

MAY 21 2014

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Hydrogen Sulfide Drilling Operations Plan
Federal 30 #3H
Sec 30, T19S, R33E
Lea County N.M.

1. Company and contract personnel admitted on location should be trained by a qualified H₂S safety instructor to the recognize and handle following:
 - A. Characteristics of H₂S gas
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems
 - D. Principle and operation of H₂S detectors, warning system and briefing knowledge
 - E. Evacuation procedure, routes and first aid support
 - F. Proper use of 30 minutes Pressure-on-Demand Air Pack
2. Supervisory personnel will be trained in the following areas:
 - A. Effects of H₂S on metal components.
 - B. Corrective action and shut in procedures, blowout prevention, and well control procedure.
 - C. Contents of Hydrogen Sulfide Drilling Operations Plan.
3. H₂S Detection and Alarm Systems will be in place before commencing any operations.
 - A. H₂S detectors and audio alarm system to be located at wellhead, shale shaker and mud pits. Will be installed and maintained by third party safety company.
 - B. Thirty minute self-contained work unit located in at briefing areas.
3. Windsock and/or Wind Streamers
 - A. Windsock at mud pit area (high enough to be visible)
 - B. Windsock on dog house (high enough to be visible)
4. Condition Flags and Signs
 - A. H₂S warning signs on lease access road into location
 - B. Flags displayed on sign at location entrance
 1. Green flag indicates "Normal Safe Conditions"
 2. Yellow Flag indicates "Potential Pressure and Danger"
 3. Red Flag indicates "Danger - H₂S Present in High Concentrations" *admit only emergency personnel*
5. Well Control Equipment
 - A. See BOP, and Choke exhibit.
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 (**not planned**)
 - 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

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9. If H₂S encountered, mud system shall be addressed to maintain control of formation. A mud gas separator will be brought into service along with H₂S scavengers, if necessary. pH will be maintained at 10, to minimize h₂S in the system. Hydrogen sulfide scavengers will also be used to minimize hazards while drilling the well.
10. Mud program: pH of 10 will be maintained with additives to minimize hazards of H₂S. H₂S scavengers will also be used to minimize effects on tubulars and well control equipment and control effects of H₂S on metallurgy.

NADEL AND GUSSMAN HEYCO, L.L.C.
500 N. MAIN, STE. ONE
ROSWELL, NM 88201
(575) 623-6601 (Office)
(575) -624-5321 (Fax)

01/10/13

Mr. Wesley Ingram
Carlsbad BLM Field Office
620 E. Greene St.
Carlsbad, NM 88220


Re: Federal 30 #3H
SHL: 330' FNL & 710 FEL UL A
Sec. 30, T19S, R33E
Lea, NM
Rule 118 H2S Exposure

Dear Mr. Ingram,

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

Please contact me if you have any additional questions.

Sincerely,


Jason Goss
Drilling Engineer

PUBLIC PROTECTION PLAN FOR EMERGENCY CONTACTS

NADEL AND GUSSMAN HEYCO, LLC (432) 682-4429

Company Personnel

Keith Cannon	Drilling Supt.	575-513-1499 575-746-1428
Jason Goss	Drilling Engineer	432-682-4429 512-784-2613

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

Wild Well Control	281-784-4700 (24 hour number)
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

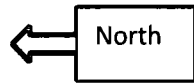
Federal 30 – 3H Location layout

Sec 30, T19S, R33E

SHL: 330' FNL & 710' FEL

BHL: 330' FNL & 510' FEL

Lea Co. N.M



1. V-door to the Southeast, 2. Push top soil to the Northeast side of location, 3. Heater to the southeast side location and tank battery to the southwest side location. 4. Elect. Line will be on Lea co. elect. and will tie on line used to service the Federal 30 #1, see plat with electric line approx. 2800ft, 8 poles. 5. Interim Reclamation on the northeast and northwest side of location. NGH will blade old road for Signal Ross #5 and may add some caliche to level, no new road will be needed.

