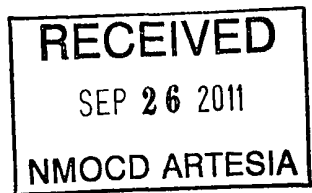


30-015-39468

Surface Use Plan
Nadel and Gussman Heyco. LLc
Taylor 12 Federal #10
Unit A Section 12, T18S, R31E
400' FNL & 380' FWL
Eddy County, New Mexico



1. **Existing Roads:**
Exhibit A is a portion of a New Mexico map showing the location of the proposed location. The location is approximately 15 miles south east of Loco Hills, NM. Leave Loco Hills on US 82 & travel East 10 miles & turn South east on State Hwy 529. Go 7 miles & turn right on Co road 126 (Maljamar Rd). Go 2.5 miles, Turn right onto caliche road. Go 0.7 miles turn right. Go 0.4 mile turn left. Go 0.6 mile turn stay to the right Go 0.7 miles turn left And Go 0.3 mile to turn left, Go 0.3 miles to location.
2. **Planned Access Roads:**
No new road will be built to access this location
3. **Location of Existing Wells:**
See EXHIBIT B From the surveying company / vicinity map
4. **Location of Tank Batteries, Electric Lines, Etc:**
 - a. In the event the well is found productive, the Taylor 12 Federal 10 tank battery would be utilized and the necessary production equipment will be installed on the south east side of location
 - b. The electric line will come off of the Taylor Deep 12 Federal 6
5. **Location and Type of Water Supply:**
This location will be drilled using a combination of water mud systems (out line in the drilling program). Water will be obtained from commercial water stations in the area and hauled in by transport truck
using the existing and proposed roads shown in the C-102.
6. **Source of Construction Material:**
 - a. All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM / State approved pit
Or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. All
 - b. Top soil will be stock pile on the east north east side of the location.
7. **Methods of Handling Waste Disposal:**
 - a. All trash, junk, and other waste material will be contained in trash cages or trash bin to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill. The wellsite will be cleaned of all waste within 30 days of final completion of the well.
 - b. A porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
 - c. Disposal of fluids to be transported by trucks to a nearby approved disposal.
8. **Ancillary Facilities:**
N/A
9. **Wellsite Layout:**
 - a. EXHIBIT D shows the relative location and dimensions of the well pad, and major rig components.

b. The land is relatively flat with sandy soil

c. The pad area have been staked.

10. Plan for Restoration of the Surface:

a. After drilling and completion operations are completed, all equipment and other materials not needed for further operations will be removed. The location cleaned of all trash to leave the wellsite as pleasant in appearance as possible.

b. If the proposed operation is nonproductive, all restoration and/or vegetation requirements of the BLM will be complied with, and will be accomplished as quickly as possible within 90 days after abandonment.

c. Top soil will be stock pile on the east north east side of location. We plan to reduce location down to 250 x 185, See location layout.

11 Other Information:

a. The mineral and surface owner is the Federal Government, Land and Grazing leasing
Billy Williams & son cattle Co

b. The topography consists of sandy soil with native grasses. No wildlife was observed, but the usual inhabitants of this region are Jackrabbits, Reptiles, Coyotes, etc.

c. There are no ponds, lakes, or rivers in this area

d. An Archaeological Survey has been made and a copy has been sent to the Carlsbad BLM office. There is no evidence of any significant archaeological, historical, or cultural sites in the area. Further, there are no occupied dwellings or windmills in the area.

e. Should any incidental oil be recovered during testing of this well, this oil will be considered waste oil and not sellable due to contamination by drilling and/or completion fluids.

f. Before any construction begins, the Taylor Deep 12 Federal #6 tank battery, gas meter, and electric line will have to be move to the west side of the Taylor Deep 12 Federal #6 location.

12. Operator's Representative:

The Nadel and Gussman HEYCO, LLC Company representatives responsible for ensuring compliance of the surface

Use plan are listed below.

Keith Cannon, Drilling Superintendent
Nadel and Gussman Heyco, LLC
P.O. Box 1936
Roswell, NM 88202
505-623-6601

Jason Goss, Drilling Engineer
Nadel and Gussman Permian
601 N. Marienfeld Suite 508
Midland, Tx 79701
(432) 682-4429

OPERATOR CERTIFICATION

I certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal Laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true, and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 10 day of August 2011

Name: Keith Cannon

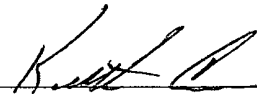
Position: Drilling Superintendent

Address: P.O. Box 1936, Roswell, NM 88202

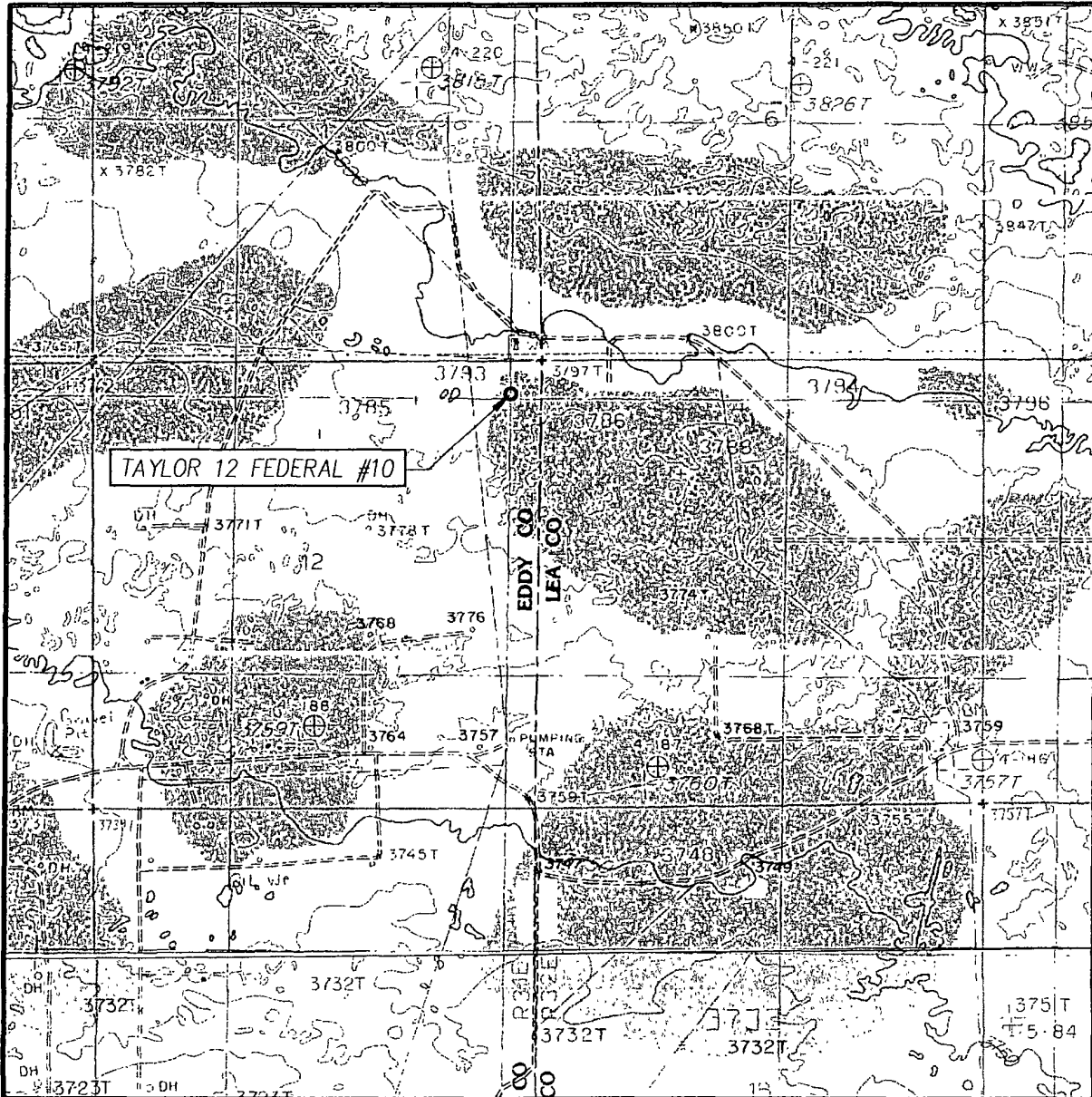
Telephone: 575-623-6601

Email: kcannon@heycoenergy.com

Signed: _____



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MALJAMAR, N.M. - 10'
GREENWOOD LAKE, N.M. - 10'

SEC. 12 TWP. 18-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 400' FNL & 380' FEL

ELEVATION 3796'

OPERATOR NADEL AND GUSSMAN HEYCO, LLC

LEASE TAYLOR 12 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
MALJAMAR, N.M.



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 12 TWP. 18-S RGE. 31-E

SURVEY N.M.P.M.

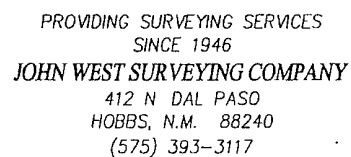
COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 400' FNL & 380' FEL

ELEVATION 3796'

OPERATOR NADEL AND
GUSSMAN HEYCO, LLC

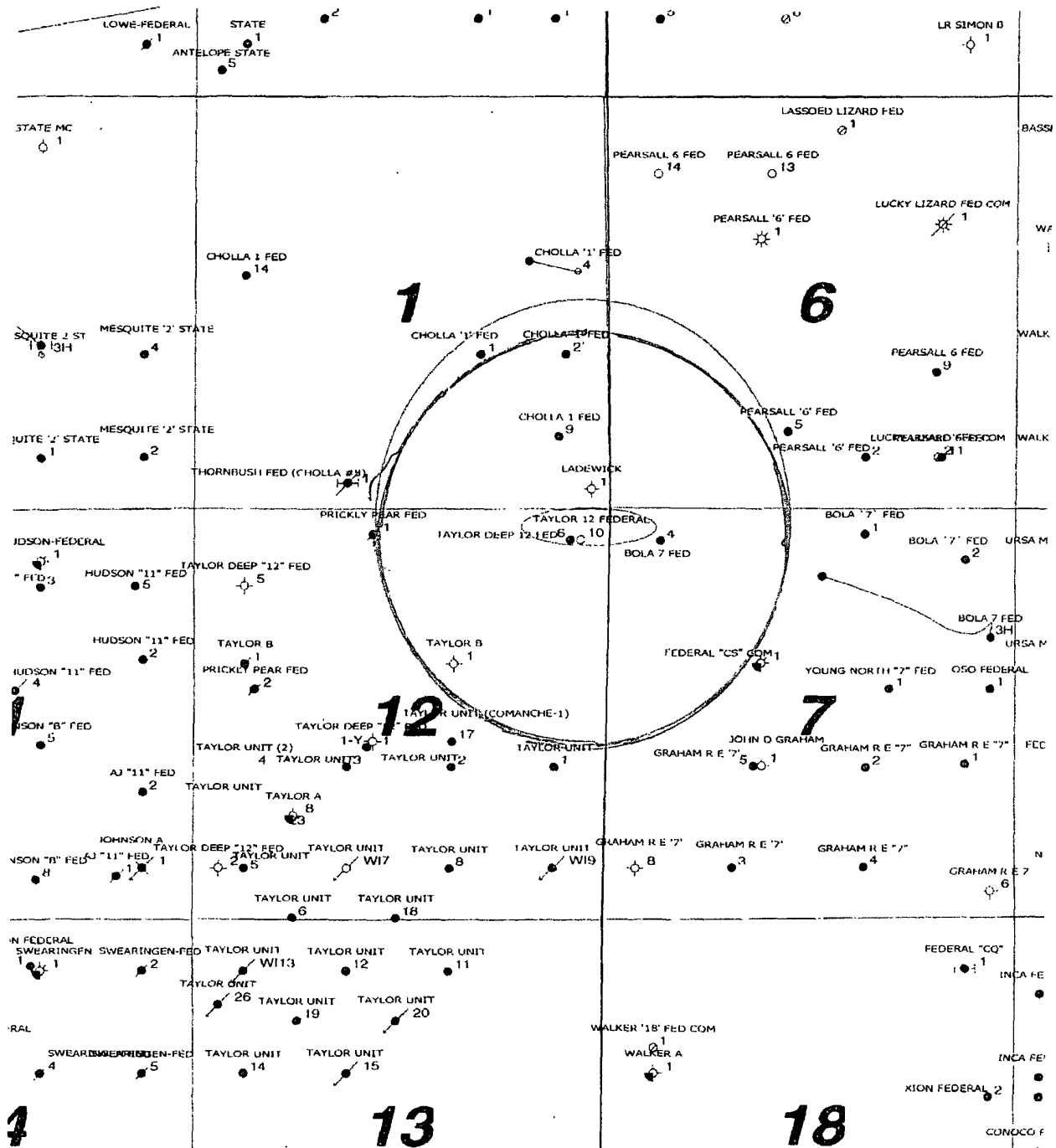
LEASE TAYLOR 12 FEDERAL.



PROVIDING SURVEYING SERVICES
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(575) 393-3117

Taylor 12 Federal #10

T-18-S, R-31-E, Section 12



LEGEND

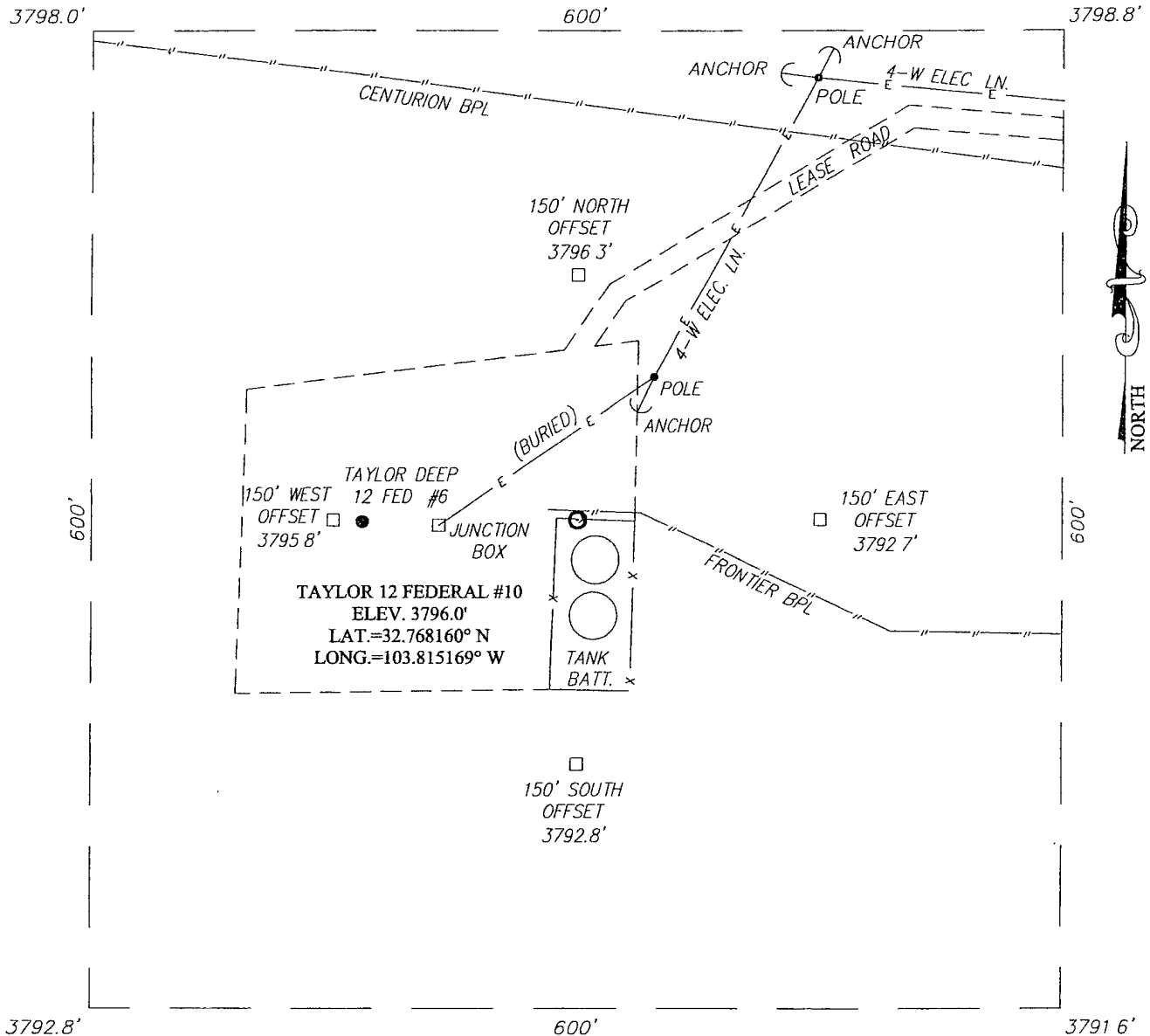
- OIL
- OIL-PLUGGED
- DRY HOLE
- LOCATION
- GAS

○ 1 mi from surface location

SECTION 12, TOWNSHIP 18 SOUTH, RANGE 31 EAST, N.M.P.M.

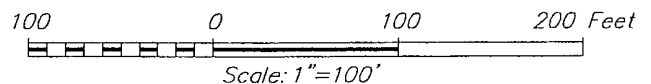
EDDY COUNTY

NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST. HWY. 529 AND CO. RD. #L126 (MALJAMAR RD.), GO SOUTH ON CO. RD. #126 APPROX. 2.5 MILES. TURN RIGHT AND GO WEST APPROX. 0.6 MILES. TURN RIGHT AND GO NORTHWEST APPROX. 1.0 MILE. TURN LEFT AND GO WEST APPROX. 0.25 MILES. TURN LEFT AND GO SOUTH APPROX. 0.1 MILE. TURN RIGHT AND GO NORTHWEST APPROX. 0.25 MILES TO THE TAYLOR DEEP 12 FED. #6. THE LOCATION STAKE IS 130 FEET EAST.



PROVIDING SURVEYING SERVICES
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JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

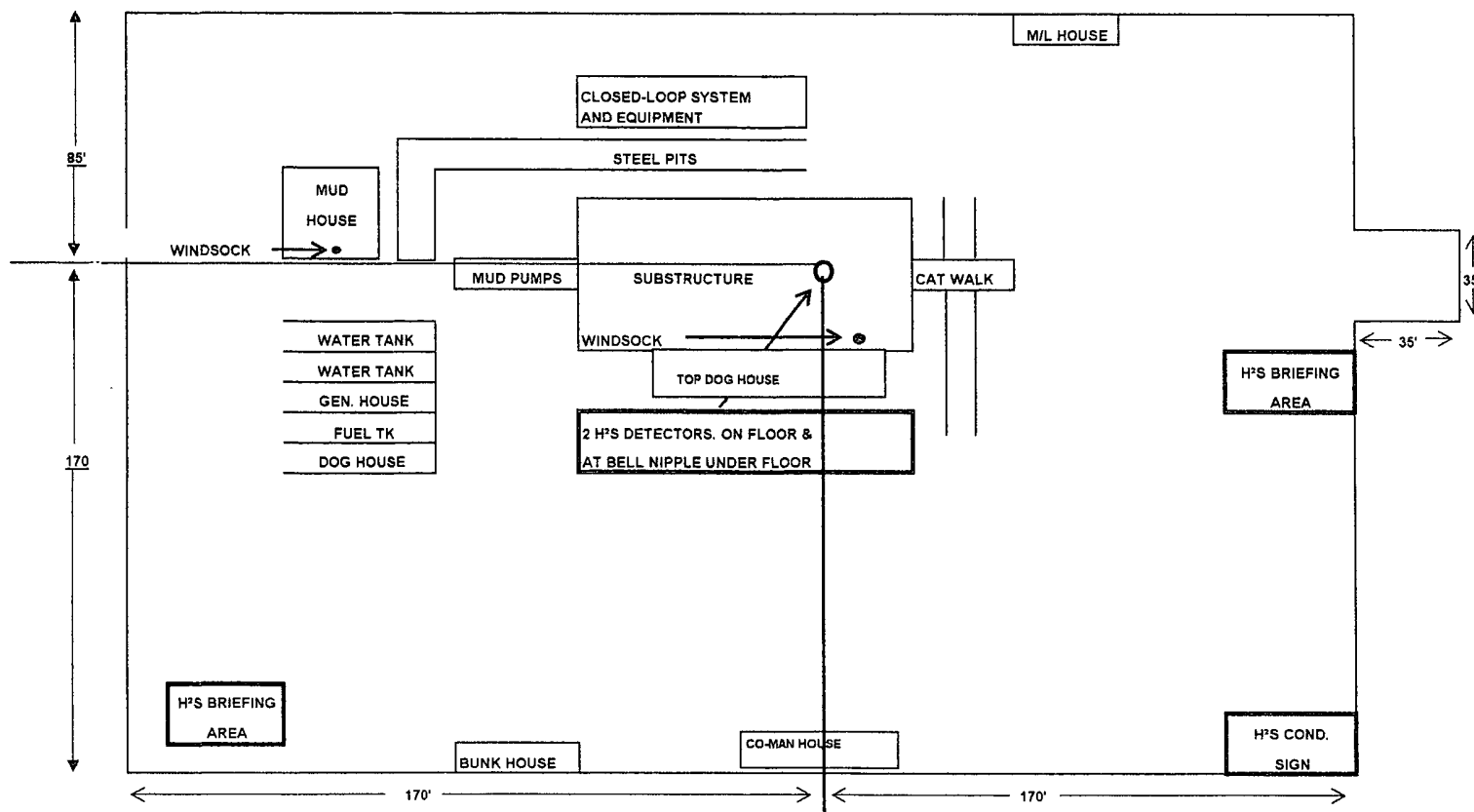
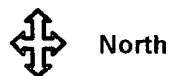
NADEL AND GUSSMAN HEYCO, LLC

TAYLOR 12 FEDERAL #10 WELL
LOCATED 400 FEET FROM THE NORTH LINE
AND 380 FEET FROM THE EAST LINE OF SECTION 12,
TOWNSHIP 18 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 7/21/11	Sheet 1 of 1 Sheets
W O Number: 11.11.1470	Dr By: LA Rev 1
Date: 8/3/11	11111470 Scale: 1"=100'

EXHIBIT "I" LOCATION DIAGRAM

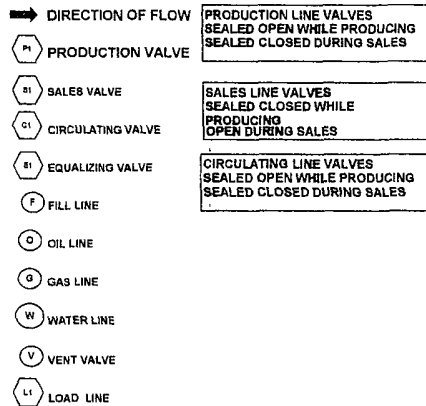
Taylor 12 Federal #10
 400' FNL & 380' FEL
 Unit A, SEC 12, T18S, R31E
 Eddy County, NM



Interim Reclamation

Nadel & Gussman HEYCO
Taylor 12 Federal 10
400' FNL & 380' FEL
SEC 12, T18S, R31E
EDDY COUNTY, NM

THIS LEASE IS SUBJECT TO THE SITE SECURITY PLAN
FOR SOUTHEAST NEW MEXICO OPERATIONS. THE PLAN
IS LOCATED AT:
NADEL AND GUSSMAN HEYCO, LLC
500 NORTH MAIN SUITE ONE
ROSWELL, NM



Shaded area to be
reclaimed

