

NEW MEXICO ENERGY, MINERALS and FEB 12 2007 NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Approval Granted for Final Plug of Well
bore. Bond may be released.

February 9, 2007

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

h.

Form C-103 Report of Plugging for your

API WELL #	Well Name	Well #
30-015-28197	Roca State	1

has been received and approved pending final notice of final inspection. Bond cannot be released until an NMOCD representative has made an inspection of the location and found it to be in compliance with OCD rules and regulations. **Please check each item in the space provided to indicate that the work has been accomplished** and the location is ready for final inspection.

- ☒ 1. All pits have been filled and leveled in accordance with Rule 50.
- ☒ 2. Rat hole and cellar have been filled and leveled.
- ☒ 3. A steel marker 4" in diameter and approximately 4' above mean ground level has been set in concrete to mark the exact location of the plugged well. (Marker must have operator name, lease name, well number and location including quarter/quarter section or unit letter, section, township, range and API well ID number permanently welded, stamped or otherwise engraved into the metal marker.)
- ☒ 4. The location has been leveled as nearly as possible to original top ground contour and has been cleared of all junk and equipment.
- ☒ 5. The dead men and tie downs have been cut and removed.
- ☒ 6. If a one well lease or last remaining well on lease, the battery and burn pit locations have been leveled and cleared of all junk & equipment.
- ☒ 7. All environmental concerns have been addressed as per OCD guidelines.

The above are minimum requirements and no plugging bond will be cancelled until all locations for plugged and abandoned wells have been inspected and Form C-103 approved.

When all of the work outlined above has been done, please notify this office by completing, signing and returning this letter to the OCD Artesia District Office.

I certify that the above work has been done and the above-mentioned lease is ready for OCD inspection and approval.

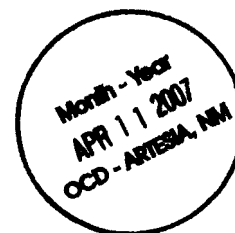
Name

K. S. McCreary

Title

Gerry Guye
Gerry Guye
Deputy Field Inspector

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



31 March 2007

Mr. Gerry Guye
OIL CONSERVATION DIVISION
1301 West Grand Avenue
Artesia, NM 88210

Re: Roca State No. 1

Dear Mr. Guye:

Please be advised Nadel & Gussman Permian, LLC (NGP) is in receipt of your transmittal of 9 February 2007 regarding the permanent closure of the Roca State No. 1 (API No. 30-015-28197) located in U/L O S32 T21S, R22E, 992' FSL and 1,976 FEL of Eddy County, New Mexico which was plugged and abandoned on 28 August 2007.

On 11 September 2007, NGP commenced with final closure and reclamation of (1) the drilling pit and the (2) pad leaving the access road untouched at the request of the landowner for cattle operations. Remediation concluded on approximately 11 October 2007 with the exception of placing topsoil on the disturbed area and reseeding. These activities were rescheduled due to winter weather patterns, temperature and in general, inclement weather until early March of this year. The latter action, however, was completed 18 March 2007 to the satisfaction of the landowner. Currently, NGP has met all conditions outlined on the C-103.

Due to the significant amount and size of rock present on this location, it became necessary for NGP to dynamite for an additional six feet of depth within the drilling pit area to (1) achieve the regulatory Performa of Rule 50 and (2) to have enough space insitu in which to place dried and mixed drilling fines. Consequently on 23 September 2007, the Roca pit was successfully dynamited. These materials were then removed from the pit area and used to cover the existing pad, preparing it for backfilling and seeding.

On 11 September 2007 NGP filed a C-141 for release of approximately 100 barrels of drilling fluids to the southwest corner and southern boundary of the Roca State No. 1 pad. The spill occurred due to a rupture on the circulating line as drilling operations were circulating the hole. At the time of the spill, weather conditions were severely inclement with heavy, unusual volumes of rain and moderate winds. Consequently, the spill became widespread on the pad rather quickly. NGP reentry operations were immediately terminated upon recognition of the circulating line failure. Please refer to the "Roca State No. 1 Corrective Action Work Plan" dated 14 September 2007 for additional details.

Due to depth to groundwater in the area which ranges from 75' to 100' pursuant to the State Engineer's web site and from local water wells which exceed 400 feet, the potential for groundwater contamination is virtually non-existent. Likewise, known private domestic water sources are located significantly uphill and greater than 1,000 feet in distance. Extreme rocky conditions of the terrain also contribute to lessening the threat of such an action. Additionally, infield remediation sampling delineated the depth of the contamination not to exceed 6 inches in all areas of the spill. Therefore, no contamination of groundwater occurred. The spill was remediated along with the rest of the pad and drilling pit. Contaminated soils were deposited into the insitu burial pit on location along with the drill cuttings.

Enclosed is our completed Form C-103 for inspection and bond release purposes. Please advise when you will be available to inspect the Roca State No. 1 location. Should you have questions please call 432-682-4429 (office) or 432-425-6347 (cell).

Thank you for your attention to this matter.

Sincerely,


Kem McCready
Operations Engineer

Enclosed: Completed Form C-103