

NEW MEXICO
OIL CONSERVATION DIVISION



NADIEL AND
GUSSMAN EXHIBIT 4

CASE NO. 11886

HEARING DATE: 12/4/97

RAY POWELL, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

November 13, 1997

Nadel and Gussman Permian, L.L.C.
601 N. Marienfeld
Suite 508
Midland, Texas 79701

Attn: Mr. Sam H. Jolliffe IV

Re: Preliminary Approval
Proposed West Hobbs Unit
Lea County, New Mexico

Dear Mr. Jolliffe:

This office has received the unexecuted copy of the unit agreement which you have submitted for the proposed West Hobbs Unit area, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval is given with the understanding that if a well has not been commenced in the N/2 of Section 5-18S-37E prior to October 1, 1998, the N/2 of Section 5 will be contracted from the unit.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 1.045, applications for approval shall contain a statement of facts showing:
 - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.

Nadel and Gussman Permian, L.L.C.

November 13, 1997

Page 2

- c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
- d. That such unit agreement is in other respects for the best interest of the trust.
- 3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
- 4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
- 5. Please submit two copies of the Unit Agreement.
- 6. A copy of the Unit Operating Agreement (if applicable).
- 7. The filing fee for a Unit Agreement is thirty (\$30.00) dollars for every section or partial section thereof. Please submit a filing fee in the amount of \$90.00 dollars.
- 8. Copies of all the well records for the initial unit well.
- 9. A \$20,000 Surface Improvement Damage Bond. Instructions for filing the bond are enclosed.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS



BY:
JAMI BAILEY, Director
Oil/Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
xc: Reader File
OCD--Attention: Mr. Roy Johnson