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NADEL AND GUSSMAN HEYCO, LLC
500 N. Main Street, Suite One - P. O. Box 1936
Roswell, New Mexico 88202-1936
(575) 623-6601 – Fax (575) 627-2427

February 28, 2013

Bureau of Land Management
Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220

Attention: Deputy Minerals Manager for Oil and Gas

RECEIVED OGD
2013 MAR -4 P 1:31

Re: Young Deep Unit
Contract #14-08-0001-18042
T-18S, R-32E, N.M.P.M.
Lea County, New Mexico
2013 Plan of Development
and Operation

Ladies & Gentlemen:

Nadel and Gussman HEYCO, LLC (NGH), as Unit Operator, submits its 2013 Plan of Development and Operation (in triplicate) as prescribed by Section 10 of the Young Deep Unit Agreement. This plan covers the Participating Areas for the Bone Spring, Delaware, Wolfcamp and Morrow Formations in the Young Deep Unit.

In this regard, we are enclosing a current Unit map showing all existing wells, roads and flowlines, and maps showing the current Participating Area boundaries. Maps showing CONFIDENTIAL geologic data pertinent to the producing formations have not changed since the 2012 POD, but are also enclosed. A complete updated well listing, showing the status of all wells thru 2012, is also included.

Nearly all of the Young Deep Unit wells produce from the Bone Spring Fm. in the Young, North Pool. Exceptions are the three water injection wells (YDU #5, YDU 3 Fed. #1 and YDU #16 (recently reactivated) utilized for Bone Spring Carbonate pressure maintenance, two wells producing from the Delaware Mountain Group (YDU #28 and #34), and one current Wolfcamp producer (YDU #1). The following Unit wells have been permanently plugged: YDU #3 (12/4/1984), YDU #19 (6/16/1986), YDU #35 (6/12/1992), YDU 3 Fed. #3 (8/6/1993), YDU #27 (12/15/1993), YDU 4 Fed. #1 (8/8/1996), YDU #2 (8/17/2005), YDU 3 Federal #4 (3/29/2011) and the YDU #4 (8/26/2011). (See the enclosed status list of Unit wells.)

NGH is continuing to evaluate ongoing technological advances in stimulation and horizontal drilling and is establishing a new internal economic guideline for successful economic

well completions utilizing such technology. The tight Bone Spring Sands in the northern Delaware Basin of Southeast New Mexico, which produce in the Unit, have seen aggressive industry activity in the last 5 years driven by horizontal drilling and fracture stimulation advances. NGH is hesitant to proceed quickly with horizontal drilling plans because of the results from the re-entry of the plugged YDU #14 in 2005. This horizontal lateral (the #14H) in the Bone Spring 2nd Sand (see attached Unit Type Log) was drilled as a slim hole out of the existing 5 1/2" casing. A thorough review of the drilling and completion operations and production data has determined that horizontal drilling in old well workovers are unsuitable for infill development of the Young Deep Unit because of mechanical and pressure limitations; therefore, NGH will not be re-entering additional YDU wells for the drilling of slimhole horizontal laterals. NGH has, however, internally proposed a horizontal test in the S/2S/2 of Section 10 for a late 2012 or 2013 drilling program. Devon has completed a horizontal 2nd Bone Spring Sand well offsetting the NGH YDU location in the N/2N/2 of Section 15, T18S-R32E. NGH is currently evaluating the economics of this completion, and could propose to our Unit partners later this year the YDU #40H test to minimize possible competitive drainage. The early 2012 workover completion of the YDU #39 in the SE/4 of Section 10, T18S-R32E into the Bone Spring 2nd Sand, while successful, has not been totally encouraging in economic support of drilling the YDU #40H.

Important 2012 NGH Unit operations included the activation of the YDU #8, #9, #21 #33 oil wells and #16 Water Injection well, all of which had been recently down for repairs and inactive. The YDU #39 workover mentioned above again results in the Unit not having an active gas well within any Morrow proration unit and Participating Area. The Gas zones that have been left or bypassed due to current economic expectations will be addressed in future Plan of Development submittals, should gas prices rebound. Additionally, in 2013 NGH will continue to evaluate the YDU #14H, which is currently inactive, for possible workover or ultimate plugging.

Based on the information submitted herewith, NGH respectfully requests the Bureau of Land Management approve this 2013 Plan of Development and Operation. We will be glad to supply further information, if such is required.

Respectfully submitted,



Colby Booth, Landman
Nadel and Gussman HEYCO, LLC

MVR/GKY/CB/ww
Enclosures

YDUPOD2013.doc/Land:YDU#3

xc: Oil Conservation Division (w/encl.)
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87505
Attn: Sr. Petroleum Geologist

**DOI Bureau of Land Management - CARLSBAD FIELD OFFICE
YOUNG DEEP UNIT POD ATTACHMENTS**

Status of all Wells within the Unit

#	WELL NAME AND NUMBER	API NUMBER	COMP DATE	PROD ZONE	STATUS
1.	YOUNG DEEP UNIT 1	30025266400003	10/30/1990	WOLFCAMP	ACTIVE
2.	YDU 2	30025271210000	8/17/2005	BONE SPRING	P&A
3.	YDU 3	30025272290000	12/04/1984		D&A - PLUGGED
4.	YDU 4	30025273000000	7/2/1981	BONE SPRING	P&A
5.	YDU 5	30025273360000	10/31/1983		ACTIVE-WIW
6.	YDU 6	30025274770001	4/21/1994	BONE SPRING	ACTIVE
7.	YDU 7	30025275470001	11/29/1994	BONE SPRING	ACTIVE
8.	YDU 8	30025275350201	11/19/1987	BONE SPRING	ACTIVE
9.	YDU 9	30025284000001	10/23/2009	BONE SPRING	ACTIVE
10.	YDU 10	30025284730000	2/3/1984	BONE SPRING	ACTIVE
11.	YDU 11	30025287930001	12/25/1993	BONE SPRING	ACTIVE
12.	YDU 12	30025308660000	4/6/1990	BONE SPRING	ACTIVE
13.	YDU 13	30025289660000	12/20/1985	BONE SPRING	ACTIVE
14.	YDU 14H	30025290150101	12/16/2005	BONE SPRING	INACTIVE - UNDER EVAL
15.	YDU 15	30025290460000	7/5/1985	BONE SPRING	ACTIVE
16.	YDU 16	30025290470000	3/30/1993	BONE SPRING	ACTIVE-WIW
17.	YDU 17	30025290600000	4/17/1985	BONE SPRING	ACTIVE
18.	YDU 18	30025313590000	9/27/1991	BONE SPRING	ACTIVE
19.	YDU 19	30025292780000	6/16/1986		D&A - PLUGGED
20.	YDU 20	30025309240000	11/21/1990	BONE SPRING	ACTIVE
21.	YDU 21	30025322880001	9/4/2009	BONE SPRING	ACTIVE
22.	YDU 22	30025292530000	7/6/1985	BONE SPRING	ACTIVE
23.	YDU 23	30025298960000	1/9/1988	BONE SPRING	ACTIVE
24.	YDU 24	30025307830000	7/26/1990	BONE SPRING	ACTIVE
25.	YDU 25	30025331730000	1/22/1996	BONE SPRING	ACTIVE
26.	YDU 26	30025309520000	10/5/1990	BONE SPRING	ACTIVE
27.	YDU 27	30025309760000	12/15/1993		D&A - PLUGGED
28.	YDU 28	30025310480000	4/3/1992	DELAWARE	ACTIVE
29.	YDU 29	30025312990000	9/12/1991	BONE SPRING	ACTIVE
30.	YDU 30	30025331740000	12/22/1995	BONE SPRING	ACTIVE
31.	YDU 31	30025310930000	5/13/1991	BONE SPRING	ACTIVE
32.	YDU 32	30025333150000	4/14/1996	BONE SPRING	ACTIVE
33.	YDU 33	30025334620000	8/24/1996	BONE SPRING	ACTIVE
34.	YDU 34	30025314670000	12/24/1991	DELAWARE	ACTIVE
35.	YDU 35	30025315960000	6/12/1992		D&A - PLUGGED
36.	YDU 36	30025336420000	11/28/1996	BONE SPRING	ACTIVE
37.	YDU 37	30025336430000	12/14/1996	BONE SPRING	ACTIVE
38.	YDU 38	30025338640000	12/25/1997	BONE SPRING	ACTIVE
39.	YDU 39	30025381790001	4/6/2007	MORROW	ACTIVE-RECOMPL 2012
40.	YDU 40H	3002540820		BONE SPRING	PROPOSED NEW DRILL
41.	YOUNG DEEP UNIT 3 FED 1	30025273690000	12/1/1990	BONE SPRING	ACTIVE-WIW
42.	YDU 3 FED-2	30025289070000	11/19/1984	BONE SPRING	ACTIVE
43.	YDU 3 FED-3	30025275340000	8/6/1993	BONE SPRING	P&A
44.	YDU 3 FED-4	30025284810000	4/18/1984	BONE SPRING	P&A
45.	YDU 3 FED-5	30025287180000	6/30/1984	BONE SPRING	ACTIVE
46.	YDU 4 FED-1	30025268130000	8/8/1996	BONE SPRING	P&A
47.	YDU 4 FED-2	30025276790102	5/7/1995	BONE SPRING	ACTIVE
48.	YDU 4 FED-3	30025292680000	10/3/1985	BONE SPRING	ACTIVE

S U M M A R Y

YDU WELLS WITH INDIVIDUAL TANKS

YOUNG-DEEP UNIT 1
YDU 12
YDU 14H
YDU 18
YDU 20
YDU 23
YDU 24
YDU 25
YDU 28
YDU 29
YDU 30
YDU 31
YDU 32
YDU 33
YDU 34
YDU 36
YDU 37
YDU 38
YDU 39

YDU WELLS GOING TO YDU 1 - BATTERY

YDU 6
YDU 7
YDU 8
YDU 9
YDU 10
YDU 21
YDU 26
YDU 4 FED-2

YDU WELLS GOING TO YDU 25 - BATTERY

YDU 25
YDU 30
YDU 32
YDU 33

YDU WELLS GOING TO YDU 36 - BATTERY

YDU 36
YDU 37

YDU WELLS GOING TO YDU 11 - BATTERY

YDU 4
YDU 11
YDU 13
YDU 15
YDU 17
YDU 22

YDU WELLS GOING TO YDU 3 FED 1 - BATTERY

YDU 3 FED 2
YDU 3 FED 4
YDU 3 FED 5

YDU WELLS GOING TO YDU 4 FED 1 - BATTERY

YDU 4 FED 3

YDU WELLS BY PARTICIPATING AREA

MORROW:
None

WOLFCAMP:
YDU 1

DELAWARE:
YDU 28
YDU 34

BONE SPRING:
ALL OTHERS

2009 UNIT ACTIVITY	YDU 21 - ADD PAY WORKOVER YDU 9 - ADD PAY WORKOVER
2010 UNIT ACTIVITY	MAINTENANCE ONLY - EVALUATE 2009 WO's
2011 UNIT ACTIVITY	YDU 3 FED 4 - P&A, YDU 4 - P&A
2012 UNIT ACTIVITY	YDU #39 RECOMPLETED IN TO BONE SPRING FM. 1/2012
2013-14 PLANNED ACTIVITY	DRILL YDU 40H HORIZONTAL 2ND BONE SPRING SAND TEST EVALUATE HZ FOR OFFSET DEVELOPMENT - #41H & #42H

-103.46.0

32.47.0

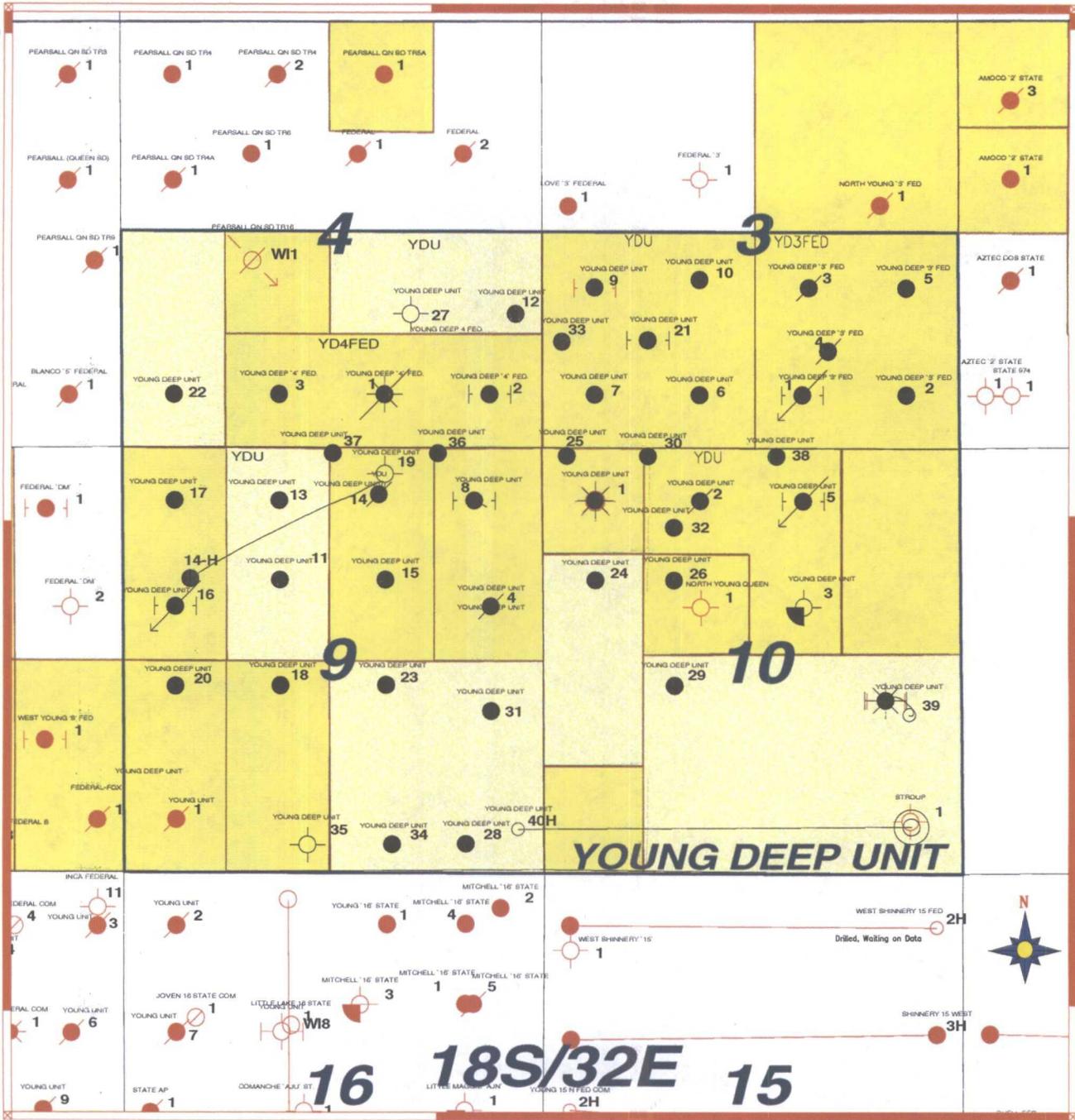
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32.46.0

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32.45.0

32.45.0



-103.46.0

UNIT WELLS IN BLACK

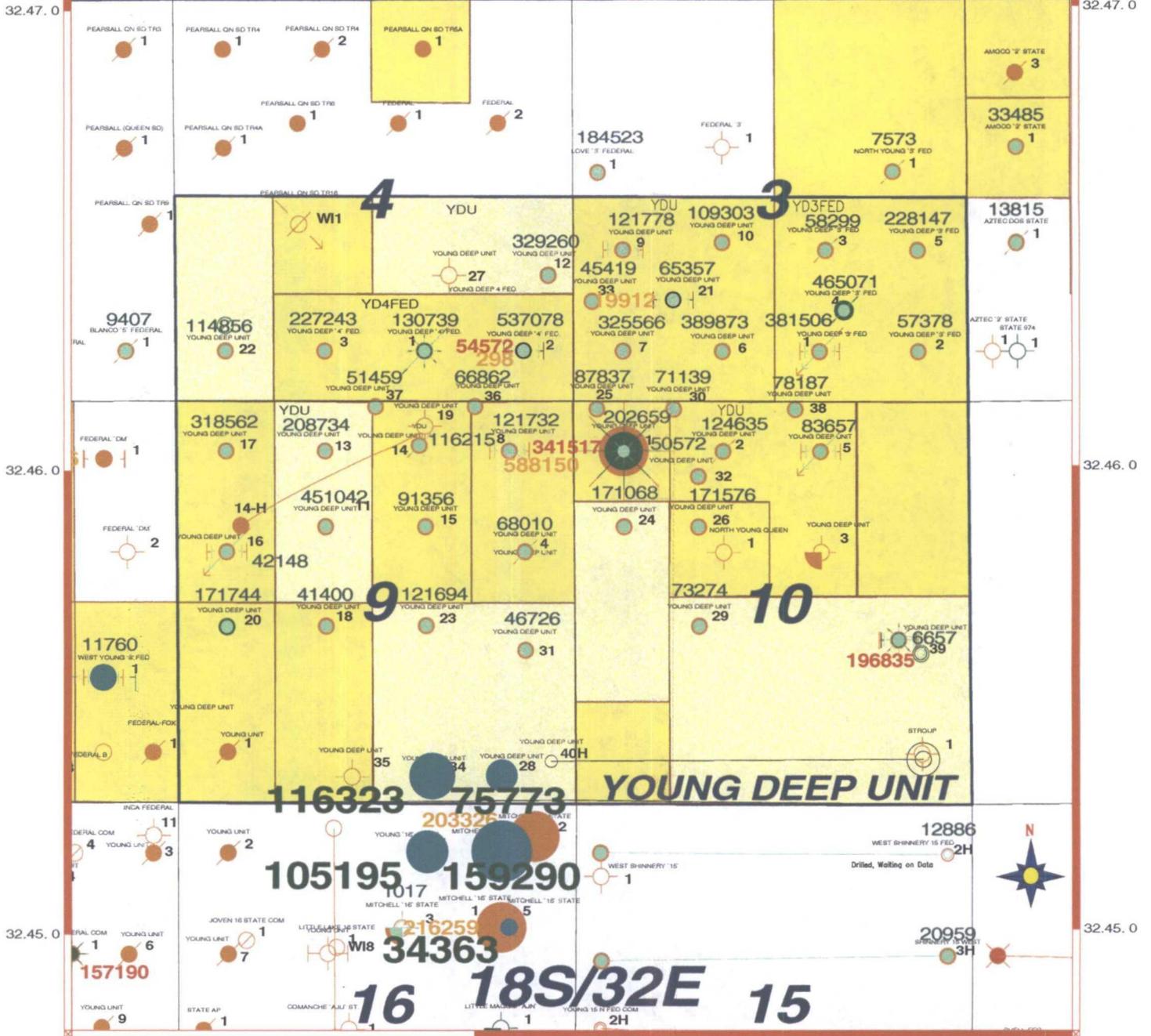
NON-UNIT WELLS IN RED

Scale 1:24000.



LEGEND		
•	Abandoned Location	
⊕	Dry and Abandoned	
*	Gas Well	
○	Location - Active or Proposed	
•	Oil Well	
⊗	Plugged and Abandoned Oil Well	
⊘	Oil Well converted to water injector	
⊙	Oil Well Workover	
⊗	Gas Well Plugged and Abandoned	
⊘	Injector - Plugged	
<p>NADEL and GUSSMAN HEYCO, LLC</p> <p>YOUNG DEEP UNIT</p> <p>T-18-S, R-32-E</p> <p>LEA COUNTY, NEW MEXICO</p>		
Suzi Yahney	1" = 2,000 ft.	2/27/2013
UNIT Wells BLACK	Scale 1:24000.	YDU_POD.gpf

-103.46.0



-103.46.0

Scale 1:24000.



LEGEND

- Abandoned Location
- ◊ Dry and Abandoned
- * Gas Well
- Location - Active or Proposed
- Oil Well
- Plugged and Abandoned Oil Well
- ◌ Oil Well converted to water injector
- ⊙ Oil Well Workover
- ⊗ Gas Well Plugged and Abandoned
- ⊘ Injector - Plugged

NADEL and GUSSMAN HEYCO, LLC

YOUNG DEEP UNIT
T-18-S, R-32-E, LEA COUNTY, NM
Cumulative Production by Fm.

Suzi Yahney

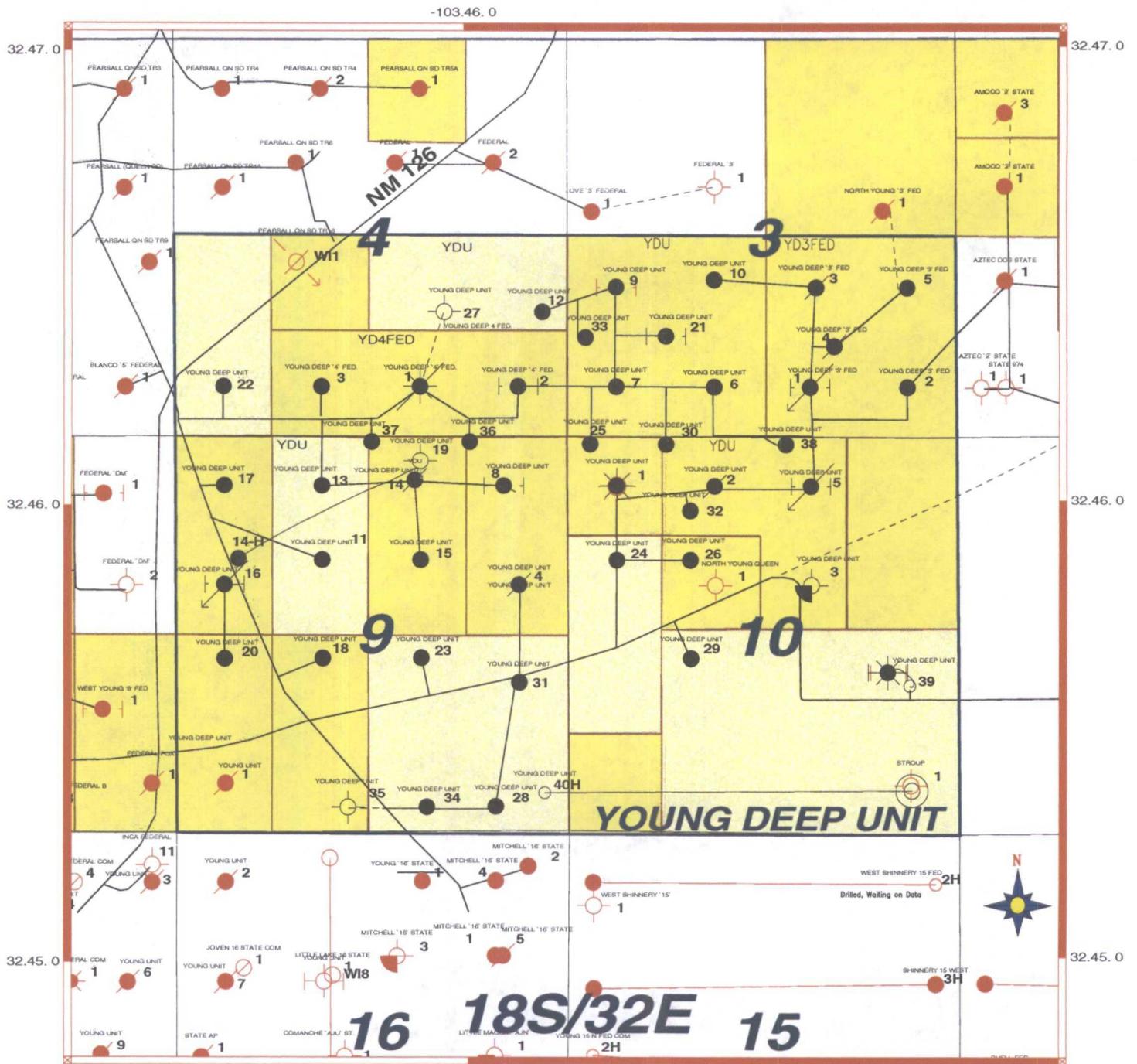
1" = 2,000 ft.

2/27/2013

YDU_PROD_CUM

Scale 1:24000.

YDU_POD2.gpf



ACTIVE ROAD

INACTIVE OR RECLAIMED ROAD

Scale 1:24000.



LEGEND

- Abandoned Location
- ◇ Dry and Abandoned
- * Gas Well
- Location - Active or Proposed
- Oil Well
- ✕ Plugged and Abandoned Oil Well
- ⊕ Oil Well converted to water injector
- ⊙ Oil Well Workover
- ✱ Gas Well Plugged and Abandoned
- ⊗ Injector - Plugged

NADEL and GUSSMAN HEYCO, LLC

YOUNG DEEP UNIT
T-18-S, R-32-E, LEA COUNTY, NM
Roads

Suzi Yahney

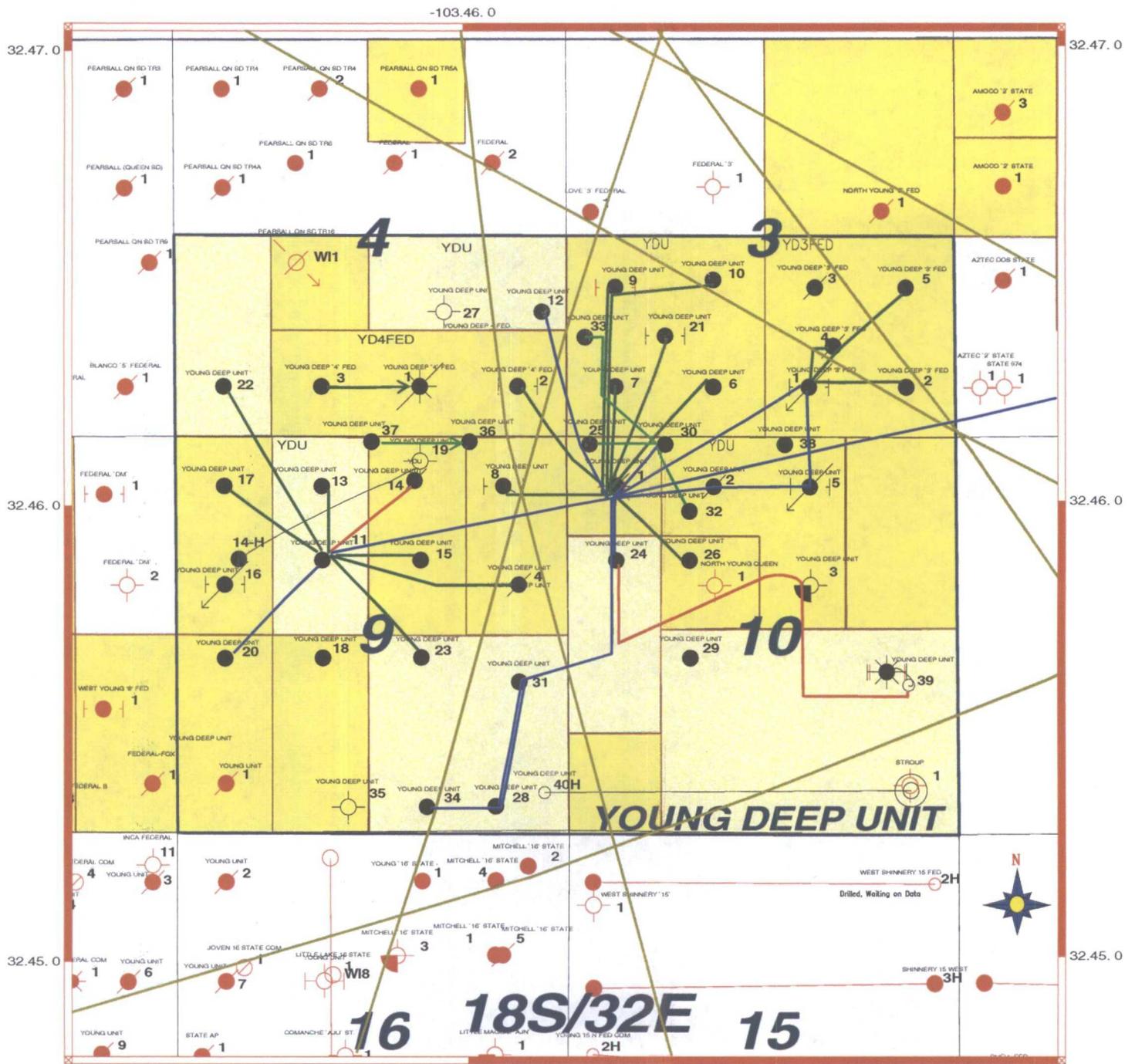
1" = 2,000 ft.

2/27/2013

YDU_YDROADS

Scale 1:24000.

YDU_POD3.gpf



- YDU OIL GATHERING LINES
- YDU OIL GATHERING LINES
- 3RD PARTY PIPELINES
- YDU PRESSURE MAINTENANCE SYSTEM WATER LINES
- YDU GAS GATHERING LINES

Scale 1:24000.



LEGEND

- Abandoned Location
- ◇ Dry and Abandoned
- * Gas Well
- Location - Active or Proposed
- Oil Well
- ✱ Plugged and Abandoned Oil Well
- ⊕ Oil Well converted to water injector
- ⊖ Oil Well Workover
- ✱ Gas Well Plugged and Abandoned
- ⊖ Injector - Plugged

NADEL and GUSSMAN HEYCO, LLC

**YOUNG DEEP UNIT
T-18-S, R-32-E, LEA COUNTY, NM
Pipelines and Flowlines**

Suzi Yahney

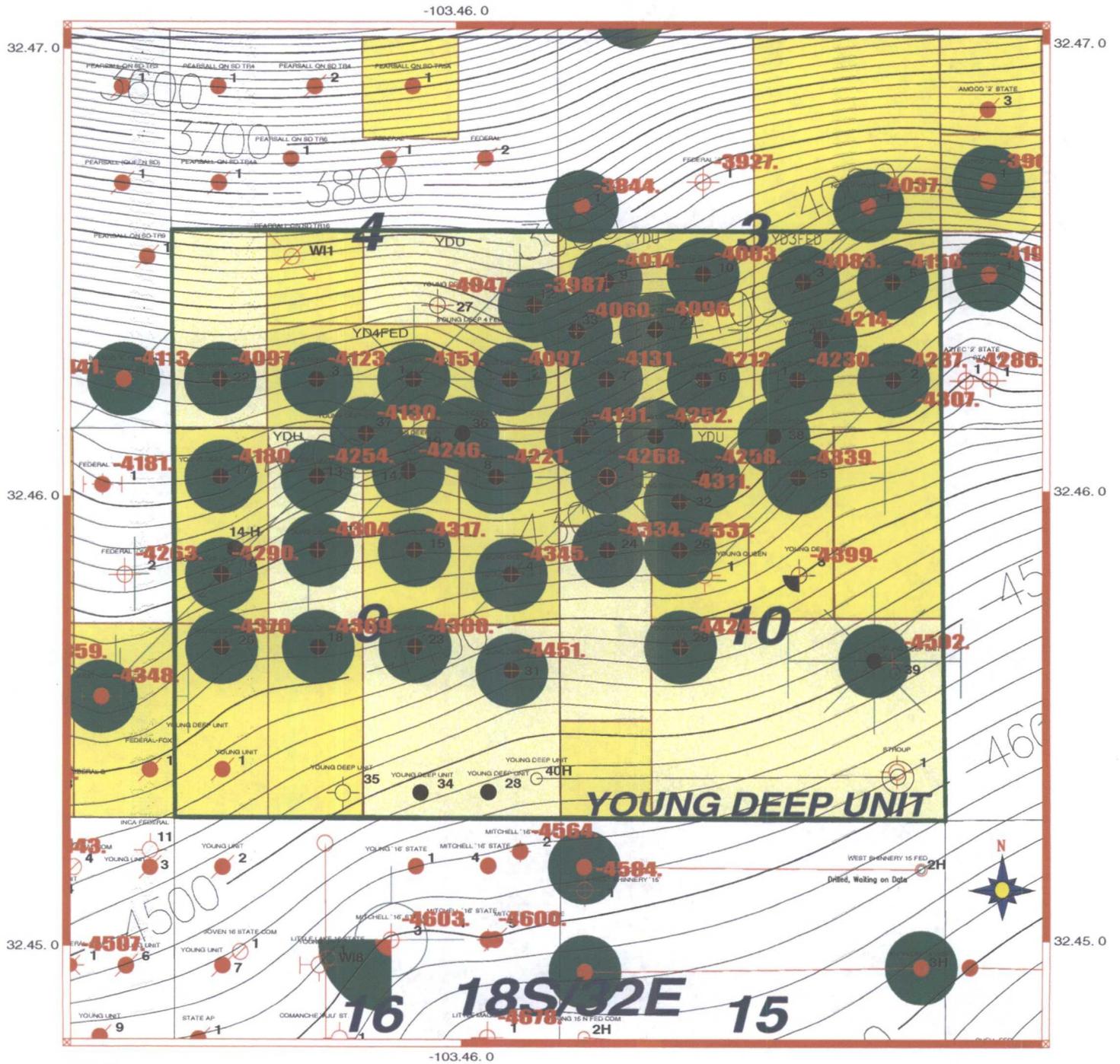
1" = 2,000 ft.

2/27/2013

YDU_YDUPIPE

Scale 1:24000.

YDU_POD4.gpf



LEGEND	
◊	Abandoned Location
◇	Dry and Abandoned
*	Gas Well
○	Location - Active or Proposed
•	Oil Well
⊠	Plugged and Abandoned Oil Well
⊞	Oil Well converted to water injector
⊞	Oil Well Workover
⊞	Gas Well Plugged and Abandoned
⊞	Injector - Plugged

NADEL and GUSSMAN HEYCO, LLC		
YOUNG DEEP UNIT T-18-S, R-32-E - LEA COUNTY, NM T/BONE SPRING "B" CARBONATE		
C I = 20 FT.	1" = 2,000 ft.	2/27/2013
YDU_BSPG	Scale 1:24000.	YDU_POD6.gpf

-103.46.0

32.47.0

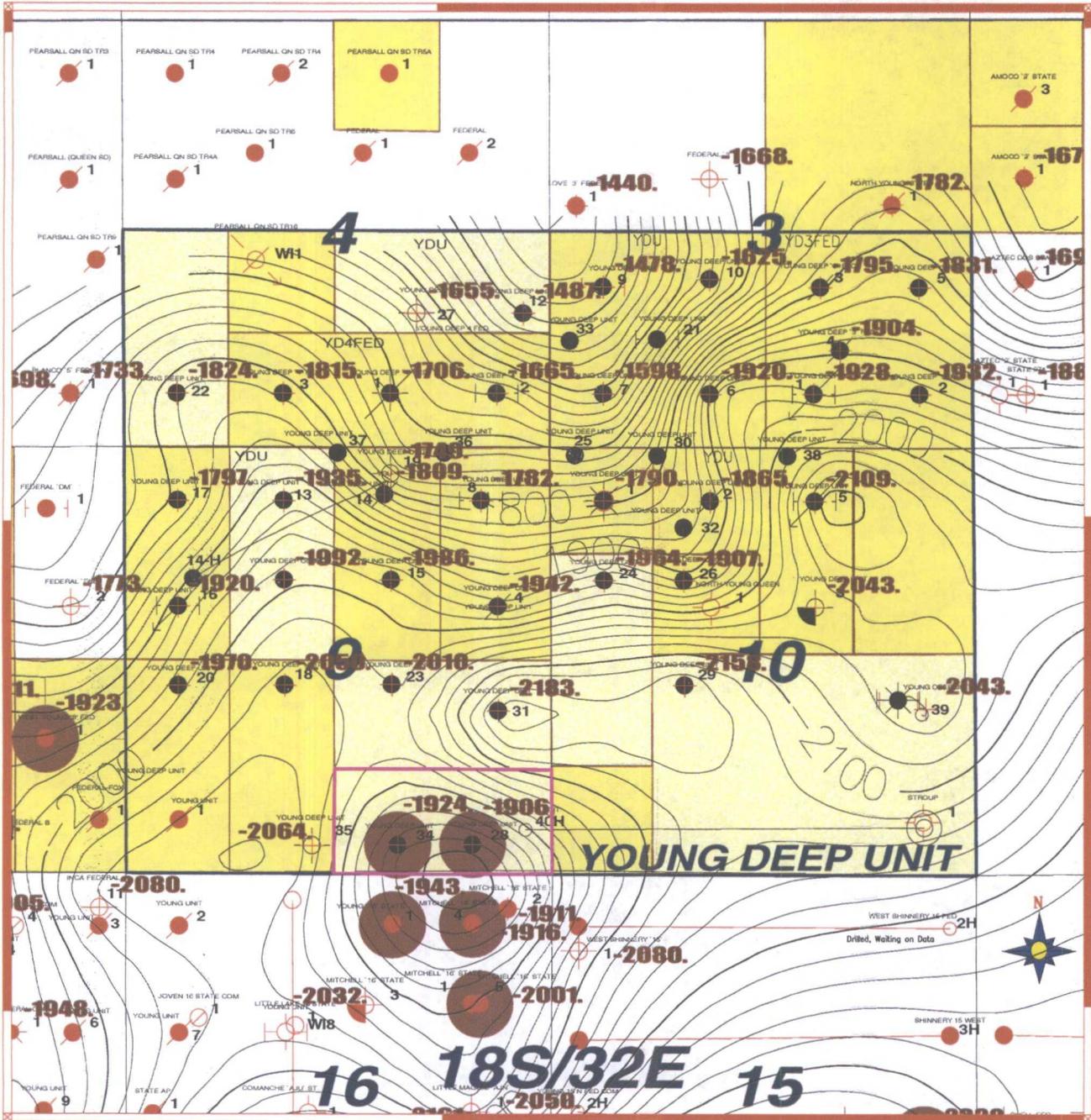
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32.45.0



-103.46.0



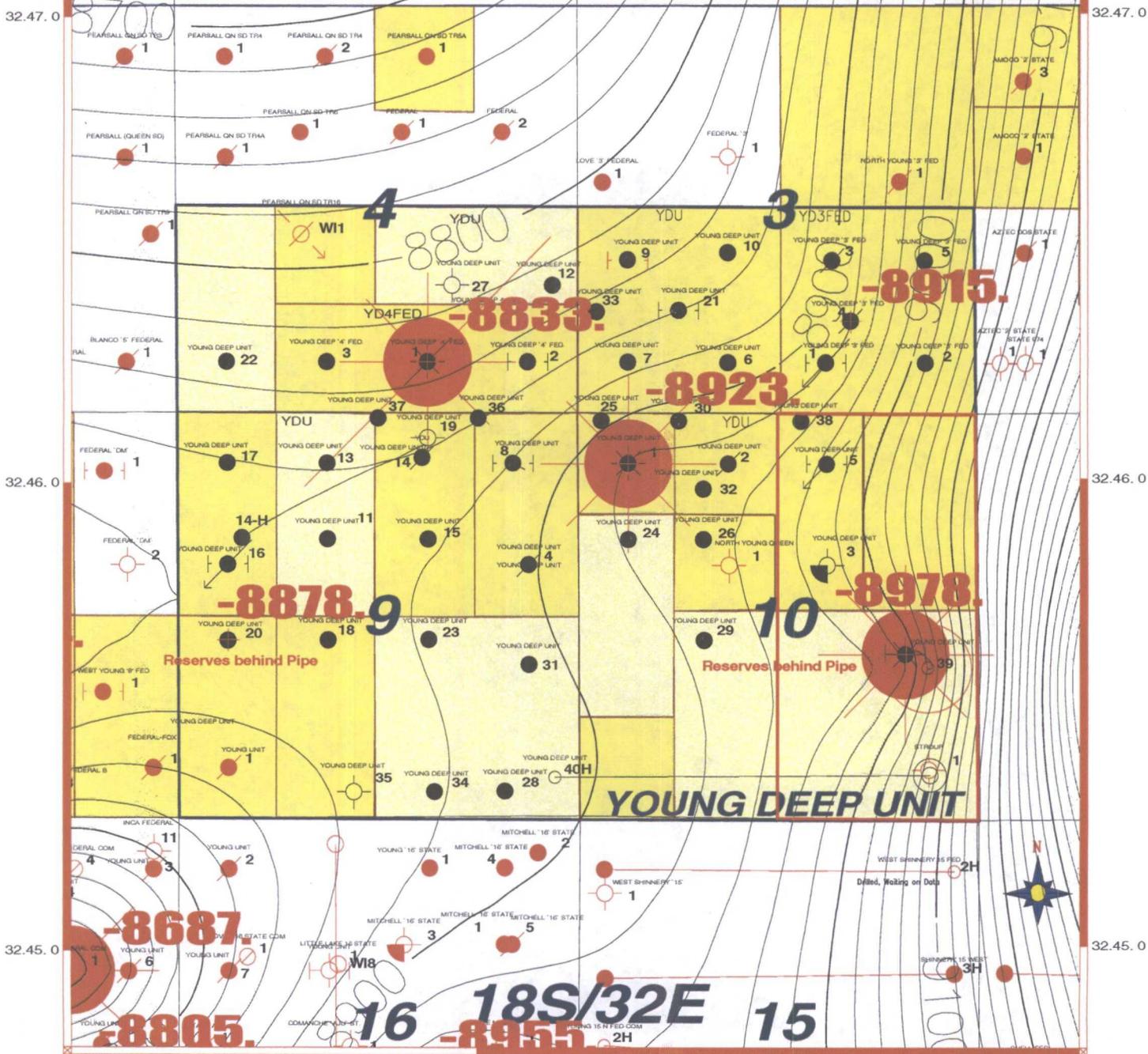
Scale 1:24000.



LEGEND	
⊙	Abandoned Location
⊕	Dry and Abandoned
*	Gas Well
○	Location - Active or Proposed
●	Oil Well
⊗	Plugged and Abandoned Oil Well
⊕	Oil Well converted to water injector
⊙	Oil Well Workover
*	Gas Well Plugged and Abandoned
⊗	Injector - Plugged

NADEL and GUSSMAN HEYCO, LLC		
YOUNG DEEP UNIT T-18-S, R-32-E - LEA COUNTY, NM T/U. BRUSHY CANYON DLWR MARKER		
C I = 20 FT.	1" = 2,000 ft.	2/27/2013
YDU_DLWR	Scale 1:24000.	YDU_POD5.gpf

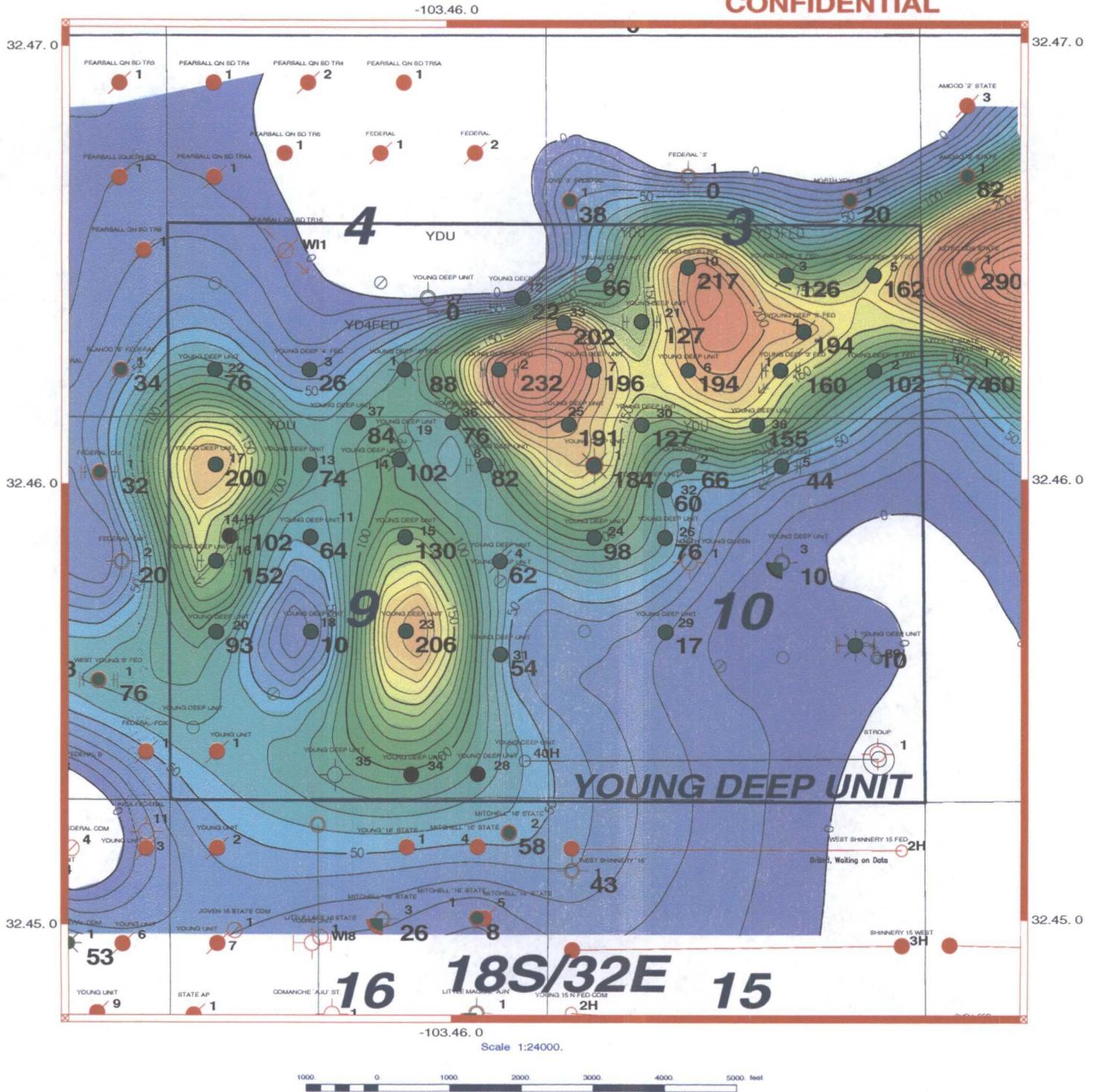
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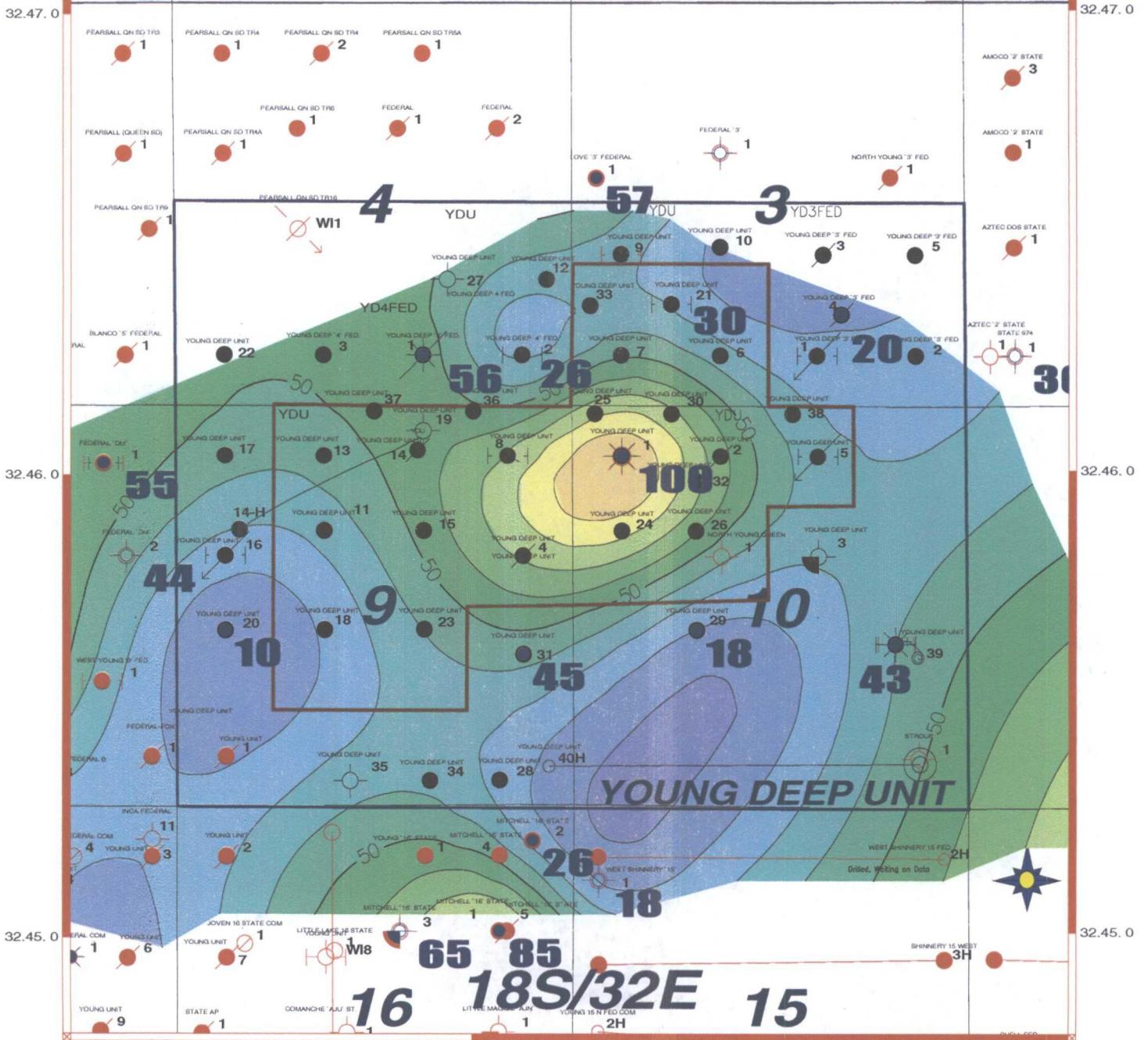


LEGEND		
◊	Abandoned Location	<p>NADEL and GUSSMAN HEYCO, LLC</p> <p>YOUNG DEEP UNIT</p> <p>T-18-S, R-32-E - LEA COUNTY, NM</p> <p>STRUCTURE T/ LOWER MORROW</p>
◇	Dry and Abandoned	
*	Gas Well	
○	Location - Active or Proposed	
•	Oil Well	
✕	Plugged and Abandoned Oil Well	
⊗	Oil Well converted to water injector	
⊕	Oil Well Workover	
✖	Gas Well Plugged and Abandoned	
⊗	Injector - Plugged	
C I = 20 FT.	1" = 2,000 ft.	2/27/2013
YDU_MRRWL	Scale 1:24000.	YDU_POD8.gpf



LEGEND				
•	Abandoned Location	<p>NADEL and GUSSMAN HEYCO, LLC</p> <p>YOUNG DEEP UNIT</p> <p>T-18-S, R-32-E, LEA COUNTY, NM</p> <p>Bone Spring "B" Carbonate Porosity >6%</p>		
◊	Dry and Abandoned			
*	Gas Well			
○	Location - Active or Proposed			
•	Oil Well			
⊗	Plugged and Abandoned Oil Well			
⊕	Oil Well converted to water injector			
⊙	Oil Well Workover			
⊗	Gas Well Plugged and Abandoned			
⊕	Injector - Plugged			
C1 = 10 FT.	1" = 2,000 ft.			2/27/2013
YDU_BSPGB	Scale 1:24000.			YDU_POD9.gpf

-103.46.0



WOLF CAMP PARTICIPATING AREA

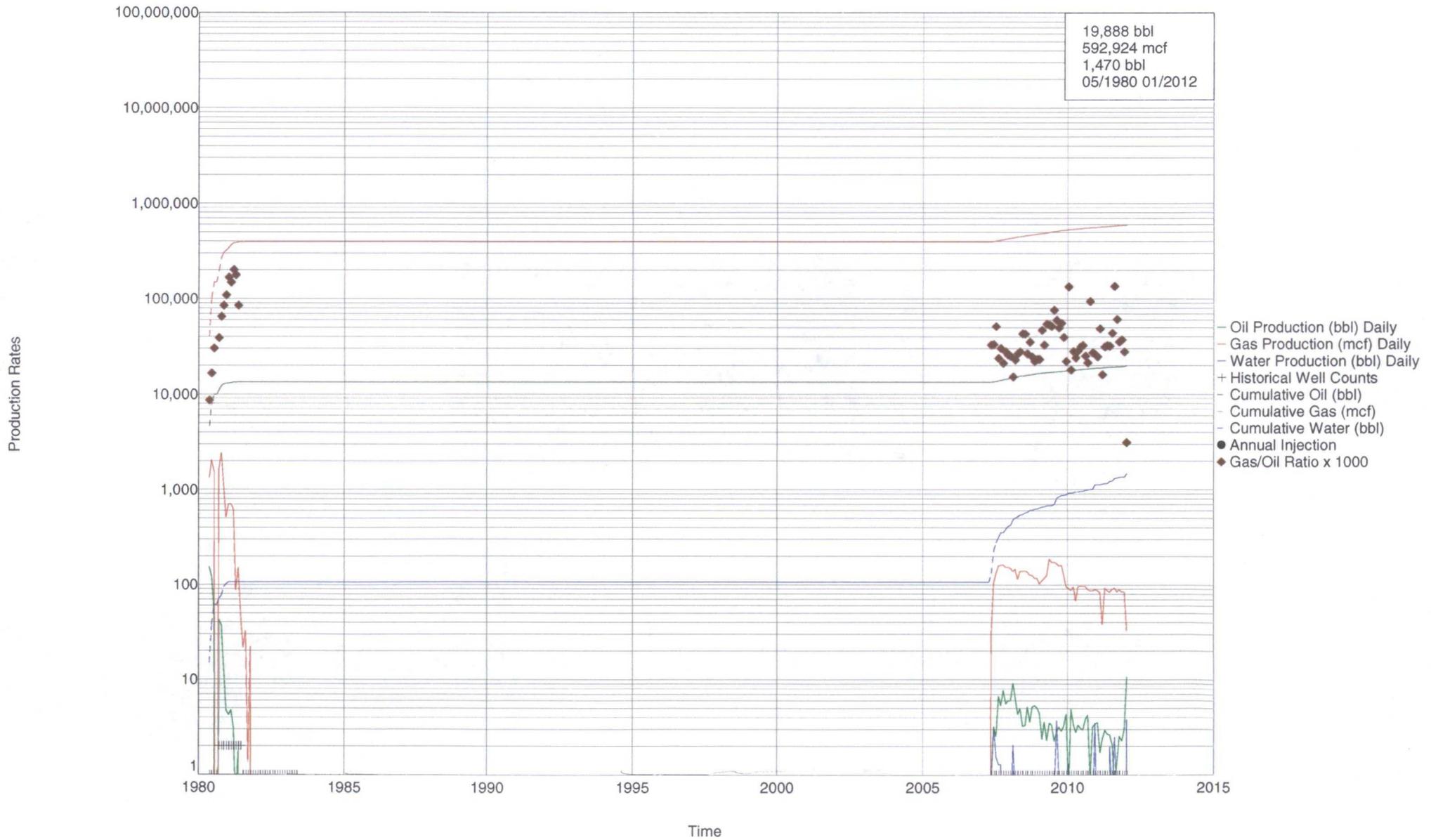
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LEGEND			
•	Abandoned Location	<p>NADEL and GUSSMAN HEYCO, LLC</p> <p>YOUNG DEEP UNIT</p> <p>T-18-S, R-32-E - LEA COUNTY, NM</p> <p>GROSS ISOPACH LOWER WOLF CAMP PAY</p>	
◊	Dry and Abandoned		
*	Gas Well		
○	Location - Active or Proposed		
•	Oil Well		
⊗	Plugged and Abandoned Oil Well		
⊕	Oil Well converted to water injector		
⊙	Oil Well Workover		
⊗	Gas Well Plugged and Abandoned		
⊕	Injector - Plugged		
C1 = 10 FT.	1" = 2,000 ft.		2/27/2013
YDU_WFMPAF	Scale 1:24000.		YDU_POD1.gpf

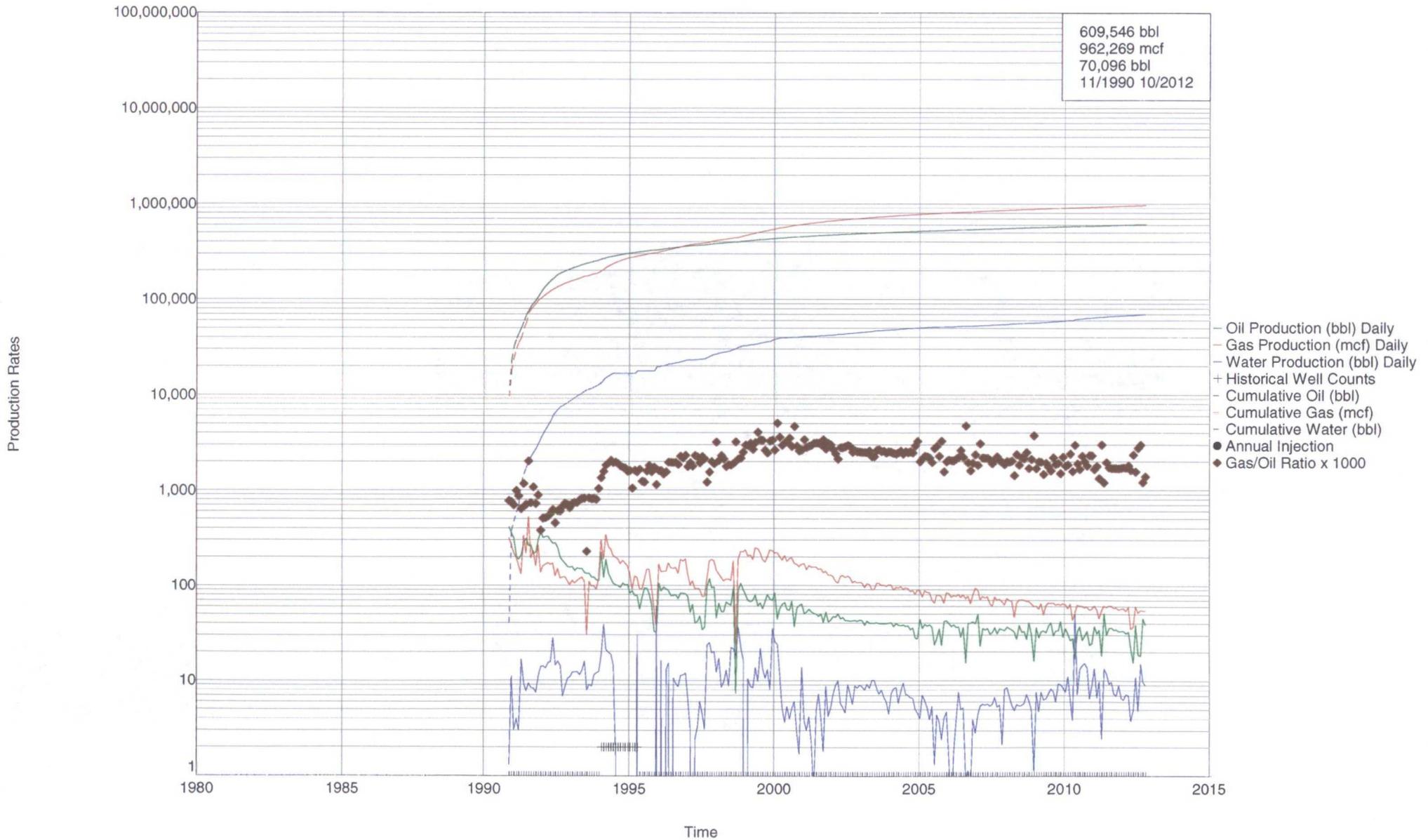
Lease Name: MULTIPLE
County, State: LEA, NM
Operator: MULTIPLE
Field: YOUNG
Reservoir: MORROW
Location:

HEYCO, NADEL and GUSSMAN HEYCO YOUNG DEEP UNIT YOUNG MORROW



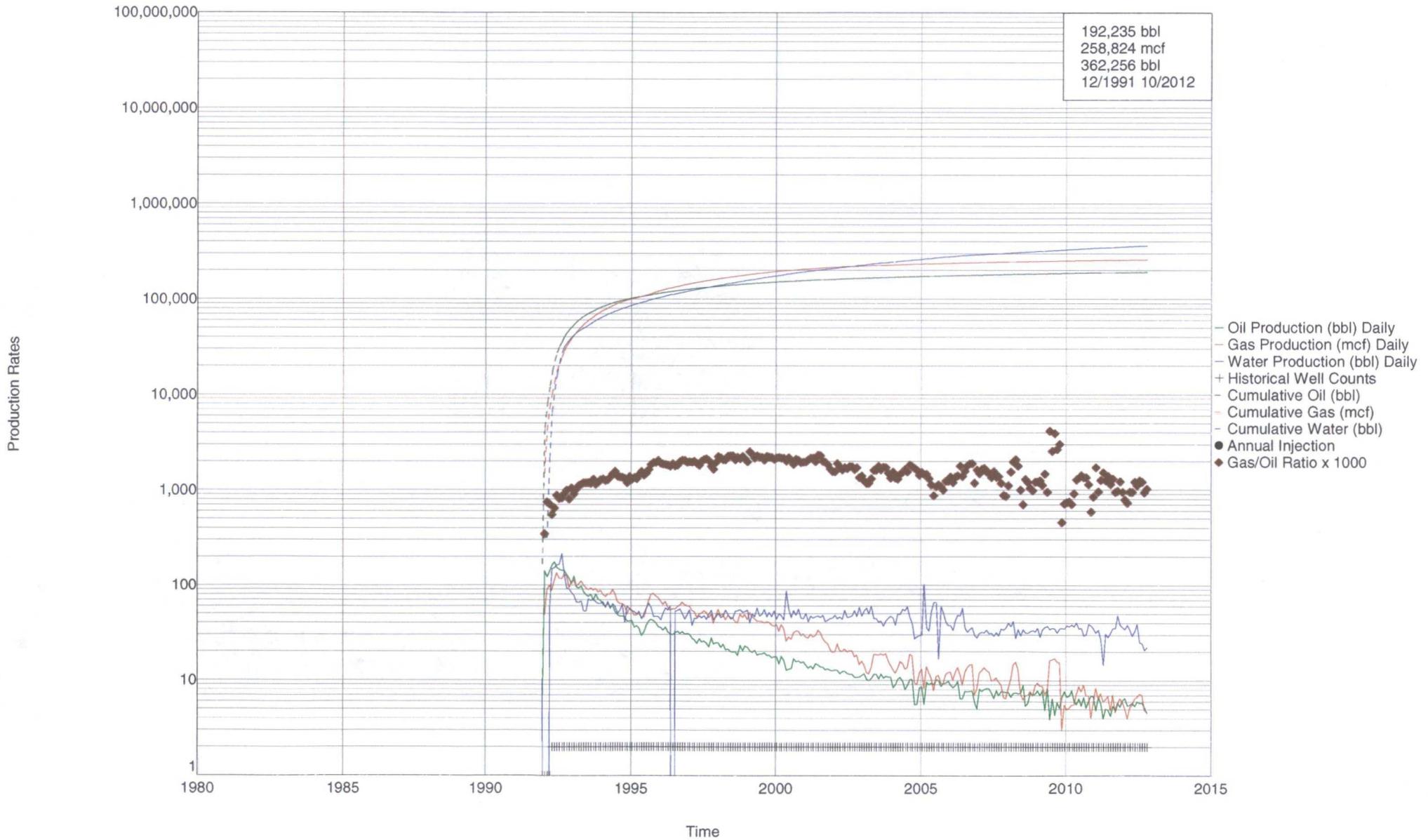
Lease Name: MULTIPLE
County, State: LEA, NM
Operator: MULTIPLE
Field: YOUNG
Reservoir: WOLFCAMP
Location:

HEYCO, NADEL and GUSSMAN HEYCO YOUNG DEEP UNIT YOUNG WOLFCAMP



Lease Name: YOUNG DEEP UNIT
County, State: LEA, NM
Operator: NADEL & GUSSMAN HEYCO LLC
Field: YOUNG NORTH
Reservoir: DELAWARE
Location:

HEYCO, NADEL and GUSSMAN HEYCO YOUNG DEEP UNIT YOUNG NORTH DELAWARE



Lease Name: MULTIPLE
 County, State: LEA, NM
 Operator: MULTIPLE
 Field: YOUNG NORTH
 Reservoir: BONE SPRING
 Location:

HEYCO, NADEL and GUSSMAN HEYCO YOUNG DEEP UNIT YOUNG NORTH BONE SPRING

