

**Hydrogen Sulfide Drilling Operations Plan**  
**Taylor Deep 12 Federal #9**  
**Sec 12, T18S, R31E**  
**2540' FNL & 660' FEL**  
**Eddy Co. N.M.**

1. Company and contract personnel admitted on location should be trained by a qualified H<sub>2</sub>S safety instructor to the recognize and handle following:
  - A. Characteristics of H<sub>2</sub>S gas
  - B. Physical effects and hazards
  - C. Proper use of safety equipment and life support systems
  - D. Principle and operation of H<sub>2</sub>S detectors, warning system and briefing knowledge
  - E. Evacuation procedure, routes and first aid support
  - F. Proper use of 30 minutes Pressure-on-Demand Air Pack
2. H<sub>2</sub>S Detection and Alarm Systems
  - A. H<sub>2</sub>S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse
3. Windsock and/or Wind Streamers
  - A. Windsock at mud pit area (high enough to be visible)
  - B. Windsock at briefing area (high enough to be visible)
  - C. Windsock at location entrance
4. Condition Flags and Signs
  - A. H<sub>2</sub>S warning signs on lease access road into location
  - B. Flags displayed on sign at location entrance
    1. Green flag indicates "Normal Safe Conditions"
    2. Yellow Flag indicates "Potential Pressure and Danger"
    3. Red Flag indicates "Danger - H<sub>2</sub>S Present in High Concentrations" *admit only emergency personnel*
5. Well Control Equipment
  - A. See Exhibit #5.
6. Communication
  - A. While working under masks chalkboards will be used for communication
  - B. Hand signals will be used where chalk board is inappropriate
  - C. Two -way radios or cell phones used to communicate off location or minimally in Drilling Foreman's trailer or living quarters
7. Drillstem Testing
  - A. Exhausts watered
  - B. Flare line equipped with electric igniter/propane pilot light in case gas reaches surface
  - C. If location near dwelling closed DST will be performed
8. Drilling Supervisor required to be familiar with effects of H<sub>2</sub>S on tubular goods/mechanical equipment
9. If H<sub>2</sub>S encountered, mud system shall be addressed to maintain control of formation. A mud gas separator will be brought into service along with H<sub>2</sub>S scavengers, if necessary.

## PUBLIC PROTECTION PLAN FOR EMERGENCY CONTACTS

**NADEL AND GUSSMAN HEYCO, LLC** (575) 623-6601

**Company Personnel**

Jason Goss	Drilling Enrineer	432-682-4429 512-784-2613
Keith Cannon	Drilling Supt.	575-623-6601 575-626-1936

**ARTESIA N.M.**

Ambulance	911
State Police	575-746-5000
City Police	575-746-5000
Sheriff's Office	575-746-9888
Fire Department	575-746-5050 or 575-746-5051
N.M.O.C.D	575-748-1283

**CARLSBAD N.M.**

Ambulance	911
State Police	575-885-3137
City Police	575-885-2111
Sheriff's Office	575-887-7551
Fire Department	575-885-3125 or 575-885-2111
Carlsbad BLM	575-887-6544

**HOBBS N.M.**

Ambulance	911
State Police	575-392-5588
City Police	575-397-9265
Sheriff's Office	575-396-3611
Fire Department	575-397-9308
N.M.O.C.D	575-393-6161
Hobbs BLM	575-393-3612

Flight for Life (Lubbock Tx)	806-743-9911
Aerocare (Lubbock Tx)	806-747-8923
Med flight air Ambulance (Albuq NM)	505-842-4433
SB air Med Services (Albuq NM)	505-842-4949

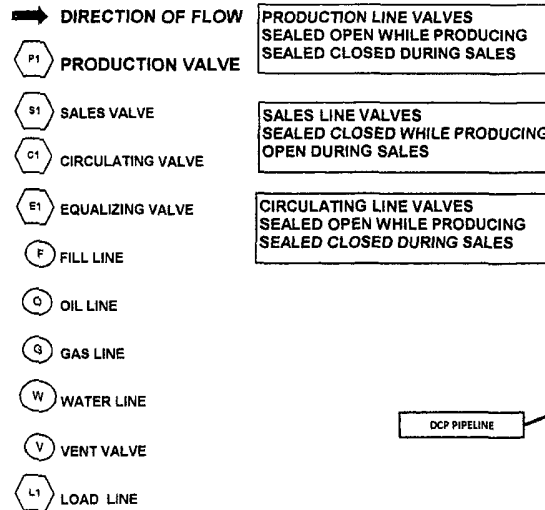
Boots & Coots IWC	800-256-9688 or 281-931-8884
Cudd Pressure Control	915-699-0139 or 915-563-3356
BJ Services (Artesia NM)	575-746-3569
(Hobbs NM)	575-392-5556

New Mexico Emergency Response Commission (Santa Fe)	505-476-9600
24 Hour	505-827-9126
New Mexico State Emergency Operations Center	505-476-9635

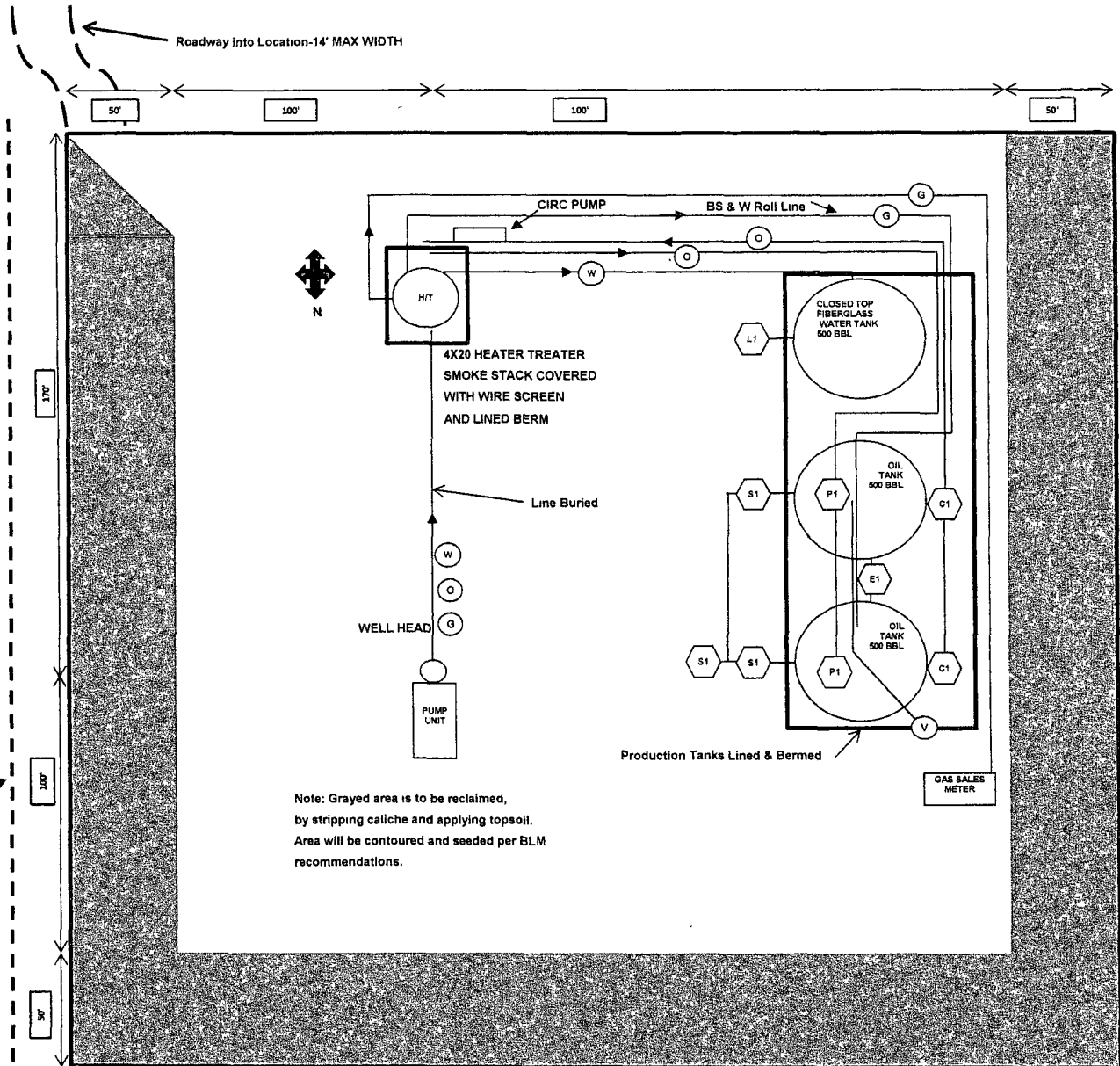
# Production Facility Layout

Taylor Deep 12 Federal 9  
2540' FNL & 660' FEL  
SEC 12, T18S, R31E  
Eddy Co, NM

NADEL AND GUSSMAN HEYCO, LLC  
500 NORTH MAIN SUITE ONE  
ROSWELL, NM



DCP PIPELINE



**Surface Use Plan**  
Nadel and Gussman Heyco. LLC  
Taylor Deep 12 Federal #9  
Section 12, T18S, R31E  
2540' FNL & 660' FEL  
Eddy County, New Mexico

1. **Existing Roads:**

Exhibit A is a portion of a New Mexico map showing the location of the proposed location. The location is approximately 10 miles South of Maljamar, NM. Intersection of St Hwy 82 and Co rd 222, Go south on Co rd 222 approx 3.4 miles. Turn left on Co Rd 249 go west approx 1.4 miles. Turn left and go northeast approx 2.6 miles, Turn left and go north approx 0.2 miles, Turn right and go east approx 0.2 miles and veer left, Go 0.2 mile to location.

2. **Planned Access Roads:**

533' of new road will be built to access this location come in from the south.

3. **Location of Existing Wells:**

See EXHIBIT B From the surveying company / vicinity map

4. **Location of Tank Batteries, Electric Lines, Etc:**

- a. In the event the well is found productive, the tank battery would be utilized and the necessary production equipment
- b. A 114/25kv, 40'-13 poles 330' span length electric line will run along side road for this well. See ROW access plat

5. **Location and Type of Water Supply:**

This location will be drilled using a combination of water mud systems (out line in the drilling program). Water will be obtained from commercial water stations in the area and hauled in by transport truck using the existing and proposed roads shown in the C-102.

6. **Source of Construction Material:**

All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM / State approved pit  
Or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche.

7. **Methods of Handling Waste Disposal:**

- a. All trash, junk, and other waste material will be contained in trash cages or trash bin to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill. The wellsite will be cleaned of all waste within 30 days of final completion of the well.
- b. A porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- c. Disposal of fluids to be transported by trucks to a nearby approved disposal.

8. **Ancillary Facilities:**

N/A

9. **Wellsite Layout:**

- a. EXHIBIT D shows the relative location and dimensions of the well pad, reserve pits, and major rig components.
- b. The land is relatively flat with sandy soil

c. The pad and pit area have been staked.

**10. Plan for Restoration of the Surface:**

a. After drilling and completion operations are completed, all equipment and other materials not needed for further operations will be removed. The location cleaned of all trash to leave the wellsite as pleasant in appearance as possible.

b. If the proposed operation is nonproductive, all restoration and/or vegetation requirements of the BLM will be complied with, and will be accomplished as quickly as possible. All pits will be filled and leveled within 90 days after abandonment.

c. Interim reclamation consists of minimizing the footprint of disturbance by reclaiming all portions of the well site not needed for production operations. Topsoil is respread over areas not needed for production operations and recontoured to the surrounding area and reseeded

**11. Other Information:**

a. The mineral and surface owner is the Federal Government, Land and Grazing leasing Caviness Cattle co. has been contacted

b. The topography consists of sandy soil with native grasses. No wildlife was observed, but the usual inhabitants of this region are Jackrabbits, Reptiles, Coyotes, etc.

c. There are no ponds, lakes, or rivers in this area.

d. An Archaeological Survey has been made and a copy has been sent to the Carlsbad BLM office. There is no evidence of any significant archaeological, historical, or cultural sites in the area. Further, there are no occupied dwellings or windmills in the area.

e. Should any incidental oil be recovered during testing of this well, this oil will be considered waste oil and not sellable due to contamination by drilling and/or completion fluids.

**12. Operator's Representative:**

The Nadel and Gussman HEYCO, LLC Company representatives responsible for ensuring compliance of the surface

Use plan are listed below.

Keith Cannon, Drilling Superintendent  
Nadel and Gussman Heyco, LLC  
P.O. Box 1936  
Roswell, NM 88202  
(575) 623-6601

Jason Goss, Drilling Engineer  
Nadel and Gussman Permian  
601 N. Marienfeld Suite 508  
Midland, Tx 79701  
(432) 682-4429

October, 11, 2011

## OPERATOR CERTIFICATION

I certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal Laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true, and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 11 day of October 2011.

Name: Keith Cannon

Position: Drilling Superintendent

Address: P.O. Box 1936, Roswell, NM 88202

Telephone: 575-623-6601

Email: kcannon@heycoenergy.com

Signed: \_\_\_\_\_

