

District I
1625 N French Dr , Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 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

Form C-10
June 16, 2001

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

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

¹ Operator Name and Address Nadel and Gussman HEYCO, LLC P O Box 1936 Roswell NM 88202		² OGRID Number 258462
		³ API Number 30 - 015 - 38147
³ Property Code 38308	⁵ Property Name Quercus 23 State	⁶ Well No # 1
⁹ Proposed Pool 1 Tubb		¹⁰ Proposed Pool 2 Blinbry

7 Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	23	17S	28E		1650'	NORTH	2310'	EAST	EDDY

8 Proposed 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
G	23	17S	28E		1650'	NORTH	2310'	EAST	EDDY

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3644'
¹⁶ Multiple Y	¹⁷ Proposed Depth 5250	¹⁸ Formation TUBB	¹⁹ Contractor N/A	²⁰ Spud Date 9/15/10

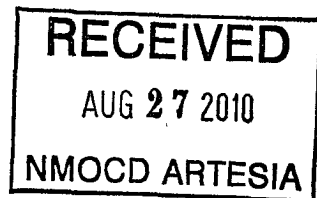
21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8 5/8"	36#	300'	185 sx	Surface
7 7/8"	5 1/2"	15.5#	5250'	875 sx	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Mud Program

0' to 300' 8 4 to 8 8 ppg, 80 - 55 visc w/ Fresh water spud mud
300' to 5450' 8 8 to 10 0 ppg, 28-30 visc, w/ brine / cut brine water



²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief

Signature

Printed name
Keith Cannon

Title
Drilling Superintendent

E-mail Address
kcannon@heycoenergy.com

Date
8/27/2010

Phone
575 - 623-6601

OIL CONSERVATION DIVISION

Approved by

Title

Dist. R. Supervisor

Approval Date

09/14/2010

Expiration Date

Conditions of Approval Attached ☐

KC 9/16/10

DISTRICT I
1625 N FRENCH DR., ROBBES, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II
1301 W GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S ST FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-	Pool Code 96210	Pool Name Empire;Glorieta-Yeso
Property Code 38708	Property Name QUERCUS 23 STATE	Well Number 1
GRID No. 258462	Operator Name NADEL AND GUSSMAN HEYCO, LLC	Elevation 3644'

Surface Location

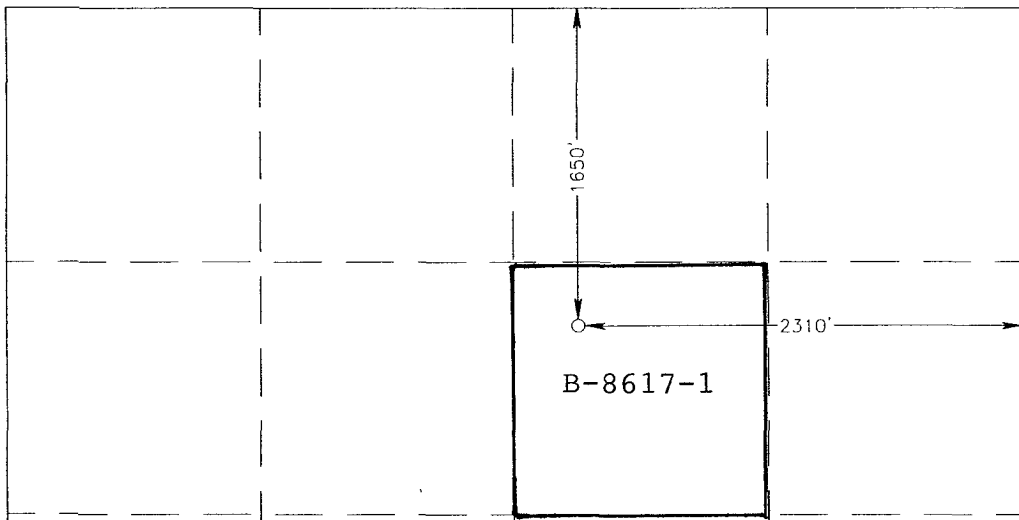
UL or lot No. G	Section 23	Township 17-S	Range 28-E	Lot Idn	Feet from the 1650	North/South line NORTH	Feet from the 2310	East/West line EAST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No. G	Section 23	Township 17S	Range 28E	Lot Idn	Feet from the 1650	North/South line North	Feet from the 2310	East/West line East	County Eddy
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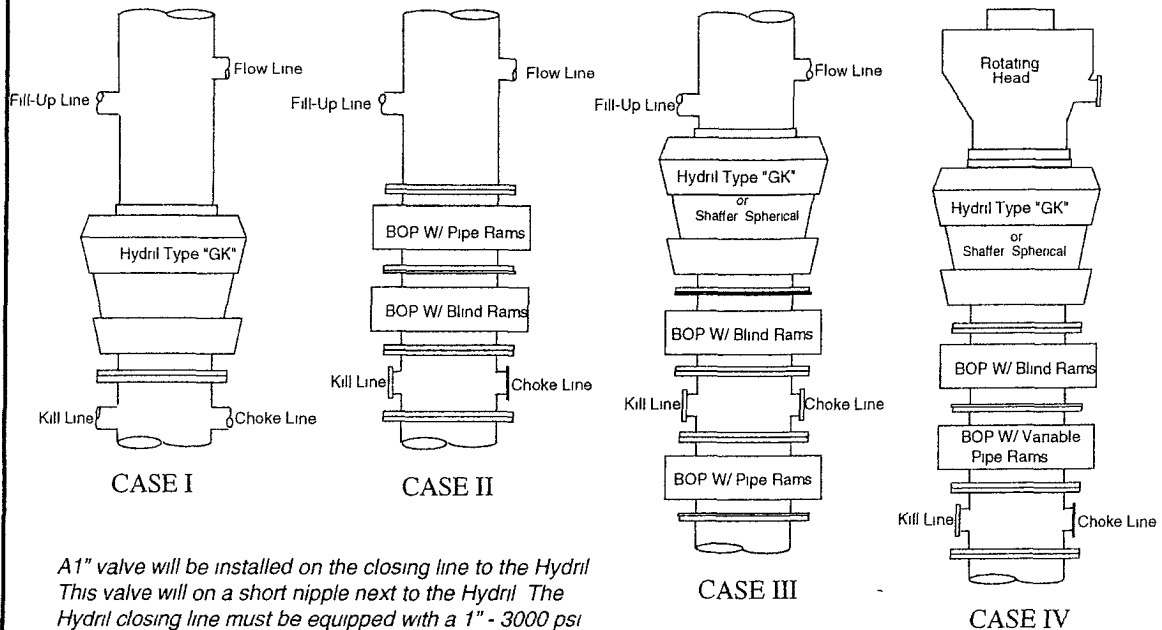
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

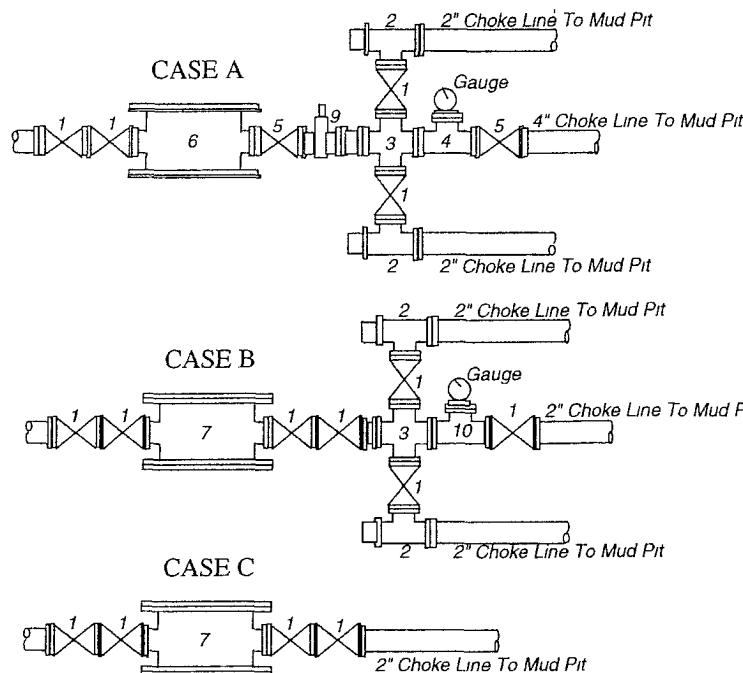
	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill 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</p> <p><i>Keith Cannon</i> 8/27/10 Signature Date</p> <p>Keith Cannon Printed Name</p>
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=663264.4 N X=557742.8 E</p> <p>LAT = 32.823260° N LONG = 104.145364° W</p>	<p>SURVEYOR CERTIFICATION</p> <p>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</p> <p>AUGUST 18, 2010</p> <p>Date Surveyed Signature & Seal of Professional Surveyor RONALD J. EIDSON 8/26/2010</p> <p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>

Nadel and Gussman Heyco, LLC

MINIMUM BLOWOUT PREVENTER REQUIREMENTS



A1" valve will be installed on the closing line to the Hydri
This valve will on a short nipple next to the Hydri The
Hydri closing line must be equipped with a 1" - 3000 psi
WP plug valve on the nipple into the Hydri



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
13- 5/8"	II	3000 psi	B
11"	III	3000 psi	B

***Rotating head required**

Bradenhead	
Mfr:	_____
Size	_____ Type _____

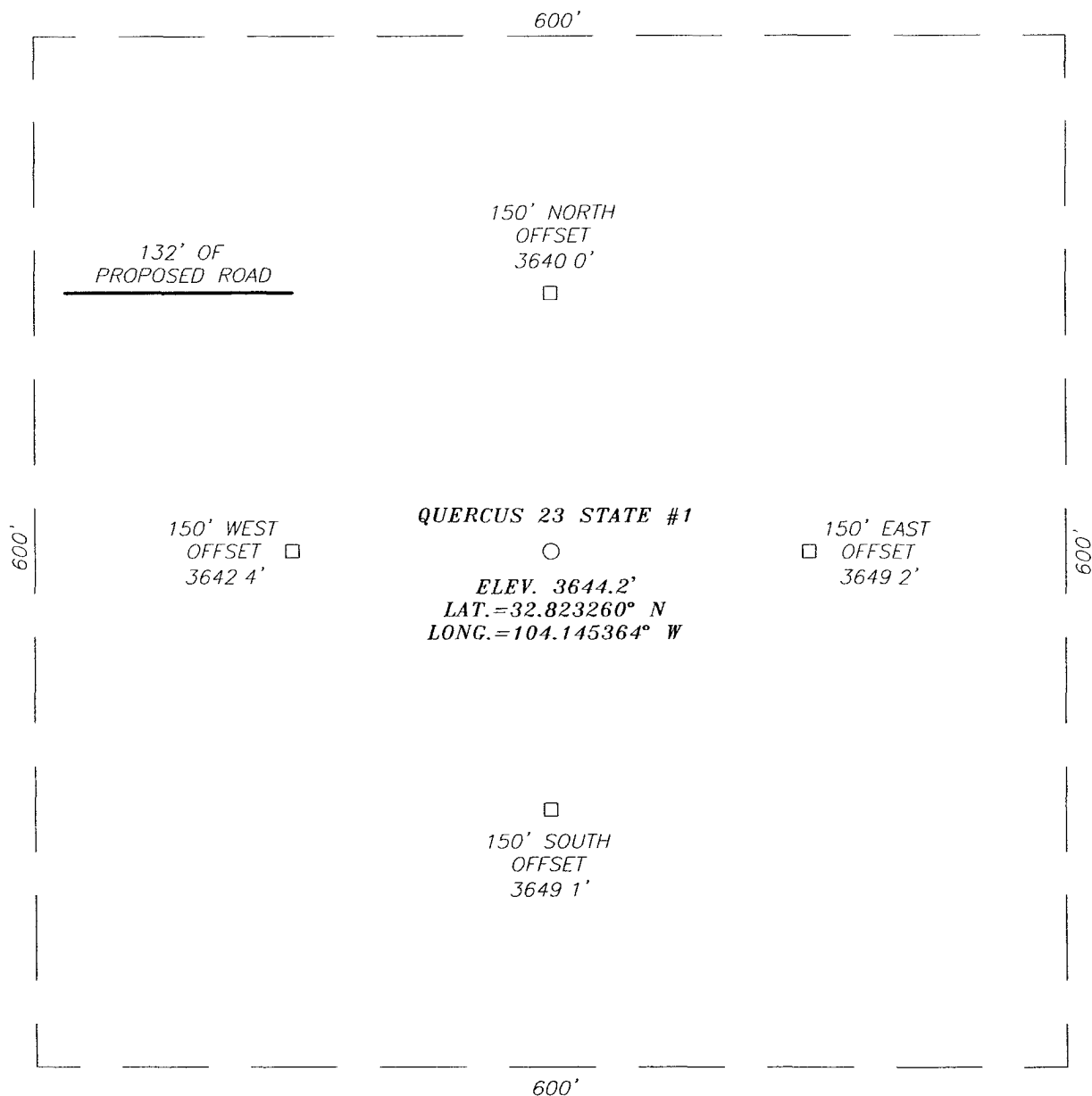
Legend

- 1 2" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shaffer Flo-Seal.
- 2 2" flanged adjustable chokes, min 1" full opening & equipped with hard trim.
- 3 4" x 2" flanged steel cross
- 4 4" flanged steel tee
- 5 4" flanged all steel valve (Type as in no 1)
- 6 Drilling Spool with 2" x 4" flanged outlet
- 7 Drilling Spool with 2" x 2" flanged outlet
- 8 2" x 2" flanged steel cross
- 9 4" pressure operated gate valve
- 10 2" flanged steel tee

Notes

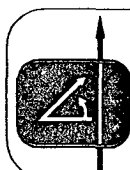
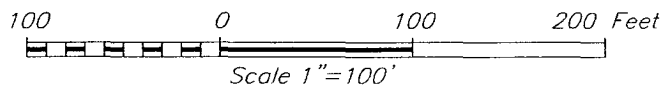
Choke manifold may be located in any convenient position Use all steel fittings throughout. Make 90° turns with bull plugged tees only No field welding will be permitted on any of the components of the choke manifold and related equipment upstream of the chokes The choke spool and all lines and fittings must be at least equivalent to the test pressure of the preventers required. Independent closing control unit with clearly marked controls to be located on derrick floor near driller's position

SECTION 23, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST. HWY. #82 AND
 CO RD #209 (TURKEY TRACT), GO NORTH CO. RD
 #209 APPROX 1.6 MILES THE LOCATION STAKE IS
 APPROX 280 FEET EAST



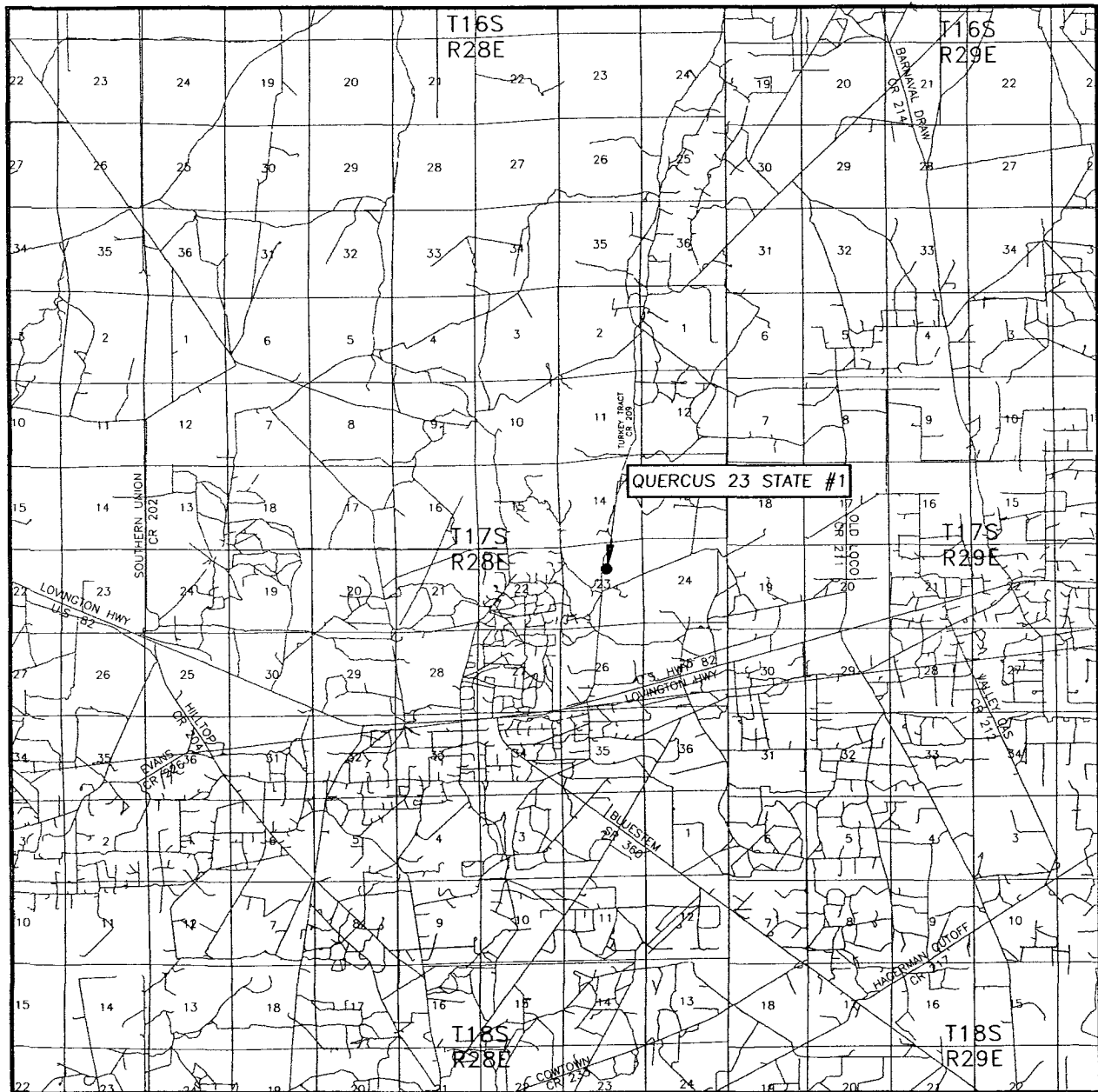
PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N DAL PASO
 HOBBS, N M 88240
 (575) 393-3117

NADEL AND GUSSMAN HEYCO, LLC

QUERCUS 23 STATE #1 WELL
 LOCATED 1650 FEET FROM THE NORTH LINE
 AND 2310 FEET FROM THE EAST LINE OF SECTION 23,
 TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

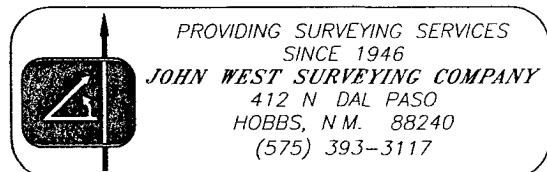
Survey Date 8/18/10	Sheet 1 of 1 Sheets
W O Number: 10 11 1193	Dr By LA
Date 8/25/10	10111193
	Scale 1"=100'

VICINITY MAP

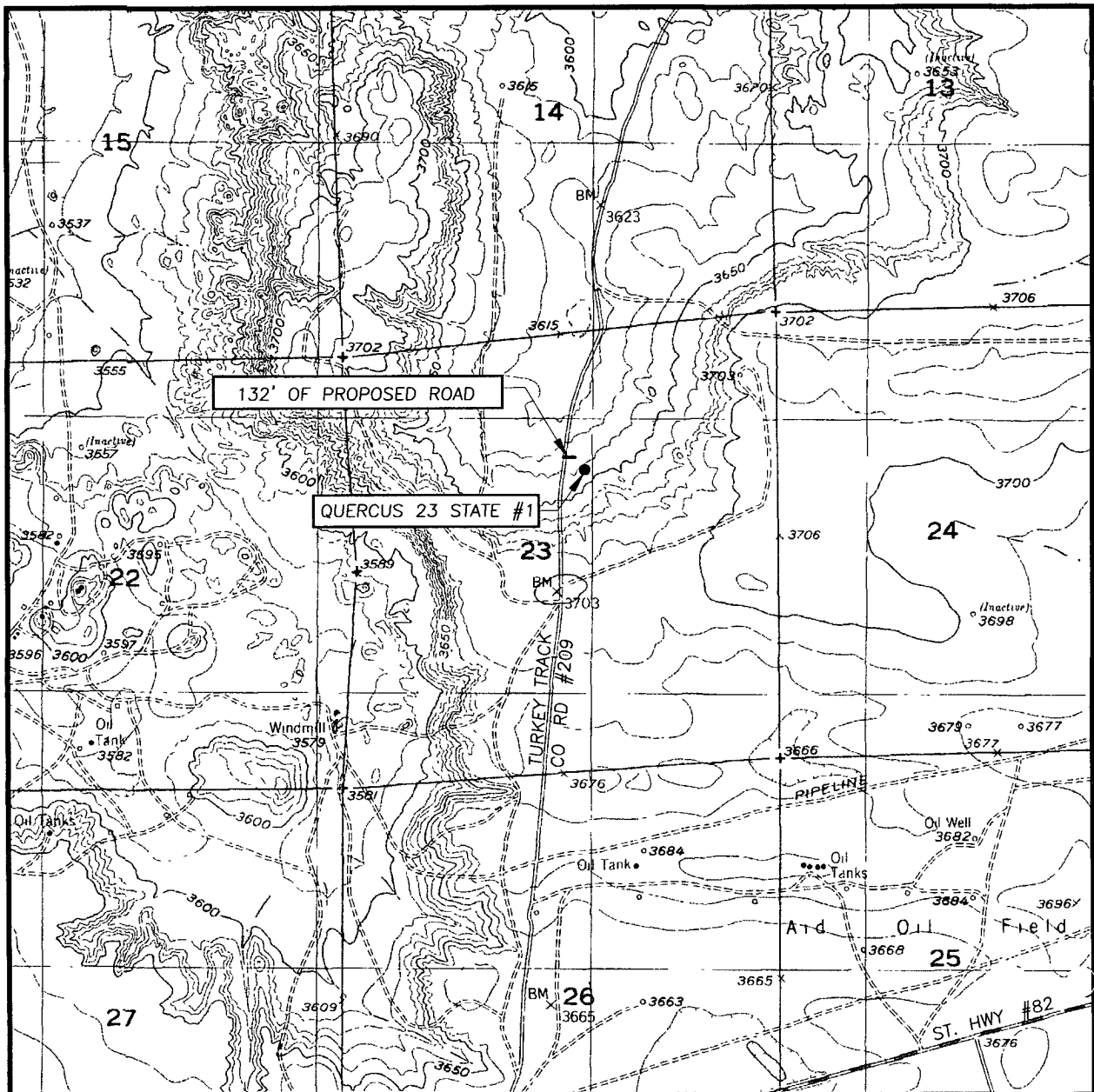


SCALE. 1" = 2 MILES

SEC. 23 TWP 17-S RGE 28-E
 SURVEY N M P M
 COUNTY EDDY STATE NEW MEXICO
 DESCRIPTION 1650' FNL & 2310' FEL
 ELEVATION 3644'
 OPERATOR NADEL AND GUSSMAN HEYCO, LLC
 LEASE QUERCUS 23 STATE



LOCATION VERIFICATION MAP



SCALE 1" = 2000'

SEC 23 TWP 17-S RGE 28-E

SURVEY N M P M

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 1650' FNL & 2310' FEL

ELEVATION 3644'

OPERATOR NADEL AND GUSSMAN HEYCO, LLC

LEASE QUERCUS 23 STATE

U.S.G.S TOPOGRAPHIC MAP
RED LAKE, N.M.

CONTOUR INTERVAL
RED LAKE, N M - 10'
RED LAKE SE, N M - 10'



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N DAL PASO
HOBBS, N M 88240
(575) 393-3117

NADEL AND GUSSMAN HEYCO, L.L.C.
P.O. BOX 1936
ROSWELL N.M. 88202
(575) 623-6601 (Office)
(575) 624-5321 (Fax)

4/30/10

Miss Reeves
District 2 Geologist
New Mexico Oil and Gas Division
1301 West Grand Avenue
Artesia, NM 88210

Re: Quercus 23 State #1
1650' FNL & 2310' FEL
Unit Letter G, Sec. 23, T17S, R28E
Eddy, NM
Rule 118 H2S Exposure

Dear Miss. Reeves

Nadel and Gussman Heyco, LLC have evaluated this well and we do not expect to encounter hydrogen sulfide. However, we will employ a third party monitoring system. We will begin monitoring prior to drilling out the intermediate casing and will continue monitoring the remainder of the well.

Please contact me if you have any additional questions.

Sincerely,

Keith Cannon
Drilling superintendent

Hydrogen Sulfide Drilling Operations Plan
Quercus 23 State #1
UNIT G, Sec 23, T17S, R28E
1650' FNL & 2310' FEL
Eddy Co. N.M.

1. Company and contract personnel admitted on location should be trained by a qualified H₂S safety instructor to the recognize and handle following:
 - A. Characteristics of H₂S gas
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems
 - D. Principle and operation of H₂S 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. H₂S Detection and Alarm Systems
 - A. H₂S 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. H₂S 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 - H₂S 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 H₂S on tubular goods/mechanical equipment
9. If H₂S encountered, mud system shall be addressed to maintain control of formation. A mud gas separator will be brought into service along with H₂S scavengers, if necessary.

PUBLIC PROTECTION PLAN FOR EMERGENCY CONTACTS

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

Company Personnel

Terry West	Drilling Enrneeer	432-682-4429 432-238-2874
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