

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720  
**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 141167

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

1. Operator Name and Address NADEL AND GUSSMAN HEYCO, LLC PO BOX 193 ROSWELL, NM 88202		2. OGRID Number 258462
		3. API Number 30-015-40046
4. Property Code 39119	5. Property Name MESQUITE BUSH STATE	6. Well No. 001H

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	2	18S	31E	M	510	S	990	W	EDDY

**8. Pool Information**

SHUGART,BONE SPRING, NORTH	56405
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**Additional Well Information**

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3757
14. Multiple N	15. Proposed Depth 12860	16. Formation Bone Spring	17. Contractor	18. Spud Date
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	17.5	13.375	54.5	850	800	0
Int1	12.25	9.625	36	2100	750	0
Prod	8.75	7	26	9000	950	0
Liner1	6.125	4.5	13.5	12860	0	

**Casing/Cement Program: Additional Comments**

Will 1" on surface if necessary. Production cement will tie back into 9.625" casing at minimum. Will complete lateral open hole with packers plus tools, and will set liner at 7650' with liner hanger. State surface location and State minerals in section 2, T-18-S, R31-E, UL-M (40 acres dedicated state minerals, State Lease No. E-882) will drill horizontally west into sections 3, T-18-S, R31-E, UL's P,O, and N 120 acres dedicated to Federal BLM lands. 160 acres total, filed BLM permit for BLM dedicated acres.

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	1500	Shaffer
DoubleRam	5000	3000	Cameron Double

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by WENDY NORTHCUTT Title: Email Address: wnorthcutt@heycoenergy.com Date: 1/10/2012   Phone: 575-623-6601	<b>OIL CONSERVATION DIVISION</b>	
	Approved By: Randy Dade	
	Title: District Supervisor	
	Approved Date: 3/15/2012	Expiration Date: 3/15/2014
	Conditions of Approval Attached	

Form C-102  
Revised July 16, 2010  
Submit to Appropriate  
District Office

AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name	
Property Code	Property Name MESQUITE BUSH FEDERAL COM			Well Number 1H
OGRID No.	Operator Name NADEL AND GUSSMAN HEYCO, LLC.			Elevation 3757'

Surface Location									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	18-S	31-E		510	SOUTH	990	WEST	EDDY

Bottom Hole Location If Different From Surface									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	3	18-S	31-E		510	SOUTH	1650	WEST	EDDY
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			

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

### SECTION, QUARTER & SIXTEENTH CORNER COORDINATES

(A) - Y=645211.3 N, X=650404.8 E  
 (B) - Y=643890.5 N, X=650412.2 E  
 (C) - Y=643880.8 N, X=649092.3 E  
 (D) - Y=643855.2 N, X=645133.0 E  
 (E) - Y=645175.7 N, X=645125.3 E

### GEODETIC COORDINATES NAD 27 NME

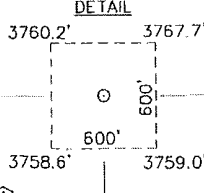
### SURFACE LOCATION

Y=644398.0 N  
 X=650079.1 E  
 LAT.=32.770591° N  
 LONG.=103.845074° W

### BOTTOM HOLE LOCATION

Y=644367.2 N  
 X=645459.7 E

SCALE: 1"=2000'

LOT 4	LOT 3	LOT 2	LOT 1	SECTION 3	SECTION 2	LOT 4	LOT 3	LOT 2	LOT 1
40.05 AC.	40.09 AC.	40.11 AC.	40.15 AC.			40.16 AC.	40.14 AC.	40.14 AC.	40.12 AC.
						<div style="text-align: right; margin-right: 50px;">                     DETAIL                      3760.2'      3767.7'                        3758.6'      3759.0'                 </div>			
						<div style="text-align: right; margin-right: 50px;">                     S.L.                      SEE DETAIL                 </div>			

B.H. 1650'

(D) 510'

GRID AZ.=269°37'05"

HORIZ. DIST.=4620.6'

990'

(C) 510'

### OPERATOR CERTIFICATION

*I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

Signature \_\_\_\_\_

Date \_\_\_\_\_

Printed Name \_\_\_\_\_

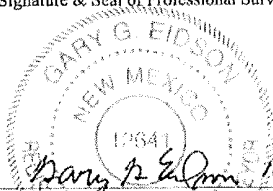
E-mail Address \_\_\_\_\_

### SURVEYOR CERTIFICATION

*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 supervision, and that the same is true and correct to the best of my belief.*

SEPTEMBER 10, 2011

Date of Survey \_\_\_\_\_  
 Signature & Seal of Professional Surveyor:



Certificate Number Gary G. Eidson 12641  
 Ronald J. Eidson 3239

DSS JWSC W.O.: 11.13.2322  
 10/26/11

## Permit Comments

**Operator:** NADEL AND GUSSMAN HEYCO, LLC , 258462

**Well:** MESQUITE BUSH STATE #001H

**API:** 30-015-40046

Created By	Comment	Comment Date
CSHAPARD	Federal property name and lease, on state owned property	1/9/2012
jgoss	well will be drill horizontally to west in federal section 3, however mesquite bush #1H be productive on state minerals (State Lease No. E-882, 160.141 acres total lease) 40 acres dedicated to Mesquite Bush (UL M, Sec. 2, T18S, R31E. re-submitted permit with state lease selected under 'General Information'.	1/10/2012
CSHAPARD	Land s/S	3/14/2012

# Permit Conditions of Approval

**Operator:** NADEL AND GUSSMAN HEYCO, LLC , 258462

**Well:** MESQUITE BUSH STATE #001H

**API:** 30-015-40046

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