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

13.

State of New Mexico Energy Minerals and Natural Resources

Form C-101 June 16, 2008

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 Submit to appropriate District Office

JUL 2 4 2008 AMENDED REPORT

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

Operator Name and Address Parallel Petroleum Corporation 1004 N Big Spring Street, Suite 400 Midland, Texas 79701									30 - 00	23038 3 AP	I Number	0
³ Property Code 36405 Native Dancer								100-10			6 Wel	l No
<u> </u>			Proposed Pool 1 Wolfcamp Gas Po	nol (97631)					10 Prop	osed Poo	ol 2	<u> </u>
⁷ Surface			wondanp cas :	56. (57051)			_	-			1	
UL or lot no E	Section 28	Township 15 S	Range 25 E	Lot Idi	n Feet fro			outh line RTH	Feet from the 226	1	Vest line EST	County CHAVES
			on If Differen									
UL or lot no H	Section 28	Township 15 S	Range 25 E	Lot Idi	n Feet fro			outh line RTH	Feet from the 660	1	Vest line AST	County CHAVES
Additiona	al Well	Informati	on					.,				
	Type Code N		12 Well Type Co O & G	de	¹³ Cable F	₹	_	14	Lease Type Code P		15 Grou	nd Level Elevation 3478'
	lultiple NO		¹⁷ Proposed Dep 9200MD,4750TV		¹⁸ Forr WOLF				¹⁹ Contractor NA		2	⁰ Spud Date NA
²¹ Propos	ed Casi	ng and Ce	ement Progr	am								
Hole S			ng Size		weight/foot	S	etting De	epth	Sacks of Co	s of Cement 1		Estimated TOC
11'	,	8-	5/8"	2	24#		1400	,	325		SURFACI	
7-7/	8"	5-	1/2"	1	17#	T	<u>VD 47</u>	<u>750'</u>	NA NA		TIE BACK	
						MD 8950'				TO SURFACE		
												CASING
Describe the back Well to be dr As well as the 1 Prepare sur 2 Drill 11" su 3 Drill 7-7/8" 4 Set kick-off drilling to BH 5 Set 5-1/2" c 6 Perforate pc 7 Place well 6 8 No H2S is a	blowout pre illed as a h e directiona face location face hole to production f plug at 43 L (8950° M casing to TI prosity and on test anticipated	vention progra orizontal Wo al information in MIRU drill to a minimum thole to 5500 14° and drill a ID & 4750° T° D and the ceme stimulate as in during the dril	am, if any Use a Ifcamp test. The A closed-loop ing rig, spud wel depth of 1400°; TD and evaluat nd advance hole	additional she attached d mud system 1, and drill a Set 8-5/8" ca e, running m to an orthod e casing c procedure	eets if necessary rilling plan will n will be used. T nd set conductor using and cement and logs as well a ox Wolfcamp pe	be utilize The follow Install a	zed for the wing is a mind test E	nis test and summary SOPs T/CAL/GR approxima	to TD ately 1880' FNL ar	on the co	WL of sec	mud programs tion 28 and continue
of my knowledge and belief Signature Aurham					Approv	ved by	OIL C	ONSERVAT	TION Gu	DIVISI	ON .	
Printed name Deane Durham						TA	Col	reci		egg.	ew	lear
Title	En	gineer				Approv	ral Date	8/1	108	Expiration	Date /9	ho:
E-mail Addres		a (2) a.l.!!						/ //	<u>-</u>		-/0	
Date	ddurh	am@plll com	Phone			Conditi	ons of Ar	nroval AH	tached		1	
7-22-0	8		1	84-3727		Conditi	om or Al	provat All				:

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

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

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

State of New Mexico Energy, 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 IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

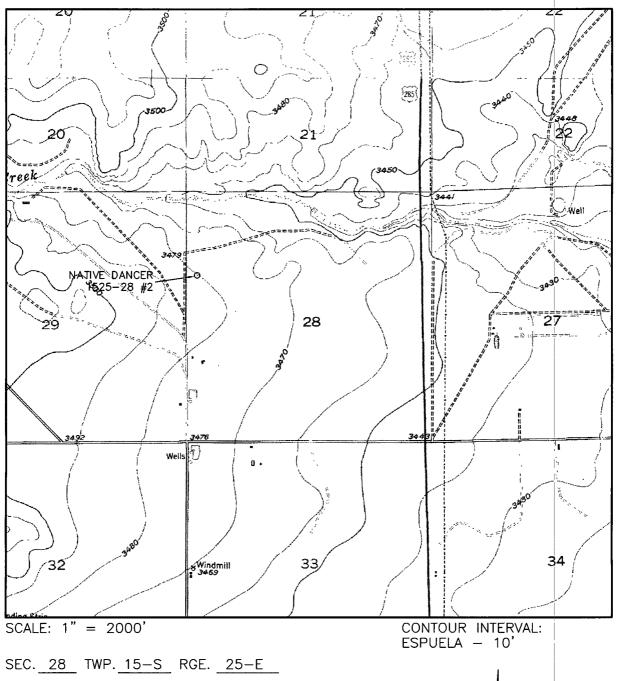
WELL LOCATION AND ACREAGE DEDICATION PLAT

API	Number		1	Pool Code		Pool Name			
Property (Property Name Well Number NATIVE DANCER 1525-28 2							nber	
OGRID No) .	Operator Name Elevation PARALLEL PETROLEUM CORPORATION 3478'							
					Surface Loc	ation			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Ε	28	15 S	25 E		1880	NORTH	226	WEST	CHAVES
		•	Bottom	Hole Loc	cation If Diffe	erent 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	28	15 S	25 E	25 E 1880 NORTH 660 EAST CH				CHAVES	
Dedicated Acres	Joint or	Infill	Consolidation (Code Or	der No.				
320	1	1		ļ					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A

	NON-STANDA	RD UNIT HAS BEEN	APPROVED BY THE	DIVISION
3476.3'	ProjectArea	Producing Area	1880'——	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and bettef, and that this organization either owns a working unterest or unleased mineral uterestin 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 a mineral or working interest, or to a voluntary pooling agreement or a computery pooling order heretofore entered by the division. Allened Manham 7-22-08
660' (PP) 226 (SL) S 89'36' 3 433.		E - 3921.4'	(BHL) 660'—	Signature Degne Durham Printed Name SURVEYOR CERTIFICATION I hereby certify that the well location shown
Surface Location Plane Coordinate X = 462,671.0 Y = 723,337.3 Geodetic Coordinate Lat. 32'59'18.47" N Long. 104*27'18.27" W (NAD '27)	Penetration Point Plane Coordinate X = 463,104.7 Y = 723,334.3 Geodetic Coordinate Lat. 32*59*18.44" N Long. 104*27*13.18" W (NAD '27)		Bottom Hole Location Plane Coordinate X = 467,025.1 Y = 723,307.9 Geodetic Coordinate Lat. 32*59'18.22" N Long. 104*26*27.15" W (NAD '27)	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 June 26, 2008
Coordinate System", Ne	form to the "New Mexico w Mexico East Zone, North Distances shown hereon are			Signature & Seal of Professional Surveyor WE 12185 W.O. Num 22008-0727 Certificate No. MACON MCDONALD 12185

LOCATION VERIFICATION MAP



SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 1880' FNL & 226' FWL

ELEVATION 3478'

OPERATOR PARALLEL PETROLEUM CORPORATION

LEASE NATIVE DANCER 1525-28

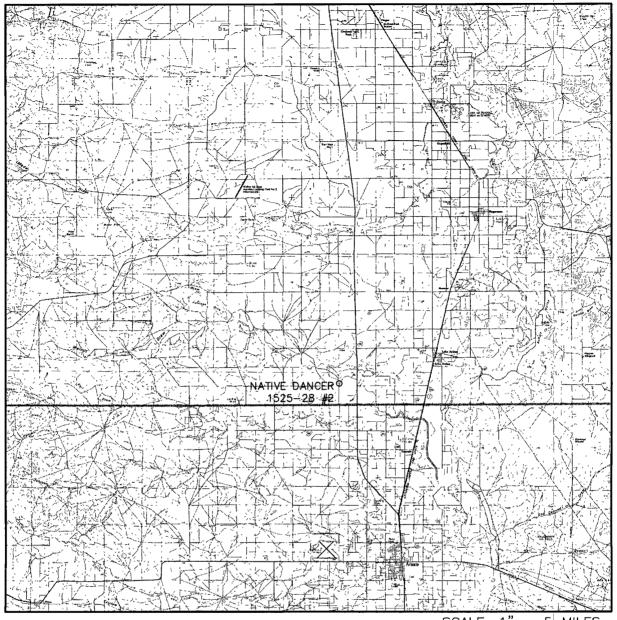
U.S.G.S. TOPOGRAPHIC MAP ESPUELA



WEST

OMPANY
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. 28 TWP. 15-S RGE. 25-E SURVEY N.M.P.M. COUNTY ____ CHAVES DESCRIPTION 1880' FNL & 226' FWL ELEVATION 3478' OPERATOR PARALLEL PETROLEUM CORPORATION LEASE NATIVE DANCER 1525-28



WEST

COMPANY

110 W. LOUISIANA, STE. 110

MIDLAND TEXAS, 79701

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

PARALLEL PETROLEUM CORPORATION NATIVE DANCER 1525-28 #2

SL: 226' FWL AND 1880' FNL, BHL: 660' FEL AND 1880' FNL SEC 28, T15S, R25E SEC 28, 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: 3478', KB 3495'. Glorieta 2050' Tubb 3050' Abo Shale 3800' Wolfcamp 4750' Wolfcamp Shale 4925'

Well Geometry

- 8 5/8" casing at 1400'
- 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	Grade	Coupling	COMMENT	
	<u>(ft)</u>	•					
11"	0 –	8-5/8"	24	J55	ST&C		
	1400						
7-7/8"	0 –	5-1/2"	17	N80	LT&C	Run through the	1
	TD'					horizontal lateral.	ł
							!

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

<u>Depth</u>	<u>Hole</u>	MW	Visc.	<u>WL</u>	Synopsis
0 - 1400	11"	8.4 –	28 - 29	No	FRESH WATER mud only to
		8.6		control	1400 ft. Severe loss potential.
					LCM: paper, fiber, cotton seed
					hulls.
1400 - 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 polymer as req'd for hole
		9.5			cleaning. Lubricants.
KOP – TD	7-7/8"	8.9 –	38 - 45	6 - 10	XCD polymer as req'd for hole
Horizontal		9.5			cleaning. Lubricants.

This is a "closed-loop" mud system. No reserve pit will be constructed on this location. All cuttings will be taken to an approved disposal, and no drying pad will be used.

11		AR	AL	LE		URVEY (CALCULA	ATION	I PROGR	AM	
	PET	ROLE	UM CORF	PORATIO	N					1	
OPER	ATOR:	*******	Parallel P	etroleum C	Corporation	on	Supervisor	s:			_
WELL	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	• • • • • • • • • • • • • • • • • • • •	Native Da	ncer 1525-	28 #2					1	
LOCA	TION:		N/2 Sec. 2	8 T-15-S R	R-25-E					1	
API N	UMBEF	₹;								<u>'</u>	
			COMN	ENTS:			.]				
								MAG D		<u> </u>	
									ORR.(-/+)	1	
							<u>.</u>	TOTAL	CORR.(-/+)	0.0	_
		DATE:	07/11/08		TIME:	8:34 AM	TRUE TO GRI)			
MINIMU	M CURV	ATURE C	ALCULATION	IS(SPE-3362) F	PROPOSED	DIRECTION	90.0	TARGET T	RACKING	į
									TO CE	NTER	
SVY			GRID		VERT			DLS/	ABOVE(+)		ł
MUM	MD	INC	AZM	TVD	SECT	N-S	E-W	100	BELOW(-)	LEFT(-)	
TIE	0	0.0	0.0	0.0	0.0	0.0	0.0				
1	4314	0.0	0.0	4314.0	0.0	0.0	0.0	0.0	436.0	0.0	
2	4324	1.3	90.0	4324.0	0.1	0.0	0.1	13.1	426.0	0.0	
3	4334	2.6	90.0	4334.0	0.5	0.0	0.5	13.1	416.0	0.0	
4	4999	90.0	90.0	4750.0	436.0	0.0	436.0	13.1	0.0	0.0	
5	8950	90.0	90 N	4750.0	4387 1	0.0	4387 1	0.0	0.0	0.0	

KOP @ 4314' MD BUR = 13.1 DEG per 100 FT End Curve @ 4999' MD, 4750' TVD BHL @ 8950' MD, 4750' TVD, 4387.1' VS

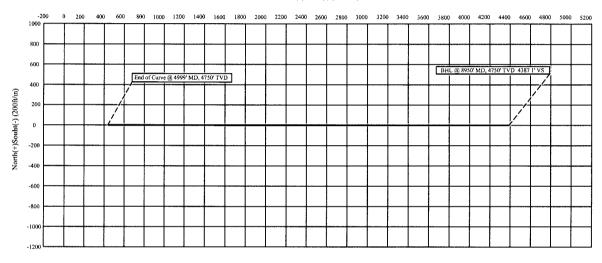
Parallel Petroleum Corp.

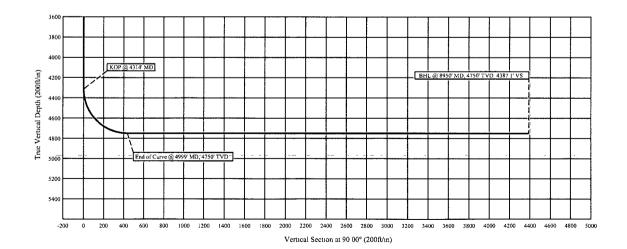
COMPANY DETAILS

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

Native Dancer 1525-28 #2 N/2 Sec. 28, 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

July 9, 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

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% **GPM** Real BTU Wet: 1112.506 O2: Oxygen 0.0000 Carbon Dioxide C02: 0.2970 Calc. Ideal Gravity: 0.6406 Calc. Real Gravity: 0.6421 Nitrogen N2: 0.8148 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 Iso-Butane IC4: 0.2971 0.0969 Average Mol Weight: 18.5521 Nor-Butane NC4: 0.5325 0.1675 Average CuFt/Gal: 57.2133 IC5: Iso-Pentane 0.1954 0.0714 26 lb. Product: 0.6349 Nor-Pentanes NC5: 0.1911 0.0691 Ethane+ GPM 2.6456 Hexanes Plus C6+: 0.5975 0.2591 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.

Field Name: HAGERMAN

Well Name: NATIVE DANCER 1525-28 #1

Station Number: NATIVEDANC

Purpose: SPOT

Sample Deg. F: 62.8

Volume/Day:

Formation:

Line PSIG: 235.0 Line PSIA: 248.2 Run No: 280304-03

Date Run: 03/04/2008

Date Sampled: 03/03/2008

Producer: PARALLEL PETROLEUM

County: CHAVES

State: NM

Sampled By: TROY SUTHERLAND

Atmos Deg. F: 37

GAS COMPONENTS Real BTU Dry: 1129.077
MOL% GPM Real BTU Wet: 1112.028

 Oxygen
 O2:
 0.0000

 Carbon Dioxide
 C02:
 0.1522
 Calc. Ideal Gravity: 0.6440

 Nitrogen
 N2:
 1.3836
 Calc. Real Gravity: 0.6456

Hydrogen Sulfide H2S: 0.0000 Field Gravity:

Standard Pressure: 14.696 Methane C1: 89.1849 BTU Dry: 1126.486 BTU Wet: 1106.885 Ethane C2: 5.4412 1.4509 1.9211 Z Factor: 0.9973 Propane C3: 0.5277 Iso-Butane IC4: 0.3005 0.0981 Average Mol Weight: 18.6507 Average CuFt/Gal: 57.3624 Nor-Butane NC4: 0.5452 0.1715

 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:

Native Dancer 1525-28

Well #2

1880' FNL & 226' FWL

Section 28

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

TABLE OF CONTENTS

I. H2S Contingency Plan

- A. Scope
- B. Objective
- C. Discussion of Plan

II. Emergency Procedures

- A. Emergency Procedures
- B. Emergency Reaction Steps
- C. Simulated Blowout Control Drills

III. Ignition Procedures

- A. Responsibility
- B. Instructions

IV. Training Requirements

V. Emergency Equipment

VI. Check Lists

- A. Status Check List
- B. Procedural Check List

VII. Briefing Procedures

VIII. Evacuation Plan

- A. General Plan
- B. Emergency Phone Lists

IX. Maps and Plats

- A. Location Plat
- B. Map to Location
- C. Radius of Exposure

X. General Information

- A. Drilling/Re-entry Permits
- B. H-9 Permit
- C. H2s Permissible Limits

- 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 and 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

- 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 H_2S .
- 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 measure's.

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 H_2S 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.

3. 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 and 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 clear 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 tend 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	e: Date each item as they are implemented.		
1.	Sign at location entrance.		
2.	Two (2) wind socks (in required locations).		T.
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.		1
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).		1
11.	BOP tested (before drilling out surface casing).		ı
12.	Mud engineer on location with equipment to test mud for H₂S.		, 1 1
13.	Safe Briefing Areas set-up.		1
14.	Well Condition sign and flags on location and ready.	***************************************	0
15.	Hydrogen Sulfide detection system hooked-up & tested.		0
16.	Hydrogen Sulfide alarm system hooked-up & tested.		
17.	Stretcher on location at Safe Briefing Area.		·
18.	2-100' Life Lines on location.		1 1 1

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 H₂S and well control procedures.	
24.	All outside service contractors advised of potential H_2S on the well.	
25.	NO SMOKING sign posted.	
26.	H ₂ S Detector Pump w/tubes on location.	
27.	25mm Flare Gun on location w/flares.	
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:

- 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.		
Life Flight: Southwest Air-Med E Vac.		(800) 242-6199
Southwest All-Wed E Vac.		(000) 242-01,33
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
. a.a.iorr outolouin corporation/initialaria, 174	011100	(402) 004 0121
Superintendent:		
Donnie Hill		(432) 684-3727
	Cell	(432) 934-7164
Drilling Engineer:		
Deane Durham	Office	(432) 684-3727
beane barnam	Cell	(432) 413-9701
	5 0	(402) 410 0101
		1
		;
		•
Callaway Safety Equipment		
Odessa	Office	(432) 561-5049
Hobbs		
นดท ว	Office	(877) 422-6345

Affected Notification List

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 !. Toxicity table for H₂S and physical effects are shown in Table II.

 Table 1

 Permissible Exposure Limits of Various Gasses

Common Name	Symbol	Sp. Gravity	TLV	STEL	IDLH
Hydrogen Cyanide	HCN	.94	4.7 ppm	С	
Hydrogen Sulfide	H ₂ S	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	1
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	
					1

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 any 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 II

Toxicity 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 and 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 test 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.