



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

August 28, 2007

Nadel & Gussman Permian, LLC  
601 N. Marienfeld, Suite 508  
Midland, TX 79701

Re: Nadel & Gussman Permian, LLC's requests for allowable and authorization to transport for the following well:

Big Chief Fee # 10, 30-015-35337

Dear Regulatory Manager:

Rule 1104.A [19.15.13.1104.A NMAC] allows the Oil Conservation Division (OCD) to assign an allowable to a newly completed or re-completed well or a well completed in an additional pool, or issue an operator authorization to transport oil or natural gas from such a well only if the operator is in compliance with Rule 40.A [19.15.1.40.A NMAC]. An operator who operates from 100 to 500 wells is out of compliance with Rule 40.A(4) if it has more than 5 wells on the inactive well list kept pursuant to Rule 40.F [19.15.1.40.F NMAC].

Nadel & Gussman Permian, LLC operates 147 wells; 7 wells appear on the inactive well list kept pursuant to Rule 40.F. Nadel & Gussman Permian, LLC is out of compliance with Rule 40.A(4).

**Because Nadel & Gussman Permian, LLC is not in compliance with Rule 40.A, the OCD denies Nadel & Gussman Permian, LLC's request for allowable and authorization to transport identified above.**

Nadel & Gussman Permian, LLC may re-submit its requests after it returns to compliance with Rule 40.A.

To comply with Rule 40.A (4) it must reduce the number of wells on the Rule 40.F inactive well list to no more than 5. A well will be removed from the inactive well list when the operator completes one of the following actions: 1) plugs the well-bore and files an approved C-103 reporting the plugging; 2) places the well on approved temporary abandonment status; 3) returns the well to production or other beneficial use and files a C-115 reporting that production or use; or 4) enters into an Agreed Compliance Order with the OCD covering the well. An Agreed Compliance Order sets a schedule for returning the operator's inactive wells to compliance and imposes a penalty if the schedule is not met. If you would like to discuss entering into an Agreed Compliance Order for your non-compliant wells, please contact OCD attorney Gail MacQuesten at (505) 476-3451.

Respectfully yours,

Bryan G. Arrant  
District II Geologist-Artesia, NM  
OCD

EC: Mark Fesmire, Division Director-Santa Fe  
Daniel Sanchez, Enforcement and Compliance Manager-Santa Fe  
Gail MacQuesten, Assistant General Counsel-Santa Fe  
Dorothy Phillips, Financial Assurance Administrator- Santa Fe

**Arrant, Bryan, EMNRD**

**From:** Arrant, Bryan, EMNRD  
**Sent:** Tuesday, August 28, 2007 3:14 PM  
**To:** 'Kem McCready'  
**Cc:** Macquesten, Gail, EMNRD  
**Subject:** RE: Denial Based on Inactive Wells (3)

Kem,  
I just need to get as you noted: "logs, well bore diagram and deviation survey" from someone in order to sign off on the C-104.  
At this time, Dinero is in compliance with rule 40.

*Bryan G. Arrant*  
District II Geologist  
New Mexico Oil Conservation Division  
1310 West Grand Ave.  
Artesia, NM 88210  
505-748-1283 Ext. 103

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**From:** Kem McCready [mailto:kemm@naguss.com]  
**Sent:** Tuesday, August 28, 2007 2:41 PM  
**To:** Arrant, Bryan, EMNRD  
**Subject:** RE: Denial Based on Inactive Wells (3)

Brian, we were filing the C-04 and C-105 so we could transfer operatorship to Dinero Operating. I talked to Santa Fe and received Gail's verbal ok to transfer operatorship prior to filing the completion reports. Dinero will file the reports after the transfer of operatorship.

Will the OCD accept everything that we sent in other than the C-104 and C-105 (logs, well bore diagram and deviation survey) or will Dinero need to supply them?

Kem E. McCready  
-----Original Message-----

**From:** Arrant, Bryan, EMNRD [mailto:bryan.arrant@state.nm.us]  
**Sent:** Tuesday, August 28, 2007 2:13 PM  
**To:** Kem McCready  
**Cc:** Fesmire, Mark, EMNRD; Sanchez, Daniel J., EMNRD; Macquesten, Gail, EMNRD; Phillips, Dorothy, EMNRD  
**Subject:** Denial Based on Inactive Wells (3)

FYI-Bryan

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8/28/2007

## Inactive Well List

Total Well Count: 147 Inactive Well Count: 7 Since: 6/4/2006

Printed On: Tuesday, August 28 2007

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-005-21063	BIG LUCKY LAKE COM #001	O-30-15S-30E	O	155615	NADEL AND GUSSMAN PERMIAN, LLC	F	G	09/1993	MORROW	T	8/19/2004
1	30-025-11408	NEW MEXICO BM STATE #003	P-2 -25S-37E	P	155615	NADEL AND GUSSMAN PERMIAN, LLC	S	O	01/2006			
2	30-005-60437	O'BRIEN A #001	B-14-09S-29E	B	155615	NADEL AND GUSSMAN PERMIAN, LLC	P	G	06/2005			
1	30-005-00515	PEERY FEDERAL #002	O-29-15S-30E	O	155615	NADEL AND GUSSMAN PERMIAN, LLC	F	G	08/2002	MORROW		
1	30-005-00516	PEERY FEDERAL #003	K-29-15S-30E	K	155615	NADEL AND GUSSMAN PERMIAN, LLC	F	G	04/2006	MORROW		
2	30-005-10185	SHELL 15 FEDERAL #001	D-15-15S-29E	D	155615	NADEL AND GUSSMAN PERMIAN, LLC	F	O	01/2004		T	4/29/2007
2	30-005-62656	SHELL 15 FEDERAL #003	E-15-15S-29E	E	155615	NADEL AND GUSSMAN PERMIAN, LLC	F	O	01/2004	LOST AUTHORITY	T	1/12/2007

WHERE Ogrid:155615, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

30-015-35337-00-00

BIG CHIEF FEE No. 010

**Company Name:** NADEL AND GUSSMAN PERMIAN, LLC**Location:** Sec: 22 T: 22S R: 28E Spot:**String Information**

Lat: 32.3828595996714 Long: -104.070108548858

**Property Name:** BIG CHIEF FEE**County Name:** Eddy**Cement Information****Perforation Information**

Top (ft sub)	Bottom (ft sub)	Shts/Ft	No Shts	Dt Sqz
0	0			

**Formation Information**

St Code	Formation	Depth
Psal	Salado	522
Pbslt	Base of Salt	2367
Plals	Lamar Limestone	2620
Pbc	Bell Canyon	2720
Pbs	Bone Spring	6100
Pbs3sd	3rd Bone Spring Sand	9090
Pwc	Wolfcamp	9618
Ppund	Pennsylvanian	10703
PPst	Strawn	10845
Ppat	Atoka	11149
Ppmor	Morrow	11780

Hole: Unknown

TD:

TVD: 0

PBTD: