



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287

AUG 20 2008
OCD-ARTESIA

IN REPLY REFER TO:
NM-112745
3105.2 (513)

AUG 15 2008

63716
30-005-~~61736~~

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

Gentlemen:

Communitization Agreement (CA) NM-112745 was approved February 25, 2005, effective as of December 1, 2004. This agreement communitized the W $\frac{1}{2}$ sec. 23, T. 7 S., R. 26 E., NMPM, Chaves County, New Mexico involving 160.00 acres of Federal land in lease NM-27634 and 160.00 acres of Fee land comprising a 320.00-acre well spacing unit as to natural gas and associated liquid hydrocarbons producible from the Wolfcamp, Cisco, Strawn, Montoya, Ordovician, and Pre-Permian formations.

The term of the agreement is for two years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities.

The well in the above-described communitized spacing unit, your No. 1-Quickdraw Federal located on Federal lease NM-27634 in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ sec. 23 was never completed in any of the communitized formations. The well was drilled to a total depth of 6390 feet to test all of the communitized formations and was completed on April 6, 2005 in the Pecos Slope Abo Pool for a 160.00-acre well spacing unit (NW $\frac{1}{4}$ Sec. 23) under lease NM-27634 is dedicated to this well.

Accordingly, in the absence of a well capable of producing communitized substances in paying quantities, CA NM-112745 is considered to have expired by its own terms as of November 30, 2006, the end of the primary term of the agreement. Lease NM-27634 does not need a two year extension pursuant to 43 CFR 3107.4 as a result of termination of subject agreement since lease NM-27634 is held by production from your well No. 1-Quickdraw Federal plus 4 other producing wells operated by Pecos River Operating Inc. on the lease.

Sincerely,

/s/ Angel Mayes

ACCEPTED FOR RECORD

Angel Mayes
Assistant Field Manager,
Lands and Minerals

Gerry Guye, Deputy Field Inspector
NMOCD-District II ARTESIA

cc:
NMOCD-Artesia