

CONTINGENCY PLAN

RMR OPERATING, LLC

MADERA "24" FEDERAL #5H

25' FSL and 600' FWL
Section 24, Township 26 South, Range 34 East
10' FSL and 660' FWL

Lea County, New Mexico

Prepared For:
Date Prepared:

RMR Operating, LLC
June 23, 2015

Prepared By: DXP/Indian Fire & Safety

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HYDROGEN SULFIDE CONTINGENCY PLAN

SCOPE

THIS CONTINGENCY PLAN ESTABLISHES GUIDELINES FOR THE PUBLIC, ALL COMPANY EMPLOYEES WHO'S WORK ACTIVITIES MAY INVOLVE EXPOSURE TO HYDROGEN SULFIDE (H₂S) GAS.

OBJECTIVE

1. PREVENT ANY AND ALL ACCIDENTS, AND PREVENT THE UNCONTROLLED RELEASE OF HYDROGEN SULFIDE INTO THE ATMOSPHERE.
2. PROVIDE PROPER EVACUATION PROCEDURES TO COPE WITH EMERGENCIES.
3. PROVIDE IMMEDIATE AND ADEQUATE MEDICAL ATTENTION SHOULD AN INJURY OCCUR.

H2S CONTINGENCY PLAN

DISCUSSION

GEOLOGICAL PROGNOSIS

IMPLEMENTATION:	THIS PLAN WITH ALL DETAILS IS TO BE FULLY IMPLEMENTED BEFORE DRILLING TO <u>PRODUCTION CASING POINT</u> .
EMERGENCY RESPONSE PROCEDURE:	THIS SECTION OUTLINES THE CONDITIONS AND DENOTES STEPS TO BE TAKEN IN THE EVENT OF AN EMERGENCY.
EMERGENCY EQUIPMENT 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 PRIOR TO DRILLING <u>TO PRODUCTION CASING POINT</u> .
DRILLING EMERGENCY CALL LISTS:	INCLUDED ARE THE TELEPHONE NUMBERS OF ALL PERSONS TO BE CONTACTED SHOULD AN EMERGENCY EXIST.
BRIEFING:	THIS SECTION DEALS WITH THE BRIEFING OF ALL PEOPLE INVOLVED IN THE DRILLING OPERATION.
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 INSURE ADHERENCE TO THE PLAN.
GENERAL INFORMATION:	A GENERAL INFORMATION SECTION HAS BEEN INCLUDED TO SUPPLY SUPPORT INFORMATION.

H2S CONTINGENCY PLAN

EMERGENCY PROCEDURES

- A. IN THE EVENT OF ANY EVIDENCE OF H2S LEVEL ABOVE 10 PPM, TAKE THE FOLLOWING STEPS:
 - 1. SECURE BREATHING EQUIPMENT.
 - 2. ORDER NON-ESSENTIAL PERSONNEL OUT OF DANGER ZONE.
 - 3. TAKE STEPS TO DETERMINE IF THE H2S LEVEL CAN BE CORRECTED OR SUPPRESSED AND, IF SO, PROCEED IN NORMAL OPERATION.
- B. IF UNCONTROLLABLE CONDITIONS OCCUR:
 - 1. TAKE STEPS TO PROTECT AND/OR REMOVE ANY PUBLIC IN THE DOWN-WIND AREA FROM THE RIG - PARTIAL EVACUATION AND ISOLATION. NOTIFY NECESSARY PUBLIC SAFETY PERSONNEL AND THE BUREAU OF LAND MANAGEMENT OF THE SITUATION.
 - 2. REMOVE ALL PERSONNEL TO SAFE BREATHING AREA.
 - 3. NOTIFY PUBLIC SAFETY PERSONNEL TO SAFE BREATHING AREA.
 - 4. PROCEED WITH BEST PLAN (AT THE TIME) TO REGAIN CONTROL OF THE WELL. MAINTAIN TIGHT SECURITY AND SAFETY PROCEDURES.
- C. RESPONSIBILITY:
 - 1. DESIGNATED PERSONNEL.
 - a. SHALL BE RESPONSIBLE FOR THE TOTAL IMPLEMENTATION OF THIS PLAN.
 - b. SHALL BE IN COMPLETE COMMAND DURING ANY EMERGENCY.
 - c. SHALL DESIGNATE A BACK-UP.

EMERGENCY PROCEDURES

*(Procedures are the same for both Drilling and Tripping)

- | | |
|-------------------|---|
| ALL PERSONNEL: | <ol style="list-style-type: none">1. ON ALARM, DON ESCAPE UNIT AND REPORT IN UP WIND BRIEFING AREA.2. CHECK STATUS OF PERSONNEL (BUDDY SYSTEM).3. SECURE BREATHING EQUIPMENT.4. AWAIT ORDERS FROM SUPERVISOR. |
| DRILLING FOREMAN: | <ol style="list-style-type: none">1. REPORT TO UP WIND BRIEFING AREA.2. DON BREATHING EQUIPMENT AND RETURN TO POINT OF RELEASE WITH TOOL PUSHER OR DRILLER (BUDDY SYSTEM).3. DETERMINE H₂S CONCENTRATIONS.4. ASSESS SITUATION AND TAKE CONTROL MEASURES. |
| TOOL PUSHER: | <ol style="list-style-type: none">1. REPORT TO UP WIND BRIEFING AREA.2. DON BREATHING EQUIPMENT AND RETURN TO POINT OF RELEASE WITH DRILLING FOREMAN OR DRILLER (BUDDY SYSTEM).3. DETERMINE H₂S CONCENTRATION.4. ASSESS SITUATION AND TAKE CONTROL MEASURES. |
| DRILLER: | <ol style="list-style-type: none">1. DON ESCAPE UNIT.2. CHECK MONITOR FOR POINT OF RELEASE.3. REPORT TO BRIEFING AREA.4. CHECK STATUS OF PERSONNEL (IN AN ATTEMPT TO RESCUE, USE THE BUDDY SYSTEM).5. ASSIGNS LEAST ESSENTIAL PERSON TO NOTIFY DRILLING FOREMAN AND TOOL PUSHER BY QUICKEST MEANS IN CASE OF THEIR ABSENCE.6. ASSUMES THE RESPONSIBILITIES OF THE DRILLING FORMAN AND TOOL PUSHER UNTIL THEY ARRIVE SHOULD THEY BE ABSENT. |

EMERGENCY PROCEDURES

DERRICK MAN
FLOOR MAN #1
FLOOR MAN #2

1. WILL REMAIN IN BRIEFING AREA UNTIL INSTRUCTED BY SUPERVISOR.

MUD ENGINEER:

1. REPORT TO BRIEFING AREA.
2. WHEN INSTRUCTED, BEGIN CHECK OF MUD FOR PH AND H2S LEVEL. (GARETT GAS TRAIN.)

SAFETY PERSONNEL:

1. MASK UP AND CHECK STATUS OF ALL PERSONNEL AND SECURE OPERATIONS AS INSTRUCTED BY DRILLING FOREMAN AND REPORT TO BRIEFING AREA.

TAKING A KICK

WHEN TAKING A KICK DURING AN H2S EMERGENCY, ALL PERSONNEL WILL FOLLOW STANDARD BOP PROCEDURES AFTER REPORTING TO BRIEFING AREA AND MASKING UP.

OPEN-HOLE LOGGING

ALL UNNECESSARY PERSONNEL OFF FLOOR. DRILLING FOREMAN AND SAFETY PERSONNEL SHOULD MONITOR CONDITION, ADVISE STATUS AND DETERMINE NEED FOR USE OF AID EQUIPMENT.

RUNNING CASING OR PLUGGING

FOLLOWING THE SAME "TRIPPING" PROCEDURE AS ABOVE. DRILLING FOREMAN AND SAFETY PERSONNEL SHOULD DETERMINE IF ALL PERSONNEL HAVE ACCESS TO PROTECTIVE EQUIPMENT.

H2S CONTINGENCY PLAN

IGNITION PROCEDURES

THE DECISION TO IGNITE THE WELL IS THE RESPONSIBILITY OF COMPANY FOREMAN. IN THE EVENT HE IS INCAPACITATED, IT BECOMES THE RESPONSIBILITY OF THE CONTRACT RIG TOOL PUSHER. THE 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 CONTROLLING THE BLOWOUT UNDER THE PREVAILING CONDITIONS AT THE WELL.

NOTIFY THE DISTRICT OFFICE IF TIME PERMITS, BUT DO NOT DELAY IF HUMAN LIFE IS IN DANGER.

INITIATE FIRST PHASE OF EVACUATION PLAN.

IGNITION PROCEDURES

INSTRUCTIONS FOR IGNITING THE WELL

1. TWO PEOPLE ARE REQUIRED FOR THE ACTUAL IGNITING OPERATION. THEY MUST WEAR SELF-CONTAINED BREATHING UNITS AND HAVE SAFETY ROPE ATTACHED. ONE MAN (TOOL PUSHER OR SAFETY ENGINEER) WILL CHECK THE ATMOSPHERE FOR EXPLOSIVE GASES WITH THE EXPLOSIMETER. THE OTHER MAN (DRILLING FOREMAN) IS RESPONSIBLE FOR IGNITING THE WELL.
2. PRIMARY METHOD TO IGNITE: 25 MM FLARE GUN WITH RANGE OF APPROXIMATELY 500 FEET.
3. IGNITE UP WIND AND DO NOT APPROACH ANY CLOSER THAN IS WARRANTED.
4. SELECT THE IGNITION SITE BEST FOR PROTECTION, AND WHICH OFFERS AN EASY ESCAPE ROUTE.
5. BEFORE FIRING, CHECK FOR PRESENCE OF COMBUSTIBLE GAS.
6. AFTER LIGHTING, CONTINUE EMERGENCY ACTION AND PROCEDURE AS BEFORE.
7. ALL UNASSIGNED PERSONNEL WILL LIMIT THEIR ACTIONS TO THOSE DIRECTED BY THE DRILLING FOREMAN.

REMEMBER: AFTER 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.

H2S CONTINGENCY PLAN

TRAINING REQUIREMENTS

WHEN WORKING IN AN AREA WHERE HYDROGEN SULFIDE GAS (H₂S) MIGHT BE ENCOUNTERED, DEFINITE TRAINING REQUIREMENTS MUST BE CARRIED OUT. ALL COMPANIES WILL INSURE THAT ALL PERSONNEL AT THE WELL SITE WILL HAVE HAD ADEQUATE TRAINING IN THE FOLLOWING:

1. HAZARDS AND CHARACTERISTICS OF H₂S.
2. PHYSICAL EFFECTS OF HYDROGEN SULFIDE ON THE HUMAN BODY.
3. TOXICITY OF HYDROGEN SULFIDE AND SULFUR DIOXIDE.
4. H₂S DETECTION.
5. EMERGENCY RESCUE.
6. RESUSCITATORS.
7. FIRST AID AND ARTIFICIAL RESPIRATION.
8. EFFECTS OF H₂S ON METALS.
9. LOCATION SAFETY.

SERVICE COMPANY AND VISITING PERSONNEL

- A. EACH SERVICE COMPANY THAT WILL BE ON THIS WELL WILL BE NOTIFIED IF THE ZONE CONTAINS H₂S.
- B. EACH SERVICE COMPANY MUST PROVIDE FOR THE TRAINING AND EQUIPMENT OF THEIR EMPLOYEES BEFORE THEY ARRIVE AT THE WELL SITE.
- C. EACH SERVICE COMPANY WILL BE EXPECTED TO ATTEND A WELL SITE BRIEFING.

H2S CONTINGENCY PLAN

EMERGENCY EQUIPMENT REQUIREMENTS

1. SIGNS

- A. ONE SIGN LOCATED AT LOCATION ENTRANCE WITH THE FOLLOWING LANGUAGE:

(LEASE)
CAUTION – POTENTIAL POISON GAS
HYDROGEN SULFIDE
NO ADMITTANCE WITHOUT AUTHORIZATION

2. WIND SOCK – WIND STREAMERS

- A. ONE 36" (IN LENGTH) WIND SOCK LOCATED AT PROTECTION CENTER, AT HEIGHT VISIBLE FROM RIG FLOOR.
B. ONE 36" (IN LENGTH) WIND SOCK LOCATED AT HEIGHT VISIBLE FROM PIT AREAS.

3. HYDROGEN SULFIDE DETECTOR AND ALARMS

- A. H2S MONITORS WITH ALARMS WILL BE LOCATED ON THE RIG FLOOR, AT THE BELL NIPPLE, AND AT THE FLOW LINE. THESE MONITORS WILL BE SET TO ALARM AT 10 PPM WITH RED LIGHT, AND TO ALARM AT 15 PPM WITH RED LIGHT AND AUDIBLE ALARM.
B. HAND OPERATED DETECTORS WITH TUBES.
C. H2S MONITOR TESTER.

4. CONDITION FLAGS

- A. ONE EACH OF ORANGE, YELLOW, AND RED CONDITION FLAGS TO BE DISPLAYED TO DENOTE CONDITIONS.

GREEN – NORMAL CONDITIONS
YELLOW – POTENTIAL DANGER
RED – DANGER, H2S PRESENT

- B. CONDITION FLAG SHALL BE POSTED AT LOCATION SIGN ENTRANCE.

H2S CONTINGENCY PLAN

EMERGENCY EQUIPMENT REQUIREMENTS

5. AUXILIARY RESCUE EQUIPMENT

- A. STRETCHER
- B. 100' LENGTH OF 5/8" NYLON ROPE.

6. MUD INSPECTION DEVICES

GARRETT GAS TRAIN OR HACH TESTER FOR INSPECTION OF SULFIDE CONCENTRATION IN MUD SYSTEM.

7. FIRE EXTINGUISHER

ADEQUATE FIRE EXTINGUISHERS SHALL BE LOCATED AT STRATEGIC LOCATIONS.

8. BLOW OUT PREVENTION EQUIPMENT

THE WELL SHALL HAVE HYDRAULIC BOP EQUIPMENT FOR THE ANTICIPATED BHP OF 1500 PSI. EQUIPMENT IS TO BE TESTED ON INSTALLATION.

9. COMBUSTIBLE GAS DETECTOR

THERE SHALL BE ONE COMBUSTIBLE GAS DETECTOR ON LOCATION AT ALL TIMES.

10. BOP TESTING

BOP AND CHOKE LINE AND KILL LINE WILL BE TESTED.

11. AUDIO SYSTEM

RADIO COMMUNICATION WILL BE AVAILABLE AT THE RIG.

- A. RIG FLOOR OR TRAILER
- B. VEHICLE

12. SPECIAL CONTROL EQUIPMENT

- A. HYDRAULIC BOP EQUIPMENT WITH REMOTE CONTROL ON GROUND.
- B. ROTATING HEAD

H2S CONTINGENCY PLAN

EMERGENCY EQUIPMENT REQUIREMENTS

13. EVACUATION PLAN

EVACUATION ROUTES SHOULD BE ESTABLISHED PRIOR TO SPUDDING EACH WELL AND DISCUSSED WITH ALL RIG PERSONNEL.

14. DESIGNATED AREA

- A. PARKING AND VISITOR AREA: ALL VEHICLES ARE TO BE PARKED AT A PREDETERMINED SAFE DISTANCE FROM THE WELLHEAD. THIS WILL BE THE DESIGNATED SMOKING AREA.
- B. TWO BRIEFING AREAS ON EITHER SIDE OF THE LOCATION AT THE MAXIMUM ALLOWABLE DISTANCE FROM THE WELL BORE SO THEY OFFSET PREVAILING WINDS PERPENDICULARLY, OR AT A 45-DEGREE ANGLE IF WIND DIRECTION TENDS TO SHIFT IN THE AREA.
- C. PROTECTION CENTERS OR IF A MOVABLE TRAILER IS USED, IT SHOULD BE DEPT UPWIND OF EXISTING WINDS. WHEN WIND IS FROM THE PREVAILING DIRECTIONS, BOTH PROTECTION CENTERS SHOULD BE ACCESSIBLE.

H2S CONTINGENCY PLAN

STATUS CHECK LIST

NOTE: ALL ITEMS ON THIS LIST MUST BE COMPLETED BEFORE DRILLING TO PRODUCTION CASING POINT .

1. SIGN AT LOCATION ENTRANCE.
2. TWO (2) WIND SOCKS LOCATED AS REQUIRED.
3. TWO (2) 30-MINUTE PRESSURE DEMAND AIR PACKS ON LOCATION FOR ALL RIG PERSONNEL AND MUD LOGGERS.
4. AIR PACK INSPECTED FOR READY USE.
5. CASCADE SYSTEM AND HOSE LINE HOOK-UP.
6. CASCADE SYSTEM FOR REFILLING AIR BOTTLES.
7. SAFE BREATHING AREAS SET UP.
8. CONDITION FLAG ON LOCATION AND READY FOR USE.
9. H2S DETECTION SYSTEM HOOKED UP.
10. H2S ALARM SYSTEM HOOKED UP AND READY.
11. OXYGEN RESUSCITATOR ON LOCATION AND TESTED FOR USE.
12. STRETCHER ON LOCATION AT SAFETY TRAILER.
13. 1 - 100' LENGTH OF NYLON ROPE ON LOCATION.
14. ALL RIG CREW AND SUPERVISORS TRAINED AS REQUIRED.
15. ALL OUTSIDE SERVICE CONTRACTORS ADVISED OF POTENTIAL H2S HAZARD ON WELL.
16. NO SMOKING SIGN POSTED.
17. HAND OPERATED H2S DETECTOR WITH TUBES ON LOCATION.

CHECKED BY: _____ DATE: _____

(12)

H2S CONTINGENCY PLAN

PROCEDURAL CHECK LIST

PERFORM EACH TOUR:

1. CHECK FIRE EXTINGUISHERS TO SEE THAT THEY HAVE THE PROPER CHARGE.
2. CHECK BREATHING EQUIPMENT TO ENSURE THAT IT HAS NOT BEEN TAMPERED WITH.
3. MAKE SURE ALL THE H2S DETECTION SYSTEM IS OPERATIVE.

PERFORM EACH WEEK:

1. CHECK EACH PIECE OF BREATHING EQUIPMENT TO MAKE SURE THAT DEMAND REGULATOR IS WORKING. THIS REQUIRES THAT THE BOTTLE BE OPENED AND THE MASK ASSEMBLY BE PUT ON TIGHT ENOUGH SO THAT WHEN YOU INHALE, YOU RECEIVE AIR.
2. BLOW OUT PREVENTER SKILLS.
3. CHECK SUPPLY PRESSURE ON BOP ACCUMULATOR STAND BY SOURCE.
4. CHECK ALL SKA-PAC UNITS FOR OPERATION: DEMAND REGULATOR, ESCAPE BOTTLE AIR VOLUMES, SUPPLY BOTTLE OF AIR VOLUME.
5. CHECK BREATHING EQUIPMENT MASK ASSEMBLY TO SEE THAT STRAPS ARE LOOSENED AND TURNED BACK, READY TO PUT ON.
6. CHECK PRESSURE ON BREATHING EQUIPMENT AIR BOTTLES TO MAKE SURE THEY ARE CHARGED TO FULL VOLUME.
7. CONFIRM PRESSURE ON ALL SUPPLY AIR BOTTLES.
8. PERFORM BREATHING EQUIPMENT DRILLS WITH ON-SITE PERSONNEL.
9. CHECK THE FOLLOWING SUPPLIES FOR AVAILABILITY.
 - A. EMERGENCY TELEPHONE LIST.
 - B. HAND OPERATED H2S DETECTORS AND TUBES.

H2S CONTINGENCY PLAN

GENERAL EVACUATION PLAN

THE DIRECT LINES OF ACTION PREPARED BY INDIAN FIRE & SAFETY, INC. TO PROTECT THE PUBLIC FROM HAZARDOUS GAS SITUATIONS ARE AS FOLLOWS:

1. WHEN THE COMPANY APPROVED SUPERVISOR (DRILLING FOREMAN, CONSULTANT, RIG PUSHER, OR DRILLER) DETERMINES THE H2S 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 AREA MAP.
2. "COMPANY MAN" OR DESIGNEE WILL NOTIFY LOCAL GOVERNMENT AGENCY THAT A HAZARDOUS CONDITION EXISTS AND EVACUATION NEEDS TO BE IMPLEMENTED.
3. COMPANY SAFETY PERSONNEL THAT HAVE BEEN TRAINED IN THE USE OF H2S DETECTION EQUIPMENT AND SELF-CONTAINED BREATHING EQUIPMENT WILL MONITOR H2S CONCENTRATIONS, WIND DIRECTIONS, AND AREA OF EXPOSURE. THEY WILL DELINEATE THE OUTER PERIMETER OF THE HAZARDOUS GAS AREA. EXTENSION TO THE EVACUATION AREA WILL BE DETERMINED FROM INFORMATION GATHERED.
4. LAW ENFORCEMENT PERSONNEL (STATE POLICE, POLICE DEPT., FIRE DEPT., AND SHERIFF'S DEPT.) WILL BE CALLED TO AID IN SETTING UP AND MAINTAINING ROAD BLOCKS. ALSO, THEY WILL AID IN EVACUATION OF THE PUBLIC IF NECESSARY.

IMPORTANT: 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.

H2S CONTINGENCY PLAN

EMERGENCY ACTIONS

WELL BLOWOUT – IF EMERGENCY

1. EVACUATE ALL PERSONNEL IF POSSIBLE.
2. IF SOUR GAS – EVACUATE RIG PERSONNEL.
3. IF SOUR GAS – EVACUATE PUBLIC WITHIN 3000 FT RADIUS OF EXPOSURE.
4. DON SCBA AND RESCUE.
5. CALL 911 FOR EMERGENCY HELP (FIRE DEPT AND AMBULANCE) AND NOTIFY SR. DRILLING FOREMAN AND DISTRICT FOREMAN.
6. GIVE FIRST AID.

PERSON DOWN LOCATION/FACILITY

1. IF IMMEDIATELY POSSIBLE, CONTACT 911. GIVE LOCATION AND WAIT FOR CONFIRMATION.
2. DON SCBA AND RESCUE.

EMERGENCY PHONE LIST
GOVERNMENTAL AGENCIES

<u>Lea County Sheriff's Office</u>	911
Non emergency	575-397-7546
<u>Fire Department</u>	911
Lovington - Non-emergency	575-396-2359
<u>State Police Department</u>	911
Non-emergency	575-392-5588
<u>Hospital -Nor-Lea General</u>	575-396-6611
<u>Bureau of Land Management</u>	575-887-6544
<u>New Mexico Oil Conservation</u>	575-393-6161
<u>Indian Fire & Safety, Inc.</u>	575-393-3093
24 Hour Emergency & Haz Mat.	800-530-8693

Indian Fire & Safety, Inc.
a DXP Company
3317 W. County Road
575-393-3093 - office
800-530-8693 – toll free
575-392-6274 – fax

Personnel Contact List

	Cell Phone	Home Phone
Chris Spurgeon	575-562-9527	
Scott Dudenhoeffer	575-631-9752	575-392-4833
Sam Abney	575-631-9754	575-393-5427
Curtiss Newton	575-631-1255	575-393-9762
Joe Spurgeon	806-215-1087	

RMR Operating, LLC Geological Prognosis

Prospect Name Madera Lower Brushy Canyon D Zn				Date	12/6/2014		
Lease & Well Number Madera 24 Fed #5H				API #	30-025-?????		
Surface Hole Location 25' FSL & 660' FWL of Sec. 24 T-26S R-34E							
Bottom Hole Location 330' FNL & 660' FWL of Sec. 24 T-26S R-34E				Est GL & KB Elevation			
County	Lea	Pilot Hole TD	9,393	Kick Off Point	8,606	Est. Elev. GL	3,215.0
State	New Mexico	Project TVD	9,083	Project MD	13,965	Est. Elev. KB	3,239.0

	Formation Tops	Est. Top.	SubSea	Pot.Prod. Y/N
Pay & other key formations. (List in order of depth) Indicate main objective horizons. "Yes-Obj." in last column.	Rustler	1,095	2,144.0	N
	Surface Casing	1,173	2,066.0	N
	Lamar Lime (Intermediate Casing Point)	5,397	-2,158.0	N
	Delaware Sand (Ramsey Sand)	5,441	-2,202.0	N
	Cherry Canyon	6,664	-3,425.0	N
	Brushy Canyon	7,877	-4,638.0	N
	Brushy Canyon "B" Sandstone Pay	8,798	-5,559.0	Y
	Brushy Canyon "C" Sandstone Pay	8,945	-5,706.0	Y
	Brushy Canyon "D" Sandstone Pay (Main OBJ)	9,008	-5,769.0	Y
	Brushy Canyon "E" Sandstone Pay	9,157	-5,918.0	Y
	Brushy Canyon "F" Sandstone Pay	9,243	-6,004.0	Y

GEOLOGICAL PROGRAM

Drill Time Interval	SAMPLE INTERVAL
Rig should keep 1ft drilling time with geograph from surface to TD	Pilot Hole: 2 Man Mudlogging unit from 5,000' (just before intermediate casing point) to Total Depth. Horizontal: 2 Man Mudlogging unit from Kick Off Point to TD

Coring Program

Potential to take sidewall cores in the Brushy "B" through Brushy "F" Zones

Drill Stem Testing Program

No DST's anticipated

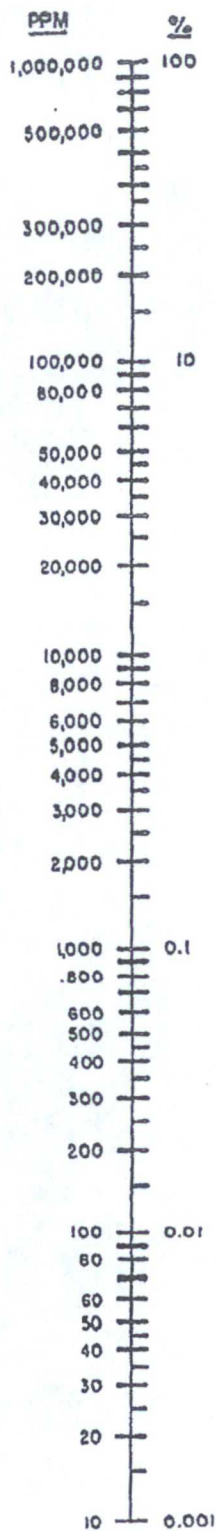
Electrical Log Program

Pilot Hole: GR-Density-Neutron & DLL-MSFL from 9,393' - 5,397' (cont. to pull GR-Neutron to surface)
Horizontal Hole: The BHA will contain a Gamma Ray MWD device which will be run from kick off point to the end of the lateral
Note: Vertical hole may also be run with Gamma Ray and MWD tools.

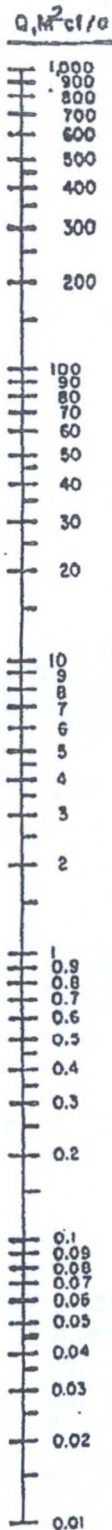
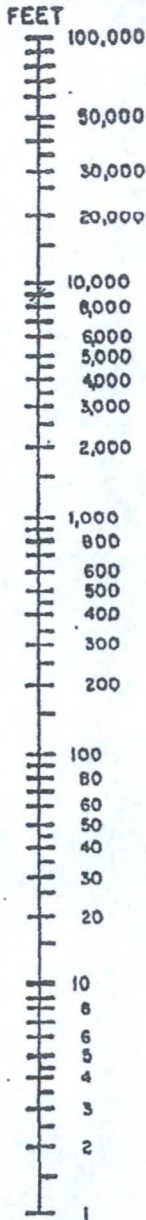
Comments/Notes

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Midland, Texas 79702
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Cell: 432-230-4949

Email: jack@redmountainresources.com

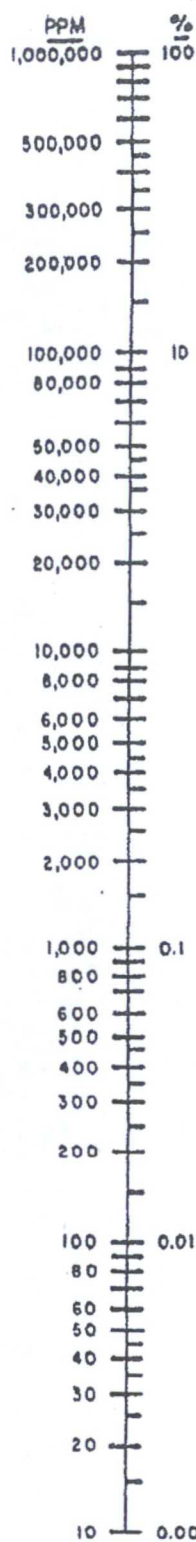


HYDROGEN SULFIDE 500 PPM EXPOSURE RADIUS

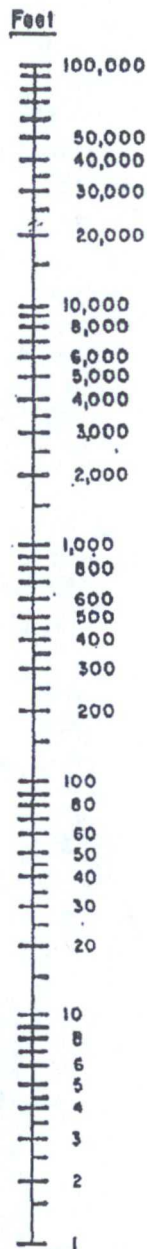


At X = 50 Ft.
 Q = 1140.9
 PPM

500 PPM Radius of Exposure in Feet = X
 $X = [(0.4546)(\text{Mole Fraction})(\text{Escape Rate})]^{0.6258}$
 $X = [(0.4546)(\text{PPM} \times 10^6)(Q \times 10^6 \text{ cu. ft.})]^{0.6258}$
 Wind velocity = 1 mph; Plume is shape of H₂S dispersion.
 Pressure base 14.65 psia, T_b = 60°F



HYDROGEN SULFIDE 100 PPM EXPOSURE RADIUS



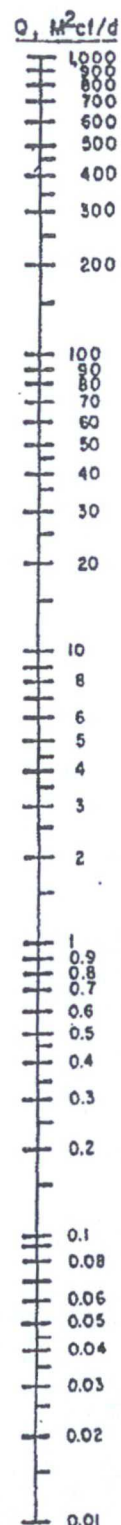
At X = 3000 Ft.
Q = 226,547
PPM

At X = 50 Ft.
Q = 326.4
PPM

Below 100 PPM
Rule 36 N.A.

$$100 \text{ PPM Radius of Exposure in Feet} = X$$

$$X = \frac{[(1.589)(\text{Mole Fraction})(\text{Escape Rate})]^{0.6258}}{[(1.589)(\text{PPM})(Q \text{ in } M^2 \text{ cf/d})]^{0.6258}}$$



P_b 14.65 psia T 60 °F

H2S CONTINGENCY PLAN

TOXIC EFFECTS OF HYDROGEN SULFIDE

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 COLORLESS. IT FORMS AN EXPLOSIVE MIXTURE WITH AIR BETWEEN 4.3 AND 46.0 PERCENT BY VOLUME. HYDROGEN SULFIDE IS ALMOST AS TOXIC AS HYDROGEN CYANIDE AND IS BETWEEN FIVE AND SIX TIMES MORE TOXIC THAN CARBON MONOXIDE. TOXICITY DATA FOR HYDROGEN SULFIDE AND VARIOUS OTHER GASES ARE COMPARED IN TABLE I. PHYSICAL EFFECTS AT VARIOUS HYDROGEN SULFIDE EXPOSURE LEVELS ARE SHOWN IN TABLE II.

TABLE I
TOXICITY OF VARIOUS GASES

COMMON NAME	CHEMICAL FORMULA	SPECIFIC GRAVITY (SC=1)	THRESHOLD LIMIT (1)	HAZARDOUS LIMIT (2)	LETHAL CONCENTRATION (3)
HYDROGEN CYANIDE	HCN	0.94	10 PPM	150 PPM/HR	300 PPM
HYDROGEN SULFIDE	H2S	1.18	10 PPM	250 PPM/HR	600 PPM
SULFUR DIOXIDE	SO2	2.21	5 PPM	-	1000 PPM
CHLORINE	CL2	2.45	1 PPM	4 PPM/HR	1000 PPM
CARBON MONOXIDE	CO	0.97	50 PPM	400 PPM/HR	1000 PPM
CARBON DIOXIDE	CO2	1.52	5000 PPM	5%	10%
METHANE	CH4	0.55	90,000 PPM	COMBUSTIBLE ABOVE 5% IN AIR	

- 1) THRESHOLD LIMIT - CONCENTRATION AT WHICH IT IS BELIEVED THAT ALL WORKERS MAY BE REPEATEDLY EXPOSED DAY AFTER DAY WITHOUT ADVERSE EFFECTS.
- 2) HAZARDOUS LIMIT - CONCENTRATION THAT WILL CAUSE DEATH WITH SHORT-TERM EXPOSURE.
- 3) LETHAL CONCENTRATION - CONCENTRATION THAT WILL CAUSE DEATH WITH SHORT-TERM EXPOSURE.

H2S CONTINGENCY PLAN

TOXIC EFFECTS OF HYDROGEN SULFIDE

TABLE II
PHYSICAL EFFECTS OF HYDROGEN SULFIDE

<u>PERCENT (%)</u>	<u>PPM</u>	<u>CONCENTRATION</u> <u>GRAINS</u> <u>100 STD. FT3*</u>	<u>PHYSICAL EFFECTS</u>
0.001	<10	00.65	Obvious and unpleasant odor.
0.002	10	01.30	Safe for 8 hours of exposure.
0.010	100	06.48	Kill smell in 3 – 15 minutes. May sting eyes and throat.
0.020	200	12.96	Kills smell shortly; Stings eyes and throat.
0.050	500	32.96	Dizziness; Breathing ceases in a few minutes; Needs prompt artificial respiration.
0.070	700	45.36	Unconscious quickly; Death will result if not rescued promptly.
0.100	1000	64.30	Unconscious at once; Followed by death within minutes.

*AT 15.00 PSIA AND 60°F.

H2S CONTINGENCY PLAN

USE OF SELF-CONTAINED BREATHING EQUIPMENT

1. WRITTEN PROCEDURES SHALL BE PREPARED COVERING SAFE USE OF SCBA'S IN DANGEROUS ATMOSPHERE, WHICH MIGHT BE ENCOUNTERED IN NORMAL OPERATIONS OR IN EMERGENCIES. PERSONNEL SHALL BE FAMILIAR WITH THESE PROCEDURES AND THE AVAILABLE SCBA.
2. SCBA'S SHALL BE INSPECTED FREQUENTLY AT RANDOM TO INSURE THAT THEY ARE PROPERLY USED, CLEANED, AND MAINTAINED.
3. ANYONE WHO MAY USE THE SCBA'S SHALL BE TRAINED IN HOW TO INSURE PROPER FACE-PIECE TO FACE SEAL. THEY SHALL WEAR SCBA'S IN NORMAL AIR AND THEN WEAR THEM IN A TEST ATMOSPHERE. (NOTE: SUCH ITEMS AS FACIAL HAIR {BEARD OR SIDEBURNS} AND EYEGASSES WILL NOT ALLOW PROPER SEAL.) ANYONE THAT MAY BE REASONABLY EXPECTED TO WEAR SCBA'S SHOULD HAVE THESE ITEMS REMOVED BEFORE ENTERING A TOXIC ATMOSPHERE. A SPECIAL MASK MUST BE OBTAINED FOR ANYONE WHO MUST WEAR EYEGASSES OR CONTACT LENSES.
4. MAINTENANCE AND CARE OF SCBA'S:
 - A. A PROGRAM FOR MAINTENANCE AND CARE OF SCBA'S SHALL INCLUDE THE FOLLOWING:
 1. INSPECTION FOR DEFECTS, INCLUDING LEAK CHECKS.
 2. CLEANING AND DISINFECTING.
 3. REPAIR.
 4. STORAGE.
 - B. INSPECTION; SELF-CONTAINED BREATHING APPARATUS FOR EMERGENCY USE SHALL BE INSPECTED MONTHLY FOR THE FOLLOWING PERMANENT RECORDS KEPT OF THESE INSPECTIONS.
 1. FULLY CHARGED CYLINDERS.
 2. REGULATOR AND WARNING DEVICE OPERATION.
 3. CONDITION OF FACE PIECE AND CONNECTIONS.
 4. ELASTOMER OR RUBBER PARTS SHALL BE STRETCHED OR MASSAGED TO KEEP THEM PLIABLE AND PREVENT DETERIORATION.
 - C. ROUTINELY USED SCBA'S SHALL BE COLLECTED, CLEANED AND DISINFECTED AS FREQUENTLY AS NECESSARY TO INSURE PROPER PROTECTION IS PROVIDED. (22)

H2S CONTINGENCY PLAN

USE OF SELF-CONTAINED BREATHING EQUIPMENT

5. PERSONS ASSIGNED TASKS THAT REQUIRES USE OF SELF-CONTAINED BREATHING EQUIPMENT SHALL BE CERTIFIED PHYSICALLY FIT FOR BREATHING EQUIPMENT USAGE BY THE LOCAL COMPANY PHYSICIAN AT LEAST ANNUALLY.
6. SCBA'S SHOULD BE WORN WHEN:
 - A. ANY EMPLOYEE WORKS NEAR THE TOP OR ON TOP OF ANY TANK UNLESS TEST REVEALS LESS THAN 10 PPM OF H2S.
 - B. WHEN BREAKING OUT ANY LINE WHERE H2S CAN REASONABLY BE EXPECTED.
 - C. WHEN SAMPLING AIR IN AREAS TO DETERMINE IF TOXIC CONCENTRATIONS OF H2S EXISTS.
 - D. WHEN WORKING IN AREAS WHERE OVER 10 PPM H2S HAS BEEN DETECTED.
 - E. AT ANY TIME THERE IS A DOUBT AS TO THE H2S LEVEL IN THE AREA TO BE ENTERED.

H2S CONTINGENCY PLAN

RESCUE FIRST AID FOR H2S POISONING

DO NOT PANIC!

REMAIN CALM – THINK!

1. HOLD YOUR BREATH. (DO NOT INHALE FIRST; STOP BREATHING.)
2. PUT ON BREATHING APPARATUS.
3. REMOVE VICTIM(S) TO FRESH AIR AS QUICKLY AS POSSIBLE. (GO UP-WIND FROM SOURCE OR AT RIGHT ANGLE TO THE WIND. NOT DOWN WIND.)
4. BRIEFLY APPLY CHEST PRESSURE – ARM LIFT METHOD OF ARTIFICIAL RESPIRATION TO CLEAN THE VICTIM'S LUNGS AND TO AVOID INHALING ANY TOXIC GAS DIRECTLY FROM THE VICTIM'S LUNGS.
5. PROVIDE FOR PROMPT TRANSPORTATION TO THE HOSPITAL, AND CONTINUE GIVING ARTIFICIAL RESPIRATION IF NEEDED.
6. HOSPITAL(S) OR MEDICAL FACILITIES NEED TO BE INFORMED, BEFORE-HAND, OF THE POSSIBILITY OF H2S GAS POISONING – NO MATTER HOW REMOTE THE POSSIBILITY IS.
7. NOTIFY EMERGENCY ROOM PERSONNEL THAT THE VICTIM(S) HAS BEEN EXPOSED TO H2S GAS.

BESIDES BASIC FIRST AID, EVERYONE ON LOCATION SHOULD HAVE A GOOD WORKING KNOWLEDGE OF ARTIFICIAL RESPIRATION, AS WELL AS FIRST AID FOR EYES AND SKIN CONTACT WITH LIQUID H2S. EVERYONE NEEDS TO MASTER THESE NECESSARY SKILLS.

RMR Operating, LLC Geological Prognosis

Prospect Name Madera Lower Brushy Canyon D Zn		Date 7/7/2015
Lease & Well Number Madera 24 Fed #5H		API # 30-025-?????
Surface Hole Location 25' FSL & 660' FWL of Sec. 24 T-26S R-34E		
Bottom Hole Location 330' FNL & 660' FWL of Sec. 24 T-26S R-34E		Est GL & KB Elevation
County Lea	Pilot Hole TD 9,403	Kick Off Point 8,606 Est. Elev. GL 3,215.0
State New Mexico	Project TVD 9,083	Project MD 13,807 Est. Elev. KB 3,239.0

	Formation Tops	Est. Top.	SubSea	Pot.Prod. Y/N
Pay & other key formations. (List in order of depth) Indicate main objective horizons. "Yes-Obj." in last column.	Rustler	1,105	2,134.0	N
	Surface Casing	1,183	2,056.0	N
	Lamar Lime (Intermediate Casing Point)	5,407	-2,168.0	N
	Delaware Sand (Ramsey Sand)	5,451	-2,212.0	N
	Cherry Canyon	6,674	-3,435.0	N
	Brushy Canyon	7,887	-4,648.0	N
	Brushy Canyon "B" Sandstone Pay	8,808	-5,569.0	Y
	Brushy Canyon "C" Sandstone Pay	8,955	-5,716.0	Y
	Brushy Canyon "D" Sandstone Pay (Main OBJ)	9,018	-5,779.0	Y
	Brushy Canyon "E" Sandstone Pay	9,167	-5,928.0	Y
	Brushy Canyon "F" Sandstone Pay	9,253	-6,014.0	Y

GEOLOGICAL PROGRAM	
Drill Time Interval	SAMPLE INTERVAL
Rig should keep 1ft drilling time with geolograph from surface to TD	Pilot Hole: 2 Man Mudlogging unit from 5,000' (just before intermediate casing point) to Total Depth.
	Horizontal: 2 Man Mudlogging unit from Kick Off Point to TD

Coring Program
Potential to take sidewall cores in the Brushy "B" through Brushy "F" Zones

Drill Stem Testing Program
No DST's anticipated

Electrical Log Program
Pilot Hole: GR-Density-Neutron & DLL-MSFL from 9,393' - 5,397' (cont. to pull GR-Neutron to surface)
Horizontal Hole: The BHA will contain a Gamma Ray MWD device which will be run from kick off point to the end of the lateral
Note: Vertical hole may also be run with Gamma Ray and MWD tools.

Comments/Notes

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RMR Operating, LLC
Madera 24 Federal #5H
SHL: 660ft FWL & 50ft FSL
Sec. 24, T26S-R35E
BHL: 660ft FWL & 330ft FNL
Sec. 24, T26S-R35E
V-Door East

Interim Reclamation

