

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

RECEIVED
APR 28 2009
HOBBSOCD

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR Initial Report Final Report

Name of Company NADEL AND GUSSMAN HEYCO, LLC	Contact Keith Cannon or Tammy R. Link
Address PO Box 1936, Roswell 88202-1936	Telephone No. (505) 623-6601
Facility Name Pearsall 6 Federal #9	Facility Type

Surface Owner USA	Mineral Owner State of New Mexico	Lease No. API 30-025-39135
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
PI	6	18S	38E 32	1750'	S	1,060'	E	Lea

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release - 15 bbls of oil	Volume of Release 15 bbls	Volume Recovered 0
Source of Release	Date/Hour of Release 3/1/08 7:57am	Date/Hour Discovered 3/2/09 1:00 pm
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Geoff Lekint w/Hobbs OCD	
By Whom? Keith Cannon	Date and Hour 2:30 pm	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*
WATER @ 2.60'

Describe Cause of Problem and Remedial Action Taken.*
Back pressure valve on wellhead plugged with paraffin, causing packing to blow out.

Describe Area Affected and Cleanup Action Taken.*
Remediation clean-up, sprayed w/1000 gals of water of 30 gals of micro-blaze. Dug up and hauled off contaminate dirt and caliche and hauled CRI and laid down fresh caliche on well pad.
See Attached Lab Analysis dated 4/21/09

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: <i>Tammy R. Link</i>	OIL CONSERVATION DIVISION	
Printed Name: Tammy Link	Approved by <i>ENV ENGR</i> District Supervisor: <i>Geoffrey Lekint</i>	
Title: Engineering Tech	Approval Date: 06/26/09	Expiration Date: -
E-mail Address: tlink@heycoenergy.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 4-27-09 Phone: (505)623-6601		IRP.09.3.2124

* Attach Additional Sheets If Necessary



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
NADEL AND GUSSMAN HEYCO, LLC
ATTN: KEITH CANNON
500 N. MAIN ST., SUITE 1
ROSWELL, NM 88202
FAX TO: (575) 624-5321

Receiving Date: 04/20/09
Reporting Date: 04/21/09
Project Number: NOT GIVEN
Project Name: PEARSALL 6-9
Project Location: PEARSALL

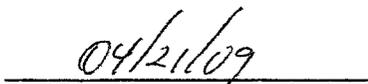
Analysis Date: 04/21/09
Sampling Date: 04/20/09
Sample Type: SOIL
Sample Condition: INTACT
Sample Received By: ML
Analyzed By: TR

LAB NUMBER	SAMPLE ID	Cl ⁻ (mg/kg)
H17277-1	SOUTH 001	336
H17277-2	SOUTH 002	128
H17277-3	NORTH 001	1,310
H17277-4	NORTH 002	384
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		< 0.1

METHOD: Standard Methods 4500-Cl⁻B

Note: Analyses performed on 1:4 w:v aqueous extracts.


Chemist


Date

H17277 HEYCO

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240
(575) 393-2326 Fax (575) 393-2476

Company Name: <u>Madal and Gussman Hexco, LLC</u>		BILL TO		ANALYSIS REQUEST											
Project Manager:		P.O. #: <u>1936</u>		<div style="writing-mode: vertical-rl; transform: rotate(180deg); font-size: 2em; font-weight: bold;">Chlorides</div>											
Address: <u>500 N. Main St., Suite 1</u>		Company: <u>NGH</u>													
City: <u>Roswell</u> State: <u>N.M.</u> Zip: <u>88202</u>		Attn: <u>Keith Cannon</u>													
Phone #: <u>575-623-6601</u> Fax #: <u>575-624-5321</u>		Address: <u>500 N Main</u>													
Project #: <u>N/A</u> Project Owner: <u>NGH</u>		City: <u>Roswell</u>													
Project Name: <u>Pearson 6-9</u>		State: <u>N.M.</u> Zip: <u>88210</u>													
Project Location: <u>Pearson</u>		Phone #: <u>575-626-1936</u>													
Sampler Name: <u>Pearson 6-9</u>		Fax #: <u>575-624-5321</u>													

FOR LAB USE ONLY		GRAB OR (C)OMP.	# CONTAINERS	MATRIX						PRESERV.		SAMPLING	
Lab I.D.	Sample I.D.			GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACIDBASE	ICE/COOL	OTHER	DATE
<u>H117277-1</u>	<u>South 001</u>										<u>4-20-09</u>	<u>10:45</u>	
<u>-2</u>	<u>002</u>											<u>10:50</u>	
<u>-3</u>	<u>North 001</u>											<u>10:55</u>	
<u>-4</u>	<u>002</u>											<u>11:00</u>	

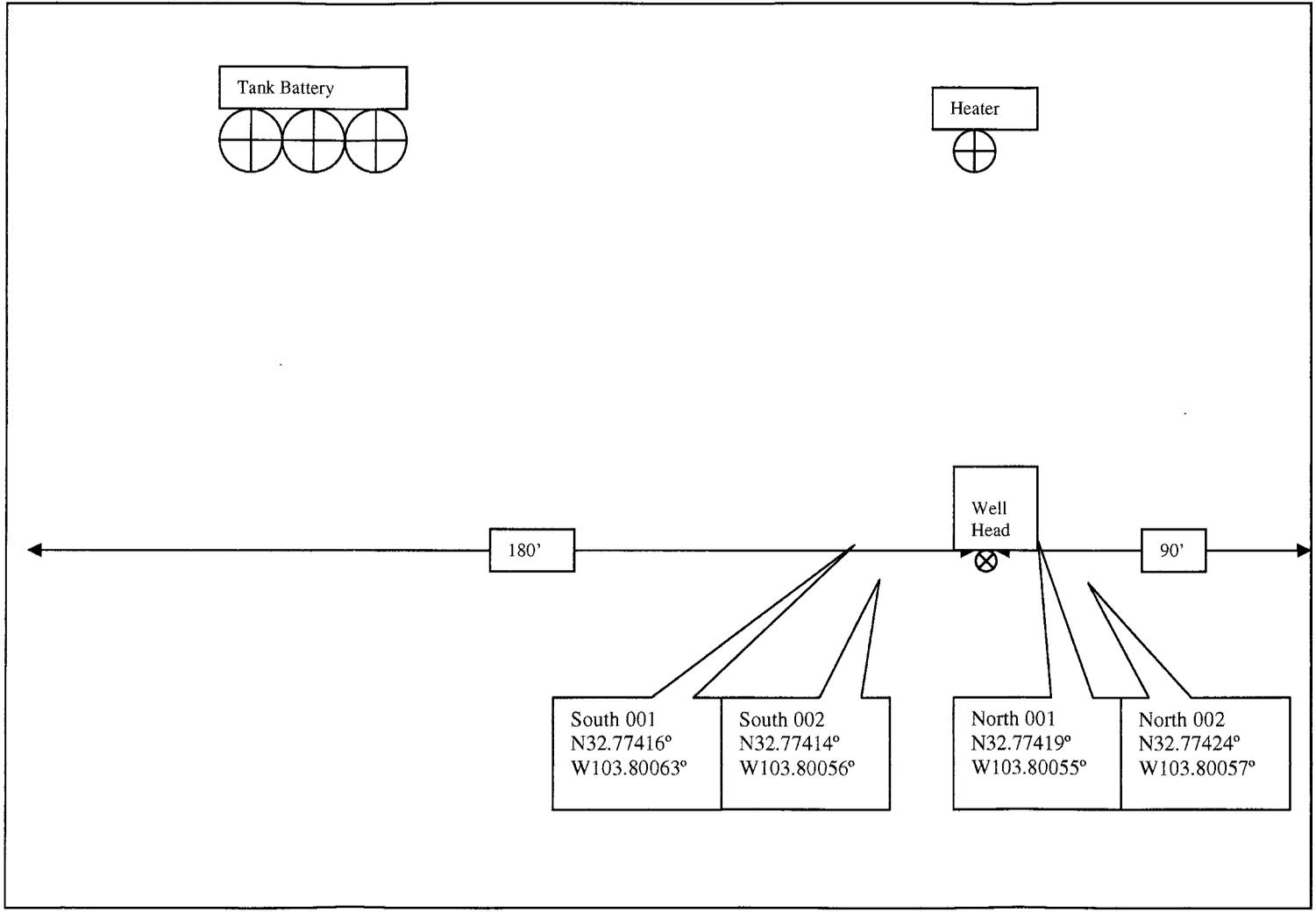
PLEASE NOTE: Liability and Damages: Cardinal's liability and claims exclusive remedy for any claim arising hereunder based in contract or tort, shall be limited to the amount paid by the client for the services. No claim including title for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. No claim shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. No claim shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. No claim shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 2% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

Sampler Relinquished: <u>Keith Cannon</u>		Date: <u>4-20-09</u>	Received By: <u>Walter Bus</u>	Phone Result: <input type="checkbox"/> No <input type="checkbox"/> Add'l Phone #:
Relinquished By: <u>Keith Cannon</u>		Date: _____	Received By: _____	Fax Result: <input type="checkbox"/> No <input type="checkbox"/> Add'l Fax #:
Delivered By: (Circle One)		Temp. _____	Sample Condition	CHECKED BY: (Initials) <u>MCAS</u>
Sampler - UPS - Bus - Other:			Cool Intact	
			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
			<input type="checkbox"/> No <input type="checkbox"/> No	

REMARKS:
Kcannon@hexcoenergy.com

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

Pearsall 6 Federal #9
1750' FSL & 1060' FEL
Sec 6, T18S, R32E
Lea Co. N.M.



All Samples Taken at 2" +/-

RECEIVED

District I
1625 N. French Dr., Hobbs, NM 88240
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MAR 17 2009

HOBBSOCD

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Energy Minerals and Natural Resources
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1220 South St. Francis Dr.
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Revised October 10, 2003

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District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR Initial Report Final Report

Name of Company NADEL AND GUSSMAN HEYCO, LLC	Contact Keith Cannon or Tammy R. Link
Address PO Box 1936, Roswell 88202-1936	Telephone No. (505) 623-6601
Facility Name Pearsall 6 Federal #9	Facility Type

Surface Owner USA	Mineral Owner State of New Mexico	Lease No. API 30-025-39135
-------------------	-----------------------------------	----------------------------

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
8 I	6	18S	33E 32	1750'	S	1,060'	E	Lea

Latitude: ³² 32.774049°N Longitude 103.800106°W

NATURE OF RELEASE

Type of Release - 15 bbls of oil	Volume of Release 15 bbls	Volume Recovered 0
Source of Release	Date/Hour of Release 3/1/08 7:57am	Date/Hour Discovered 3/2/09 1:00 pm
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Geoff Lekint w/Hobbs OCD	
By Whom? Keith Cannon	Date and Hour 2:30 pm	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

WATER @ 260'

Describe Cause of Problem and Remedial Action Taken.*
Back pressure valve on wellhead plugged with paraffin, causing packing to blow out.

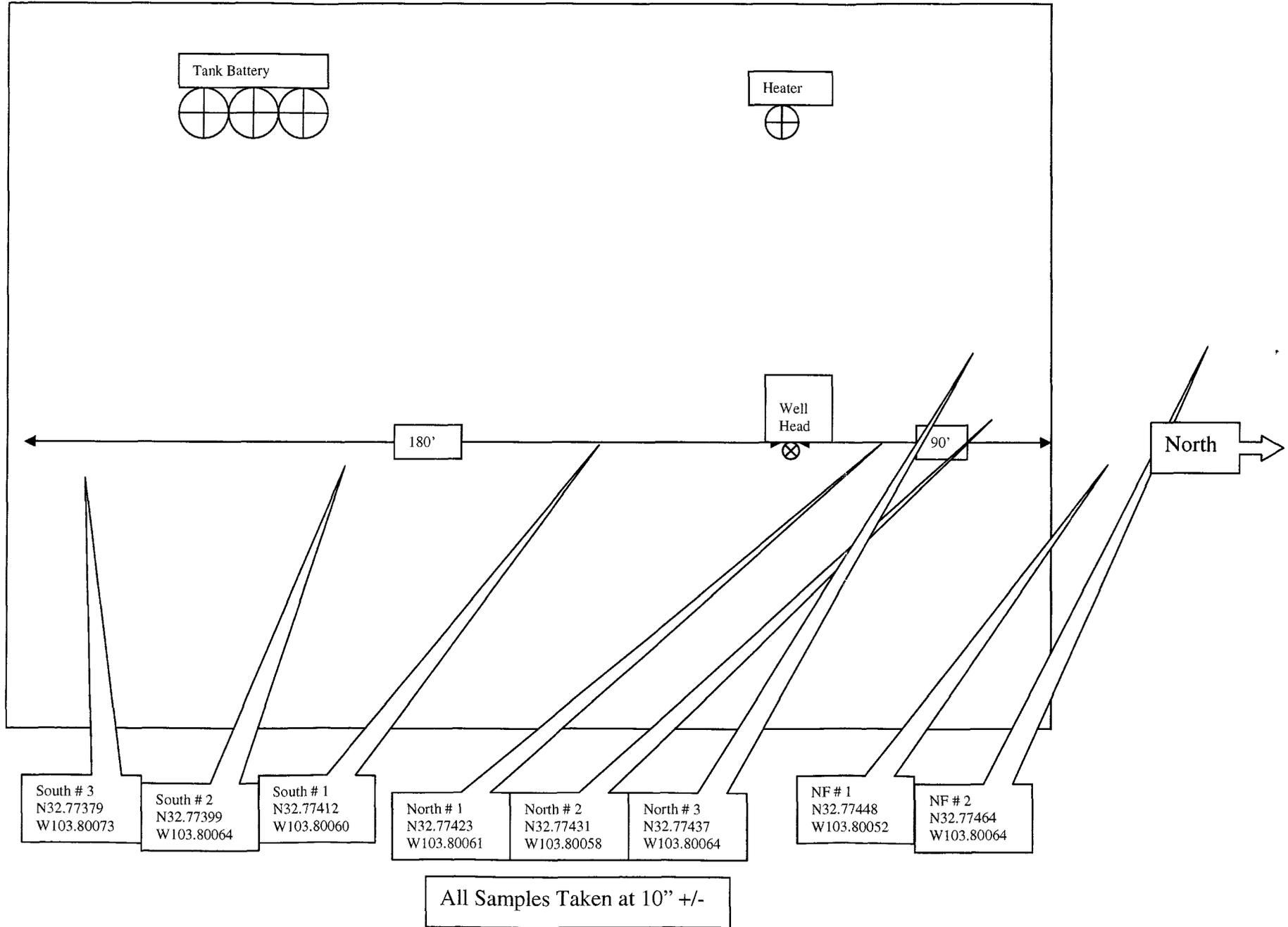
Describe Area Affected and Cleanup Action Taken.*
Remediation clean-up, sprayed w/1000 gals of water of 30 gals of micro-blaze. Dug up and hauled off contaminate dirt and caliche and hauled CRI and laid down fresh caliche on well pad. Will re-sample in 30 days.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature <i>Tammy R. Link</i>	OIL CONSERVATION DIVISION	
Printed Name: Tammy Link	Approved by District Supervisor: <i>Geoffrey Lehman</i>	
Title: Engineering Tech	Approval Date: 06/26/09	Expiration Date: -
E-mail Address: tlink@heycoenergy.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 3-16-09 Phone: (505)623-6601		IRP-09.3.2124

* Attach Additional Sheets If Necessary

Pearsall 6 Federal #9
1750' FSL & 1060' FEL
Sec 6, T18S, R32E
Lea Co. N.M.





ANALYTICAL RESULTS FOR
 NADAL AND GUSSMAN HEYCO, LLC.
 ATTN: KEITH CANNON
 P.O. BOX 1936
 ROSWELL, NM 88202
 FAX TO: (575) 624-5321

Receiving Date: 03/05/09
 Reporting Date: 03/06/09
 Project Owner: NOT GIVEN
 Project Name: PEARSALL
 Project Location: PEARSALL 6 FEDERAL #9

Sampling Date: 03/05/09
 Sample Type: SOIL
 Sample Condition: INTACT
 Sample Received By: CK
 Analyzed By: AB/ZL/HM

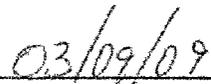
LAB NO.	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)	CI* (mg/kg)
ANALYSIS DATE:		03/05/09	03/05/09	03/05/09	03/05/09	03/05/09	03/05/09	03/05/09
H17019-1	SOUTH #1	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	2,080
H17019-2	SOUTH #2	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	272
H17019-3	SOUTH #3	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	752
H17019-4	NORTH #1	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	1,700
H17019-5	NORTH #2	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	48
H17019-6	NORTH #3	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	< 16
H17019-7	NF #1	<10.0	117	<0.050	<0.050	<0.050	<0.300	368
H17019-8	NF #2	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	< 16
Quality Control		510	592	0.051	0.051	0.050	0.151	500
True Value QC		500	500	0.050	0.050	0.050	0.150	500
% Recovery		102	118	102	102	100	101	100
Relative Percent Difference		1.2	2.9	5.4	1.0	1.2	<1.0	<0.1

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8021B; CI-: Std. Methods 4500-CI-B

*Analyses performed on 1:4 w:v aqueous extracts.

TEXAS NELAP CERTIFICATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE,
 AND TOTAL XYLENES.


 Lab Director
 H17019 TBCL HEYCO


 Date

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ARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

(575) 393-2325 Fax (575) 393-2476

Page ____ of ____

Company Name: <i>Nadel and Cassman HECO, LLC</i>		BILL TO		ANALYSIS REQUEST											
Project Manager: <i>Keith Cannon</i>		P.O. #: <i>1936</i>													
Address: <i>P.O. Box 1936</i>		Company:													
City: <i>Roswell</i> State: <i>NM</i> Zip: <i>88202</i>		Attn: <i>Keith</i>													
Phone #: <i>575-623-6601</i> Fax #: <i>575-624-5321</i>		Address:													
Project #: _____ Project Owner:		City: <i>Roswell</i>													
Project Name: <i>Pearson</i>		State: <i>NM</i> Zip: <i>88202</i>													
Project Location: <i>Pearson & Federal # 9</i>		Phone #: <i>575 623-6601</i>													
Sampler Name:		Fax #: <i>575 624-5321</i>													

FOR LAB USE ONLY		(C)RAB OR (C)OMP.	# CONTAINERS	MATRIX					PRESERV.		SAMPLING		DATE	TIME	C1	BTEX	TPH	8015
Lab ID	Sample ID			GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACID/BASE	ICE / COOL	OTHER						
H17019-1	South #1					✓						3/5/09	8:10	✓	✓	✓		
-2	South #2												8:20					
-3	South #3												8:25					
-4	North #1												8:30					
-5	North #2												8:35					
-6	North #3												8:40					
-7	NF #1												8:55					
-8	NF #2												8:58					

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Sampler Relinquished:		Date:	Received By:	Phone Result:	<input type="checkbox"/> No	Add'l Phone #:
		Time:		Fax Result:	<input type="checkbox"/> No	Add'l Fax #:
Relinquished By:		Date:	Received By:	REMARKS:		
<i>Keith Cannon</i>		<i>3/5/09</i>	<i>Alv Moore</i>	<i>kcannon@hecoenergy.com</i>		
Delivered By: (Circle One)		Time:				
Sampler - UPS - Bus - Other:		Temp.	Sample Condition	CHECKED BY:		
			Cool Intact	(Initials)		
			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>ck</i>		

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.