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

Form C-141 Revised October 10, 2003

NMOCD ARTESIAL Copies to appropriate
With Rule 116 on back
side of form

Release Notification and Corrective Action

Name of Company: Nadel & Gussman HEYCO, LLC Contact: Jay Bilberry Address: PO Box 1936, Roswell, NM 88202 Telephone No.: \$35-748-7662	NMLB 120	164304	43		258462		JPEKAT	UR	X	Initial	Report		inal Kepor	
Facility Name: Rock Island 16 State IH	Name of Co	mpany: N	adel & Guss	sman HE	YCO, LLC		Contact: Ja	y Bilberry						
Surface Owner: NMSU and NM	Address: PO	Box 193	6, Roswell,	Telephone No.: 575-748-7662										
Surface Owner: NMSU and NM	Facility Nan	ne: Rock Is	sland 16 Sta	te 1H			Facility Typ	e: Oil Well (Dri	illing)	AI	PI No.: 30)-015-3	8461	
Location Free Location Township Range See Peet from the North/South Line Feet from the East-West Line County		\D.(0)	1 1277 (10. 10									
Unit Letter Section Township Range 26E Peet from the North/South Line Feet from the 1650' East East Eddy	Surface Owner, NIVISO and NIVI Milleral Owner Lease No.													
Latitude Longitude					LOCA	TIOI	N OF REI	LEASE						
Type of Release: Hydrocarbon and water. Volume of Release: Unknown Source of Release: Wellhead blowout. Was Immediate Notice Given? X Yes	Unit Letter	1			Į.				l			•		
Yolume of Release: Hydrocarbon and water.				Lat	titude		Longitud	le						
Date and Hour of Occurrence: Date and Hour of Occurrence: Syrif 2 at approximately 1430	NATURE OF RELEASE													
Was Immediate Notice Given? X Yes No Not Required By Whom? Keith Cannon Was a Watercourse Reached? Yes X No Try Es, To Whom? Was a Watercourse was Impacted, Describe Fully.* N/A Describe Cause of Problem and Remedial Action Taken.* The blowout occurred during the time NGH had opened the backside of the well and finding the well in a static condition, nippled down the wellhead in preparation to set the blowout preventer (BOP). The BOP was over the 2-7/8" tubing when the kick hil 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. Describe Area Affected and Cleanup Action Taken.* 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 safely concems. Thereby 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 release which may endanger public health or the environment. The acceptance of a C-141 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	Type of Release: Hydrocarbon and water.							Volume of Release: Unknown Volume Recovered: None						
Note														
By Whom? Keith Cannon Was a Watercourse Reached? Yes X No If a Watercourse was Impacted, Describe Fully.* N/A Describe Cause of Problem and Remedial Action Taken.* The blowout occurred during the time NGH had opened the backside of the well and finding the well in a static condition, nippled 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 lightneed down. Subsequently, the BOP did not seal on the flange due to the fact the bolts could not be securely fastaned because of the high pressure fluid velocity coming out of the well. Describe Area Affected and Cleanup Action Taken.* 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 safely concerns. Thereby 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. OIL CONSER	Was Immedia	te Notice G		Yes 🔲	No 🔲 Not Requ	ired								
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Signature: Printed Name: Jay Bilberry Approved by District Supervisor: Approval Date Approval: E-mail Address: bilberry@plateau.net Date: 8 March 2012 Phone: 575-748-7662 Attach Additional Sheets If Necessary Approval Date Approval: Remediation per OCD Rules & Attached Guidelines. SUBMIT REMEDIATION PROPOSAL NOT LATER THAN: PROPOSAL NOT LATER THAN: Approved by District Supervisor: Approved By Miles Submits approved. Approved By Miles Su	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.													
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Title: Production Superintendent E-mail Address: bilberry@plateau.net Date: 8 March 2012 Phone: 575-748-7662 Attach Additional Sheets If Necessary Approval Date! Approval: Remediation per OCD Rules & Guidelines. SUBMIT REMEDIATION PROPOSAL NOT LATER THAN: PROPOSAL NOT LATER THAN:	Signature: A Colored							Signed By Mile Brance						
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MAR - 9 2012

NMOCD ARTESIA

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, nippled 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.

Jay Belberry

Sincerely,

Jay Bilberry