<u>District I</u>
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
<u>District II</u>

811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 748-9720 District III

District III 1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV 1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462 State of New Mexico

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505 Form C-101 August 1, 2011

Permit 141053

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| 1. Operator | Name and Address | 2. OGRID Number | | | | |
|---|------------------|---|--|------------------|------------------|-------------|
| NADEL AND GUSSMAN HEYCO, LLC PO BOX 193 ROSWELL, NM 88202 | | 258462 3. API Number 30-015-39817 | | | | |
| | | | | 4. Property Code | 5. Property Name | 6. Well No. |
| | | | | 38960 IRON DUKE | | 001H |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| P | 9 | 188 | 26E | P | 400 | S | 330 | E | EDDY |

8. Pool Information

| Δ | OKA;GLORIETA-YESO | 3250 |
|-----|-------------------|------|
| (A) | OKA,GLORIETA-1E30 | 3230 |

Additional Well Information

| 9. Work Type New Well | 10. We | V. 10-4-4-10-1 | 11. Cable/Rotary | 12. Lesse Type Private | 13. Ground Level Elevation 3347 | |
|--|--------|----------------|---|------------------------|------------------------------------|--|
| 14. Multiple 15. Proposed Depth N 7000 | | | 16. Formation 17. Contractor Yeso Formation | | 18. Spud Date 3/1/2011 | |
| Depth to Ground water | | | Distance from nearest fresh water | well | Distance to nearest surface water | |

19. Proposed Casing and Cement Program

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 9.625 | 36 | 1000 | 400 | 0 |
| Int1 | 8.75 | 7 | 26 | 3000 | 550 | 0 |
| Prod | 6.125 | 4.5 | 13.5 | 7000 | 0 | 0 |

Casing/Cement Program: Additional Comments

Will 1" cement to surface if necessary on surface casing. Complete open hole with packers plus completion in 6.125" hole set liner hanger at 2650.

Proposed Blowout Prevention Program

| 129. | | 8 | |
|-----------|------------------|---------------|--------------|
| Type | Working Pressure | Test Pressure | Manufacturer |
| Annular | 3000 | 1500 | Hydrill |
| DoubleRam | 3000 | 3000 | Shaffer |

| of my knowledge and belief. | ation given above is true and complete to the best ling pit will be constructed according to | OIL CONSERVATION DIVISION | | |
|---|---|-----------------------------|---------------------------|--|
| NMOCD guidelines ., a ge OCD-approved plan | neral permit , or an (attached) alternative | Approved By: Randy Dade | | |
| Printed Name: Electronic | ally filed by WENDY NORTHCUTT | Title: District Supervisor | | |
| Title: | MINISTER STATE OF THE STATE OF | Approved Date: 1/9/2012 | Expiration Date: 1/9/2014 | |
| Email Address: wnorthcu | utt@heycoenergy.com | | | |
| Date: 12/15/2011 | Phone: 575-623-6601 | Conditions of Approval Atta | ached | |

DISTRICT I 1625 N. French Dr., Hobbs, NM 88240 Plane (875) 393-8161 Fax: (876) 393-0720 DISTRICT II 1301 W. Grand Avenue, Artesia, NM 88210 Phone (876) 748-1283 Fax: (575) 748-8720

DISTRICT III

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102 Revised August 1, 2011

Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fe, New Mexico 87505

DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone (505) 476-3460 Fax: (505) 476-3462

1000 Rio Brazos Rd., Aztec, NM 87410 Phone (505) 334-8178 Fax: (505) 334-6170

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| API | Number | Pool Code Pool Name | | | | | | | |
|----------------|--|--|--|----------|-----------------|---|---------------|---|--------|
| Property | Code | | Property Name IRON DUKE | | | | | Well Nu | ımber |
| OGRID N | | | | NADEL | Operator Nam | Le | | Eleval 334 | |
| <u></u> | 00000000000000000000000000000000000000 | Security Se | and the Grand and an extended and the State of S | | Surface Loc | ation | | | |
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| P | 9 | 18 S | 26 E | | 400 | SOUTH | 330 | EAST | EDDY |
| | \$ | <u> </u> | Bottom | Hole Loc | eation If Diffe | rent From Sur | face | | |
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| M | 9 | 18 S | 3 S 26 E | | SOUTH | 330 | WEST | EDDY | |
| Dedicated Acre | s Joint o | r Infili Co | nsolidation (| Code Or | der No. | discussion anno anno anno anno anno anno anno a | | See any see a see an agreement of the see and the see | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | | OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling orgerement or a compulsory pooling order heretofore entered by the division. |
|--|--|---|---|--|
| | | | | Signature Date |
| | | accesses and | | Printed Name |
| | ! ! | # ************************************ | | Email Address |
| and discussion expressions shipmens assessed species shipmens | and anti-room described de | on promote control and all all all all all all all all all al | gon greatest entern sections estatem delends between both | SURVEYOR CERTIFICATION |
| PROPOSED BOTTOM HOLE LOCATION Lat - N 32*45*25.34" Long - W 104*23*39.78" NMSPCE - N 639148.51 E 522570.22 | | | SURFACE LOCATION Lat N 32*45'41.74" Long W 104*22'45.79" NMSPCE N 640802.919 KNAD-83) | I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the boot of my belief. |
| (NAD-83) | | | | Date drywyge Signspure & seal of Professional Summer |
| 330' 18.11. | | 4613.4' | 330' S.L. | Certificate No. Ggry L. Jones 7977 |
| 9 | | | 4 0 0 0 0 | Basin surveyS 25670 |

Permit Comments

Operator: NADEL AND GUSSMAN HEYCO, LLC , 258462 Well: IRON DUKE #001H

API: 30-015-39817

| Created By | Comment | Comment Date |
|---------------|--|-----------------|
| CSHAPARD | Re-ject for incorrect Range, re-submit with correct range 18E | 12/7/2011 |
| jgoss | PREVIOUS SUBMISSION C-102 HAD INCORRECT RANGE, CHANGED TO CORRECT RANGE AND RESUBMITTED. | 12/15/2011 |
| CSHAPARD | Land p/P; submit amended C-102 for revised BHL | 1/9/2012 |

Permit Conditions of Approval

Operator: NADEL AND GUSSMAN HEYCO, LLC , 258462 Well: IRON DUKE #001H

API: 30-015-39817

| OCD Reviewer | Condition |
|-----------------|--|
| CSHAPARD | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |