is enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

Landman

EXHIBIT **B**

Enclosures

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

October 22, 2009

Oil Ventures II P.O. Box 2669 Lubbock, TX 79408 Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that Oil Ventures II owns a 6.00% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE is enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

October 22, 2009

Tomahawk Investments, L.P., a Texas Limited Partnership c/o Wells Fargo Texas Bank
Oil and Gas Trust
Attn: Mr. Pete Keedy
750 Mulbury Avenue
San Antonio, TX 78212

Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mr. Keedy:

Our inspection of the county records of Chaves County, New Mexico indicates that Tomahawk Investments, L.P., a Texas Limited Partnership owns a .29762% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

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

Sincerery

Emerald Johnson

Landman

Enclosures

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

October 20, 2009

Tomahawk Investments, L.P., a Texas Limited Partnership Wells Fargo Teas Bank Oil and Gas P.O. Box 6000 San Antonio, TX 78286 Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that Tomahawk Investments, L.P., a Texas Limited Partnership owns a .29768% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

October 22, 2009

JPMorgan Chase Bank, as Successor Trustee of the W.J. Goldston Residuary Trust u/w/o W.J. Goldston f/b/o of: Walter Jerome Goldston, Gwendolyn Carlisle King Kenney, Allan Goldston King, Duane Hadley King, David Russell King, William Jerome Goldston, III Attn: Mr. Frank Medrano TX-1-1315
P.O. Box 2605
Ft. Worth, TX 76113

Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mr. Medrano:

Our inspection of the county records of Chaves County, New Mexico indicates that the W.J. Goldston Residuary Trust u/w/o W.J. Goldston f/b/o of: Walter Jerome Goldston, Gwendolyn Carlisle King Kenney, Allan Goldston King, Duane Hadley King, David Russell King, William Jerome Goldston, III ("the Trust") owns a 1.78572% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, the Trust has the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of the Trust's interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnso

Landman

Enclosures

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

October 22, 2009

King Oil and Gas of Texas, Ltd., a Texas Limited Partnership 800 Bering, Suite 305 Houston, TX 77057 Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that King Oil and Gas of Texas, Ltd., owns a 1.38888% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

Sent Via Certified Mail

October 22, 2009

Megan Goldston, as Trustee of the Bill Goldston Family Trust, c/o Wells Fargo Bank, N.A., Agent, Wells Fargo Bank, N.A., Trust Oil & Gas Attn: Mr. Pete Keedy 750 Mulbury Avenue San Antonio, TX 78212

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mr. Keedy:

Our inspection of the county records of Chaves County, New Mexico indicates that the Bill Goldston Family Trust ("the Trust") owns a 1.38888% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, the Trust has the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of the Trust's interest under terms acceptable to NGP.

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

Q///

Emerald Johnson

Landman

Enclosures

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

October 22, 2009

Gold Struck Investments, Ltd., a Texas Limited Partnership c/o Wells Fargo Bank, N.A., Trust Oil & Gas Attn: Mr. Pete Keedy 750 Mulbury Avenue San Antonio, TX 78212

Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mr. Keedy:

Our inspection of the county records of Chaves County, New Mexico indicates that Gold Struck Investments, Ltd., as Texas Limited Partnership ("Gold Struck")owns a .34723% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, Gold Struck has the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of the Gold Struck's interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

October 22, 2009

The Trustee of the Jeanne Goldston Kies
Special Trust u/t/a dated August___, 1994
Between Kathleen Hadley Goldston, as Trustor,
and Texas Commerce Bank National Association, as Trustee
c/o Wells Fargo Texas Bank
Oil and Gas Trust
Attn: Mr. Pete Keedy
750 Mulbury Avenue
San Antonio, TX 78212

Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mr. Keedy:

Our inspection of the county records of Chaves County, New Mexico indicates that the Jeanne Goldston Kies Special Trust ("the Trust") owns a 1.04167% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, the Trust has the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of the Trust's interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

Landman

Enclosures

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

Sent Via Certified Mail

October 20, 2009

Andrews Oil L.P. Attn: David Andrews 1015 Bee Cave Woods Drive Austin, TX 78746

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mr. Andrews:

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

Sent Via Certified Mail

October 20, 2009

Orr Exploration, Ltd. Attn: Mr. Bill Orr 3660 Stoneridge Road A-101 Austin, TX 78746

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mr. Orr:

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

October 20, 2009

Mrs. Polette Parker 2315 Bobwhite Dr. Odessa, TX 79767-2234 Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mrs. Parker:

Our inspection of the county records of Chaves County, New Mexico indicates that Polette Parker, a married woman, owns a 12.50% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

October 20, 2009

ENI Oil and Gas 1201 Louisiana, Suite 350 Houston, TX 77002 Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that ENI Oil and Gas owns a 32.8125% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

October 20, 2009

V.F. Neuhaus Properties, Inc. 214 N. 16th Street McAllen, TX 78501 Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Gentlemen:

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

October 20, 2009

Rutter and Wilbanks Corporation P.O. Box 3186 Midland, TX 79702 Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that Rutter and Wilbanks Corporation owns a 12.50% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider a farm-in of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

October 20, 2009

Doug Laufer, and wife Suzanne Laufer, d/b/a Principal Properties 4425 South MOPAC Building II, Suite 103 Austin, TX 78735

Sent via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mr. Laufer:

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

October 20, 2009

Nova Mud, Inc. Attn: Mr. Ken Bromley P.O. Box 2703 Hobbs, NM 88241 Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mr. Bromley:

Our inspection of the county records of Chaves County, New Mexico indicates that Nova Mud, Inc. owns a 1.00% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE is enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

October 20, 2009

Lindenmuth and Associates, Inc. Attn: Gerald Lindemuth 510 Hearn Street, Suite 200 Austin, TX 78703 Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Mr. Lindenmuth:

Our inspection of the county records of Chaves County, New Mexico indicates that Lindenmuth and Associates, Inc. ("Lindenmuth") owns a 50% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. NGP will be the designated Operator of the well. Per Letter of Understanding executed October 9, 2009 by Gerald Lindenmuth an AFE has been enclosed for your evaluation. In the event you do not elect to participate, NGP will work with Lindenmuth to prepare a Term Assignment of Lindenmuth's interest in the captioned land.

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

Sincerely

Emerald Johnson

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

October 20, 2009

Mayfield I, Ltd. P.O. Box 570365 Houston, TX 77257-0365 Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Gentlemen:

Our inspection of the county records of Chaves County, New Mexico indicates that Mayfield I, Ltd. owns a 3.125% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

October 20, 2009

Charles Preston 831 Boulevard of the Champions Shalimar, FL 32579 Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mr. Preston:

Our inspection of the county records of Chaves County, New Mexico indicates that you own a 2% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

Sent Via Certified Mail

October 20, 2009

Iris Goldston, Ltd., a Texas Limited Partnership Attn: Mr. Jack Mayfield Jr. P.O. Box 570365 Houston, TX 77257-0365

Re:

Mohawk State #1

T-8-S, R-33-E, N,M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mr. Mayfield

Our inspection of the county records of Chaves County, New Mexico indicates that Iris Goldston, Ltd., a Texas Limited Partnership owns a 3.125% working interest in the SW/4 SW/4, containing 40 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE has been enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP will consider an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

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

October 20, 2009

Quanah Exploration Limited Partnership Attn: Mrs. Denise Newton P.O. Box 494 Midland, TX 79702 Sent Via Certified Mail

Re:

Mohawk State #1

T-8-S, R-33-E, N.M.P.M.

Section 20: S/2

Chaves County, New Mexico

Dear Mrs. Newton:

Our inspection of the county records of Chaves County, New Mexico indicates that Quanah Exploration Limited Partnership owns a 12.50% working interest in the N/2 SE/4, containing 80 acres more or less, in the captioned land.

Nadel and Gussman Permian, L.L.C. ("NGP"), as a working interest owner under the captioned acreage, hereby proposes the drilling of the Mohawk State #1 at an approximate location 660' FSL and 660' FEL of Section 20, T-8-S, R-33-E. Said well will be drilled to test the Morrow Formation at an approximate depth of 11,000'. The S/2 of Section 20 will be the designated spacing unit for the well. As a working interest owner under the captioned acreage, you have the right to participate in this drilling proposal. An AFE is enclosed for your evaluation. NGP will be the designated Operator of the well. In the event you do not elect to participate, NGP would consider taking an assignment of your interest under terms acceptable to NGP.

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

Sincerely

Emerald Johnson

AUTHORITY FOR EXI_NDITURE

NADEL AND GUSSMAN PERMIAN, LLC

Date: 10/19/2009 Prepared By: Terry West Prospect Name: Tobac

County, State: Chaves, New Mexico

Projected Total Depth: 11000'

Lease / Well Number: Mohawk State #1 Location: Sec. 20, T8S R33E 660' FEL, 660' FSL

Fleld:

Primary Objectives: Morrow, Lower Penn

Daywork Contract - Vertical Gas or Oil Well - Closed-Loop Mud System

Assumes regulatory agent approves casing program

Note all pipe prices may be subject to increase due to market fluctuations.

It is recognized that the amounts provided here are estimates only and approval of this authorization shall extend to actual costs incurred in conducting the operations specified, whether more or less than estimated.

Note* all pipe prices may be subject to increase due to market flu	Julua	itions.
Intan. Drilling Costs BCP		COSTS
4-02 Abandonment & Cleanup	\$	30,000
1-10 Abstracts & Title Opinions	\$	-
4-87 Well Control Insurance 11000' \$/Ft: 0.684	\$	7,524
4-01 Legal, Permits & Fees	\$	2,500
4-87 Staking Location & Surveys	\$	1,800
4-36 Location, Road & ROW	\$	40,650
4-15 IDC Daywork Days: 33 \$/Day: 7000	\$	231,000
4-14 Mobilization / Demobilization	\$	70,000
4-66 Rig Fuel Days: 33 \$/Day: 2025	\$	66,825
4-24 IDC Footage \$/Ft:	\$	00,020
4-72 Supervision Days: 33 \$/Day: 900	\$	29,700
4-18 Drilling Overhead (Administrative Services)	\$	7,700
4-03 Bits & Reamers	<u> </u>	53,800
4-61 Rentals Surface	\$	109,205
4-62 Rentals Sub-Surface	\$	18,150
4-62 Drill Pipe / Motors Days: \$/Day:	\$	10, 150
4-16 Directional Drilling Expense	\$	
4-31 Inspection - Drill String	\$	15,000
4-04 Well Control & Testing	\$	6,000
4-45 Miscellaneous IDC	\$	5,000
4-52 Mud Logging Days: 26 \$/Day: \$ 909	\$	23,625
4-08 Contract Labor	\$	5,000
4-78 Transportation	- <u>\$</u>	
4-05 Surface Casing Crews	\$	40,000
4-06 Surface Cement and Cement Services		8,000
4-23 Surface Float Equipment & Centralizers	\$	7,000
4-05 Intermediate Surface Casing Crews		1,500
	\$	8,000
4-06 Intermediate Cement and Cement Services	\$	13,000
4-23 IntermediateFloat Equipment & Centralizers	\$	1,300
4-51 Mud & Additives	\$	50,000
4-12 Corrosion Control & Chem.	\$	5,000
4-84 Water	\$	20,176
4-85 Water / Mud Disposal	\$	69,990
Contingency (10%)	\$	94,744
IOIAL TALL TEST STATES	逐期	
Intan. Formation Testing BCP		COSTS
4-39 Logging & Wireline	\$	35,000
4 24 Dell Stem Comption Tools		
4-21 Drill Stem - Formation Tests	\$	
4-21 Drill Stem - Formation Tests 4-12 Coring & Analysis (Sidewall Cores)	\$	-
4-21 Drill Stem - Formation Tests 4-12 Coring & Analysis (Sidewall Cores) Contingency (10%)	\$	
4-21 Drill Stem - Formation Tests 4-12 Coring & Analysis (Sidewall Cores) Contingency (10%) IOTAL	\$	38,500
4-21 Drill Stem - Formation Tests 4-12 Coring & Analysis (Sidewall Cores) Contingency (10%) LOTAL Tangible Lease & Well Equipment BCP	\$ \$	38,500 COSTS
4-21 Drill Stem - Formation Tests 4-12 Coring & Analysis (Sidewall Cores) Contingency (10%) IOTAL Tangible Lease & Well Equipment BCP 6-72 Surface Casing 13-3/8" \$/Ft: 24 Feet: 400	\$ \$ \$	3 8,600 COSTS 9,600
4-21 Drill Stem - Formation Tests 4-12 Coring & Analysis (Sidewall Cores) Contingency (10%) Tangible Lease & Well Equipment BCP 8-72 Surface Casing 13-3/8" \$/Ft: 24 Feet: 400 6-32 Intermediate Csg 9-5/8" \$/Ft: 19 Feet: 3755	\$ \$ \$ \$	38,600 COSTS
4-21 Drill Stem - Formation Tests 4-12 Coring & Analysis (Sidewall Cores) Contingency (10%) Tangible Lease & Well Equipment BCP 3-72 Surface Casing 13-3/8" \$/Ft: 24 Feet: 400 3-32 Intermediate Csg 9-5/8" \$/Ft: 19 Feet: 3755 " \$/Ft: Feet:	\$ \$ \$ \$ \$	3 8,500 COSTS 9,600
4-21 Drill Stem - Formation Tests 4-12 Coring & Analysis (Sidewall Cores) Contingency (10%) Tangible Lease & Well Equipment BCP 3-72 Surface Casing 13-3/8" \$/Ft: 24 Feet: 400 3-32 Intermediate Csg 9-5/8" \$/Ft: 19 Feet: 3755	\$ \$ \$ \$ \$	38,500 COSTS 9,600 72,284
4-21 Drill Stem - Formation Tests 4-12 Coring & Analysis (Sidewall Cores) Contingency (10%) Tangible Lease & Well Equipment BCP 3-72 Surface Casing 13-3/8" \$/Ft: 24 Feet: 400 5-32 Intermediate Csg 9-5/8" \$/Ft: 19 Feet: 3755 " \$/Ft: Feet: 5-84 Wellhead	\$ \$ \$ \$ \$ \$	38,500 COSTS 9,600 72,284 - 7,000
4-21 Drill Stem - Formation Tests 4-12 Coring & Analysis (Sidewall Cores) Contingency (10%) IOTAL Tangible Lease & Well Equipment BCP 8-72 Surface Casing 13-3/8" \$/Ft: 24 Feet: 400 6-3-72 Intermediate Csg 9-5/8" \$/Ft: 19 Feet: 3755 \$ \$/Ft: Feet: 5-84 Wellhead 6-76 Cattle Guards	\$ \$ \$ \$ \$ \$ \$	9,600 72,284 - 7,000 1,500
4-21 Drill Stem - Formation Tests 4-12 Coring & Analysis (Sidewall Cores) Contingency (10%) IOTAL Tanglble Lease & Well Equipment BCP 3-72 Surface Casing 13-3/8" \$/Ft: 24 Feet: 400 3-32 Intermediate Csg 9-5/8" \$/Ft: 19 Feet: 3755 " \$/Ft: Feet: Feet: 5-84 Wellhead	\$ \$ \$ \$ \$ \$ \$	7,000 7,000 9,038

	. Comp. Costs ACP							COSTS
5-02	Abandonment & Cleanur						\$	(30,000)
	IDC Daywork		Days:	2	\$/Day:	7000	\$	16,000
	Rig Fuel		Days:		\$/Day:		\$	4,050
	Drilling Rig Supervision		Days:		\$/Day:		\$	1,800
5.05	Production Casing Crew		Days.		Φ/Day.	900	\$	12,000
5.08	Production Casing Crew	ont & So	nuicas				\$	25,000
5-08	Prod. Float Equipment &	Central	7010	_			\$	2,500
	Completion / Swab Unit	Ceritiai		30	\$/Day:	2000	\$	60,000
	Compl. Rig Supervision				\$/Day:		\$	19,500
	Administrative Services		Days.	00	Флоду.	400	\$	7,467
	Mud & Chemicals						\$	2,500
	Water Hauling						\$	9,500
5-32	Logging, Perforations &	Wireline					\$	25,000
5-62	Rentals Subsurface	7711 011110					\$	7,500
	Rentals Surface						\$	5,400
	Nitrogen Service & Coile	d Tubino	<u> </u>				\$	
	Fishing	G TGOIN					\$	
	Stimulation						\$	90,000
	Transportation						\$	12,000
	Contract Labor & Rousta	bout					<u> </u>	10,000
	Bits & Reamers	БООТ					\$	2,500
	Couplings & Fittings						\$	9,500
	Location & Road Expens						\$	5,000
	Miscellaneous IDC	-					\$	12,000
	Pipe Inspection & Recor	dition					\$	9,000
5-6B	Pumping Services (Kill	Truck \					\$	5,400
	Testing	(TUCK)					<u>\$</u>	11,000
				0.0	S/Davi	350	\$	10,500
	Mall Control Incurance		Dave.	3(1)				
	Well Control Insurance		Days:	30	ψισαy.			
Conti	ngency (10%)						\$	34,512
Conti	ngency (10%)	CP					\$	34,512 3 79,628
Conti TOT Tang	ngency (10%) N. Ible Well Equipment A	CP	\$ 00 je je		NOWE,		\$ 34 \$	34,512 379,628 COSTS
Conti TOT Tang	ngency (10%)	CP 5-1/2 "	\$//s/ \$/Ft:	12	Feet:		\$ \$\$% \$	34,512 379,628 COSTS
Conti Tor Tang 6-60	ngency (10%) Libis Well Equipment A Prod. Csg / Liners	5-1/2 "	\$/Ft: \$/Ft:	12	Feet:	11000	\$ \$ \$ \$	34,512 379,628 COSTS 135,520
Conti Teng 6-60	ngency (10%)	CP 5-1/2 "	\$/Ft: \$/Ft:	12	Feet:		\$ \$ \$ \$	34,512 379,628 COSTS 135,520 51,300
Conti Ton Tang 6-60 6-80 6-84	ngency (10%) Ible Well Equipment A Prod. Csg / Liners Tubing Wellhead	5-1/2 "	\$/Ft: \$/Ft:	12	Feet:	11000	\$ \$ \$ \$	34,512 379,628 COSTS 135,520 51,300 8,000
Conti Tang 6-60 6-80 6-84 6-68	ngency (10%) All Indian India	5-1/2 "	\$/Ft: \$/Ft:	12	Feet:	11000	\$ \$ \$ \$ \$	34,512 379,628 COSTS 135,520 51,300 8,000 35,400
Conti Tot Tang 6-60 6-80 6-84 6-68	ngency (10%) Ible Well Equipment A Prod. Csg / Liners Tubing Wellhead Rods & Pump Subsurface Equipment	5-1/2 "	\$/Ft: \$/Ft:	12	Feet:	11000	\$ \$ \$ \$ \$	34,512 379,628 COSTS 135,520 51,300 8,000 35,400 3,000
Conti Tang 6-60 6-84 6-68 6-56 Conti	ngency (10%) All Prod. Csg / Liners Tubing Wellhead Rods & Pump Subsurface Equipment ngency (10%)	5-1/2 " 2-7/8 "	\$/Ft: \$/Ft: \$/Ft:	12	Feet: Feet: Feet:	11000	\$ \$ \$ \$ \$ \$	34,512 379,628 COSTS 135,520 51,300 8,000 35,400 3,000 23,322
Conti Ten Tang 6-60 6-80 6-84 6-68 6-56 Conti	ngency (10%) All Prod. Csg / Liners Tubing Wellhead Rods & Pump Subsurface Equipment ngency (10%)	5-1/2 " 2-7/8 "	\$/Ft: \$/Ft: \$/Ft:	12	Feet: Feet: Feet:	11000	\$ \$ \$ \$ \$ \$	34,512 379,628 COSTS 135,520 51,300 8,000 35,400 3,000 23,322 256,542
Conti Tang 6-60 6-80 6-84 6-68 6-56 Conti	ngency (10%) Able Well Equipment A Prod. Csg / Liners Tubing Wellhead Rods & Pump Subsurface Equipment ngency (10%) EQUIPMENT ible Lease & Battery Eq	2-7/8° ulpmen	\$/Ft: \$/Ft: \$/Ft:	12	Feet: Feet: Feet:	11000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	34,512 379,628 COSTS 135,520 51,300 8,000 35,400 3,000 23,322 250,542 COSTS
Continue Con	ngency (10%) All Prod. Csg / Liners Tubing Wellhead Rods & Pump Subsurface Equipment ngency (10%) RODIRMENT ible Lease & Battery Eq Pumping Units & Engine	2-7/8° ulpmen	\$/Ft: \$/Ft: \$/Ft:	12	Feet: Feet: Feet:	11000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	34,512 379,628 COSTS 135,520 51,300 8,000 35,400 3,000 23,322 250,542 COSTS
Continue Con	ngency (10%) Note: The proof of the proof o	5-1/2 " 2-7/8 " ulpmen s	\$/Ft: \$/Ft: \$/Ft:	12	Feet: Feet: Feet:	11000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	34,512 319,628 COSTS 135,520 51,300 8,000 35,400 23,322 256,342 COSTS 75,000
Continue Con	Ingency (10%) Ible Well Equipment A Prod. Csg / Liners Tubing Wellhead Rods & Pump Subsurface Equipment Ingency (10%) Ible Lease & Battery Eq Pumping Units & Engine Gas Processing & Dehy Heaters, Treaters & Sep	2-7/8" 2-7/8" arators	\$/Ft: \$/Ft: \$/Ft:	12	Feet: Feet: Feet:	11000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	34,512 319,628 COSTS 135,520 51,300 8,000 35,400 23,322 256,842 COSTS 75,000
Continue Cont	ngency (10%) Ible Well Equipment A Prod. Csg / Liners Tubing Wellhead Rods & Pump Subsurface Equipment ngency (10%) Ible Lease & Battery Eq Pumping Units & Engine Gas Processing & Dehy Heaters, Treaters & Sep Tanks & Accessory Equi	2-7/8" 2-7/8" arators	\$/Ft: \$/Ft: \$/Ft:	12	Feet: Feet: Feet:	11000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	34,512 319,628 COSTS 135,520 51,300 8,000 35,400 23,322 COSTS 75,000 20,000 25,000
Contil Tang 6-60 6-80 6-88 6-68 6-56 Contil TOT Tang 6-64 6-16 6-24 6-76 6-40	Igency (10%) Ible Well Equipment A Prod. Csg / Liners Tubing Wellhead Rods & Pump Subsurface Equipment Ingency (10%) I. EQUIPMENT Ible Lease & Battery Eq Pumping Units & Engine Gas Processing & Dehy Heaters, Treaters & Sep Tanks & Accessory Equi	2-7/8" 2-7/8" arators	\$/Ft: \$/Ft: \$/Ft:	12	Feet: Feet: Feet:	11000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	34,512 319,628 COSTS 135,520 51,300 8,000 35,400 23,322 25,532 75,000 20,000 25,000 15,000
Continue Con	ngency (10%) Ible Well Equipment A Prod. Csg / Liners Tubing Wellhead Rods & Pump Subsurface Equipment ngency (10%) I Equipment ible Lease & Battery Eq Pumping Units & Engine Gas Processing & Dehy Heaters, Treaters & Sep Tanks & Accessory Equi Pipeline Flowline	2-7/8" 2-7/8" arators	\$/Ft: \$/Ft: \$/Ft:	12	Feet: Feet: Feet:	11000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	34,512 319,628 COSTS 135,520 51,300 8,000 35,400 3,000 23,322 COSTS 75,000 25,000 15,000 10,000
Continue Con	ngency (10%) Note that the second se	5-1/2", 2-7/8" ulpmen s arators pment	\$/Ft: \$/Ft: \$/Ft:	12	Feet: Feet: Feet:	11000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	34,512 319,628 COSTS 135,520 51,300 8,000 35,400 3,000 23,322 25,842 COSTS 75,000 25,000 15,000 9,000
Continue Cont	ngency (10%) Ible Well Equipment A Prod. Csg / Liners Tubing Wellhead Rods & Pump Subsurface Equipment ngency (10%) I Equipment ible Lease & Battery Eq Pumping Units & Engine Gas Processing & Dehy Heaters, Treaters & Sep Tanks & Accessory Equi Pipeline Flowline	5-1/2", 2-7/8" ulpmen s arators pment	\$/Ft: \$/Ft: \$/Ft:	12	Feet: Feet: Feet:	11000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	34,512 379,628 COSTS 135,520 51,300 8,000 35,400 3,000 23,322

TOTAL DRILLING \$ 1,180,112 TOTAL INTANGIBLE \$ 1,460,318

812,170 TOTAL COMPLETION TOTAL TANGIBLE 531,964 \$

Joint Interest Approval

Company:

Company: Nadel and Gussman Permian, LLC

TOTAL DRY HOLE COST \$ 1,204,147 TOTAL WELL COST \$ 1,992,282



By: Terry West

Date: 10/19/2009