N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(April 2004)

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NM 108037
6. If Indian, Allotee or Tribe Name

1a. Type of work: ☐ DRILL ☑ REENTER

7. If Unit or CA Agreement, Name and No. 34643

1b. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. Com Cazador Federal #1

2. Name of Operator **Nadel and Gussman Permian, LLC** 155615

9. API Well No. 30-005-60975

3a. Address **601 N. Marienfeld, Suite #508, Midland, TX 79701**

3b. Phone No. *(include area code)* **432-682-4429**

10. Field and Pool, or Exploratory **Wildcat - Wlfcp 96086**

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface **UL H Sec. 8 T13S R27E 2,034' FNL and 660' FEL**

At proposed prod. zone **UL H Sec. 8 T13S R27E 2,034' FNL and 660' FEL**

RECEIVED
FEB 23 2005
OCD-ARTESIA

11. Sec., T. R. M. or Blk. and Survey or Area **Sec. 8 T13S R27E**

14. Distance in miles and direction from nearest town or post office*
8.5 miles northeast of Dexter, NM

12. County or Parish **Chaves**

13. State **NM**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
660'	320 acres +	East 1/2 Stand Up
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on file
	6,500'	NM 2812
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
3501'	06/20/2005	7

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name *(Printed/Typed)*	Date
	Josh Fernau	02/09/2005

Title: **Staff Engineer**

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/S/LARRY D. BRAY	LARRY D. BRAY	FEB 18 2005
Title: Assistant Field Manager, Lands & Minerals	Office: ROSWELL FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**(Instructions on page 2)*

APPROVED FOR 1 YEAR

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Nadel and Gussman Permian, LLC Telephone: 432-682-4429 e-mail address: joshf@naguss.com
Address: 601 N. Marienfeld Suite 508 Midland, TX 79701
Facility or well name: Cazador Federal #1 API #: _____ or Qtr/Qtr H Sec 8 T 13S R 27E
County: Chaves Latitude N32deg 12' 24.0" Longitude W104deg 15'08.7" NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit	Below-grade tank	
Type: Drilling ☐ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☐ Unlined ☐ Liner type: Synthetic ☐ Thickness _____mil Clay ☐ Pit Volume _____bbl	Volume: _____bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not. _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points)0
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points)0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points)0
	Ranking Score (Total Points)	0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if your are burying in place) onsite ☐ offsite ☐ If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface_____ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:
No Cutting Pits or Reserve Pits are Planned

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.
Date: 02/09/05
Printed Name/Title Josh Fernau Staff Engineer Signature

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Accepted for record - NMOCD

Approval:
Printed Name/Title Signature Date: FEB 24 2005

UNITED STATES DEPARTMENT OF INTERIOR
Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

155615

Operator Name: Nadel and Gussman Permian, L.L.C.
Address: 601 N. Marienfeld, Suite 508
City, State: Midland, Texas
Zip Code: 79701

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land, or portion thereof, as described below:

Lease Name: Cazador Federal #1

Lease Number: NM NM 108037

Legal Description of Land: (SHL) 2,034' FNL & 660' FEL, UL H Sec. 8, T13S-R27E, Chaves Co., NM

Lease Covers: East ½ except SW, SE

Spacing Unit: East ½ standup

Formations: Wolfcamp

Bond Coverage: State Wide

BLM Bond File Number: NM 2812

Land is privately owned.

Authorized Signature: _____

Name: Josh Fernau

Title: Staff Engineer

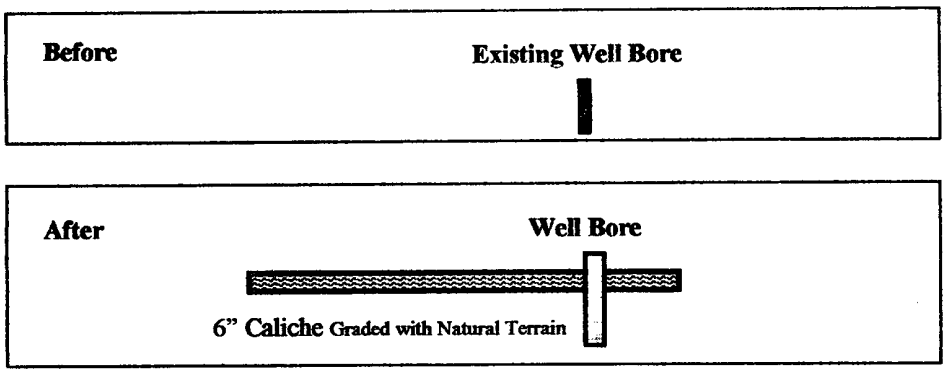
Date: 02/09/05

13 Point Land Use Plan

1. Existing Roads - A small scale vicinity map is attached **(Exhibit #3)** which shows the location of this well in relation to an aerial view of surrounding townships and ranges. A larger scale topographical map is **(Exhibit #5)** shows the location of the well.
2. Planned Access Roads – There is an existing access road from the location to the nearest exit leaving the lease, which is shown on **(Exhibit #4)**. The lease is fenced and a cattle guard with gate will be needed.
3. Location of Existing Wells – This is a Re-entry of the Pecos River Bluff Unit #1. The Buffalo Hunt #1, drilled by Nadel and Gussman Permian, LLC is located in Section 21, T13S-R27E, 660' FSL & 1980' FEL.
4. Location of Tank Batteries, Production Facilities & Lines –
   - We anticipate gas production from the Wolfcamp Three Brothers, with possible volumes of produced oil or water. We will build a battery with a minimum of two 210 Bbl steel tanks, one for oil and one for water.
   - Pipe lines will be used to transport the sales of the natural gas using the access road to location.
   - We will also have a line heater and separator on location. All produced fluids from the Montoya or Abo will be hauled off lease by road. There are no initial plans for oil pipelines, LACT units or SWD lines.
   - We do not anticipate a need for electrical service on the lease at this time.
5. Location & Type- of Water Supply - Fresh and salt water will be trucked from the most economical location by a third- party contractor.
6. Source of Construction Material - Primary source of caliche will be the closest most economical existing pit preceded by the proper documentation and approval.
7. Methods of Handling Waste Disposal – A closed loop system will be used to handle any waste generated from re-entering the existing wellbore. The waste will then be hauled off to the closest disposal site preceded by the proper documentation and approval. This will prevent further contamination in this area made by drilling, Nadel and Gussman Permian, LLC will incur no responsibility for the existing pit.
8. Ancillary Facilities – There are no camps or airstrips planned.
9. Well Site Layout – The well site **(see NMOCD C-102 Form)** has been re-staked and is also indicated on the enclosed maps **(Exhibits #1, #2, #3, #4 & #5)**. The proposed well location is at the base of an

rock from grade cut. The drilling pad will blend in with the terrain since the topography is generally flat.

Cross section – Before and after is shown below:



10. Plans for Restoration of Surface – Commercial Well:
    - Reshaped Topography – Rubbish will be hauled off upon completion of drilling operations. All future rubbish will be removed by the subcontractor generating same.
    - Caliche Pad – Caliche drilling pad will remain intact until well is abandoned.
    - Road – The road will remain intact as long as there is production on the lease.
    - Timetable – This well is expected to produce for several years.
    - Plans for Restoration of Surface – Plugged and Abandoned Well:
      Surface will be restored in accordance with all regulations in effect at the time of abandonment.
11. Other Information –
    - Topography – The proposed well location is on a east/west trending low rise.
    - Soil Characteristics – Soils are classified as Tencee-Sotim association. Observed soils are rock with fine sands.
    - Flora – Vegetation includes mesquite, little leaf sumac, cholla cactus, yucca, snakeweed, and mixed grasses.
    - Fauna – rabbits, mice, rats, birds, deer and snakes
    - Other Surface Use Activities – Ranching
    - Surface Ownership – Private (Fee)
    - Water Wells – No windmills within 1000' of the location.
    - Lakes, Streams, Ponds – There are draws (**Exhibit #5**).
    - Dwellings – There are no inhabited structure within 1000' of the location.
    - Archeological Summary – It is recommended that construction of the proposed well location and access road precede without any additional cultural resource investigations.

12. Operator's Representative -

Joel Martin	Office Phone	(432) 682-4429
	Home Phone	(432) 694-2569
	Mobile Phone	(432) 238-9969
Josh Fernau	Office Phone	(432) 682-4429
	Home Phone	(806) 978-1523
	Mobile Phone	(432) 238-2874
Lee Ledbetter	Office Phone	(505) 746-1428
	Home Phone	(505) 887-0866
	Mobile Phone	(505) 631-6071

13. Certification - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drilling site and access route; that I am familiar with the condition which presently exists; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by a construction company or their contractors and sub-contractors in conformity with this plan.

Josh Fernau
Staff Engineer
Date: 02/09/05

13 Point Drilling Plan:

1. Location: (SHL) 2,034' FNL & 660' FEL, UL H Sec. 8, T-13-S, R-27-E, Chaves County, New Mexico **(Form C-102)**
2. Elevation: 3501' GL
3. Geological Name of Surface Formation: Tencee-Sotim
4. Type of Drilling Tools to be utilized; Rotary Tools
5. Proposed Re-enter Depth: 6,500'
6. Tops of Important Geological Markers:

San Andres	1,100'	B/Abo Shale	5,000'	Three Brothers Φ	6,202'
P, Φ	1,573'	Wolfcamp	5,530'	B/ Three Brothers Φ	6,208'
Abo	4,612'	Three Brothers	6,184'	Cisco	6,262'

7. Estimated Depth of Anticipated Water, Oil or Gas:

Oil and Gas	-San Andres	1,100'
Gas	-Abo	4,612'
Gas	-Three Brothers Φ	6,202'
Gas	-Cisco	6,262'

8. Casing Program:

Old Strings					
• 13 3/8"	48#	H-40	@	360'	circulated to surface
• 9 5/8"	32.3#	H-40	@	1,300'	circulated to surface
New String					
• 5 ½"	17#	J-55	@	6,500'	TOC based on logs

The 5 1/2" casing string will be cemented. The TOC on the 5 1/2" casing will be based upon open hole logs.

9. Specifications for Pressure Control Equipment: **(Exhibit #6)**

This rig will have a 11" 5M BOP with pipe rams and blind rams, kill line, choke manifold, Komey hydraulic controls, and accumulator with remote controls. When nippling up, will test BOP and choke to 1000 psi, will operate BOP once a day or as directed by the company representative.

10. Mud Program:

Re-enter the hole with brine water. This will be a closed system therefore all fluid will be circulated through the working pits. Attention should be paid to the possibility of hole problems from Abo @ 4,612' if needed, condition the fluid to achieve the following properties: Mud Weight 9.6 – 10.0, Viscosity 32-40 and Fluid Loss < 5. Hole conditions will dictate the mud properties needed to avoid problems.

11. Testing, Logging & Coring Program:

a. Testing: No DST's are expected.
b. Coring: no coring is planned.
c. Logging: open hole logs will be run prior to running production casing. The standard suite will be a Dual Lateral/ ML and GR/Density/Neutron combination.
d. Depending on the sand quality, a FMI and/or formation tester may be run.
e. Open hole logs will not be run through the surface hole section.

12. Potential Hazards:

No significant hazards are expected. Lost circulation may occur, no H_2S expected, but the operator will utilize a 3rd party H_2S monitoring package from 1,300' to 6,500'.

13. Anticipated Starting Date & Duration:

Plans are to begin drilling operations about June 20, 2005; approximately 7 days will be required to drill the well and 10 days will be needed for the completion.

Hydrogen Sulfide Drilling Operations Plan

1. Company and Contract personnel admitted on location should be trained by a qualified H_2S safety instructor to the following:
   A. Characteristics of H_2S.
   B. Physical Effects and Hazards.
   C. Proper Use of Safety Equipment and Life Support Systems.
   D. Principle and Operation of H_2S Detectors, Warning System and Briefing.
   E. Evacuation Procedure, Routes and First Aid.
   F. Proper Use of 30 minute Pressure Demand Air Pack.

2. H_2S Detection and Alarm Systems
   A. H_2S Detectors and Audio Alarm System to be Located at Bell Nipple, End of Blooie Line (mud pit) and on Derrick floor or doghouse.

3. Windsock and/or Wind Streamers
   A. Windsock at Mud Pit Area Should be High Enough to be Visible.
   B. Windsock at Briefing Area Should be High Enough to be Visible.
   C. There Should be a Windsock at Entrance to Location.

4. Condition Flags and Signs
   A. Warning Sign on Access Road to Location.
   B. Flags to be Displayed on Sign at Entrance to Location.
      1. Green Flag, Normal Safe Condition.
      2. Yellow Flag, Indicates Potential Pressure and Danger.
      3. Red Flag, Danger H_2S Present in Dangerous Concentration Only Emergency Personnel Admitted to Location.

5. Well Control Equipment
   A. See Exhibit #6.

6. Communication
   A. While Working Under Masks Chalkboards Will be Used for Communication.
   B. Hand Signals will be Used Where Chalk Board is Inappropriate.
   C. Two Way Radio or Cell Phone will be Used to Communicate off Location in Case of Available at Most Drilling Foreman's Trailer or Living Quarters.

7. Drillstem Testing
   A. Exhausts will be Watered.
   B. Flare Line will be Equipped with an Electric Igniter or a propane pilot light in case gas reaches the surface.
   C. If Location is near any Dwelling a Closed DST will be Performed.

8. Drilling Contractor Supervisor will be Required to be Familiar with the Effects H_2S has on tubular goods and other mechanical equipment.

9. If H_2S Encountered, Mud system will be Altered if Necessary to Maintain Control of Formation. A Mud Gas Separator will be Brought into Service Along with H_2S Scavengers if Necessary.

Exhibit #1

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name

Property Code	Property Name	Well Number
	CAZADOR FEDERAL	1

OGRID No.	Operator Name	Elevation
	NADEL AND GUSSMAN PERMIAN	3501'

Surface Location

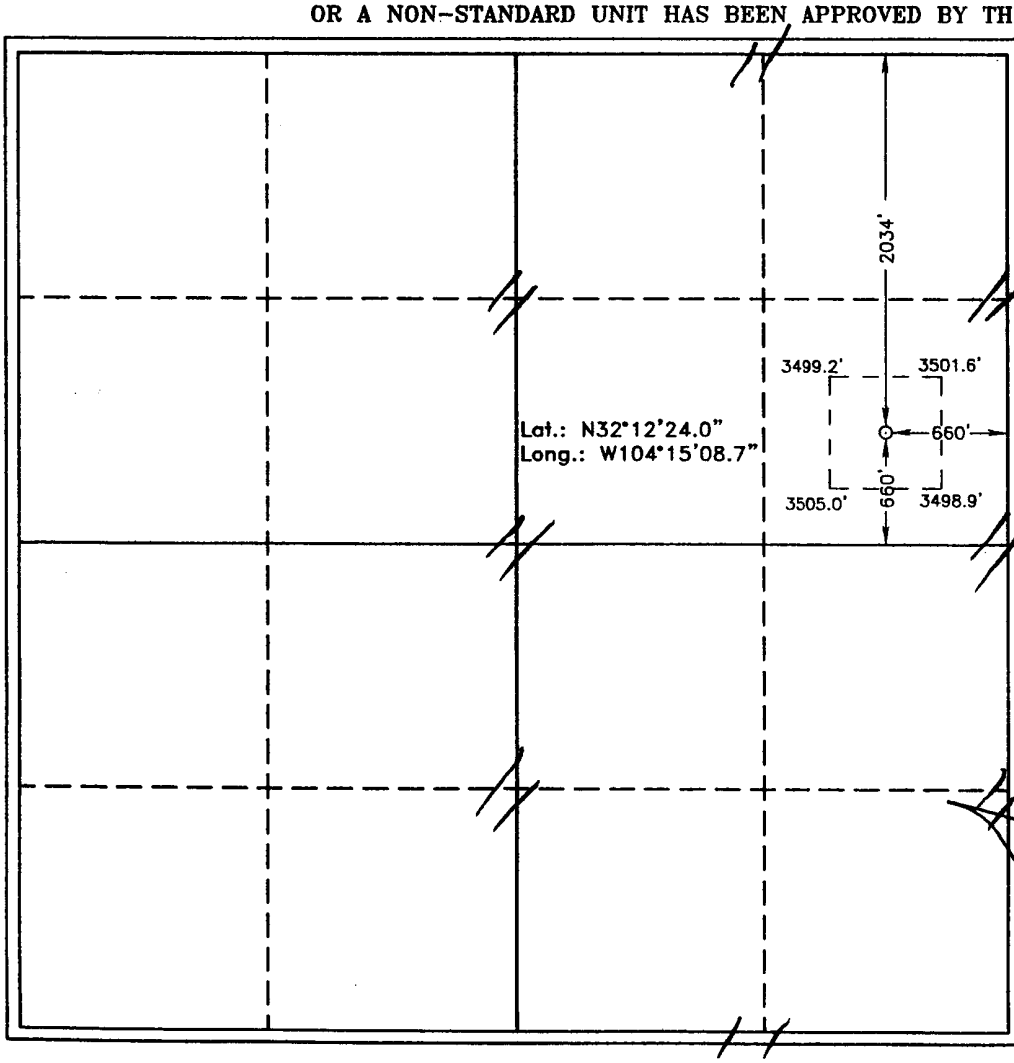
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	8	13 S	27 E		2034	NORTH	660	EAST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Josh Fermon
Printed Name

Staff Engineer
Title

02/09/05
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

JANUARY 11, 2005
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 4990

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 8, TOWNSHIP 13 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, **NEW MEXICO.**

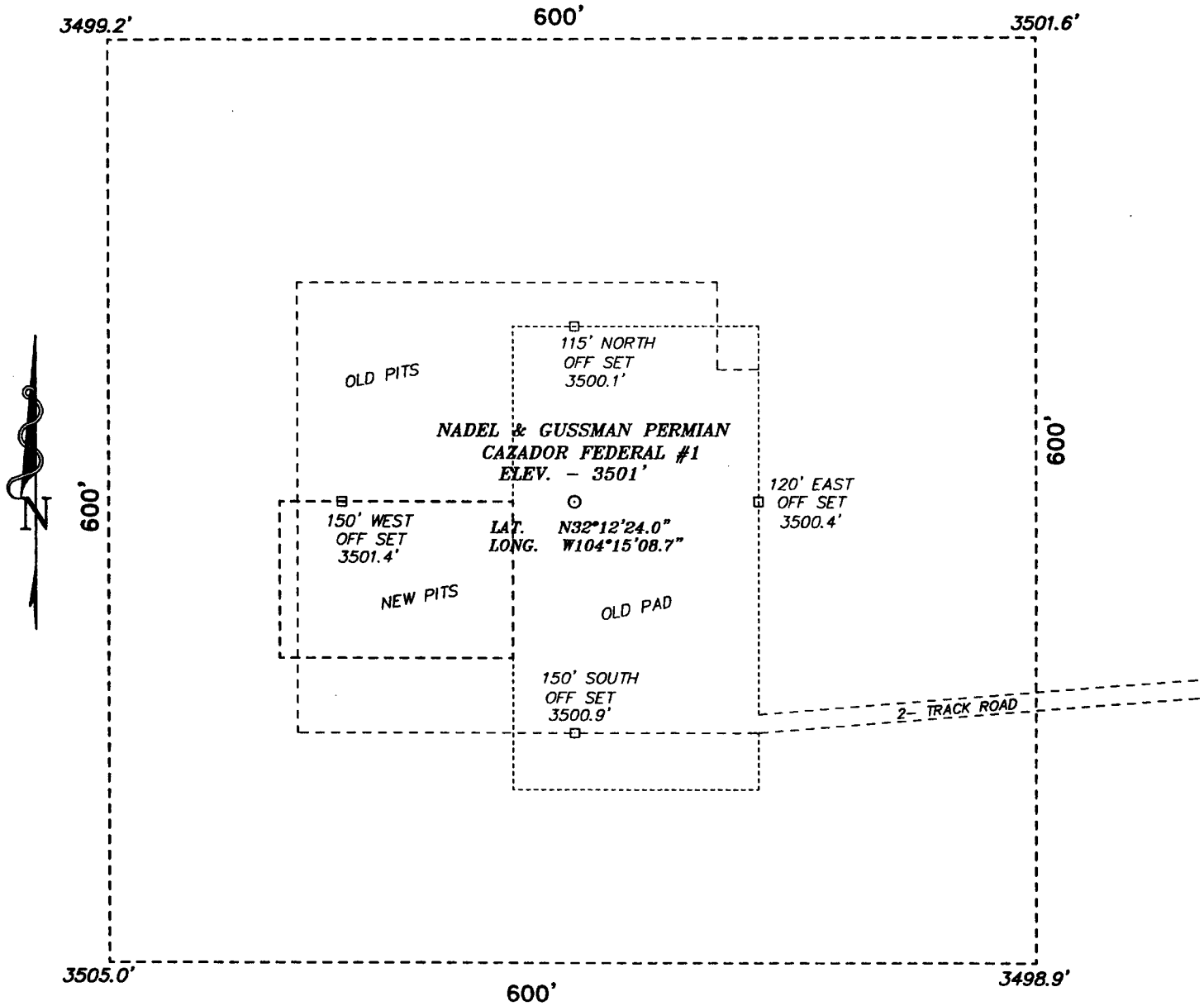


Exhibit #2

100 0 100 200 FEET

SCALE: 1" = 100'

Directions to Location:

FROM DEXTER, EAST ON STATE HWY 190 FOR 2.0 MILES TO WICHITA ROAD; THENCE NORTH ON WICHITA ROAD FOR 1.7 MILE TO MERLINDA RD.; THENCE EAST FOR 4.8 MILES JUST PAST RANCH HOUSE; THENCE SOUTH ON LEASE ROAD FOR APPROX. 2.0 MILES TO 2-TRACK ROAD; THENCE WEST ON 2-TRACK ROAD TO LOCATION.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

NADEL AND GUSSMAN PERMIAN

REF: CAZADOR FEDERAL No. 1 / Well Pad Topo

CAZADOR FEDERAL No. 1 LOCATED 2034' FROM THE NORTH LINE AND 660' FROM THE EAST LINE OF SECTION 8, TOWNSHIP 13 SOUTH, RANGE 27 EAST, N.M.P.M., CHAVES COUNTY, NEW MEXICO.

W.O. Number: 4990	Drawn By: K. GOAD		
Date: 01-12-2005	Disk: KJG #9 - 4990A.DWG	Survey Date: 01-11-2005	Sheet 1 of 1 Sheets

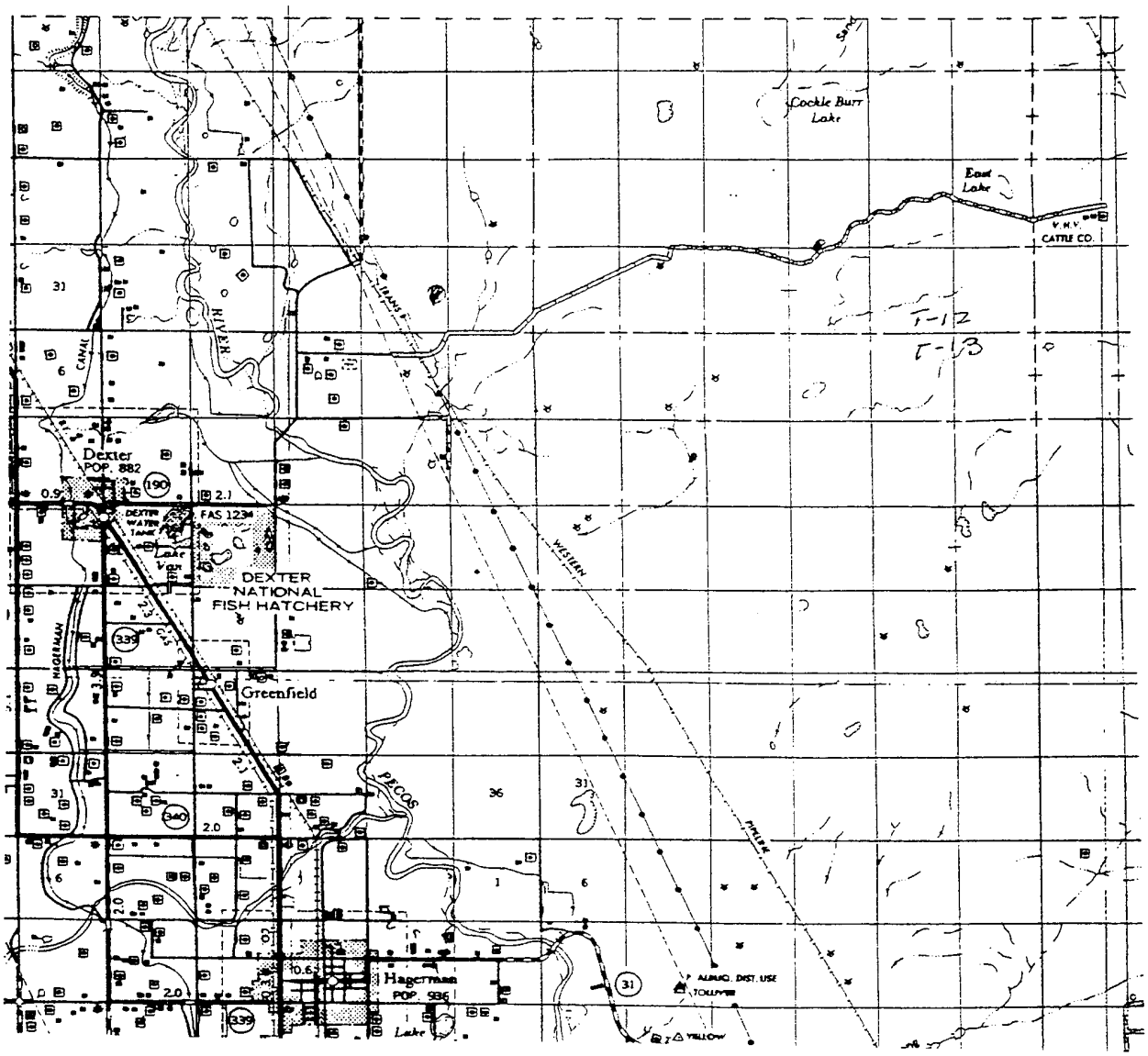


Exhibit #3

CAZADOR FEDERAL #1
Located at 2034' FNL and 660' FWL
Section 8, Township 13 South, Range 27 East, N.M.P.M., Chaves County, New Mexico.

basin surveys
focused on excellence in the oilfield

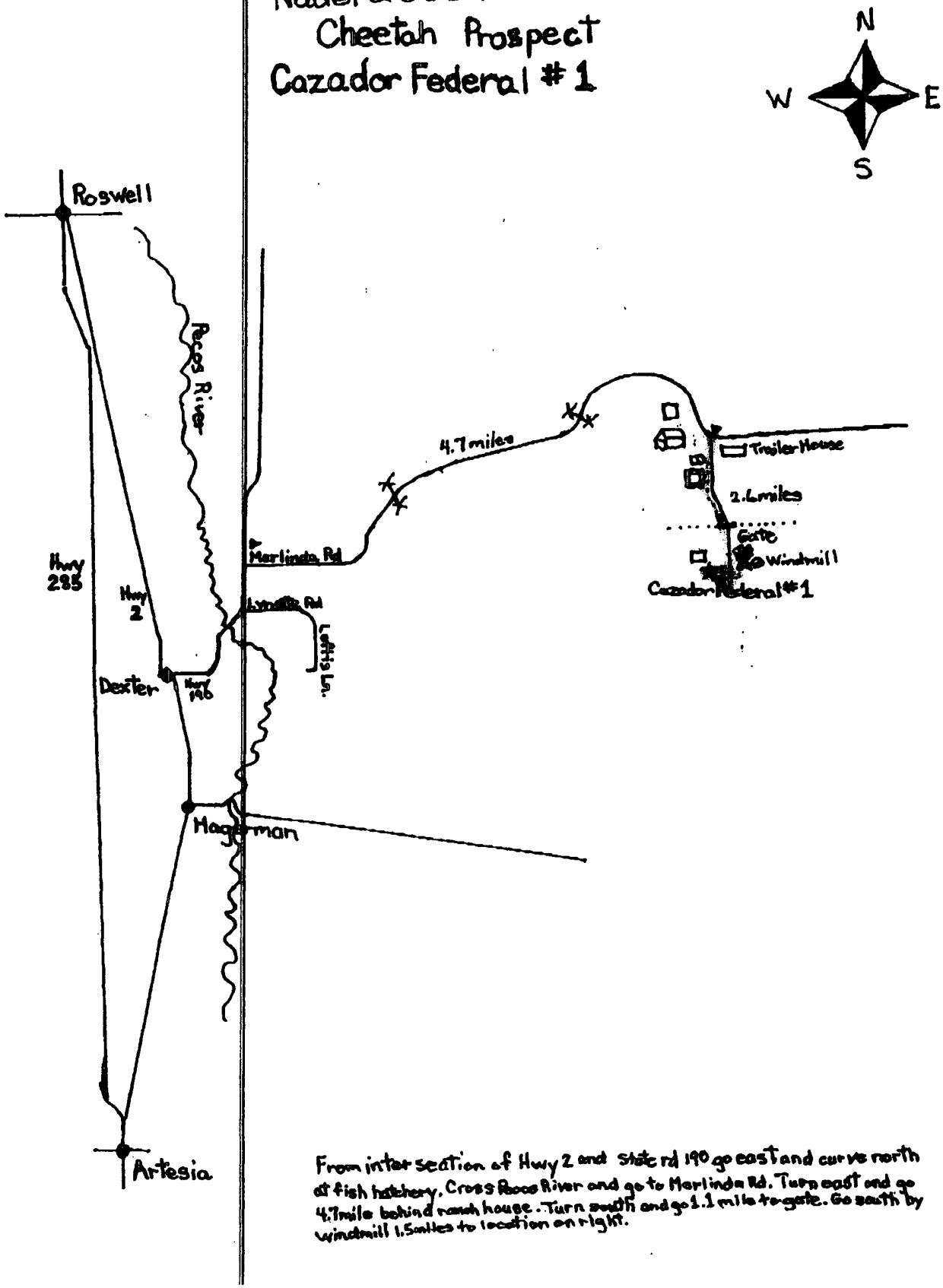
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	4990AA - KJG #1
Survey Date:	01-11-2005
Scale:	1" = 2 miles
Date:	01-12-2005

NADEL AND GUSSMAN PERMIAN, L.L.C.

Exhibit #4

Nadel & Gussman Permian, LLC
Cheetah Prospect
Cazador Federal #1



From intersection of Hwy 2 and state rd 190 go east and curve north at fish hatchery. Cross Pecos River and go to Merlinda Rd. Turn east and go 4.7 mile behind ranch house. Turn south and go 1.1 mile to gate. Go south by windmill 1.5 miles to location on right.

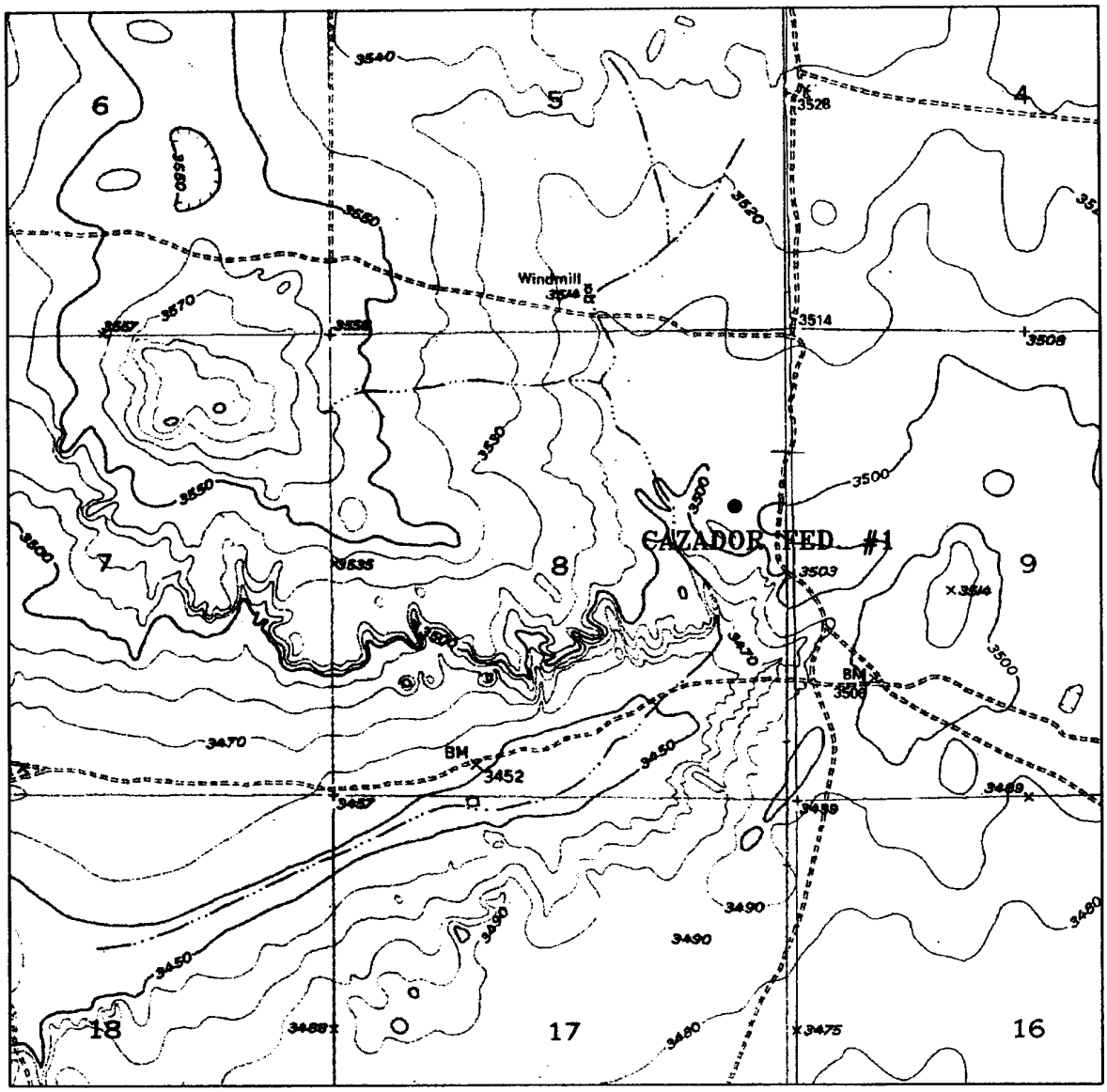


Exhibit #5

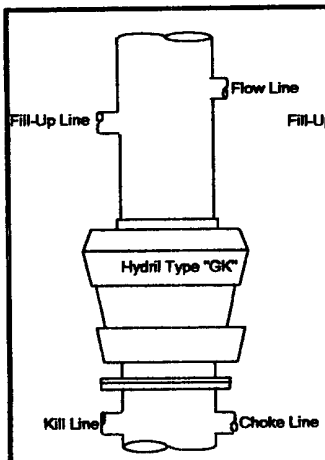
CAZADOR FEDERAL #1
Located at 2034' FNL and 660' FWL
Section 8, Township 13 South, Range 27 East,
N.M.P.M., Chaves County, New Mexico.

basin surveys
focused on excellence in the oilfield
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

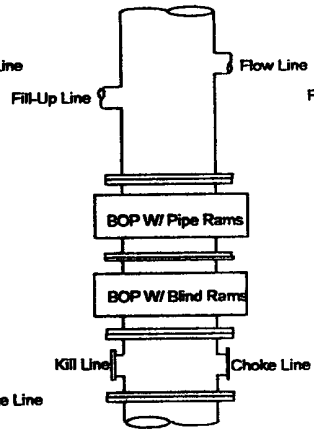
W.O. Number:	4990AA - KJG #1
Survey Date:	01-11-2005
Scale:	1" = 2000'
Date:	01-12-2005

NADEL AND GUSSMAN PERMIAN, L.L.C.

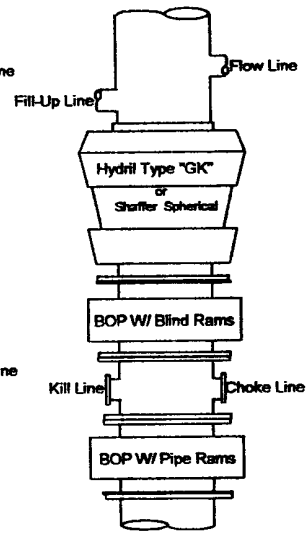
Nadel and Gussman Permian _____
MINIMUM BLOWOUT PREVENTER REQUIREMENTS



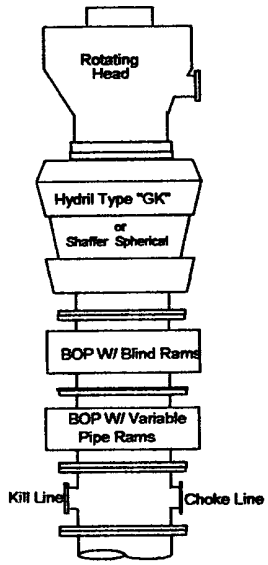
CASE I



CASE II



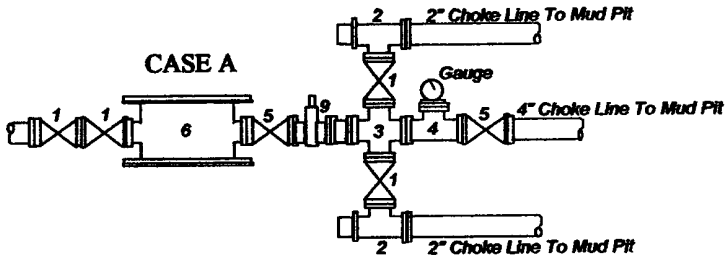
CASE III



CASE IV

A1" valve will be installed on the closing line to the Hydril. This valve will on a short nipple next to the Hydril. The Hydril closing line must be equipped with a 1" - 3000 psi WP plug valve on the nipple into the Hydril.

CASE A

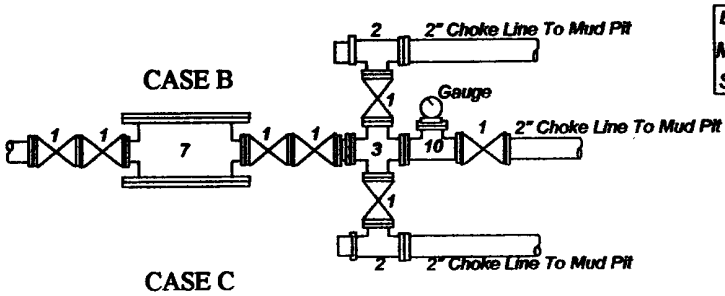


BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
11"	IV	5,000	A

*Rotating head required

Bradenhead :
Mfr: _____
Size: _____ Type: _____

CASE B



CASE C

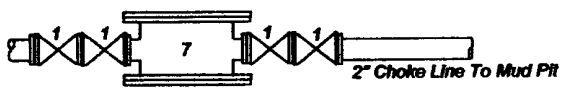


Exhibit #6

Legend

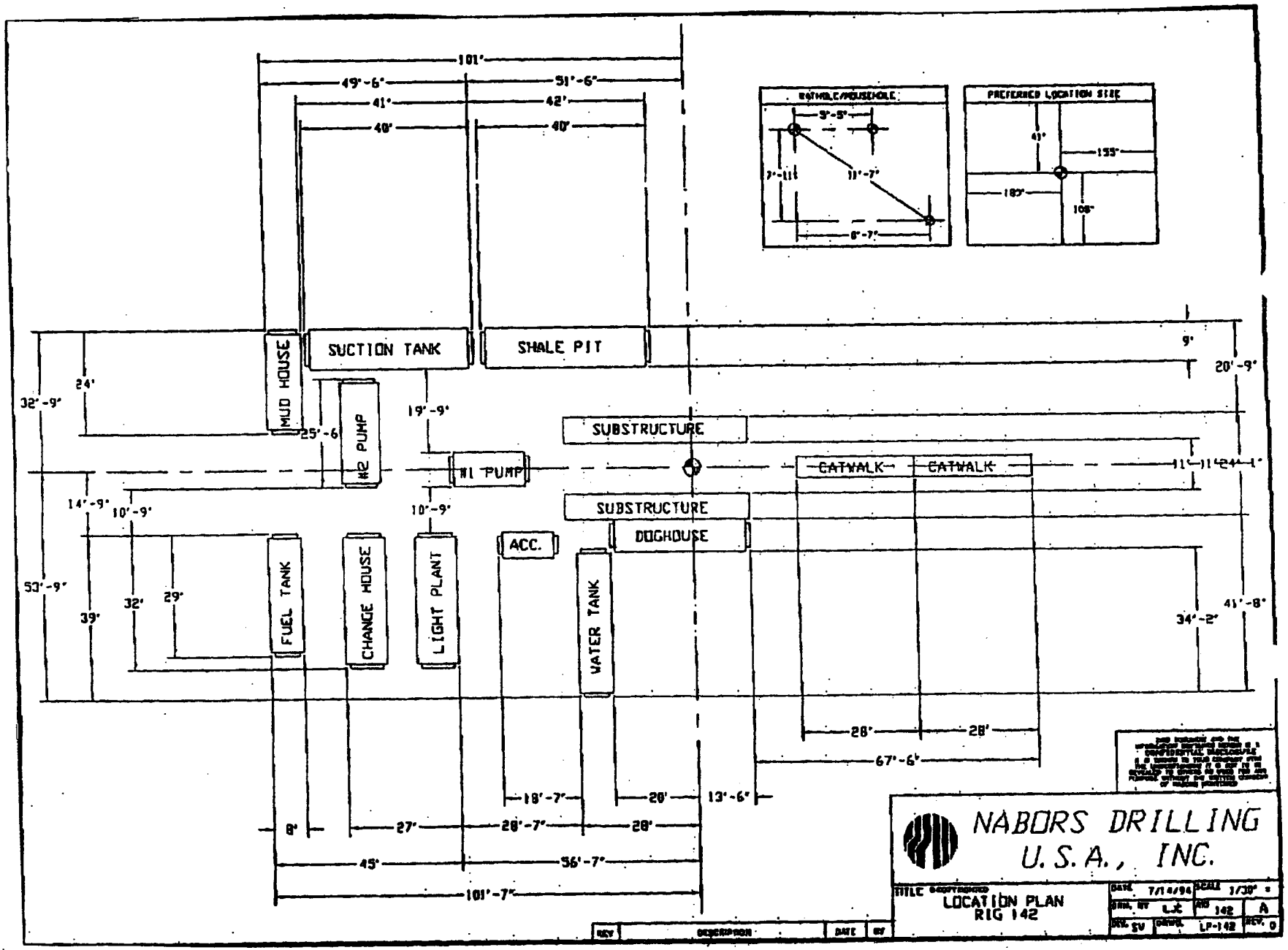
1. *2" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shaffer Flo-Seal.*
2. *2" flanged adjustable chokes, min. 1" full opening & equiped with hard trim.*
3. *4" x 2" flanged steel cross.*
4. *4" flanged steel tee.*
5. *4" flanged all steel valve (Type as in no. 1).*
6. *Drilling Spool with 2" x 4" flanged outlet.*
7. *Drilling Spool with 2" x 2" flanged outlet.*
8. *2" x 2" flanged steel cross.*
9. *4" pressure operated gate valve.*
10. *2" flanged steel tee.*

Notes

Choke manifold may be located in any convenient position. Use all steel fittings throughout. Make 90° turns with bull plugged tees only. No field welding will be permitted on any of the components of the choke manifold and related equipment upstream of the chokes. The choke spool and all lines and fittings must be at least equivalent to the test pressure of the preventers required. Independent closing control unit with clearly marked controls to be located on derrick floor near driller's position.

(10-31-96) WTXBOPS.PPT

Exhibit #7


101'
49'-6"
51'-6"
41'
42'
40'
40'
MOUSE/RATHOLE
PREFERRED LOCATION SIZE
MUD HOUSE
SUCTION TANK
SHALE PIT
#2 PUMP
#1 PUMP
SUBSTRUCTURE
CATWALK
CATWALK
SUBSTRUCTURE
DOGHOUSE
ACC.
FUEL TANK
CHANGE HOUSE
LIGHT PLANT
WATER TANK
32'-9"
24'
25'-6"
19'-9"
14'-9"
10'-9"
10'-9"
53'-9"
39'
32'
29'
34'-2"
41'-8"
28'
28'
67'-6"
18'-7"
20'
13'-6"
8'
27'
26'-7"
28'
45'
36'-7"
101'-7"
NABORS DRILLING
U.S.A., INC.
LOCATION PLAN
RIG 142
DATE 7/14/94
SCALE 1/30"
DRN. BY LJC
RIG 142
A
APP. SV
DWG. LP-142
REV. 0
REV
DESCRIPTION
DATE
BY

Don Clifton
ARCHAEOLOGICAL CONSULTANT
P. O. Box 30 • Pep, NM 88126 • (505) 675-2360 • Cell (505) 714-1815 • Fax (505) 675-2365 • email: donc@yucca.net

Exhibit#8

January 26,2005

Josh Fernau
Nadel and Gussman Permian, LLC
601 North Marienfeld, Suite 508
Midland, Texas 79701

Dear Mr. Fernau:

Enclosed are two copies of a Bureau of Land Management Negative Site Report entitled, "A Cultural Resource Survey of the Cazador Federal #1 Well Location and Access Road, Chaves County, New Mexico". The report has been submitted to the Bureau of Land Management. Also enclosed is an invoice for my services.

If there are any questions regarding this project, please contact me.

Sincerely,

Don Clifton

Don Clifton

TITLE PAGE/ABSTRACT/NEGATIVE SITE REPORT

1. BLM Report No. 2. Reviewer's Initials/Date.....3. NMCRIS Number
Accepted ( ) Rejected ( )

4. Type of Report: Negative (X) Positive ( )

5. Title of Report: **A CULTURAL RESOURCE SURVEY OF THE CAZADOR FEDERAL #1 WELL LOCATION AND ACCESS ROAD, CHAVES COUNTY, NEW MEXICO**
Author: **Don Clifton**

6. Fieldwork Date(s)
07Jan2005

7. Report Date
26Jan2005

8. Consultant Name and Address:
Direct Charge: **Don Clifton**
Field Personel: **Don Clifton**
Address: **P.O. Box 30, Pep, N.M. 88126**
Phone: **(505)675-2360**

9. Cultural Resource Permit No.:
83-2920-02-O

10. Consultant Report Number
554

11. Client Name: **Nadel and Gussman Permian LLC**
Responsible Individual: **Josh Fernau**
Address: **601 N. Marienfeld, Suite 508, Midland, Tx 79701**
Phone: **432-682-4325**

13. Land Status	BLM	State	Private	Other	Total
a. Area Surveyed	.7		29.1		**29.8 acres**
b. Area of Effect	.3		17		17.3

14. Linear Length: **2.5 miles** Width: **100'**

15. Location:
a. State: **New Mexico**
b. County: **Chaves**
c. BLM Office: **Roswell**
d. Nearest City or Town: **Dexter**
e. Legal Description: T13S R27E Section 8 SE1/4 NE1/4
f. Well Pad Footages: **1980' fnl/660'fel**
g. USGS 7.5' Map: **Dexter East, N. M. 1950 33104 B3**
C BAR Ranch, N.M. 1952 33104 B2

16. Project Data:
a. Records Search:
Date of BLM Review: **07Jan2005** Name of Reviewer: **Pat Flanary**
Date of ARMS Data Review: **05Jan2005** Name of Reviewer: **Don Clifton**

Findings: **Three previously recorded sites are within one mile of the proposed access road. Two are tipi rings and one is historic. None of the sites are in the vicinity of the proposed road.**

b. Description of Undertaking. **Nadel and Gussman propose to construct the Cazador Federal #1 well location at an existing abandoned well. An existing two-track road will serve as access.**

c. Environmental Setting: **The proposed well location is approximately 8.5 miles northeast of Dexter, New Mexico. The proposed well pad is at the base of an east/west trending low rise. Soils are classified as Tencee-Sotim association. Observed soils are rocky with fine sands. Vegetation includes mesquite, little leaf sumac, cholla cactus, yucca, snakeweed, and mixed grasses. Surface visibility is an estimated 75%.**

d. Field Methods: **The proposed well location was examined by walking a series of transects spaced no wider than 50' apart. The access road was inspected by walking a linear transect on either side of an existing two-track road.**

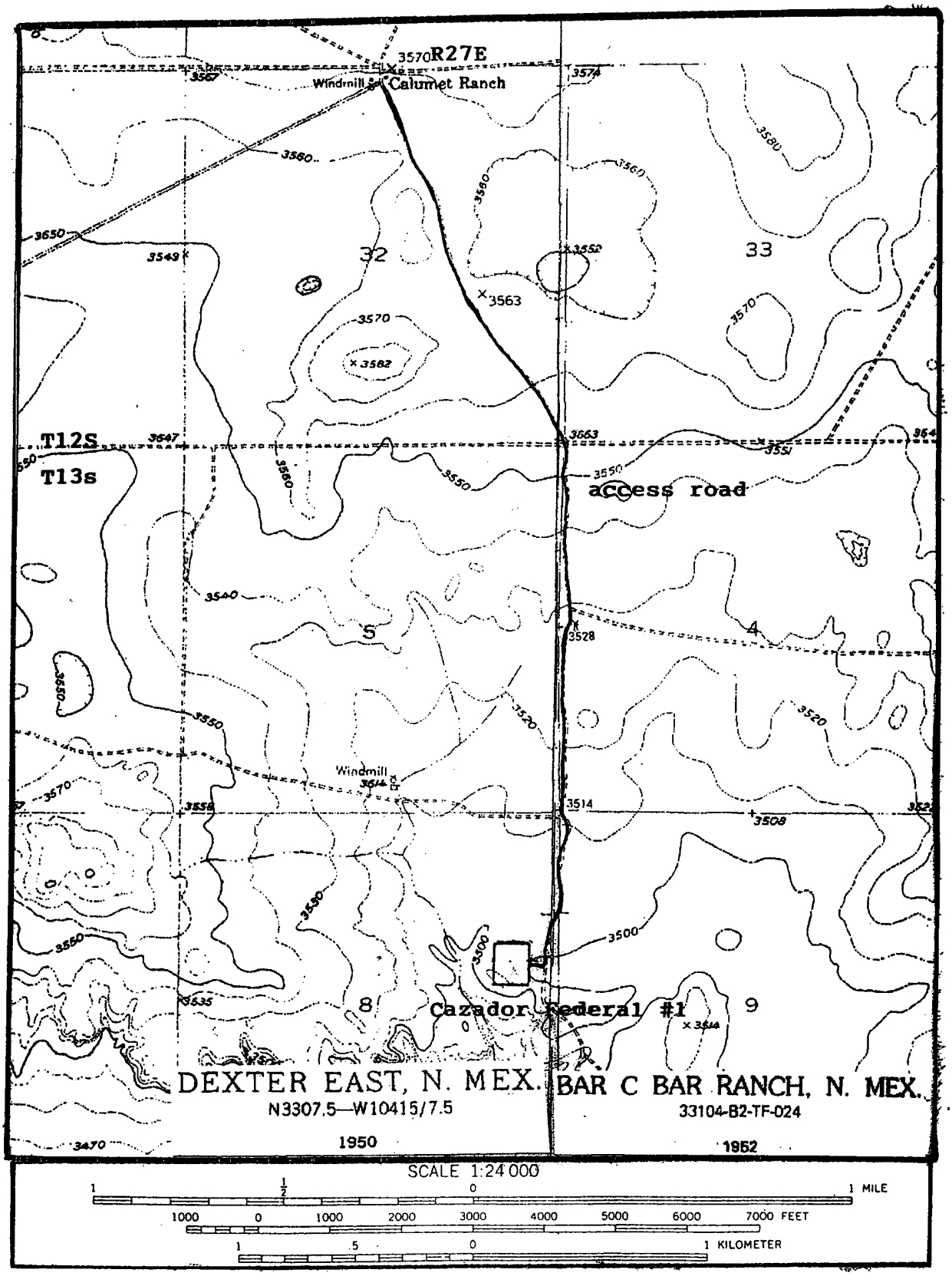
e. Artifacts Collected: **None**

17. Cultural Resource Findings: **No cultural resources were discovered within the areas examined.**
a. Location and Identification of each resource:
b. Evaluation of significance of each resource:

18. Management Summary: **It is recommended that construction of the Cazador Federal #1 well location and access road proceed without any additional cultural resource investigations.**

19. I certify the information provided is correct and accurate to my knowledge and meets all applicable BLM standards.

Responsible Archaeologist: Don Clifton Date: January 26, 2005


3570
R27E
Windmill
Calumet Ranch
3574
3560
3580
3650
3549
32
33
3552
3563
3570
3582
T12S
T13s
3647
3663
3550
access road
3540
5
4
3528
3520
Windmill
3514
3558
3508
3500
3535
8
Cazador Federal #1
9
3544
DEXTER EAST, N. MEX.
N3307.5—W10415/7.5
1950
BAR C BAR RANCH, N. MEX.
33104-B2-TF-024
1952
SCALE 1:24 000
1 MILE
7000 FEET
1 KILOMETER

Cazador Federal #1
(SHL) 2,034' FNL & 660' FEL
UL H Sec. 8, T13S-R27E
Chaves County, NM

APPLICATION FOR PERMIT TO DRILL
BUREAU OF LAND MANAGEMENT

NADEL AND GUSSMAN PERMIAN, L.L.C.
601 N. Marienfeld, Suite #508
Midland, TX 79701
Office: (432) 682-4429
Fax: (432) 682-4325

02/09/05

NADEL AND GUSSMAN PERMIAN, L.L.C.
601 N. Marienfeld, Suite 508
Midland, TX 79701
Office: (432) 682-4429
Fax: (432) 682-4325

02/09/05

Bureau of Land Management
Lands & Minerals
2909 W. Second St.
Roswell, NM 88201
Attn: Ms. Linda Askwig

Dear Ms. Askwig,

Nadel and Gussman Permian, as operator, requests permission to Re-enter the Cazador Federal #1, (SHL) 2,034' FNL & 660' FEL, UL H Sec.8, T13S-R27E, Chaves Co., NM. We plan to develop a production pad for our surface location. The following items are attached:

1. Form 3160-3
2. C-144
3. Lease Responsibility Statement
4. 13 Point Surface Use and Operation Plan
5. 13 Point Drilling Plan
6. Hydrogen Sulfide Drilling Operations Plan
7. Lease and Topographical Maps
8. BOP and Choke Diagrams
9. Pad Size
10. Rig Plat
11. A Cultural Resource Survey

A Cultural Resource Survey has been performed and the report was negative. The permit holder recommends clearance for this operation. If you have any questions, contact Josh Fernau at the letterhead telephone number.

Your prompt attention to this APD will be greatly appreciated.

Sincerely,

Josh Fernau
Staff Engineer