

Mr. Kern McCready
Operations Engineer
NADEL AND GUSSMAN PERMIAN, LLC
601 N. Marlenfeld, Suite 508
Midland, TX 79701

21 May 2007

Mr. Ron Harvey
OIL CONSERVATION DIVISION
1301 West Grand Avenue
Artesia, NM 88210

30-015-34861

Re: Bond Fee No. 2 LOV No. 0211907 (Inspection No. IREH0711634736)

Dear Mr. Harvey:

Nadel & Gussman Permian, LLC (NGP) is in receipt of your Letter of Violation issued 26 April 2007 mandating compliance by 26 May 2007 with NMOC Rule 50 regarding closure of the Bond Fee No. 2 drilling pit (API No. 30-015-34861) located in U/L C S20 T21S, R28E, 660' FNL, 1650' FWL of Eddy County, New Mexico.

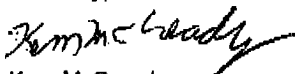
NGP had in fact previously permitted closure of this drilling pit to begin following closure of the Hannibal Fee No. 1 pit (noted to OCD in letter of 2 April 2007), which closed Friday, 18 May, although seeding still needs to be done. Inclement weather over the past two weeks has greatly retarded well intended schedules, as well, including disruption of all infield activities for a period of several days until locations were dry enough to work. NGP has also had a pulling unit on location this past week and felt it more prudent for safety reasons not to attempt closure of the drilling pit wherein heavy equipment would also be present.

Consequently, NGP's projected timelines have been altered by circumstances beyond their control. We would be very appreciative if NMOC would consider the above conditions and situations, understanding of course, that NGP shall engage in closure of the Bond Fee No. 2 drilling pit not later than 18 June. At this time, NGP will have concluded all downhole activities and have crews available to proceed with closure of the drilling pit. As a further sign of our commitment, all CKD for the solidification procedure is already stored on location, including the frac tank which will hold fresh water for the closure process.

Please call 432-682-4429 (office) or 432-425-6347 (cell) should you need additional information.

Thank you for your consideration. We would be most appreciative of the slight extension in the schedule, if possible.

Sincerely,



Kern McCready
Operations Engineer

Accepted for record
NMOC

MAY 25 2007