

District I
625 N. French Dr., Hobbs, NM 88240
District II
S. First St., Artesia, NM 88210
District III
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

Form C-109
Revised August 1, 2011

Instructions on
Reverse Side

APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 19.15.20.16 NMAC.

If discovery is claimed for more than one zone, separate forms must be filed for each.

Operator Nadel and Gussman HEYCO, LLC		Address P.O. Box 1936, Roswell, NM 88202-1936	
Lease Name Bola 7 Federal		Well No. 5	County Lea
30-025-39841			
Well Location			
Unit Letter D : 360' Feet from The North Line and 330' Feet			
From the W Line of Section 7 Township 18S Range 32E NMPM			
Suggested Pool Names (List in order of Preference)			
1. 2. 3.			
Name of Producing Formation Delaware	Perforations 5010-5140'	Depth of Top Perf from GL 4992'	Date of Filing Form C-104 8/1/11
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool?	If yes, Give Date of Filing	Date Well was Spudded 6/21/2011	Date Compl. Ready to Prod. 7/25/2011
Total Depth 5465	Plugged Back Depth 5378	Depth Casing Shoe 5465	Tubing Depth 4927
Elevation (Gr., DE, RKB, RT, etc.) 3790 Gr.			
Oil Well Potential (Test to be taken only after all load oil has been recovered)			
268 Bbbls, Oil Per Day Based On 268 Bbbls In 24 Hours; 187 Bbbls Water Per Day Based on 187 Bbbls			
In 24 Hours; Gas Production During Test: 334 MCF;		Gas-Oil Ration	Method Of Rod Choke n/a Producing Pump Size

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name Young North	Name of Producing Formation Bone Springs 65350	Top of Pay 8585	Bottom of Pay 8776	Currently Producing? yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest well in this Pool 335 ft, ESE		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 3575'		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production for this pay or formation only):

Pool Name Young N. Delaware 65355	Top of Pay 4912	Bottom of Pay 4985	Currently Producing Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool 1.2 mi SE			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? No	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County
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Is the Subject Well Multiple Completion? No	Is Discovery Allowable Requested for Other Zone(s)? No	If Yes, Name all Such Formations
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(Continue on reverse side)

Oil Conservation Division
Case No. 9
Exhibit No. 9

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL *(Attach additional sheet if necessary)*

NAME	ADDRESS

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Division of such intent in writing within ten days after receiving a copy of this application.

Remarks:

OPERATOR CERTIFICATION

I hereby certify the all rules and regulations of the New Mexico Oil Conservation Division have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well, I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

Signature

Title

Date

Printed Name

Telephone No.

E-mail Address

INSTRUCTIONS: File one copy of Form C-109 with attachments with appropriate district office and one copy with attachments with the Santa Fe Office.

Attachments: (See Rule 19.15.20.16 NMAC for details)

- 1) Map showing all wells within a two-mile radius of discovery well.
- 2) Electrical log with tops and bottoms of producing formations marked.
- 3) A sub-surface structure map if application is based on horizontal separation.
- 4) Geological cross-section.
- 5) Summary of reservoir data.
- 6) Evidence that all operators (listed above) owning leases within one mile of this well have been furnished a copy of this application.