

**Hydrogen Sulfide Drilling Operations Plan**  
**Bola 7 Federal Com 6H**  
**Sec 7, T18S, R32E**  
**1740' FNL & 1980' FEL**  
**Lea Co. N.M.**

**RECEIVED**

SEP 13 2010

HOBBSOCD

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**

Terry West	Drilling Enrineer	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

**Surface Use Plan**  
Nadel and Gussman Heyco. LLc  
Bola 7 Federal Com 6H  
Section 7, T18S, R32E  
1740' FNL & 1980' FEL  
Lea 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 Hyw 529 and Co rd 126, Go south on Co rd 126 approx 2.5 miles. Turn right and go west approx 1.0 miles. Turn right and go north approx 0.5 miles, Turn left and go west approx 0.3 miles to location.

**2. Planned Access Roads:**

211 feet of new road will be built to access this location come in from the northeast.

**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. The heater treater will be installed on the west side of location, and the tank battery will be installed on the northwest side of location.

b. A 114/25kv, 40'-3 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. Top soil removed while drilling location is constructed will be store on the north side of location.

**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. Steel pits will be located on the East side of location. V-Door of drilling rig is to be facing South.

b. The land is relatively flat with sandy soil

c. The pad and pit area have been staked.

d. Electrical supply will follow newly constructed lease road from the Nadel & Gussman HEYCO well site Bola 7 Federal 3.

**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 Williams & Son 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

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

June 9, 2010

## 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 8 day of June 2010.

Name: JJ McGlasson

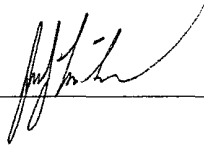
Position: Completions Engineer

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

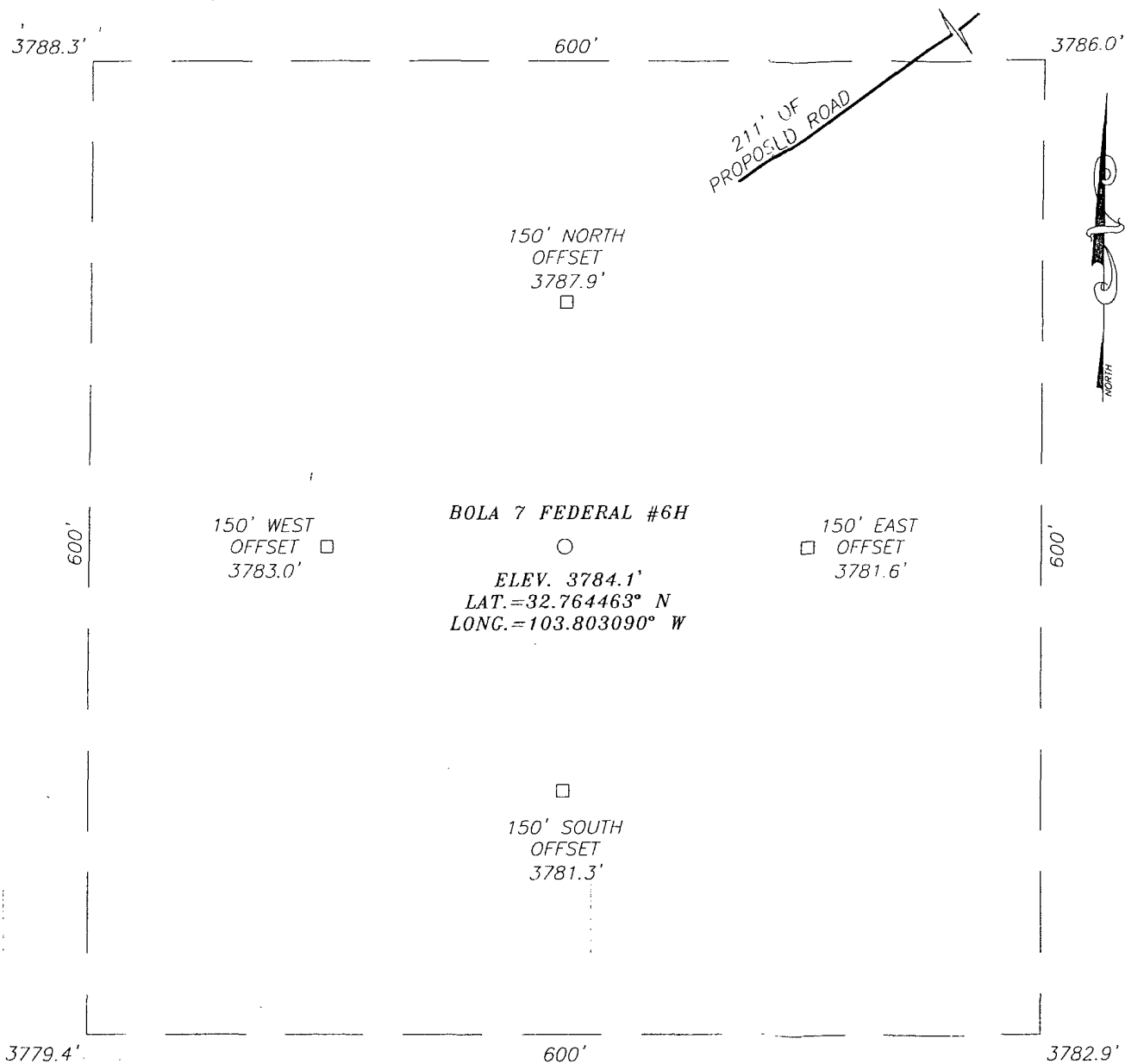
Telephone: 575-623-6601

Email: jmcglasson@heycoenergy.com

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

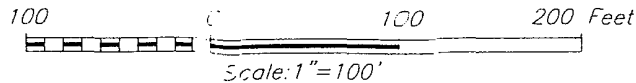


**SECTION 7, TOWNSHIP 18 SOUTH, RANGE 32 EAST, N.M.P.M.,**  
 LEA COUNTY, NEW MEXICO



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF ST. HWY. #529 AND CO. RD. #126 (MALJAMAR RD), GO SOUTH ON CO. RD. #126 APPROX. 2.5 MILES. TURN RIGHT AND GO WEST APPROX. 1.0 MILE. TURN RIGHT AND GO NORTH APPROX. 0.5 MILES. VEER LEFT AND GO NORTHWEST APPROX. 0.2 MILES TO A STAKE PROPOSED ROAD. FOLLOW PROPOSED ROAD SURVEY SOUTHWEST 210 FEET TO THIS LOCATION.



**NADEL AND GUSSMAN HEYCO, LLC.**

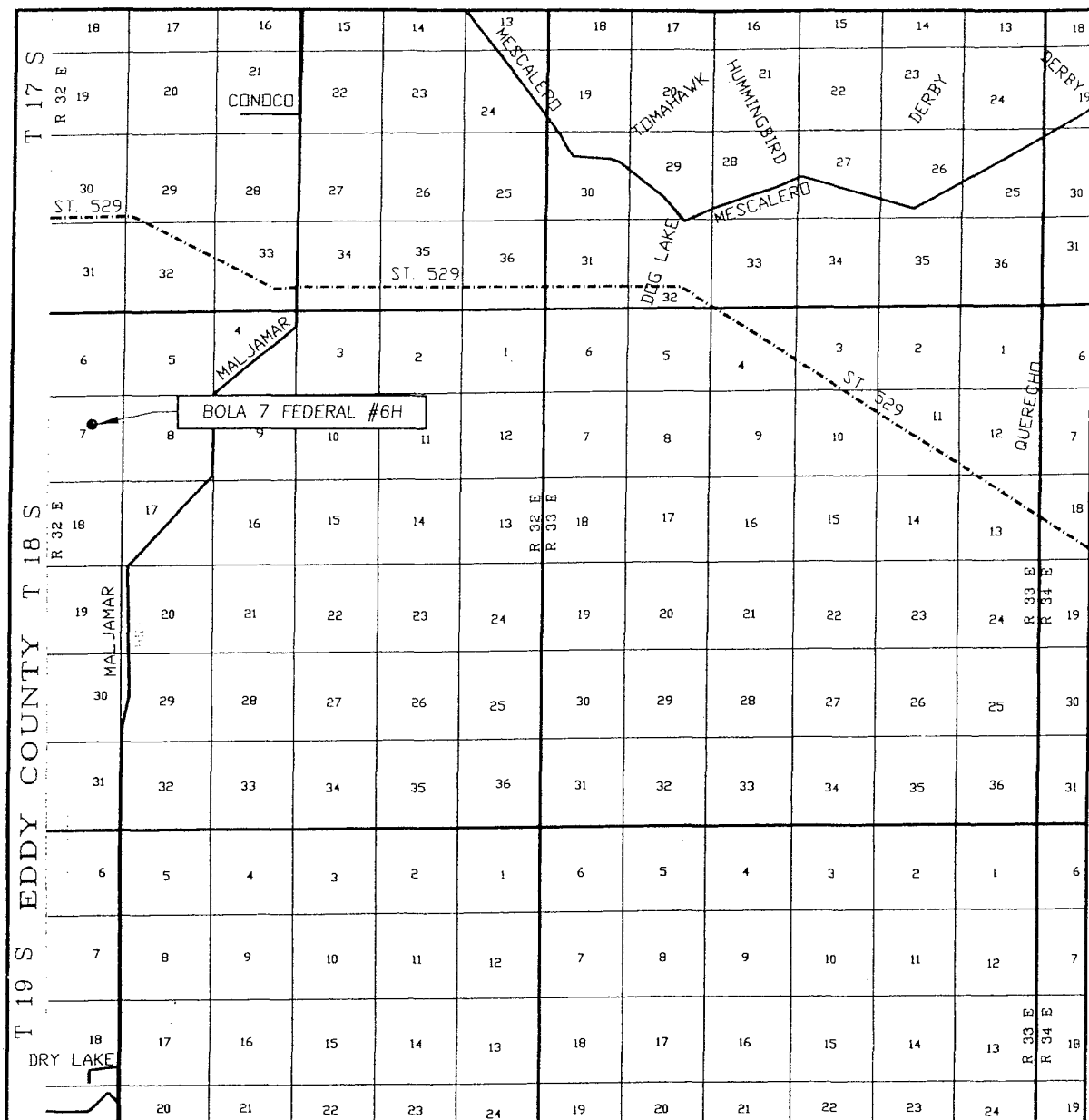
BOLA 7 FEDERAL #6H WELL  
 LOCATED 1/45 FEET FROM THE NORTH LINE  
 AND 1980 FEET FROM THE EAST LINE OF SECTION 7,  
 TOWNSHIP 18 SOUTH, RANGE 32 EAST, N.M.P.M.,  
 LEA COUNTY, NEW MEXICO.

Survey Date: 6/1/10	Sheet 1 of 1 Sheets
W.O. Number: 10.11.0804	Dr By: LA
Date: 6/8/10	10110804
	Scale: 1"=100'



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

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 7 TWP. 18-S RGE. 32-E

SURVEY N.M.P.M.

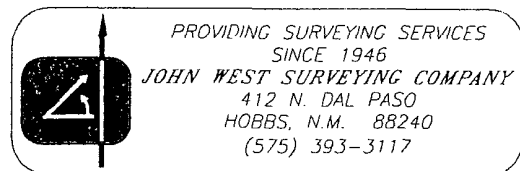
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1740' FNL & 1980' FEL

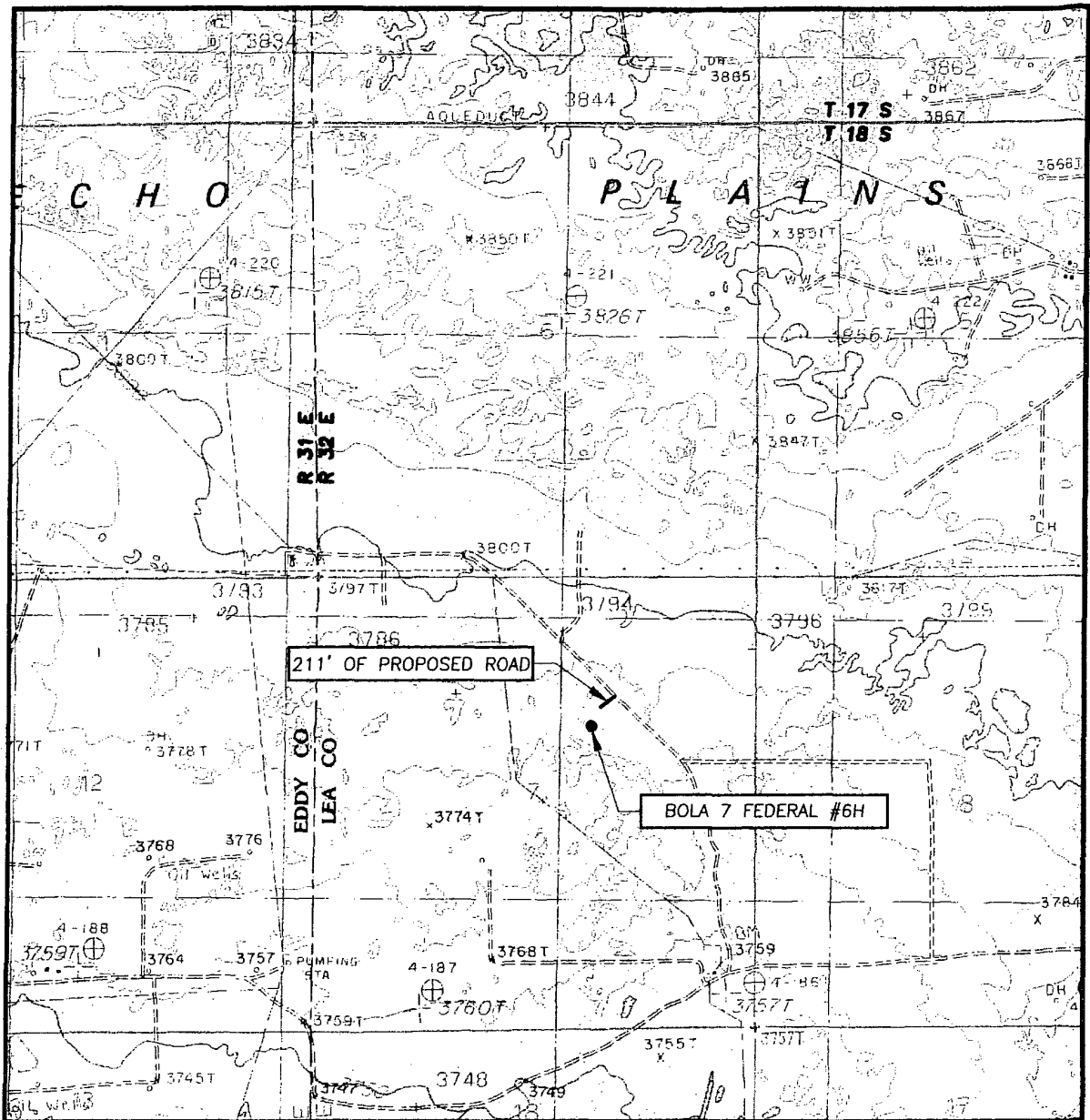
ELEVATION 3784'

OPERATOR NADEL AND GUSSMAN HEYCO, LLC.

LEASE BOLA 7 FEDERAL



# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
MALJAMAR, N.M. - 10'

SEC. 7 TWP. 18-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

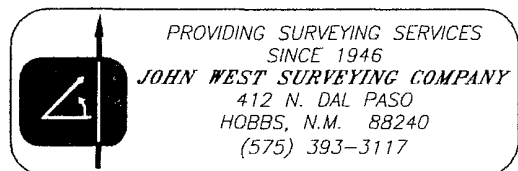
DESCRIPTION 1740' FNL & 1980' FEL

ELEVATION 3784'

OPERATOR NADEL AND GUSSMAN  
HEYCO, LLC.

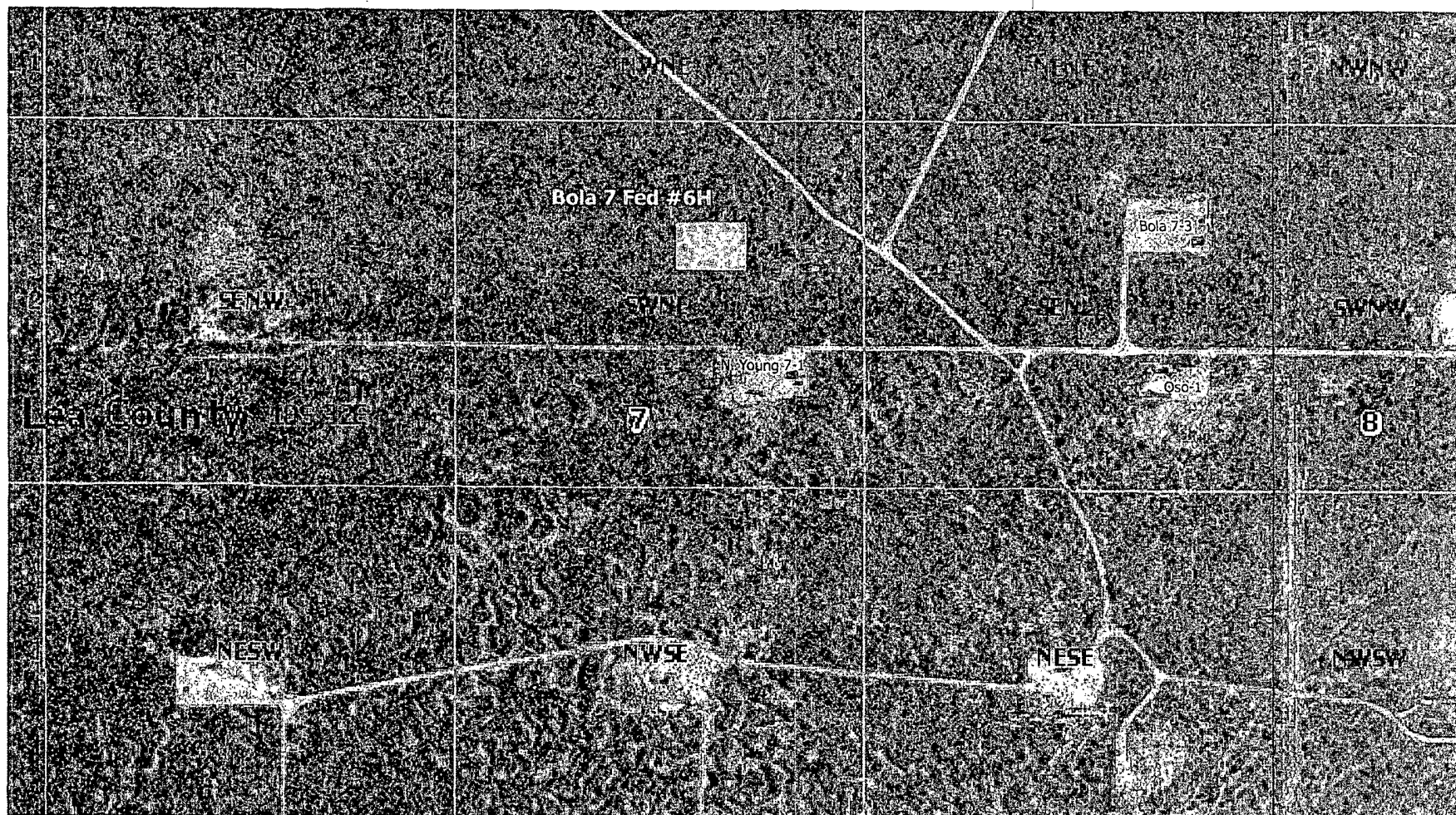
LEASE BOLA 7 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP  
MALJAMAR, N.M.





# Bola 7 Federal 6H (1740 FNL 1980 FEL)



*Proposed New Road ROW  
electric line*

7/13/2010

No warranty is made by the BLM for the use of the data for purposes not intended by the BLM.