



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

July 22, 2003

Lori Wrotenberg

Director

Oil Conservation Division

Nadel and Gussman Permian, L.L.C.
c/o **James Bruce**
P. O. Box 1056
Santa Fe, New Mexico 87504



Administrative Order NSL-4925

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-319743586*) submitted to the New Mexico Oil Conservation Division ("Division") on July 11, 2003 on behalf of the operator Nadel and Gussman Permian, L.L.C. ("Nadel & Gussman"); (ii) the Division's initial response by e-mail from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe on July 16, 2003 requesting verification on a certain aspect of this filing not covered; (iii) your response by telefax on July 21, 2003 with sufficient information to complete your application; and (iv) the Division's records in Santa Fe: all concerning Nadel & Gussman's request for an exception to Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for its existing Tucker Fee Well No. 1-Y (API No. 30-015-32615), recently completed in the Delaware formation at an unorthodox oil well location 1600 feet from the South line and 2300 feet from the East line (Unit J) of Section 28, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico.

The NW/4 SW/4 (Unit J) of Section 28 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the North Esperanza-Delaware Pool (97030).

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

It is the Division's understanding that while drilling its Tucker Fee Well No. 1 (API No. 30-025-32579) at a standard oil well location within the above-described 40-acre unit 1650 feet from the South line and 2300 feet from the East line of Section 28, Nadel & Gussman experienced problems downhole at a depth of 505 feet that caused this well to be abandoned. On February 6, 2003 the rig on site was skidded 50 feet to the south and the replacement well, Nadel & Gussman's above-described Tucker Fee Well No. 1-Y was spudded. This well was subsequently completed within the North Esperanza-Delaware Pool on April 18, 2003.

It is further understood that the W/2 SE/4 of Section 28 is within a single fee lease with common mineral interest in which Arch is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40-acre tract within the Delaware interval.

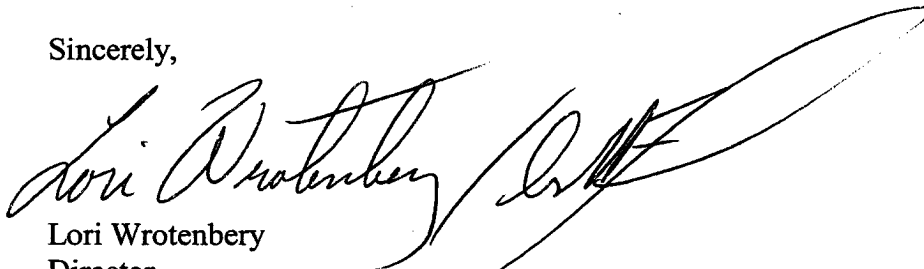
July 22, 2003

Page 2

By the authority granted me under the provision of Division Rule 104.F (2), as revised, the above-described unorthodox oil well location within the North Esperanza-Delaware Pool for Nadel & Gussman's above-described Tucker Fee Well No. 1-Y is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a large, sweeping flourish that extends across the page.

Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Artesia