

HOBBS OCD

Hydrogen Sulfide Drilling Operations Plan:
Laguna Deep Unit Federal 35 #2H
Sec. 35-19S-35E, Lea County, NM

JAN 28 2013

RECEIVED

Reviewing drilling records from the LDU 35 #1H, the operator does not anticipate to encounter H2S in sufficient quantities as described in Onshore Order 6, to meet the BLM's minimum requirements for the submission of an "H2S Drilling Operation Plan" or "Public Protection Plan" for the drilling and completion of this well. It is standard for our drilling operations to have a H2S Safety Package on all wells prior to drilling from below the surface casing, attached is H2S Drilling Operations Plan. The rig supervisor is experienced in recognizing metallurgic indication H2S presence.

The H2S Operation Plan requires:

- All personnel will be H2S trained and qualified and includes donning breathing apparatus,
- Recognizing the presence of H2S gas, evacuation procedures and first aid assistance,
- H2S alarms and detection systems will be utilized on the drilling floor, mud pits
- A windsock will be visible at all times at the entrance road, mud pits, flare point, fuel depot
- Flags or warning signs will be visible for road traffic
- Communication efforts between crew members will be using chalk boards if wearing mask or hand signals if necessary. The rig floor and office holds 2 way radio and cell phones are also available and used by company personnel.
- The operator shall notify any and all agencies deemed necessary including the NMOCD, BLM and State Police if the public or traffic is potentially affected.

A certified H2S Safety contractor implements the package prior to drilling below the surface casing and strategically places safety escape apparatus as referred to on the well site layout, Exhibit 1.0.

H2S sensors and alarms are set up on the drilling floor and mud pits with communication to the office trailer.

The contingency plan will call for the mud products to use H2S scavengers if needed.

The well site supervisors, drillers and crew are trained to identify H2S indications on pipe and equipment.

A H2S contingency plan according to Onshore Orders will be incorporated by a third party prior to drilling out below the surface casing. See: H2S Contingency Plan.

H2S Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Marshall and Winston Inc. and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved, NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂:

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1.0	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1.0	2 ppm	N/A	1000 ppm

Contacting Authorities

Marshall and Winston Inc.'s personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. Marshall and Winston Inc.'s response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Marshall & Winston, Incorporated.

P.O. Box 50880 Midland, TX., 79710-0880

OFFICE 1-(432)-684-6373, Fax 1-(432)-687-2684

COMPANY PERSONNEL: Cell Phone

Otis Holt (Wellsite Supervisor) 1-(325)-206-1528

Gabe Herrera (Marshall & Winston – Engineer) 1-(432)-260-8650

Tom Brandt (Marshall & Winston – Operations) 1-(432)-553-9747

George Watters (Marshall & Winston – Geologist) 1-(432)-631-2051

Emergency Phone Numbers

Artesia	State Police	(575) 746 -2703
Artesia	City Police	(575) 746 -2703
Artesia	Sheriff's Office	(575) 746 -9888
Artesia	Ambulance	911
Artesia	Fire Department	(575) 746 -2701
Artesia	LEPC (Local Emergency Planning Committee)	(575) 746 -2122
Artesia	NMOCD	(575) 748 -1283

Carlsbad	State Police	(575) 885 -3137
Carlsbad	City Police	(575) 885 -2111
Carlsbad	Sheriff's Office	(575) 887 -7551
Carlsbad	AMBULANCE	911
Carlsbad	Fire Department	(575) 885 - 2111
Carlsbad	LEPC (Local Emergency Planning Committee)	(575) 887 - 3798
Carlsbad	US Bureau of Land Management	(575) 887 - 6544

Santa Fe	N.M. Emergency Response Commission	(505) 476 -9600
24 Hr.	" " " "	(505) 827 -9126
Santa Fe	N.M. State Emergency Operations Center	(505) 476 -9635
Washington D.C.	National Emergency Response Center	1-(800) 424 -8802

Other Services :

Houston	Boots & Coots IWC	1-800-256-9688 or (281) 931 -8884
Odessa	Cudd Pressure Control	(915) 699-0139 or (915) 563 -3356
Artesia	Halliburton	(575) 746-2757
Artesia	B.J. Services	(575) 746-3569

Air Ambulance

Lubbock, Tx	Flight For Life, 4000 24th St.	(806) 743 - 9911
Lubbock, TX	Aerocare, Rt 3 Box49-F	(806) 747- 8923
Albuquerque, NM	Med Flight Air Amb, 2301 Yale Blvd SE #D3,	(505) 842 - 4433
Albuquerque, NM	S B Air Med Svc, 2505 Clark Carr Loop SE,	(505) 842 - 4949

COMPANY PERSONNEL :

Marshall & Winston, Inc.	(432) 684-6373	Office
P.O. Box 50880	(432) 687-2684	Fax
Midland, Tx. 79710-0880		
1. Shorty Sweeden (Wellsite Supervisor)	(432) 634-8722	(c)
2. Gabe Herrera (Marshall & Winston – Engineer)	(432) 684-6373	(o)
	(432) 260-8650	(c)
3. Tom Brandt (Marshall & Winston – Operations)	(432) 684-6373	(o)
	(432) 553-9747	(c)
4. George Watters (Marshall & Winston – Geologist)	(432) 684-6373	(o)
	(432) 631-2051	(c)

Surface Use Plan for the Laguna Deep
Unit Federal 35 # 2H, Sec 35-P,
T19S, R33E, Lea County, NM

The onsite inspection was conducted
by Trishia Badbear, PT, BLM, I&E,
March 12, 2012.

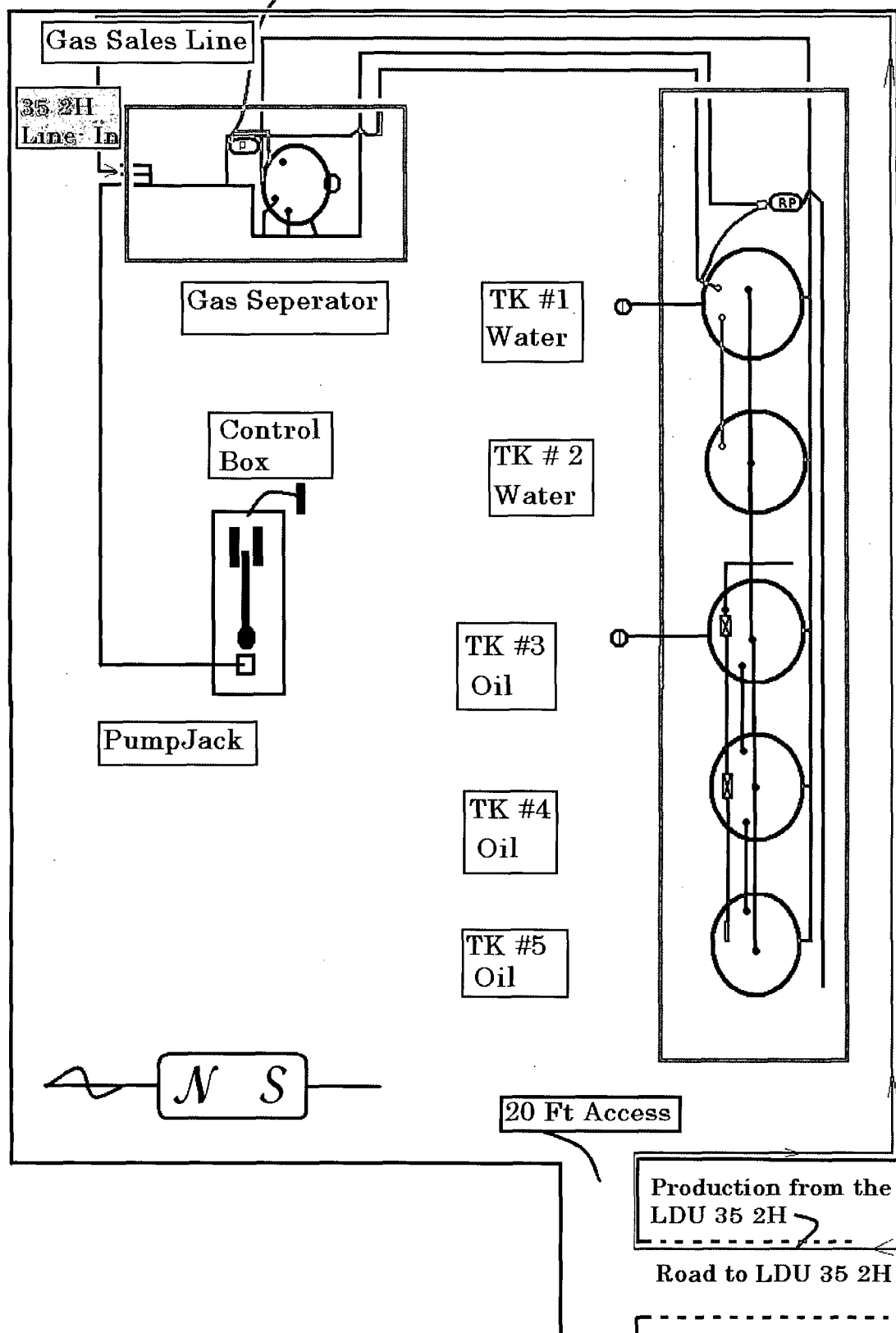


Exhibit H.1.
 Central Battery Facilities
 Marshall & Winston Inc.
 Laguna Deep Unit Federal 35-1H
 Sec 35, T-19-S, R-33 E,
 Lea County, NM

(Gathering point for the LDU 35 # 2H)

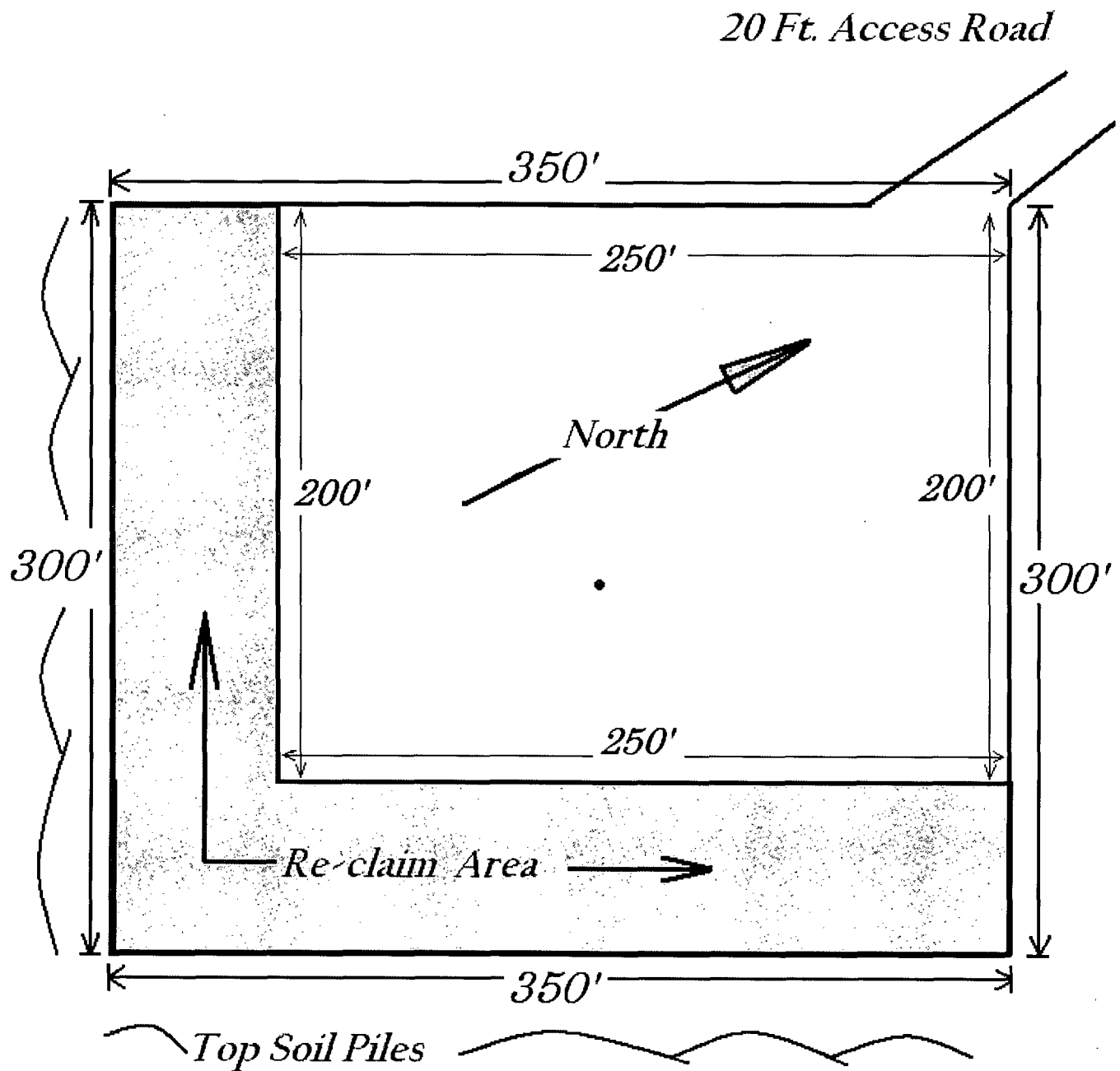


Exhibit E
Interim Reclamation

Marshall & Winston Inc
Laguna Deep Unit 35 2H
1140' FSL & 436' FEL
Sec 35, T-19-S, R-33-E
Lea, County, NM