State of New Mexico Energy Minerals and Natural Resources



Form C-101 May 27, 2004

Oil Conservation Division JUN 0 2 2000 mit to appropriate District Office 1220 South St. Francis Dr. Santa Fe. NM 87505

<u>District I</u>
1625 N French Dr, Hobbs, NM 88240
<u>District II</u>
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

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		Pa	Operator Name rallel Petro	leum Co	orp.				230387			r
1004 N. Big Spring Street, Suite 400, Midland, TX.									30-00	API N ک • ک	Number	24
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359	93				Personally	1323-33						<u> </u>
(Cottonw		Proposed Pool 1 ek; Wolfcan	np Gas	(75250)				10 Prop	osed Pool	2	
<u> </u>					⁷ Surface	e Location	1					
UL or lot no	Section	Township	Range	Lot I	dn Feet	from the No	orth/South li		Feet from the	East/We	1	County
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			8 Propo	sed Botto	om Hole Loc	ation If Diff	erent Fr	om Sı	ırface			
UL or lot no	Section	Township	Range	Lot I		I .	orth/South I	ine	Feet from the	East/We		County
н	33	158	25E	A 4		7.011 In forms	North		660	Ea	st	Chaves
11 Work	Type Code	T	12 Well Type Co			ell Inform	lation	14 7	ease Type Code		15 Gro	und Level Elevation
	N		O & G		Cu.	R	1	D	P			3476'
	lultiple		17 Proposed Dep	1	_	ormation			9 Contractor			²⁰ Spud Date
	<u> </u>		45MD,4750			lfcamp			<u>NA</u>			NA
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<u>Pıt</u> Liner	NOI	NEmils	thick Clay 🗌		Pit V	olume				Drilling_		
Close	d-Loop Syst	tem X				,, <u>_</u>			Brine Dies	el/Oıl-base	d □ G	as/Aır 🗌
			21	Propos	ed Casing	and Ceme	ent Pro	gram	l			
Hole S	ize	Cası	ng Sıze	Casing	weight/foot	Settin	ng Depth		Sacks of C	ement		Estimated TOC
11'	,	8-	5/8"		24#	11	100'		325			Surface
7-7/	3"	5-	1/2"				'D 4750' NA		\		To Surface	
						MD 9045'						Casing
												
22 Describe ti	he proposed	program If	this application	is to DEEE	PEN or PLUG I	BACK give the	e data on t	the pre-	ent productive	one and n	roposed	new productive zone
Describe the Well to be details on plan. 1. Prepare 2. Move 3. Drill 1	blowout pre e drilled a the ceme re surface in and ri 1" hole.	evention programs a horizent and me location group rotal and set and set a	gram, if any Use contal Wolfcoud program a. Set condury ry drilling ri nd cement 8	e additional camp tests as well ctor with g, spud 3-5/8" su	I sheets if necest. The attact. The attact. I as the direct a rat hole well.	ssary ched drillin ectional dri unit.	g plan illing in	will laform	oe utilized for ation. The f	or this to ollowin	est and g is a	d contains summary of this
to TD. 5. Set kice 2003' FNI 6. Set 5-	5. Set kick-off plug at approximately 4300' and drill and advance hole to a Wolfcamp penetration point at approximately 2003' FNL and 660' FEL of the section and continue drilling to BHL. (9045'MD & 4750' TVD) 6. Set 5-1/2" casing to TD and tie back cement to surface casing. Perforate porosity and stimulate as necessary (specific procedure to be determined).											
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Prin			wen	crus	ram	Title:			/			
	<u>_</u>	ngineer				Approval D	Date.	5/	08 1	Expiration	Date.	5/5/10
E-mail Addre	ss. ddur	ham@pll	1.com									
Date 5-28-0	3		Phone (432)	684-3727		Conditions	of Approv	val Atta	ched			

DISTRICT | 1625 N. French Dr., Hobbo, NM 68240

DISTRICT II 1301 V. Grand Avenue, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Axtec, NM 87410

State of New Mexico

Bnergy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Frances Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

DISTRICT_IY
1220 S. St. Francis Dr., Santa Fe, NM 87505

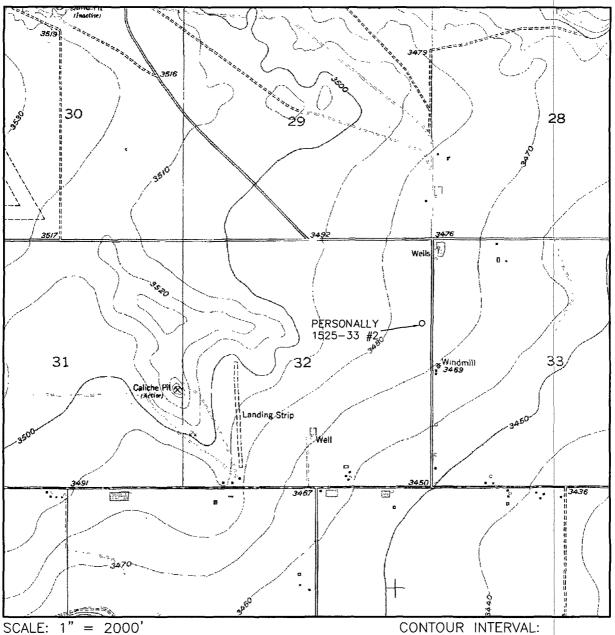
WELL LOCATION AND ACREAGE DEDICATION PLAT

API	Number]	Pool Code			Pool Name				
Property (Code			Property Name PERSONALLY 1525–33					Well Number		
OGRID No. Operator Name PARALLEL PETROLEUM CORPORATION						N		levatio 3476			
					Surface Loca	ation					
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West	line	County	
Н	32	15 S	25 E		1880	NORTH	166	EAST	r	CHAVES	
		•	Bottom	Hole Loca	ation If Diffe	rent From Sur	face				
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West	line	County	
Н	33	15 S	25 E		1989	NORTH	660	EAST	Г	CHAVES	
Dedicated Acres	Joint or	Infill	Consolidation (Code Ord	er No.	A	<u> </u>				
320											

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

,		ND CIVIT HAS DE			
Coordinate System", New	orm to the "New Mexico Mexico East Zone, North Distances shown hereon are				OPERATOR CERTIFICATION I hereby certify the the suformation contained herein is true and complete to the lest of my knowledge and belief, and that this organization either cours a working unleved or unleased returned interestin the land metating the proposed bettom hade location or has a right to crit this soil a cloth location pursuant to a contract with an ecuner of such a minipal or working interest, or to a voluntary posting agreement or a computory posting order hereisfree entered by the division. All the division.
32	166'- (SL)o S 81'24'19" E 835.6'	(PP) S 89'52'5	7" E - 3967.1' - 33	660, - 1989, - 1989,	Signature Date Dean & Durham Printed Name SURVEYOR CERTIFICATION 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 supervison and that the same is true and correct to the best of my belief.
	Surface Location Plane Coordinate X = 452,238.2 Y = 717,991.7 Geodetic Coordinate Lat. 32'58'25.57" N Long. 104'27'23.28" W (NAD '27)	T-15-S T-18-S Penetration Poil Plane Coording X = 463,064.2 Y = 717,866.2 Geodetic Coordin Lat. 32'58'24.34 Long. 104'27'13.5 (NAD '27)	e <u>Plane (</u>	Die Location Coordinate 67,030.3 17,858.8 Coordinate 58'24.31" N '26'27.02" W D '27)	May 9, 2008 Date of Survey LVA Signature & Seal of Professional Surveyor W.O. Num. 2008-0533 Certificate No. MACON MCDONALD 12185

LOCATION VERIFICATION MAP



SEC. 32 TWP. 15-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 1880' FNL & 166' FEL

ELEVATION _____ 3476'

OPERATOR PARALLEL PETROLEUM CORPORATION

LEASE PERSONALLY 1525-33

U.S.G.S. TOPOGRAPHIC MAP

ESPUELA

ESPUELA - 10'



WEST

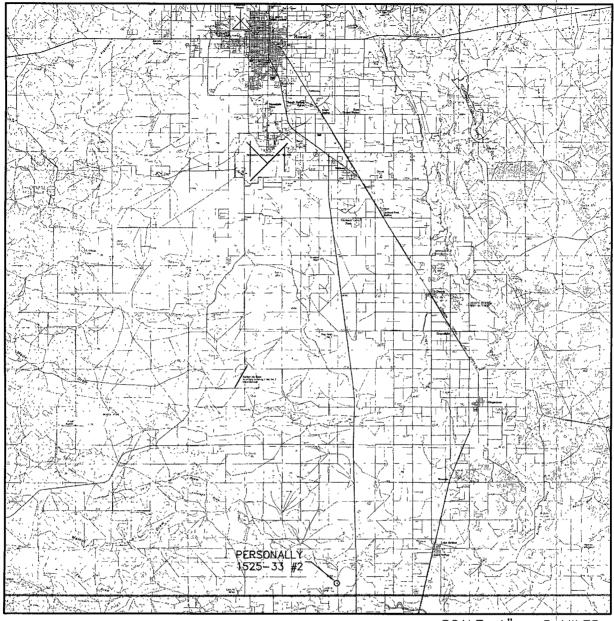
COMPANY

110 W. LOUISIANA, STE. 110

MIDLAND TEXAS, 79701

of Midland, Inc. (432) 687–0865 – (432) 687–0868 FAX

VICINITY MAP



SCALE: 1" = 5 MILES

SEC. 32 TWP. 15-S RGE. 25-E SURVEY N.M.P.M. COUNTY CHAVES DESCRIPTION 1880' FNL & 166' FEL ELEVATION 3476' OPERATOR PARALLEL PETROLEUM CORPORATION LEASE PERSONALLY 1525-33



WEST

COMPANY

110 W. LOUISIANA, STE. 110

MIDLAND TEXAS, 79701

of Midland, Inc. (432) 687–0865 – (432) 687–0868 FAX

PARALLEL PETROLEUM CORPORATION PERSONALLY 1525-33 #2

SL: 166' FEL AND 1880' FNL, BHL: 660' FEL AND 1989' FNL SEC 32, T15S, R25E SEC 33, T15S, R25E CHAVES COUNTY, NEW MEXICO

Objective

Drill a vertical well through the Wolfcamp pay. Log and evaluate for a sidetrack to horizontal in the Wolfcamp.

Expected Geologic Tops

Est GL from topo: 3476', KB 3493'. Glorieta 2050' Tubb 3050' Abo Shale 3800' Wolfcamp 4750' Wolfcamp Shale 4925'

Well Geometry

- 8 5/8" casing at 1100'
- Set kick-off plug for horizontal through the zone of interest
- 5 1/2" casing through the horizontal Wolfcamp; Cement per completion.

Casing Program

<u>Hole</u>	MD	Casing	Weight	<u>Grade</u>	Coupling	COMMENT
	<u>(ft)</u>	,				
11"	0 –	8-5/8"	24	J55	ST&C	
	1100					
7-7/8"	0 –	5-1/2"	17	N80	LT&C	Run through the
	TD'					horizontal lateral.

Casing Cementing Program

8-5/8" slurry: Lead: 125 sacks (50:50) Poz (Fly Ash): Class C + 5% bwow Sodium Chloride + 10% bwoc Bentonite + 151.7% fresh water. Tail: 200 sacks Class C + 1% bwoc Calcium Chloride + 56.3% fresh water

Note: If cement does not circulate to surface, notify OCD. A temperature survey will be required. Top out to surface with 1" pipe in the annulus.

Note: 5-1/2" Cement per completion procedure. Top of Cement should tie into surface casing.

Mud Program

Depth	<u>Hole</u>	MW	Visc.	<u>WL</u>	Synopsis
0 - 1100	11"	8.4 –	28 - 29	No	FRESH WATER mud only to
		8.6		control	1100 ft. Severe loss potential.
					Circulate inner reserve. LCM:
					paper, fiber, cotton seed hulls.
1100 - 3700	7-7/8"	8.6 –	28 -29	No	Cut brine. Start w/existing & add
		9.2		control	brine t/80K-120K chlorides
3700 - TD	7-7/8"	8.9 –	38 - 45	6 - 10	XCD/Starch polymer as req'd
		9.5			for hole cleaning. Lubricants.
KOP – TD	7-7/8"	8.9 –	38 - 45	6 - 10	XCD/Starch polymer as req'd
Horizontal		9.5			for hole cleaning. Lubricants.

SURVEY CALCULATION PROGRAM PETROLEUM CORPORATION OPERATOR: Parallel Petroleum Corporation Supervisors: WELL: Personally 1525-33 #2 LOCATION: N/2 Sec. 33 T-15-S R-25-E API NUMBER: COMMENTS: MAG DEC.(-/+) GRID CORR.(-/+) TOTAL CORR.(-/+) 0.0 DATE: 05/28/08 TIME:: 2:41 PM TRUE TO GRID MINIMUM CURVATURE CALCULATIONS(SPE-3362) PROPOSED DIRECTION 90.0 TARGET TRACKING TO CENTER SVY GRID **VERT** DLS/ ABOVE(+) RIGHT(+) NUM TVD MD INC AZM SECT N-S E-W 100 BELOW(-) LEFT(-) TIE 0 0.0 0.0 0.0 0.0 0.0 0.0 1 4000 0.0 0.0 4000.0 0.0 0.0 0.0 750.0 0.0 0.0 2 4010 1.2 99.0 4010.0 0.1 0.0 0.1 11.8 740.0 0.0 99.0 3 4020 2.4 4020.0 0.4 -0.1 730.0 0.1 0.4 11.8 4 5185 90.0 99.0 4750.0 751.8 -119.1 751.8 7.5 0.0 119.1 5 5300 90.0 90.0 4750.0 866.7 866.7 -128.17.8 0.0 128.1 6 9045 90.0 4750.0 90.0 4611.2 -128.1 4611.2 128.1 0.0 0.0 KOP @ 4000' MD

BUR = 7.5 DEG per 100 FT End Curve @ 5185' MD,4750' TVD BHL @ 9045' MD, 4750' TVD, 4611' VS

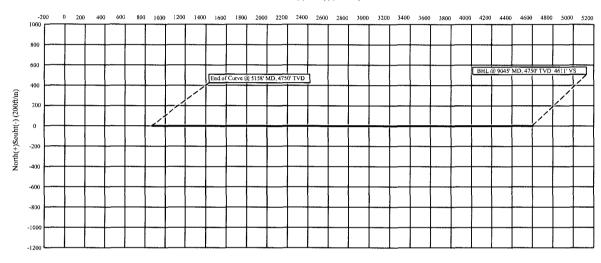
Parallel Petroleum Corp.

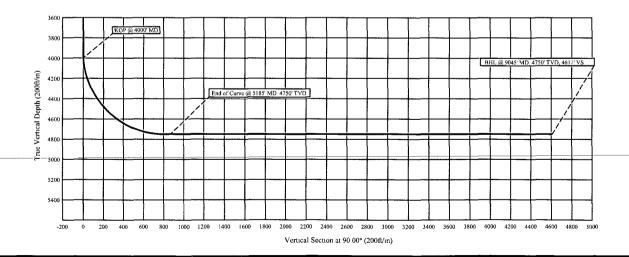
COMPANY DETAILS

Parallel Petroleum Corp. 1004 N. Big Spring, Ste 400 Midland, Texas 79701

Personally 1525-33 #2 N/2 Sec. 33, T-15-S, R-25-E Chaves County, New Mexico

East(+)/West(-) (200ft/in)







1004 North Big Spring, Suite 400 • Midland, TX 79701 • Ph 432-684-3727 • Fax: 432-684-3905

May 28, 2008

New Mexico Oil conservation Division 1301 W. Grand Ave. Artesia, New Mexico 88210

Re: Hydrogen Sulfide Potential

Hagerman Area Wolfcamp Program

Chaves County, New Mexico

Gentlemen:

Parallel Petroleum Corporation operates the Go For Wind 1525-29 Fed Com #1H and the Native Dancer 1525-28 #1 wells located in Sections 28 and 29, T-15-S, R-25-E. These wells were tested in the Wolfcamp formation and did not have any indications of hydrogen sulfide from this formation. Please see the gas analysis attached to this letter. We believe the potential for H2S on locations in this area are negligible.

Should you need any additional information regarding this issue, please contact me at the address or phone number listed above.

Sincerely,

Deane Durham Drilling Engineer Wildcat Measurement Service P.O.Box 1836 416 East Main Street Artesia, NM 88211-1836 3/5/2008 | 12:15 PM Phone: 575-746-3481 888-421-9453 Fax: 575-748-9852 dnorman@wildcatms.com

GAS ANALYSIS REPORT

Analysis For: PARALLEL PETROLEUM CORP. Run No: 280304-02
Field Name: HAGERMAN Date Run: 03/04/2008
Well Name: GO FOR WIND 1525-29 FED. COM #1H Date Sampled: 03/03/2008

Station Number: GOFORWIND Producer: PARALLEL PETROLEUM

Purpose: SPOT County: CHAVES
Sample Deg. F: 54.3 State: NM

Sample Deg. F: 54.3 State: NM

Volume/Day: Sampled By: TROY SUTHERLAND

Formation: Atmos Deg. F: 37

Line PSIG: 235.0 Line PSIA: 248.2

Pressure Base: 14.730 **GAS COMPONENTS** Real BTU Dry: 1129,563 MOL% Real BTU Wet: 1112.506 GPM Oxygen O2: 0.0000 Carbon Dioxide C02: 0.2970 Calc. Ideal Gravity: 0.6406 Nitrogen N2: 0.8148 Calc. Real Gravity: 0.6421 Hydrogen Sulfide H2S: 0.0000 Field Gravity: Standard Pressure: 14.696 Methane C1: 89.7008 BTU Dry: 1126.970 C2: 5.4615 1.4563 BTU Wet: 1107.361 Ethane Propane C3: 1.9123 0.5253 Z Factor: 0.9973 IC4: 0.2971 0.0969 Iso-Butane Average Mol Weight: 18.5521 NC4: 0.5325 0.1675 Average CuFt/Gal: 57.2133 Nor-Butane 0.1954 0.0714 Iso-Pentane IC5: 26 lb. Product: 0.6349 Nor-Pentanes NC5: 0.1911 0.0691 Ethane+ GPM 2.6456 Hexanes Plus 0.5975 0.2591 C6+: Propane+ GPM: 1.1893 Butane+ GPM: 0.6640 **Totals** 100.0000 2.6456 Pentane+ GPM: 0.3996

Remarks: Analysis By: Don Norman

H2S IN GAS STREAM ON LOCATION: NONE DETECTED

Wildcat Measurement Service P.O.Box 1836 416 East Main Street Artesia, NM 88211-1836 3/5/2008 | 12:19 PM Phone: 575-746-3481 888-421-9453 Fax: 575-748-9852 dnorman@wildcatms.com

GAS ANALYSIS REPORT

Analysis For: PARALLEL PETROLEUM CORP. Run No: 280304-03
Field Name: HAGERMAN Date Run: 03/04/2008
Well Name: NATIVE DANCER 1525-28 #1 Date Sampled: 03/03/2008

Station Number: NATIVEDANC Producer: PARALLEL PETROLEUM

Purpose: SPOT County: CHAVES Sample Deg. F: 62.8 State: NM

Volume/Day: Sampled By: TROY SUTHERLAND

Formation: Atmos Deg. F: 37

Line PSIG: 235.0 Line PSIA: 248.2

Pressure Base: 14.730 **GAS COMPONENTS** Real BTU Dry: 1129.077 MOL% **GPM** Real BTU Wet: 1112.028 Oxvaen O2: 0.0000 Carbon Dioxide C02: 0.1522 Calc. Ideal Gravity: 0.6440 Nitrogen 1.3836 N2: Calc. Real Gravity: 0.6456 Hydrogen Sulfide H2S: 0.0000 Field Gravity: Standard Pressure: 14.696 Methane C1: 89.1849 BTU Dry: 1126.486 Ethane C2: 5.4412 1.4509 BTU Wet: 1106.885 **Propane** C3: 1.9211 0.5277 Z Factor: 0.9973 Iso-Butane IC4: 0.3005 0.0981 Average Mol Weight: 18.6507 Nor-Butane NC4: 0.5452 0.1715 Average CuFt/Gal: 57.3624 Iso-Pentane IC5: 0.1974 0.0721 26 lb. Product: 0.6971 Nor-Pentanes NC5: 0.2019 0.0729 Ethane+ GPM 2.6846 Hexanes Plus C6+: 0.6720 0.2915 Propane+ GPM: 1.2338 Butane+ GPM: 0.7060 **Totals** 100.0000 2.6846 Pentane+ GPM: 0.4365

Remarks: Analysis By: Don Norman

H2S IN GAS STREAM ON LOCATION: NONE DETECTED



Legals:

Personally 1525-33

Well #2

1880' FNL & 166' FEL

Section 32

Township 15 South, Range 25 East, N.MY.M. Survey

Chaves County, New Mexico

H₂S

"Contingency Plan"

CALLAWAY SAFETY EQUIPMENT CO. INC. 1020 W. Hwy. 80 East 3229 Industrial Drive Odessa, Texas 79765 Hobbs, New Mexico 88240 (432) 561-5049 (877) 422-6345 (505) 392-2973

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- B. Instructions

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- D. Toxicity TableE. Physical PropertiesF. Respirator UseG. Emergency Rescue

H₂S CONTINGENCY PLAN SECTION

Scope:

This contingency plan provides an organized plan of action for alerting and protecting the public within an area of exposure prior to an intentional release, or following the accidental release of a potentially hazardous volume of hydrogen sulfide. The plan establishes guidelines for all personnel whose work activity may involve exposure to Hydrogen Sulfide Gas (H₂S).

Objective:

Prevent any and all accidents, and prevent the uncontrolled release of H₂S into the atmosphere.

Provide proper evacuation procedures to cope with emergencies.

Provide immediate and adequate medical attention should an injury occur.

Discussion of Plan:

Suspected Problem Zones:

Implementation: This plan, with all details, is to be fully implemented 1000' before drilling into the first sour zone.

Emergency Response Procedure: This section outlines the conditions and denotes steps to be taken in the event of an emergency.

Emergency Equipment and Procedure: This section outlines the safety emergency equipment that will be required for the drilling of this well.

Training Provisions: This section outlines the training provisions that must be adhered to 1000' before drilling into the first sour zone.

Emergency call lists: Included are the telephone numbers of all persons that would need to be contacted, should an H2S emergency occur.

Briefing: This section deals with the briefing of all persons involved with the drilling of this well.

Public Safety: Public Safety Personnel will be made aware of the drilling of this well.

Check Lists: Status check lists and procedural check lists have been included to ensure adherence to the plan.

General Information: A general information section has been included to supply support information.

EMERGECY PROCEDURES SECTION

- I. In the event of any evidence of H₂S level above 10 ppm, take the following steps immediately:
 - A. Secure breathing apparatus.
 - B. Order non-essential personnel out of the danger zone.
 - C. Take steps to determine if the H₂S level can be corrected or suppressed, and if so, proceed with normal operations.
- II. If uncontrollable conditions occur, proceed with the following:
 - A. Take steps to protect and/or remove any public downwind of the rig, including partial evacuation or isolation. Notify necessary public safety personnel and the New Mexico Oil Conservation Division.
 - B. Remove all personnel to the Safe Briefing Area.
 - C. Notify public safety personnel for help with maintaining roadblocks and implementing evacuation.
 - D. Determine and proceed with the best possible plan to regain control of the well. Maintain tight security and safety measures.
- III. Responsibility:
 - A. The Company Approved Supervisor shall be responsible for the total implementation of the plan.
 - B. The Company Approved Supervisor shall be in complete command during any emergency.
 - C. The Company Approved Supervisor shall designate a back up Supervisor in the event that he/she is not available.

EMERGENCY PROCEDURE IMPLEMENTATION

I. Drilling or Tripping

A. All Personnel

- 1. When alarm sounds, don escape unit and report to upwind Safe Briefing Area.
- 2. Check status of other personnel (buddy system).
- 3. Secure breathing apparatus.
- 4. Wait for orders from supervisor.

B. Drilling Foreman

- 1. Report to the upwind Safe Briefing Area.
- 2. Don Breathing Apparatus and return to the point of release with the Tool Pusher or Driller (buddy system).
- 3. Determine the concentration of H₂S.
- 4. Assess the situation and take appropriate control measures.

C. Tool Pusher

- 1. Report to the upwind Safe Briefing Area.
- 2. Don breathing apparatus and return to the point of release with the Drilling Foreman or the Driller (buddy system).
- 3. Determine the concentration.
- 4. Assess the situation and take appropriate control measures.

D. Driller

- 1. Check the status of other personnel (in a rescue attempt, always use the buddy system).
- 2. Assign the least essential person to notify the Drilling Foreman and Tool Pusher, in the event of their absence.

3. Assume the responsibility of the Drilling Foreman and the Tool Pusher until they arrive, in the event of their absence.

E. Derrick Man and Floor Hands

1. Remain in the upwind Safe Briefing Area until otherwise instructed by a supervisor.

F. Mud Engineer

- 1. Report to the upwind Safe Briefing Area.
- 2. When instructed, begin check of mud for pH level and H₂S level.

G. Safety Personnel

- 1. Don Breathing Apparatus.
- 2. Check status of all personnel.
- 3. Wait for instructions from Drilling Foreman or Tool Pusher.

II. Taking a Kick

- A. All personnel report to the upwind Safe Briefing Area.
- B. Follow standard BOP procedures.

III. Open Hole Logging

- A. All unnecessary personnel should leave the rig floor.
- B. Drilling Foreman and Safety Personnel should monitor the conditions and make necessary safety equipment recommendations.

IV. Running Casing or Plugging

- A. Follow "Drilling or Tripping" procedures.
- B. Assure that all personnel have access to protective equipment.

SIMULATED BLOWOUT CONTROL DRILLS

All drills will be initiated by activating alarm devices (air horn). One long blast, on the air horn, for ACTUAL and SIMULATED Blowout Control Drills. This operation will be performed by the Drilling Foreman or Tool Pusher at least one time per week for each of the following conditions, with each crew:

Drill # 1 Bottom Drilling

Drill # 2 Tripping Drill Pipe

In each of these drills, the initial reaction time to shutting in the well shall be timed as well as the total time for the crew to complete its entire pit drill assignment. The times must be recorded on the IADC Driller's Log as "Blowout Control Drill".

Drill No.:

Reaction Time to Shut-In:

minutes.

seconds.

Total Time to Complete Assignment:

minutes,

seconds.

I. Drill Overviews

- A. Drill No. 1- Bottom Drilling
 - 1. Sound the alarm immediately.
 - 2. Stop the rotary and hoist kelly joint above the rotary table.
 - 3. Stop the circulatory pump.
 - 4. Close the drill pipe rams.
 - 5. Record casing and drill pipe shut-in pressures and pit volume increases.
- B. Drill No. 2 Tripping Drill Pipe
 - 1. Sound the alarm immediately.
 - 2. Position the upper tool joint just above the rotary table and set the slips.

- 3. Install a full opening valve or inside blowout preventor tool in order to close the drill pipe.
- 4. Close the drill pipe rams.
- 5. Record the shut-in annular pressure.

II. Crew Assignments

A. Drill No. 1 - Bottom Drilling

1. Driller

- a) Stop the rotary and hoist kelly joint above the rotary table.
- b) Stop the circulatory pump.
- c) Check flow.
- d) If flowing, sound the alarm immediately.
- e) Record the shut-in drill pipe pressure.
- f) Determine the mud weight increase needed or other courses of action.

2. Derrickman

- a) Open choke line valve at BOP.
- b) Signal Floor Man # 1 at accumulator that choke line is open.
- c) Close choke and upstream valve after pipe rams have been closed.
- d) Read the shut-in annular pressure and report readings to Driller.

Floor Man # 1

- a) Close the pipe rams after receiving the signal from the Derrickman.
- b) Report to Driller for further instructions.

4. Floor Man # 2

- a) Notify the Tool Pusher and Operator Representative of the H₂S alarms.
- b) Check for open fires and, if safe to do so, extinguish them.
- c) Stop all welding operations.
- d) Turn-off all non-explosion proof lights and instruments.
- e) Report to Driller for further instructions.

5. Tool Pusher

- a) Report to the rig floor.
- b) Have a meeting with all crews.
- c) Compile and summarize all information.
- d) Calculate the proper kill weight.
- e) Ensure that proper well procedures are put into action.

6. Operator Representative

- a) Notify the Drilling Superintendent.
- b) Determine if an emergency exists and if so, activate the contingency plan.

B. Drill No. 2 – Tripping Pipe

1. Driller

- a) Sound the alarm immediately when mud volume increase has been detected.
- b) Position the upper tool joint just above the rotary table and set slips.
- c) Install a full opening valve or inside blowout preventor tool to close the drill pipe.
- d) Check flow.
- e) Record all data reported by the crew.

f) Determine the course of action.

2. Derrickman

- a) Come down out of derrick.
- b) Notify Tool Pusher and Operator Representative.
- c) Check for open fires and, if safe to do so, extinguish them.
- d) Stop all welding operations.
- e) Report to Driller for further instructions.

3. Floor Man # 1

- a) Pick up full opening valve or inside blowout preventor tool and stab into tool joint above rotary table (with Floor Man # 2).
- b) Tighten valve with back-up tongs.
- c) Close pipe rams after signal from Floor Man # 2.
- d) Read accumulator pressure and check for possible high pressure fluid leaks in valves or piping.
- e) Report to Driller for further instructions.

4. Floor Man # 2

- a) Pick-up full opening valve or inside blowout preventor tool stab into tool joint above rotary table (with Floor Man # 1).
- b) Position back-up tongs on drill pipe.
- c) Open choke line valve at BOP.
- d) Signal Floor Man # 1 at accumulator that choke line is open.
- e) Close choke and upstream valve after pipe rams have been closed.
- f) Check for leaks on BOP stack and choke manifold.
- g) Read annular pressure.

h) Report readings to the Driller.

5. Tool Pusher

- a) Report to the rig floor.
- b) Have a meeting with all of the crews.
- c) Compile and summarize all information.
- d) See that proper well kill procedures are put into action.

6. Operator Representative

- a) Notify Drilling Superintendent
- b) Determine if an emergency exists, and if so, activate the contingency plan.

IGNITION PROCEDURES

Responsibility:

The decision to ignite the well is the responsibility of the DRILLING FOREMAN in concurrence with the STATE POLICE. In the event the Drilling Foreman is incapacitated, it becomes the responsibility of the RIG TOOL PUSHER. This decision should be made only as a last resort and in a situation where it is that:

- 1. Human life and property are endangered.
- 2. There is no hope of controlling the blowout under the prevailing conditions.

If time permits, notify the main office, but do not delay if human life is in danger. Initiate the first phase of the evacuation plan.

Instructions for Igniting the Well:

- 1. Two people are required for the actual igniting operation. Both men must wear self-contained breathing apparatus and must use a full body harness and attach a retrievable safety line to the D-Ring in the back. One man must monitor the atmosphere for explosive gases with the LEL monitor, while the Drilling Foreman is responsible for igniting the well.
- 2. The primary method to ignite is a 25mm flare gun with a range of approximately 500 feet.
- 3. Ignite from upwind and do not approach any closer than is warranted.
- 4. Select the ignition site best suited for protection and which offers an easy escape route.
- 5. Before igniting, check for the presence of combustible gases.
- 6. After igniting, continue emergency actions and procedures as before.
- 7. All unassigned personnel will limit their actions to those directed by the Drilling Foreman.

NOTE: After the well is ignited, burning Hydrogen Sulfide will convert to Sulfur Dioxide, which is also highly toxic. Do not assume the area is safe after the well is ignited.

TRAINING PROGRAM

When working in an area where Hydrogen Sulfide (H₂S) might be encountered, definite training requirements must be carried out. The Company Supervisor will ensure that all personnel, at the well site, have had adequate training in the following:

- 1. Hazards and Characteristics of Hydrogen Sulfide.
- 2. Physicals effects of Hydrogen Sulfide on the human body.
- 3. Toxicity of Hydrogen Sulfide and Sulfur Dioxide.
- 4. H₂S detection, emergency alarm and sensor location.
- 5. Emergency rescue.
- 6. Resuscitators.
- 7. First aid and artificial resuscitation.
- 8. The effects of Hydrogen Sulfide on metals.
- 9. Location safety.

Service company personnel and visiting personnel must be notified if the zone contains H₂S, and each service company must provide adequate training and equipment for their employees before they arrive at the well site.

EMERGENCY EQUIPMENT REQUIREMENTS

Lease Entrance Sign:

Should be located at the lease entrance with the following information:

CAUTION-POTENTIAL POISON GAS HYDROGEN SULFIDE NO ADMITTANCE WITHOUT AUTHORIZATION

Respiratory Equipment:

- Fresh air breathing equipment should be placed at the safe briefing areas and should include the following:
- Two SCBA's at each briefing area.
- Enough air line units to operate safely, anytime the H₂S concentration reaches the IDLH level (100 PPM).
- Cascade system with enough breathing air hose and manifolds to reach the rig floor, the derrickman and the other operation areas.

Windsocks or Wind Streamers:

- A minimum of two 10" windsocks located at strategic locations so that they
 may be seen from any point on location.
- Wind streamers (if preferred) should be placed at various locations on the well site to ensure wind consciousness at all times. (Corners of location).

Hydrogen Sulfide Detector and Alarms:

- 1-Four channel H₂S monitor with alarms.
- Four (4) sensors located as follows: # 1 Rig Floor, # 2 Bell Nipple, # 3
 Shale Shaker, # 4 Mud Pits.
- Gastec or Draeger pump with tubes.
- Sensor test gas.

Well Condition Sign and Flags:

The Well Condition Sign w/flags should be placed a minimum of 150' before you enter the location. It should have three (3) color coded flags (green, yellow and red) that will be used to denote the following location conditions:

GREEN – Normal Operating Conditions YELLOW – Potential Danger RED – Danger, H2S Gas Present

Auxiliary Rescue Equipment:

- Stretcher
- 2 100' Rescue lines
- First Aid Kit properly stocked.

Mud Inspection Equipment:

Garret Gas Train or Hach Tester for inspection of Hydrogen Sulfide in the drilling mud system.

Fire Extinguishers:

Adequate fire extinguishers shall be located at strategic locations.

Blowout Preventor:

- The well shall have hydraulic BOP equipment for the anticipated BHP.
- The BOP should be tested upon installation.
- BOP, Choke Line and Kill Line will be tested as specified by Operator.

Confined Space Monitor:

There should be a portable multi-gas monitor with at least 3 sensors (O₂, LEL & H2S). This instrument should be used to test the atmosphere of any confined space before entering. It should also be used for atmospheric testing for LEL gas before beginning any type of Hot Work. Proper calibration documentation will need to be provided.

Communication Equipment:

 Proper communication equipment such as cell phones or 2 – way radios should be available at the rig.

- Radio communication shall be available for communication between the company man's trailer, rig floor and the tool pusher's trailer.
- Communication equipment shall be available on the vehicles.

Special Control Equipment:

- Hydraulic BOP equipment with remote control on the ground.
- Rotating head at the surface casing point.

Evacuation Plan:

- Evacuation routes should be established prior to spudding the well.
- Should be discussed with all rig personnel.

Designated Areas:

Parking and Visitor area:

- All vehicles are to be parked at a pre-determined safe distance from the wellhead.
- · Designated smoking area.

Safe Briefing Areas:

- Two Safe Briefing Areas shall be designated on either side of the location at the maximum allowable distance from the well bore so they offset prevailing winds or they are at a 180 degree angle if wind directions to shift in the area.
- Personal protective equipment should be stored at both briefing areas or if a moveable cascade trailer is used, it should be kept upwind of existing winds. When wind is from the prevailing direction, both briefing areas should be accessible.

NOTE:

- Additional equipment will be available at the nearest Callaway Safety Office.
- Additional personal H₂S monitors are available for all employees on location.

•	Automatic Flare Igniters are recommended for installation on the rig.

CHECK LISTS

Status Check List

Note: Date each item as they are implemented. 1. Sign at location entrance. 2. Two (2) wind socks (in required locations). 3. Wind Streamers (if required). 4. SCBA's on location for all rig personnel and mud loggers. 5. Air packs, inspected and ready for use. 6. Spare bottles for each air pack (if required). 7. Cascade system for refilling air bottles. 8. Cascade system and hose line hook up. 9. Choke manifold hooked-up and tested. (Before drilling out surface casing.) 10. Remote Hydraulic BOP control (hooked-up and tested before drilling out surface casing). 11. BOP tested (before drilling out surface casing). 12. Mud engineer on location with equipment to test mud for H₂S. 13. Safe Briefing Areas set-up. 14. Well Condition sign and flags on location and ready. 15. Hydrogen Sulfide detection system hooked-up & tested. Hydrogen Sulfide alarm system hooked-up & tested. 17. Stretcher on location at Safe Briefing Area. 18. 2-100' Life Lines on location.

19.	1-20# Fire Extinguisher in safety trailer.	
20.	Confined Space Monitor on location and tested.	
21.	All rig crews and supervisor trained (as required).	
22.	Access restricted for unauthorized personnel.	
23.	Drills on H ₂ S and well control procedures.	
24.	All outside service contractors advised of potential H_2S on the well.	
25.	NO SMOKING sign posted.	
26.	H₂S Detector Pump w/tubes on location.	
27.	25mm Flare Gun on location w/flares.	 1
28.	Automatic Flare Ignitor installed on rig.	

Procedural Check List

Perform the following on each tour:

- 1. Check fire extinguishers to see that they have the proper charge.
- 2. Check Breathing equipment to insure that they have not been tampered with.
- 3. Check pressure on the supply air bottles to make sure they are capable of recharging.
- 4. Make sure all of the Hydrogen Sulfide detection systems are operative.

Perform the following each week:

- 1. Check each piece of breathing equipment to make sure that they are fully charged and operational. This requires that the air cylinder be opened and the mask assembly be put on and tested to make sure that the regulators and masks are properly working. Negative and Positive pressure should be conducted on all masks.
- 2. BOP skills.
- 3. Check supply pressure on BOP accumulator stand-by source.
- 4. Check all breathing air mask assemblies to see that straps are loosened and turned back, ready to use.
- 5. Check pressure on cascade air cylinders to make sure they are fully charged and ready to use for refill purposes if necessary.
- 6. Check all cascade system regulators to make sure they work properly.
- 7. Perform breathing drills with on-site personnel.
- 8. Check the following supplies for availability:
 - Stretcher
 - Safety Belts and ropes.
 - Spare air bottles.
 - Spare oxygen bottles (if resuscitator required).
 - Gas Detector Pump and tubes.
 - Emergency telephone lists.

9.	Test the Confined Space Monitor to verify the batteries are good.	

BRIEFING PROCEDURES

The following scheduled briefings will be held to ensure the effective drilling and operation of this project:

Pre-Spud Meeting

Date: Prior to spudding the well. Attendance: Drilling Supervisor

Drilling Engineer Drilling Foreman Rig Tool Pushers

Rig Drillers Mud Engineer

All Safety Personnel

Key Service Company Personnel

Purpose: Review and discuss the well program, step-by-step, to insure

complete understanding of assignments and responsibilities.

EVACUATION PLAN

General Plan

The direct lines of action prepared by CALLAWAY SAFETY EQUIPMENT CO., INC., to protect the public from hazardous gas situations are as follows:

- 1. When the company approved supervisor (Drilling Foremen, Tool Pusher or Driller) determine that Hydrogen Sulfide gas cannot be limited to the well location, and the public will be involved, he will activate the evacuation plan. Escape routes are noted on the Area Map.
- 2. Company safety personnel or designee will notify the appropriate local government agency that a hazardous condition exists and evacuation need to be implemented.
- 3. Company approved safety personnel that have been trained in the use of the proper emergency equipment will be utilized.
- 4. Law enforcement personnel (State Police, Local Police Department, Fire Department, and the Sheriff's Department) will be called to aid in setting up and maintaining road blocks. Also, they will aid in evacuation of the public if necessary.

NOTE: Law enforcement personnel will not be asked to come into a contaminated area. Their assistance will be limited to uncontaminated areas. Constant radio contact will be maintained with them.

5. After the discharge of gas has been controlled, "Company" safety personnel will determine when the area is safe for re-entry.

See Emergency Action Plan

Emergency Assistance Telephone List

PUBLIC SAFETY:		911 or
Chavez Co. Sheriff		(505) 624-6770
Fire Department		(505) 624-6800
Hospital/Roswell,N.M.		(505) 622-8170
Life Flight:		
Southwest Air-Med E Vac.		(800) 242-6199
Lat: 33'01'17.73"N. Long: 104'26'42.18" W.		
New Mexico D.O.T.		(505) 827-5100
Bureau of Land Management		(505) 393-3612
U. S. Dept. of Labor		(505) 248-5302
New Mexico OCD		(505) 393-6161
New Mexico/After Hours		(505) 370-7106
Parallel Petroleum Corporation		
Parallel Petroleum Corporation/Midland, TX	Office	(432) 684-3727
Superintendent:		
Donnie Hill		(432) 684-3727
	Cell	(432) 934-7164
Drilling Engineer:	0.55	(400) 004
Deane Durham	Cell	(432) 684-3727 (432) 413-9701
Callaway Safety Equipment		
Odessa	Office	(432) 561-5049
Hobbs	Office	(877) 422-6345

Affected Notification List

(with	in a	' radius o	of exposure	@100ppm)

The geologic zones that will be encountered during drilling are not known to contain hazardous quantities of H_2S . The accompanying map illustrates the affected areas of the community. The residents within this radius will be notified via a hand delivered written notice describing the activities, potential hazards, conditions of evacuation, evacuation drill siren alarms and other precautionary measures.

Evacuee Description:

Residents: THERE ARE NO RESIDENTS WITHIN 3000' ROE.

Notification Process:

A continuos siren audible to all residence will be activated, signaling evacuation of previously notified and informed residents.

Evacuation Plan:

All evacuees will migrate lateral to the wind direction.

The Oil Company will identify all home bound or highly susceptible individuals and make special evacuation preparations, interfacing with the local and emergency medical service as necessary.

MAPS AND PLATS (Maps & Plats Attached)

GENERAL INFORMATION

Toxic Effects of H₂S Poisoning

Hydrogen Sulfide is extremely toxic. The acceptable ceiling concentration for eight-hour exposure is 10 PPM, which is .001% by volume. Hydrogen Sulfide is heavier than air (specific gravity-1.192) and is colorless and transparent. Hydrogen Sulfide is almost as toxic as Hydrogen Cyanide and is 5-6 times more toxic than Carbon Monoxide. Occupational exposure limits for Hydrogen sulfide and other gasses are compared below in Table I. Toxicity table for H₂S and physical effects are shown in Table II.

Table 1Permissible Exposure Limits of Various Gasses

Common Name	Symbol	Sp. Gravity	TLV	STEL	IDLH
Hydrogen Cyanide	HCN	.94	4.7 ppm	С	
Hydrogen Sulfide	H₂S	1.192	10 ppm	15 ppm	100 ppm
Sulfur Dioxide	SO ₂	2.21	2 ppm	5 ppm	
Chlorine	CL	2.45	.5 ppm	1 ppm	
Carbon Monoxide	СО	0.97	25 ppm	200 ppm	
Carbon Dioxide	CO ₂	1.52	5000 ppm	30,000 ppm	
Methane	CH₄	0.55	4.7% LEL	14% UEL	

Definitions

- A. TLV Threshold Limit Value is the concentration employees may be exposed to based on a TWA (time weighted average) for eight (8) hours in one day for 40 hours in one (1) week. This is set by ACGIH (American Conference of Governmental Hygienists and regulated by OSHA.
- B. STEL Short Term Exposure Limit is the 15 minute average concentration an employee may be exposed to providing that the highest exposure never exceeds the OEL (Occupational Exposure Limit). The OEL for H₂S is 19 PPM.
- C. IDLH Immediately Dangerous to Life and Health is the concentration that has been determined by the ACGIH to cause serious health problems or death if exposed to this level. The IDLH for H₂S is 100 PPM.

D. TWA – Time Weighted Average is the average concentration of chemical or gas for an eight (8) hour period. This is the concentration that any employee may be exposed to based on an TWA.

TABLE IIToxicity Table of H₂S

Percent %	PPM	Physical Effects
,0001	1	Can smell less than 1 ppm.
.001	10	TLV for 8 hours of exposure
.0015	15	STEL for 15 minutes of exposure
.01	100	Immediately Dangerous to Life & Health. Kills sense of smell in 3 to 5 minutes.
.02	200	Kills sense of smell quickly, may burn eyes and throat.
.05	500	Dizziness, cessation of breathing begins in a few minutes.
.07	700	Unconscious quickly, death will result if not rescued promptly.
.10	1000	Death will result unless rescued promptly. Artificial resuscitation may be necessary.

PHYSICAL PROPERTIES OF H2S

The properties of all gasses are usually described in the context of seven major categories:

COLOR
ODOR
VAPOR DENSITY
EXPLOSIVE LIMITS
FLAMMABILITY
SOLUBILITY (IN WATER)
BOILING POINT

Hydrogen Sulfide is no exception. Information from these categories should be considered in order to provide a fairly complete picture of the properties of the gas.

COLOR - TRANSPARENT

Hydrogen Sulfide is colorless so it is invisible. This fact simply means that you can't rely on your eyes to detect its presence. a fact that makes the gas extremely dangerous to be around.

ODOR - ROTTEN EGGS

Hydrogen Sulfide has a distinctive offensive smell, similar to "rotten eggs". For this reason it earned its common name "sour gas". However, H₂S, even in low concentrations, is so toxic that it attacks and quickly impairs a victim's sense of smell, so it could be fatal to rely on your nose as a detection device.

VAPOR DENSITY - SPECIFIC GRAVITY OF 1.192

Hydrogen Sulfide is heavier than air so it tends to settle in low-lying areas like pits, cellars or tanks. If you find yourself in a location where H₂S is known to exist, protect yourself. Whenever possible, work in an area upwind and keep to higher ground.

EXPLOSIVE LIMITS - 4.3% TO 46%

Mixed with the right proportion of air or oxygen, H₂S will ignite and burn or explode, producing another alarming element of danger besides poisoning.

FLAMMABILITY

Hydrogen Sulfide will burn readily with a distinctive clear blue flame, producing Sulfur Dioxide (SO₂), another hazardous gas that irritates the eyes and lungs.

SOLUBILITY – 4 TO 1 RATIO WITH WATER

Hydrogen Sulfide can be dissolved in liquids, which means that it can be present in any container or vessel used to carry or hold well fluids including oil, water, emulsion and sludge. The solubility of H_2S is dependent on temperature pressure, but if conditions are right, simply agitating a fluid containing H_2S may release the gas into the air.

BOILING POINT – (-76 degrees Fahrenheit)

Liquefied Hydrogen Sulfide boils at a very low temperature, so it is usually found as a gas.

RESPIRATOR USE

The Occupational Safety and Health Administration (OSHA) regulates the use of respiratory protection to protect the health of employees. OSHA's requirements are written in the Code of Federal Regulations, Title 29, Part 1910, Section 134, Respiratory Protection. This regulation requires that all employees who might be required to wear respirators, shall complete a OSHA mandated medical evaluation questionnaire. The employee then should be fit tested prior to wearing any respirator while being exposed to hazardous gasses.

Written procedures shall be prepared covering safe use of respirators in dangerous atmospheric situations, which might be encountered in normal operations or in emergencies. Personnel shall be familiar with these procedures and the available respirators.

Respirators shall be inspected prior to and after each use to make sure that the respirator has been properly cleaned, disinfected and that the respirator works properly. The unit should be fully charged prior to being used.

Anyone who may use respirators shall be properly trained in how to properly seal the face piece. They shall wear respirators in normal air and then in a atmosphere. (Note: Such items as facial hair (beard or sideburns) and eyeglass temple pieces will not allow a proper seal.) Anyone that may be expected to wear respirators should have these items removed before entering a toxic atmosphere. A special mask must be obtained for anyone who must wear eyeglasses. Contact lenses should not be allowed.

Respirators shall be worn during the following conditions:

- A. Any employee who works near the top or on the top of any tank unless tests reveal less than 20 ppm of H2S.
- B. When breaking out any line where H2S can reasonably be expected.
- C. When sampling air in areas where H2S may be present.
- D. When working in areas where the concentration of H2S exceeds the Threshold Limit Value for H2S (10 ppm).
- E. At any time where there is a doubt as to the H2S level in the area to be entered.

EMERGENCY RESCUE PROCEDURES

DO NOT PANIC!!!

Remain Calm - THINK

- 1. Before attempting any rescue you must first get out of the hazardous area yourself. Go to a safe briefing area.
- 2. Sound an alarm and activate the 911 system.
- 3. Put on breathing apparatus. At least two persons should do this, when available use the buddy system.
- 4. Rescue the victim and return them to a safe briefing area.
- 5. Perform an initial assessment and begin proper First Aid/CPR procedures.
- 6. Keep the victim lying down with a blanket or coat, etc..., under the shoulders to keep airway open. Conserve body heat and do not leave unattended.
- 7. If the eyes are affected by H2S, wash them thoroughly with potable water. For slight irritation, cold compresses are helpful.
- 8. In case a person has only minor exposure and does not lose consciousness totally, it's best if he doesn't return to work until the following day.
- 9. Any personnel overcome by H2S should always be examined by medical personnel. They should always be transported to a hospital or doctor.