

HOBBS, ARTESIA, AZTEC, SANTA FE NMOCD DISTRICT OFFICE

C-104 DENIAL NOTICE

02/14/11
(Date of Denial)

Donna Mull (575) 393-6161 x 115
(Contact person) (Phone)

Randy Dade (575) 748-1283 x 102

Operator Nadel & Gussman HEYCO LLC OGRID 258462

Well Name Aid State #8 API Number 30-015-37067

Pool Code 96210 38142

Your recent form C-104 for the above well is hereby rejected for the following reason(s):

- C-103 Subsequent Report with complete casing and cement data not received
- C-103 Subsequent Report with Completion Report not received
- C-105 not received or incomplete
- C-101 and C-102 not in agreement as to completion information
- Logs not received
- Part 5.9 violations- (Specifically Inactive Wells)
- Directional/Deviation Survey required
- C-102 that shows the results of the Directional Drill Survey and resulting bottom hole location
- NSL/NSP not approved
- C-104 omitted information
 - Section I information (name, address, OGRID, etc.)
 - Section II information (surface location)
 - Section IV information (well completion data)
 - o Spud date
 - o Ready date
 - o TD
 - o PBTD
 - o Perfs
 - o Hole size, casing/tubing size, depth set, sacks cement
 - Section V information (well test data)
 - o Box Number _____

Signature _____ Printed Name and Title _____ E-mail Address _____ Date _____ Phone _____

Other _____

The well completion identified above has **not** been granted an allowable to produce. This well completion **shall** **not** be produced until the New Mexico Oil Conservation Division issues an approved C-104. This will **not** take place until all of the items noted above are addressed to the NMOCD's satisfaction.

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., 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-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-015-37067
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Aid State
8. Well Number #8
9. OGRID Number 258462
10. Pool name or Wildcat EMPIRE GLORIETA-YESO

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>
2. Name of Operator NADEL AND GUSSMAN HEYCO, LLC
3. Address of Operator PO BOX 1936 ROSWELL NM 88202-1936
4. Well Location Unit Letter A : 990' feet from the NORTH line and 330' feet from the EAST line Section 13 Township 17S Range 28E NMPM County EDDY
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3713' GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type	Depth to Groundwater	Distance from nearest fresh water well	Distance from nearest surface water
Pit Liner Thickness:	mil	Below-Grade Tank: Volume	bbls; Construction Material

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Completion Sundry ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

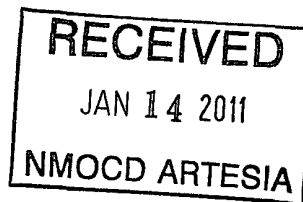
12/02/10-Run CBL from 5281 to surface, TOC @ 20'.
12/15/10-Test casing to 4000 psi-OK
Perforate 5005-5190, 0.40", 39" penetration, 27 Total

12/16/10-Frac 5005-5190 w/ 137,802 gal 25#/20# X-link and 102,000 #'s 16/30 prop. Set BP @ 4890. Perforate 4525-4787, 0.4", 39" penetration, 26 Total. Frac 4525-4787 w/ 218,526 gal 25#/20# X-link and 205,500 #'s 16/30 prop. Set BP @ 4470. Perforate 4187-4411, 0.4", 39" penetration, 25 Total. Frac 4187-4411 w/ 192,780 gal 25#/20# X-Link and 190,000 #'s 16/30 prop. Set BP @ 4110. Perforate 3898-4080, 0.4", 39" penetration, 25 Total. Frac 3898-4080 w/ 187,088 gal 25#/20# X-Link and 198,860 #'s 16/30 prop.

12/17/10 thru 12/19/10-Flow well back

12/20/10-MIRU PU, drill out BP's @ 4110, 4470, and 4890. Clean out well

12/21/10-RIH with tubing and rods. Tubing count: 118jts, 2 7/8", 6.4#/ft, J-55. TAC@ 3781, SN@3814. Turn well to production



I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC D guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Larry R. Gink TITLE PRODUCTION ANALYST DATE 1/11/2011

Type or print name E-mail address: tlink@heycoenergy.com Telephone No. 575.623.6601
For State Use Only

APPROVED BY: [Signature] TITLE Geddy DATE 1/21/2011
Conditions of Approval (if any):

Submit To Appropriate District Office Two Copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1331 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., 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-105 July 17, 2008						
		1. WELL API NO. 30-015-38142		2. Type of Lease <input checked="" type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/> FED/INDIAN						
		3. State Oil & Gas Lease No.								
WELL COMPLETION OR RECOMPLETION REPORT AND LOG										
4. Reason for filing: <input checked="" type="checkbox"/> COMPLETION REPORT (Fill in boxes #1 through #31 for State and Fee wells only) <input type="checkbox"/> C-144 CLOSURE ATTACHMENT (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33; attach this and the plat to the C-144 closure report in accordance with 19.15.17.13.K NMAC)				4. Lease Name or Unit Agreement Name Aid State						
7. Type of Completion: <input checked="" type="checkbox"/> NEW WELL <input type="checkbox"/> WORKOVER <input type="checkbox"/> DEEPENING <input type="checkbox"/> PLUGBACK <input type="checkbox"/> DIFFERENT RESERVOIR <input type="checkbox"/> OTHER				6. Well Number: #8						
8. Name of Operator Nadel and Gussman HEYCO, LLC				9. OGRID 258462						
10. Address of Operator P.O. Box 1936, Roswell, New Mexico 88202-1936				11. Pool name or Wildcat Empire Glorieta-Yeso						
12. Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:	A	13	17S	28E		990'	N	330'	E	Eddy
BH:										
13. Date Spudded 10/17/10		14. Date T.D. Reached 10/29/10		15. Date Rig Released 10/31/10		16. Date Completed (Ready to Produce) 12/22/10		17. Elevations (DF and RKB, RT, GR, etc.) 3713' GR		
18. Total Measured Depth of Well 5,380'			19. Plug Back Measured Depth 5297'		20. Was Directional Survey Made? yes			21. Type Electric and Other Logs Run Spectral Gamma Ray Dual spaced Neutron spectral Density log Dual Lat		
22. Producing Interval(s), of this completion - Top, Bottom, Name										
23. CASING RECORD (Report all strings set in well)										
CASING SIZE		WEIGHT LB./FT.		DEPTH SET		HOLE SIZE		CEMENTING RECORD		AMOUNT PULLED
9 5/8		36#/J-55		335'		12 1/4		500 sx		0
5 1/2		155#/J-55		5380'		7 7/8		1250 sx		0
24. LINER RECORD										
SIZE		TOP		BOTTOM		SACKS CEMENT		SCREEN		
25. TUBING RECORD										
SIZE		DEPTH SET		PACKER SET						
2.875		3814'		3781' (tac)						
26. Perforation record (interval, size, and number) 3898-4080- 1 spf, 0.40", 27 holes 4187-4411- 1 spf, 0.40", 26 holes 4525-4787- 1 spf, 0.40", 25 holes 5005-5190- 1 spf, 0.40", 25 holes										
27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.										
DEPTH INTERVAL					AMOUNT AND KIND MATERIAL USED					
See attached					Completion Sundry					
28. PRODUCTION										
Date First Production 12/30/10			Production Method (Flowing, gas lift, pumping - Size and type pump) pumping				Well Status (Prod. or Shut-in) Prod			
Date of Test 1/3/11		Hours Tested 24		Choke Size n/a		Prod'n For 24 hrs		Oil - Bbl 48		Gas - MCF 82
Flow Tubing Press. 0		Casing Pressure 50		Calculated 24- Hour Rate		Oil - Bbl. 48		Gas - MCF 82		Water - Bbl. 661
										Gas - Oil Ratio 38
29. Disposition of Gas (Sold, used for fuel, vented, etc.) sold									30. Test Witnessed By:	
31. List Attachments Mud Log, Deviation Survey										
32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit.										
33. If an on-site burial was used at the well, report the exact location of the on-site burial:										
n/a Latitude Longitude NAD 1927 1983										
I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief										
Signature 575-623-6601 E-mail Address: tlink@hevcoenergy.com			Printed Name Tammy R. Link			Title: Production Analyst			Date: 1/11/11	

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well and not later than 60 days after completion of closure. When submitted as a completion report, this shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 11, 12 and 26-31 shall be reported for each zone.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico		Northwestern New Mexico	
T. nhy	T. Canyon	T. Ojo Alamo	T. Penn A"
T. Salt	T. Strawn	T. Kirtland	T. Penn. "B"
B. Salt 680	T. Atoka	T. Fruitland	T. Penn. "C"
T. Yates 845	T. Miss	T. Pictured Cliffs	T. Penn. "D"
T. 7 Rivers 1095	T. Devonian	T. Cliff House	T. Leadville
T. Queen 1655	T. Silurian	T. Menefee	T. Madison
T. Grayburg 2075	T. Montoya	T. Point Lookout	T. Elbert
T. San Andres 2430	T. Simpson	T. Mancos	T. McCracken
T. Glorieta 3810	T. McKee	T. Gallup	T. Ignacio Otzte
T. Paddock	T. Ellenburger	Base Greenhorn	T. Granite
T. Blinbry	T. Gr. Wash	T. Dakota	T. M. Morrow
T. Tubb 5235	T. Delaware Sand	T. Morrison	T. L. Morrow
T. Drinkard	T. Bone Springs	T. Todilto	T. Yeso 3890
T. Abo	T. 1 st BS SD	T. Entrada	
T. Wolfcamp	T. 2 nd BS SD	T. Wingate	
T. Penn	T. 3 rd BS SD	T. Chinle	
T. Cisco (Bough C)	T. Morrow	T. Permian	

OIL OR GAS SANDS OR ZONES

No. 1, from...3935.....to...4145...Oil.....

No. 3, from.....4660.....to...4785.....Oil.....

No. 2, from...4345 ...to....4490 Oil.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....

No. 2, from.....to.....feet.....

No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology	From	To	Thicknes In Feet	Lithology
0	680	680	Qal, Anhy + Salt				
680	1655	975	Anhy & Rd Stz w/minor Dolo + Ss				
1655	2075	420	Anhy & w/minor Ssh+Dol				
2075	2520	445	Dolo w/minor Ss + Anhy				
2520	3810	1290	Dolo off wht-brn f-vxln				
3810	3890	80	Ss. Tan vfg & Sandy Dolo				
3890	4325	435	Dolo lt brn vfxln				
4325	4750	425	Dolo lt brn w/minor Ss				
4750	5235	485	Dolo, lt gry vfxln				
5235	TD	148	Ss vfg & Dolo. Lt gry				
	5838						

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State of New Mexico
Energy, Minerals & Natural Resources

Form C-104
Revised Feb. 26, 2007

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

Submit to Appropriate District Office
5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address Nadel and Gussman HEYCO, LLC P.O. 1936 Roswell, NM 88202-1936		² OGRID Number 258462	
		³ Reason for Filing Code/ Effective Date NW	
⁴ API Number 30 - 015-38142	⁵ Pool Name Empire Golorieta-Yeso		⁶ Pool Code 96210
⁷ Property Code 305002	⁸ Property Name Aid State		⁹ Well Number 8

II. ¹⁰ Surface Location

UL or lot no. A	Section 13	Township 17S	Range 28E	Lot Idn	Feet from the 990'	North/South North Line	Feet from the 330	East/West line East	County Eddy
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¹¹ Bottom Hole Location

UL or lot no. A	Section 13	Township 17S	Range 28E	Lot Idn	Feet from the 990'	North/South line North	Feet from the 330	East/West line East	County Eddy
¹² Lse Code S	¹³ Producing Method Code P	¹⁴ Gas Connection Date	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date				

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ O/G/W
214985	Plains Marketing LP 500 Dallas, Suite 700 Houston, TX 77002	O
036875	DCP P.O. Box 1967, Houston, TX 77001	G
<div>RECEIVED JAN 14 2011 NMOCD ARTESIA</div>		

IV. Well Completion Data

²¹ Spud Date 10/17/10	²² Ready Date 12/22/10	²³ TD 5380'	²⁴ PBDT 5297'	²⁵ Perforations 3898-5190'	²⁶ DHC, MC
²⁷ Hole Size 12 1/4	²⁸ Casing & Tubing Size 9 5/8, 36#/J-55	²⁹ Depth Set 335'	³⁰ Sacks Cement 500 sx		
7 7/8	5 1/2, 155#/J-55	5380'	1250 sx		

V. Well Test Data

³¹ Date New Oil 12/30/10	³² Gas Delivery Date 12/30/10	³³ Test Date 1/3/11	³⁴ Test Length 24 hrs	³⁵ Tbg. Pressure 0	³⁶ Csg. Pressure 50
³⁷ Choke Size n/a	³⁸ Oil 48	³⁹ Water 661	⁴⁰ Gas 82	⁴¹ Test Method P	

⁴² I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Tammy R. Link</i>		OIL CONSERVATION DIVISION Denied	
Printed name: Tammy R. Link		Approved by:	
Title: Production Analyst		Title:	
E-mail Address: tlink@heycoenergy.com		Appro On <u>2/14/11</u> <u>see attached letter</u> APD Reviewed by <u>dm</u> <u>Kee</u> For more information on this matter, please call Donna Mull @ (575) 393-6161 ext 115 or email donna.mull@state.nm.us	
Date: 1/11/11	Phone: 575-623-6601		

Denied because of to many Inactive Wells
for this company. See Rule 19.15.5.9(A)(4)

Randy Dade (575) 748-1283 x 102