

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



25 January 2007

Mr. Mike Bratcher
OIL CONSERVATION DIVISION
1301 West Grand Avenue
Artesia, NM 88210

30-015-34861

Re: Bond Fee No. 2 Request for Extension of Pit Closure

Dear Mr. Bratcher:

Pursuant to the State of New Mexico regulatory requirements for permanent closure of drilling pits as cited in 19.15.2.50.F(1) of the New Mexico Administrative Code requiring that "... a pit or below grade tank shall be closed 6 months after cessation of use...", Nadel and Gussman Permian, LLC, hereinafter "NGP", requests an extension for closure of the Bond Fee No. 2 (API No. 30-015-34861) drilling pit located in U/L C S20 T21S, R28E, 660' FNL and 1650' FWL of Eddy County, New Mexico.

Due to the inability to obtain heavy equipment during this time frame and the recent inclement weather in the area, infield scheduling has been both delayed and encumbered by the utilization of any available heavy equipment for additional cleanup from storms passing through during the past week. Also, the super saturation of the entire landscape with the highly precipitous events has left the infield conditions very wet and non-workable. Likely these soils, access roads, drilling pads and pits will not dry out enough to accept heavy equipment for the next week at a minimum. The consequential reality of our situation is that NGP currently is closing two pits, Angler State No. 2 (Lea County) and White City 8 Federal Com. No. 1 (Eddy County) which are now delayed and holding heavy equipment longer than planned, forcing NGP to revise future drilling pit closure schedules.

Additionally, NGP is in the process of negotiating with the landowner to dispose of other fee drilling fines in the local area within the same disposal pit. Subsequent to this process, it has delayed previous drilling pit closure plans for this location. However, NGP anticipates this shall be completed within the next 30 to 60 days.

Therefore predicated on the above cited situations, it is necessary for NGP to obtain an extension on closure of the Bond Fee No. 2 drilling pit through August 2007 at which time equipment shall be available for closure activities. It is NGP's intention, however, to close this pit as soon as possible.

Thank you for your consideration of our request.

Should you have questions, please call 432-682-4429 (office) or 432-425-6347 (cell).

Sincerely,

Kern McCready
Kern McCready
Operations Engineer

DENIED

< 50' to groundwater
MS