

RECEIVED  
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NADEL AND GUSSMAN PERMIAN, LLC  
601 North Marienfeld, Suite 508  
Midland, Texas 79701  
Phone: (432) 682-4429  
Fax: (432) 682-4325

January 29, 2010

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

VIA CERTIFIED MAIL

Re: Mohawk State No. 1  
T-8-S, R-33-E, N.M.P.M.  
Section 20: S/2  
Chaves County, New Mexico

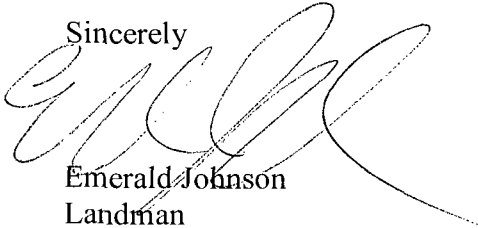
Dear Florene:

Please find enclosed Compulsory Pooling Case No. 14410, Order No. R-13210 issued January 11, 2010 covering the captioned land.

As per the Order, enclosed is AFE for the estimated costs of drilling, completing, and equipping of the Mohawk State No. 1 well. I have also enclosed copies of the letters sent to the pooled working interest owners.

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

Sincerely



Emerald Johnson  
Landman

**AUTHORITY FOR EXPENDITURE****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

Field:

Primary Objectives: Morrow, Lower Penn

**\*NOTES\*****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.

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
4-67 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:	\$ -
4-72 Supervision	Days: 33 \$/Day: 900	\$ 29,700
4-18 Drilling Overhead (Administrative Services)		\$ 7,700
4-03 Bits & Reamers		\$ 53,800
4-61 Rentals Surface		\$ 109,205
4-62 Rentals Sub-Surface		\$ 18,150
4-62 Drill Pipe / Motors	Days: \$/Day:	\$ -
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		\$ 40,000
4-05 Surface Casing Crews		\$ 8,000
4-06 Surface Cement and Cement Services		\$ 7,000
4-23 Surface Float Equipment & Centralizers		\$ 1,500
4-05 Intermediate Surface Casing Crews		\$ 8,000
4-06 Intermediate Cement and Cement Services		\$ 13,000
4-23 Intermediate Float 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
<b>TOTAL</b>		<b>\$ 1,042,189</b>

Intan. Formation Testing BCP		COSTS
4-39 Logging & Wireline		\$ 35,000
4-21 Drill Stem - Formation Tests		\$ -
4-12 Coring & Analysis (Sidewall Cores)		\$ -
Contingency (10%)		\$ 3,500
<b>TOTAL</b>		<b>\$ 38,500</b>

Tangible Lease & Well Equipment BCP		COSTS
6-72 Surface Casing	13-3/8 " \$/Ft: 24 Feet: 400	\$ 9,600
6-32 Intermediate Csg	9-5/8 " \$/Ft: 19 Feet: 3755	\$ 72,284
	" \$/Ft: Feet:	\$ -
	" \$/Ft: Feet:	\$ -
6-84 Wellhead		\$ 7,000
6-76 Cattle Guards		\$ 1,500
Contingency (10%)		\$ 9,038
<b>TOTAL EQUIPMENT</b>		<b>\$ 99,422</b>

<b>TOTAL DRILLING</b>	<b>\$ 1,180,112</b>
<b>TOTAL INTANGIBLE</b>	<b>\$ 1,460,318</b>

Intan. Comp. Costs ACP		COSTS
5-02 Abandonment & Cleanup		\$ (30,000)
5-12 IDC Daywork	Days: 2 \$/Day: 7000	\$ 16,000
4-66 Rig Fuel	Days: 2 \$/Day: 2025	\$ 4,050
5-84 Drilling Rig Supervision	Days: 2 \$/Day: 900	\$ 1,800
5-05 Production Casing Crews		\$ 12,000
5-08 Production Casing Cement & Services		\$ 25,000
5-08 Prod. Float Equipment & Centralizers		\$ 2,500
5-09 Completion / Swab Unit	Days: 30 \$/Day: 2000	\$ 60,000
5-84 Compl. Rig Supervision	Days: 30 \$/Day: 650	\$ 19,500
5-18 Administrative Services		\$ 7,467
5-48 Mud & Chemicals		\$ 2,500
5-66 Water Hauling		\$ 9,500
5-32 Logging, Perforations & Wireline		\$ 25,000
5-62 Rentals Subsurface		\$ 7,500
5-61 Rentals Surface		\$ 5,400
5-53 Nitrogen Service & Coiled Tubing		\$ -
5-22 Fishing		\$ -
5-80 Stimulation		\$ 90,000
5-92 Transportation		\$ 12,000
5-77 Contract Labor & Roustabout		\$ 10,000
5-04 Bits & Reamers		\$ 2,500
5-11 Couplings & Fittings		\$ 9,500
5-28 Location & Road Expense		\$ 5,000
5-40 Miscellaneous IDC		\$ 12,000
5-31 Pipe Inspection & Recondition		\$ 9,000
5-68 Pumping Services (Kill Truck)		\$ 5,400
5-21 Testing		\$ 11,000
5-40 Well Control Insurance	Days: 30 \$/Day: 350	\$ 10,500
Contingency (10%)		\$ 34,512
<b>TOTAL</b>		<b>\$ 379,628</b>

Tangible Well Equipment ACP		COSTS
6-60 Prod. Csg / Liners	5-1/2 " \$/Ft: 12 Feet: 11000	\$ 135,520
	" \$/Ft: Feet:	\$ -
6-80 Tubing	2-7/8 " \$/Ft: 5 Feet: 10800	\$ 51,300
6-84 Wellhead		\$ 8,000
6-68 Rods & Pump		\$ 35,400
6-56 Subsurface Equipment		\$ 3,000
Contingency (10%)		\$ 23,322
<b>TOTAL EQUIPMENT</b>		<b>\$ 256,542</b>

Tangible Lease & Battery Equipment ACP		COSTS
6-64 Pumping Units & Engines		\$ 75,000
6-16 Gas Processing & Dehy		\$ -
6-24 Heaters, Treaters & Separators		\$ 20,000
6-76 Tanks & Accessory Equipment		\$ 25,000
6-40 Pipeline		\$ 15,000
6-42 Flowline		\$ 10,000
6-12 Controllable Valves		\$ 9,000
6-44 Misc. Controllable Equipment		\$ 6,000
Contingency (10%)		\$ 16,000
<b>TOTAL EQUIPMENT</b>		<b>\$ 176,000</b>

<b>TOTAL COMPLETION</b>	<b>\$ 812,170</b>
<b>TOTAL TANGIBLE</b>	<b>\$ 531,964</b>

**Joint Interest Approval**

Company:

Company: Nadel and Gussman Permian, LLC

By: \_\_\_\_\_ Date: \_\_\_\_\_

By: *Terry West* Date: 10/19/2009

<b>TOTAL DRY HOLE COST</b>	<b>\$ 1,204,147</b>
<b>TOTAL WELL COST</b>	<b>\$ 1,992,282</b>

**NADEL AND GUSSMAN PERMIAN, LLC**

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

January 27, 2010

ENI Oil & Gas  
Suite 350  
1201 Louisiana  
Houston, Texas 77002

VIA CERTIFIED MAIL

Re: Mohawk State No. 1  
T-8-S, R-33-E, N.M.P.M.  
Section 20: S/2  
Chaves County, New Mexico

Gentlemen:

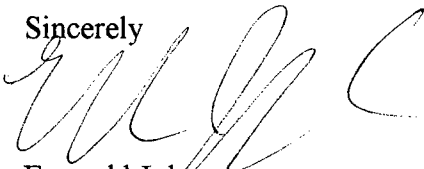
Please find enclosed Compulsory Pooling Case No. 14410, Order No. R-13210 issued January 11, 2010 covering the captioned land. The Mohawk State No. 1 Well is located in the SE/4 of Section 20, T-8-S, R-33-E, Chaves County, New Mexico. An AFE in the amount of \$1,992,282 for the drilling, completing, and equipping of the well is also enclosed for your evaluation.

As per the Order, please advise within thirty (30) days from the receipt of this letter whether or not you elect to participate in this well. In addition, as per the provisions of the Order should you elect to participate please include payment for your share of the estimated cost of drilling, completing, and equipping the well. If you elect to participate, please sign, and return the AFE and your payment to this office at your earliest convenience.

**Your share of the estimated wells cost amounts to: \$81,714.69.**

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

Sincerely



Emerald Johnson  
Landman

**NADEL AND GUSSMAN PERMIAN, LLC**

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

January 27, 2010

Trustee of the Jeanne Goldston  
Kies Special Trust  
c/o Wells Fargo Bank, N.A.  
750 E. Mulberry Avenue  
San Antonio, Texas 78212

VIA CERTIFIED MAIL

Re: Mohawk State No. 1  
T-8-S, R-33-E, N.M.P.M.  
Section 20: S/2  
Chaves County, New Mexico

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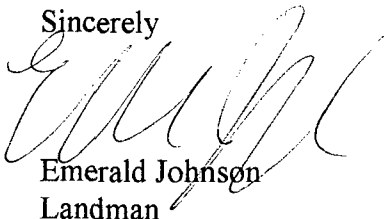
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**Your share of the estimated wells cost amounts to: \$2,594.13.**

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

Sincerely



Emerald Johnson  
Landman

**NADEL AND GUSSMAN PERMIAN, LLC**

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

January 27, 2010

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

VIA CERTIFIED MAIL

Re: Mohawk State No. 1  
T-8-S, R-33-E, N.M.P.M.  
Section 20: S/2  
Chaves County, New Mexico

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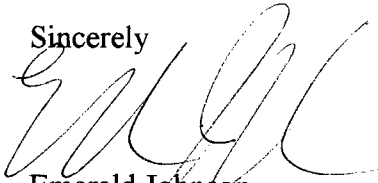
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**Your share of the estimated wells cost amounts to: \$864.73.**

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

Sincerely



Emerald Johnson  
Landman

**NADEL AND GUSSMAN PERMIAN, LLC**

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

January 27, 2010

Megan Goldston, Trustee of the  
Bill Goldston Family Trust  
c/o Wells Fargo Bank, N.A.  
750 E. Mulberry Avenue  
San Antonio, Texas 78212

VIA CERTIFIED MAIL

Re: Mohawk State No. 1  
T-8-S, R-33-E, N.M.P.M.  
Section 20: S/2  
Chaves County, New Mexico

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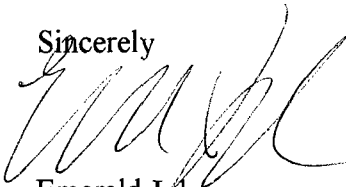
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**Your share of the estimated wells cost amounts to: \$3,458.80.**

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

Sincerely



Emerald Johnson  
Landman

cc: State of New Mexico  
Oil Conservation Division

**NADEL AND GUSSMAN PERMIAN, LLC**

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

January 27, 2010

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

VIA CERTIFIED MAIL

Re: Mohawk State No. 1  
T-8-S, R-33-E, N.M.P.M.  
Section 20: S/2  
Chaves County, New Mexico

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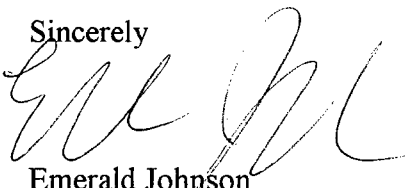
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**Your share of the estimated wells cost amounts to: \$741.18.**

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

Sincerely



Emerald Johnson  
Landman

**NADEL AND GUSSMAN PERMIAN, LLC**

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

January 27, 2010

JPMorgan Chase Bank, Trustee of the  
W.J. Goldston Residuary Trust  
P.O. Box 2605  
Ft. Worth, Texas 76113

VIA CERTIFIED MAIL

Re: Mohawk State No. 1  
T-8-S, R-33-E, N.M.P.M.  
Section 20: S/2  
Chaves County, New Mexico

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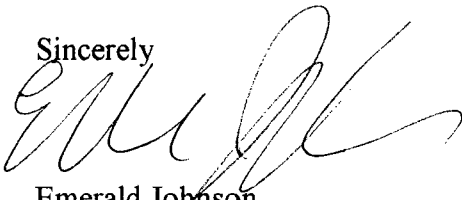
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**Your share of the estimated wells cost amounts to: \$4,447.07.**

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

Sincerely



Emerald Johnson  
Landman



**NADEL AND GUSSMAN PERMIAN, LLC**

601 North Marienfeld, Suite 508

Midland, Texas 79701

Phone: (432) 682-4429

Fax: (432) 682-4325

January 27, 2010

Iris Goldston, L.P.  
P.O. Box 570365  
Houston, Texas 77257

VIA CERTIFIED MAIL

Re: Mohawk State No. 1  
T-8-S, R-33-E, N.M.P.M.  
Section 20: S/2  
Chaves County, New Mexico

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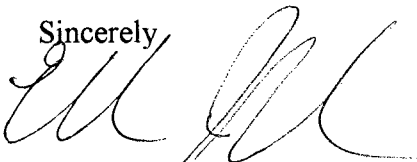
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**Your share of the estimated wells cost amounts to: \$7,782.35.**

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

Sincerely,



Emerald Johnson  
Landman

cc: State of New Mexico  
Oil Conservation Division

**NADEL AND GUSSMAN PERMIAN, LLC**

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

January 27, 2010

Mayfield I, L.P.  
P.O. Box 570365  
Houston, Texas 77257

VIA CERTIFIED MAIL

Re: Mohawk State No. 1  
T-8-S, R-33-E, N.M.P.M.  
Section 20: S/2  
Chaves County, New Mexico

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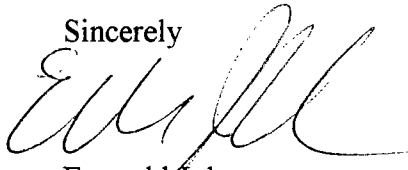
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Emerald Johnson  
Landman