

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

RECEIVED

MAR - 9 2012

NMOCD ARTESIA

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

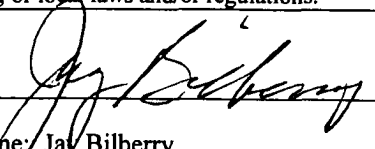
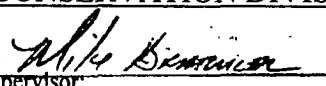
<i>NMLB1206930443</i>	<i>258462</i>	OPERATOR	X Initial Report <input type="checkbox"/> Final Report
Name of Company: Nadel & Gussman HEYCO, LLC		Contact: Jay Bilberry	
Address: PO Box 1936, Roswell, NM 88202		Telephone No.: 575-748-7662	
Facility Name: Rock Island 16 State 1H		Facility Type: Oil Well (Drilling) API No.: 30-015-38461	
Surface Owner: NMSU and NM		Mineral Owner	Lease No.

LOCATION OF RELEASE

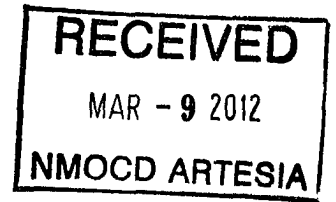
Unit Letter	Section 16	Township 18S	Range 26E	Feet from the 2260	North/South Line North	Feet from the 1650'	East/West Line East	County Eddy
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Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release: Hydrocarbon and water.	Volume of Release: Unknown	Volume Recovered: None
Source of Release: Wellhead blowout.	Date and Hour of Occurrence: 3/7/12 at approximately 1430	Date and Hour of Discovery: 3/7/12 at approximately 1430
Was Immediate Notice Given? X Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher	
By Whom? Keith Cannon	Date and Hour: 3/7/12 at approximately 1515	
Was a Watercourse Reached? <input type="checkbox"/> Yes X No	If YES, Volume Impacting the Watercourse. N/A	
If a Watercourse was Impacted, Describe Fully.* N/A		
Describe Cause of Problem and Remedial Action Taken.* <p>The blowout occurred during the time NGH had opened the backside of the well and finding the well in a static condition, nipped down the wellhead in preparation to set the blowout preventer (BOP). The BOP was over the 2-7/8" tubing when the kick hit before it could be properly set due to a pressure increase that prevented it from being tightened down. Subsequently, the BOP did not seal on the flange due to the fact the bolts could not be securely fastened because of the high pressure fluid velocity coming out of the well.</p>		
Describe Area Affected and Cleanup Action Taken.* <p>NGH contacted CUDD Well Control who is currently on location and has made their assessment of the well conditions. Following this, a fresh water mist system was set up over the wellhead to ensure reduced fire danger. Berms were pushed up to contain discharged fluids on location that will be hauled off by vacuum trucks to an authorized disposal site. Detailed environmental remediation will be implemented when the well is returned to normal operating status, due to safety concerns.</p>		
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: 	OIL CONSERVATION DIVISION	
Printed Name: Jay Bilberry	Signed By  Approved by District Supervisor:	
Title: Production Superintendent	Approval Date: MAR 09 2012	Expiration Date:
E-mail Address: bilberry@plateau.net	Conditions of Approval: Remediation per OCD Rules & Guidelines. SUBMIT REMEDIATION PROPOSAL NOT LATER THAN: <i>4/9/2012</i>	Attached <input type="checkbox"/>
Date: 8 March 2012 Phone: 575-748-7662	<i>2RA-1057</i>	

* Attach Additional Sheets If Necessary



Mr. Jay Bilberry
Production Superintendent
NADEL & GUSSMAN HEYCO, LLC
PO Box 1936
Roswell, New Mexico 88202

8 March 2012

Mr. Mike Bratcher
OIL CONSERVATION DIVISION
District 2
811 South First Street
Artesia, NM 88210

Re: Rock Island 16 State No. 1H Blowout *Corrective Action Plan* (API No.: 30-01538461)

Dear Mr. Bratcher:

On 7 March 2012, at approximately 1430 Hrs., Nadel & Gussman HEYCO, LLC (NGH) had a blowout occur on the Rock Island 16 State No. 1H located in Sec 16, T18S, R26E, 2260' FNL and 1650' FEL in Eddy County, New Mexico during active workover operations at approximately 2,000'.

The blowout occurred during the time NGH had opened the backside of the well and finding the well in a static condition, nipped down the wellhead in preparation to set the blowout preventer (BOP). The BOP was over the 2-7/8" tubing when the kick hit before it could be properly set due to a pressure increase that prevented it from being tightened down. Subsequently, the BOP did not seal on the flange due to the fact the bolts could not be securely fastened because of the high pressure fluid velocity coming out of the well. As a result of a continual blowout, NGH had the vacuum truck disconnected from the backside and moved out of harms way. Currently, the top seal and the tubing rams are holding on the 2-7/8" tubing.

NGH contacted CUDD Well Control who is currently on location and has made their assessment of the well conditions. Following this, a fresh water mist system was set up over the wellhead to ensure reduced fire danger. Berms were pushed up to contain discharged fluids on location that will be hauled off by vacuum trucks to an authorized disposal site.

NGH is keeping all interested parties apprised of infield conditions, as is appropriate. From the beginning, the New Mexico Oil Conservation Division (NMOCD), the New Mexico State University, Lands Division (NMSU) and all appropriate Eddy County and New Mexico state authorities have been continuously informed of the blowout situation.

Thank you for your assistance. Please call should you have questions.

Sincerely,

Jay Bilberry