

MAY 16 2016**RECEIVED**

BC Operating, Inc.
Hydrogen Sulfide Drilling Operations Plan

Rusty Anchor 7 Federal Com #1H

SHL: 420' FSL & 996' FWL of Unit Letter 'M', Section 7, T-20S, R-33E

BHL: 240' FNL & 660' FWL of Unit Letter 'D', Section 6, T-20S, R-33E

Lea County, New Mexico

The H₂S Drilling Operations Plan is submitted with Form 3160-3, Application for Permit to Drill, in accordance with BLM Onshore Oil and Gas Order Number 6 Section III.A.1., covering the above described well.

I. Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- A. The hazards and characteristics of hydrogen sulfide (H₂S).
- B. The prior use and maintenance of personal protective equipment and life support systems.
- C. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
- D. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- A. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- B. Corrective action and shut in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- C. The contents and requirements of the H₂S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500') and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H₂S Safety Equipment and Systems

Note: All H₂S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500' above or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S (prior to drilling out of the 13 3/8" surface casing shoe for this well).

- A. Well Control Equipment (All BOP and BOP equipment is shown in Drilling Plan – Exhibits 1-4).
 - Flare line
 - Choke manifold and remotely operated chokes
 - Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - Auxiliary equipment to include annular preventer, mud-gas separator and rotating head.
- B. Protective equipment for essential personnel:
 - Mark II Surviveair 30 minute units located in the dog house and at briefing areas
- C. H₂S detection and monitoring equipment:
 - 2 portable H₂S monitors positioned on location for best coverage and response.
 - These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.
- D. Visual Warning Systems:
 - Caution/Danger signs shall be posted on roads providing direct access to location.
 - Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate.
- E. Mud Program: The mud program has been designed to minimize the volume of H₂S circulated to the surface.
- F. Metallurgy:
 - All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool kill lines, choke manifold lines and valves shall be suitable for H₂S services.
- G. Communication:
 - Company vehicles equipped with cellular telephone.

BC Operating, Inc. has conducted a review to determine if an H₂S Contingency Plan is needed for this well and has determined that there is minimal potential for the accumulation for any hazardous concentration of H₂S; therefore, no H₂S Contingency Plan has been submitted for this well.

WARNING

YOU ARE ENTERING AN H₂S AREA

AUTHORIZED PERSONNEL ONLY

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED**
- 2. HARD HATS REQUIRED**
- 3. SMOKING IN DESIGNATED AREAS ONLY**
- 4. BE WIND CONSCIOUS AT ALL TIMES**
- 5. CHECK WITH BC OPERATING, INC. FORMAN AT
MAIN OFFICE**

BC OPERATING, INC.

432-684-9696

Emergency Call List

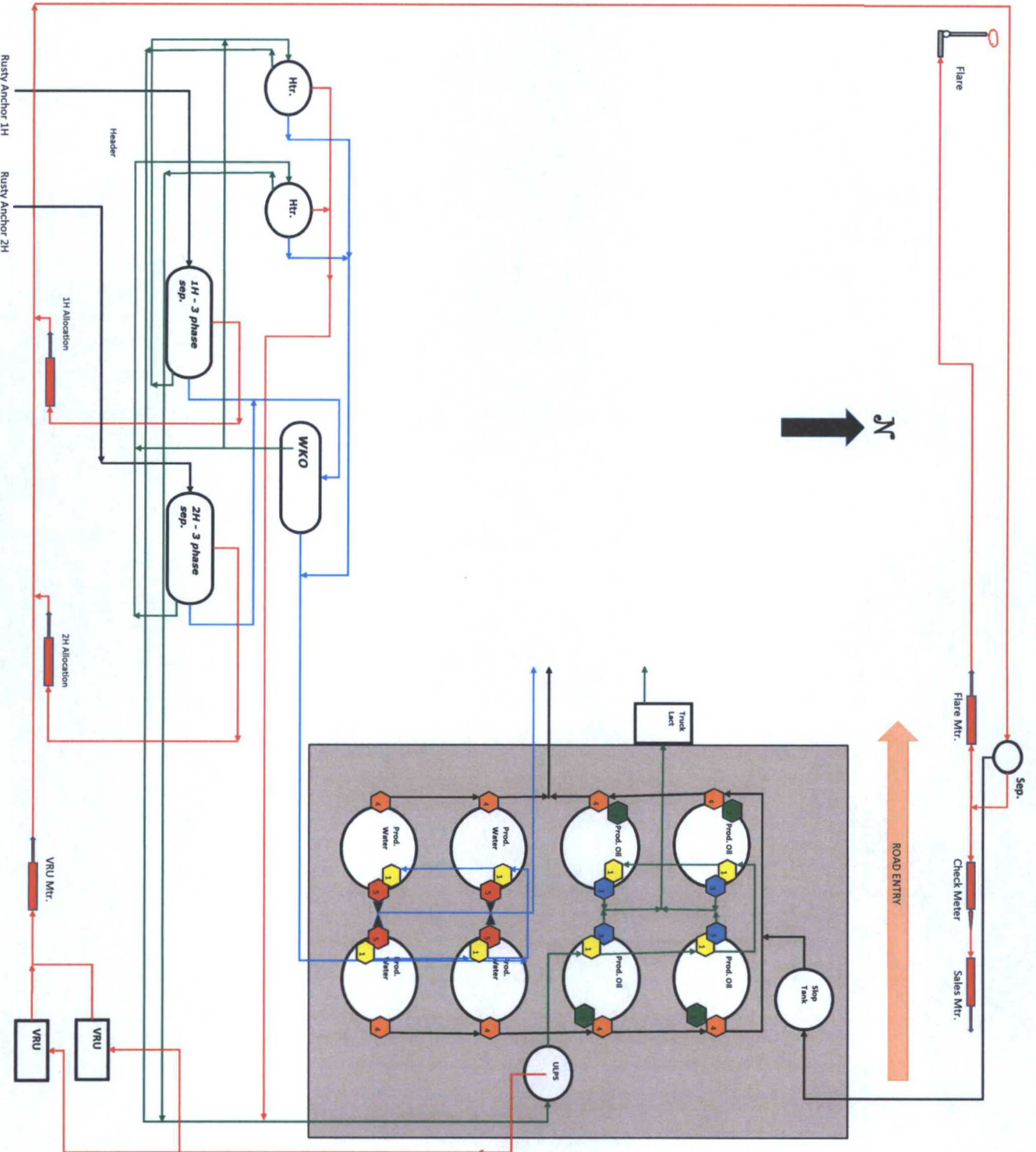
BC Operating, Inc. Office	432-684-9696
Deane Durham	432-684-9696 (Office) 432-431-9701 (Cell)
Nic Klopp	432-684-9696 (Office) 432-422-2510 (Cell)
Bruce Madden	432-684-9696 (Office) 432-894-0721 (Cell)

Emergency Response Numbers

New Mexico State Police	575-392-5580
Lea County Sheriff Dept	575-396-3611
Lea Regional Medical Center	575-492-5000
Ambulance	911

BC Operating, Inc. Rusty Anchor 7 Fed Com CTB	
NMLC #	
Sec-18 T205 R33E	
Lea County NM	
Sales Phase: on tank being hauled	
(1) Valve 1 sealed Open	1
(2) Valve 2 sealed Closed	2
(3) Valve 3 sealed Closed	3
(4) Valve 4 sealed Closed	4
(5) MISC. Valves: Plugged or otherwise Unaccessible	5
NOTE: Valve 2 is either a test or roll line if there is a valve 2 it will be sealed closed	
Ledger for Site Diagram	
Valve #1, Production Line	1
Valve #2, Test or Roll Line	2
Valve #3, Sales Line	3
Valve #4, BSSW Line	4
Valve #5, BSSW Load Line	5
Buried lines	
Firewall	
Wellhead	
Skid-pak	
Production Line	
Water line	
Gas Meter	

Mix Flow →
 Oil Flow →
 Gas Flow →
 Water Flow →



BC OPERATING, INC.
Rusty Anchor
Battery Diagram

