

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV1220 S. St Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101

Permit 1096

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address EOG RESOURCES INC PO Box 2267 Midland, TX 79702		OGRID Number 7377
		API Number 30-015-33507
Property Code 27035	Property Name STATE A-32	Well No. 002

Surface Location

UL or Lot L	Section 32	Township 19S	Range 28E	Lot Idn L	Feet From 1980	N/S Line S	Feet From 660	E/W Line W	County Eddy
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Proposed Pools

ANGEL RANCH;ATOKA-MORROW (GAS) 70310

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3376
Multiple N	Proposed Depth 11500	Formation Morrow	Contractor	Spud Date

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	11.75	42	350	250	0
Int1	11	8.375	32	2500	500	0
Prod	7.875	5.5	17	11500	750	2200

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Electronically Signed By: Stan Wagner

Title: Regulatory Analyst

Date: 06/13/2004

Phone: 432-686-3689

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 07/16/2004

Expiration Date: 07/16/2005

Conditions of Approval:

There are conditions. See Attached.

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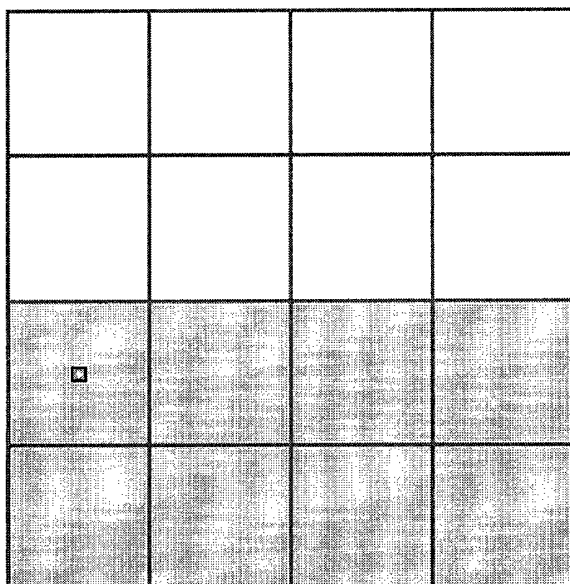
Form C-102
Permit 1096

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33507	Pool Name ANGEL RANCH;ATOKA-MORROW (GAS)	Pool Code 70310
Property Code 27035	Property Name STATE A-32	Well No. 002
OGRID No. 7377	Operator Name EOG RESOURCES INC	Elevation 3376

Surface And Bottom Hole Location

UL or Lot L	Section 32	Township 19S	Range 28E	Lot Idn L	Feet From 1980	N/S Line S	Feet From 660	E/W Line W	County Eddy
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Electronically Signed By: Stan Wagner

Title: Regulatory Analyst

Date: 06/13/2004

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: V.L. Bezner

Date of Survey: 05/20/2004

Certificate Number: 7920

Permit Comments

Operator: EOG RESOURCES INC , 7377

Well: STATE A-32 #002

User Name	Comment	Comment Date
VBARTON	Prior to the approval of the APD, a pit permit must be obtained.	6/29/2004

Permit Conditions Of Approval

C-101, Permit 1096

Operator: EOG RESOURCES INC , 7377

Well: STATE A-32 #002

OCD Reviewer	Condition
BARRANT	Operator to drill surface hole with air or fresh water mud only.

EOG RESOURCES, INC.
HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN
FOR DRILLING/COMPLETING/WORKOVER/FACILITY
WITH THE EXPECTATION OF H₂S IN EXCESS OF 100 PPM

EOG Resources, Inc. State A- 32 Com. No.2 Well

30 - 015 - 33907

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JUN 15 2004

ODD-ARTESIA

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GENERAL H2S EMERGENCY ACTIONS:

In the event of an H2S emergency, the following plan will be initiated.

- 1) All personnel will immediately evacuate to an up-wind and if possible up-hill "safe area".
- 2) If for any reason a person must enter the hazardous area, they must wear a SCBA (Self contained breathing apparatus)
- 3) Always use the "buddy system"
- 4) Isolate the well/problem if possible
- 5) Account for all personnel and provide for medical treatment if needed.
- 6) Display the proper colors warning all unsuspecting personnel of the danger at hand.
- 7) As per EOG's Crisis Management Plan contact EOG Management.

At this point the company representative will evaluate the situation and co-ordinate the necessary duties to bring the situation under control, and if necessary, the notification of emergency response agencies and residents.

EMERGENCY PROCEDURES FOR AN UNCONTROLLABLE RESLEASE OF H2S

- 1) All personnel will don the self-contained breathing apparatus
- 2) Remove all personnel to the "safe area" (always use the "buddy system")
- 3) Contact company personnel if not on location.
- 4) Set in motion the steps to protect and or remove the general public to an upwind "safe area". Maintain strict security & safety procedures while dealing with the source. Provide for medical treatment if necessary
- 5) No entry to any unauthorized personnel.
- 6) Notify the appropriate agencies: City Police-City street(s)
 State Police-State Rd
 County Sheriff-County Rd.
(will assist in general public evacuation/safety while maintaining roadblocks)
- 7) Call the NMOCD

If at this time the supervising person determines the release of H2S cannot be contained to the site location and the general public is in arms way he will take the necessary steps to

EMERGENCY CALL LIST: (Start and continue until ONE of these people have been reached)

	<u>OFFICE</u>	<u>MOBILE</u>	<u>HOME</u>
EOG Resources, Inc.	432/686-3600		
David Anderson	432/686-3601	432/634-1002	
Billy Helms	432/686-3795	432/557-5345	
Howard Kemp	432/686-3704	432/634-1001	

EMERGENCY RESPONSE NUMBERS: Eddy County, New Mexico

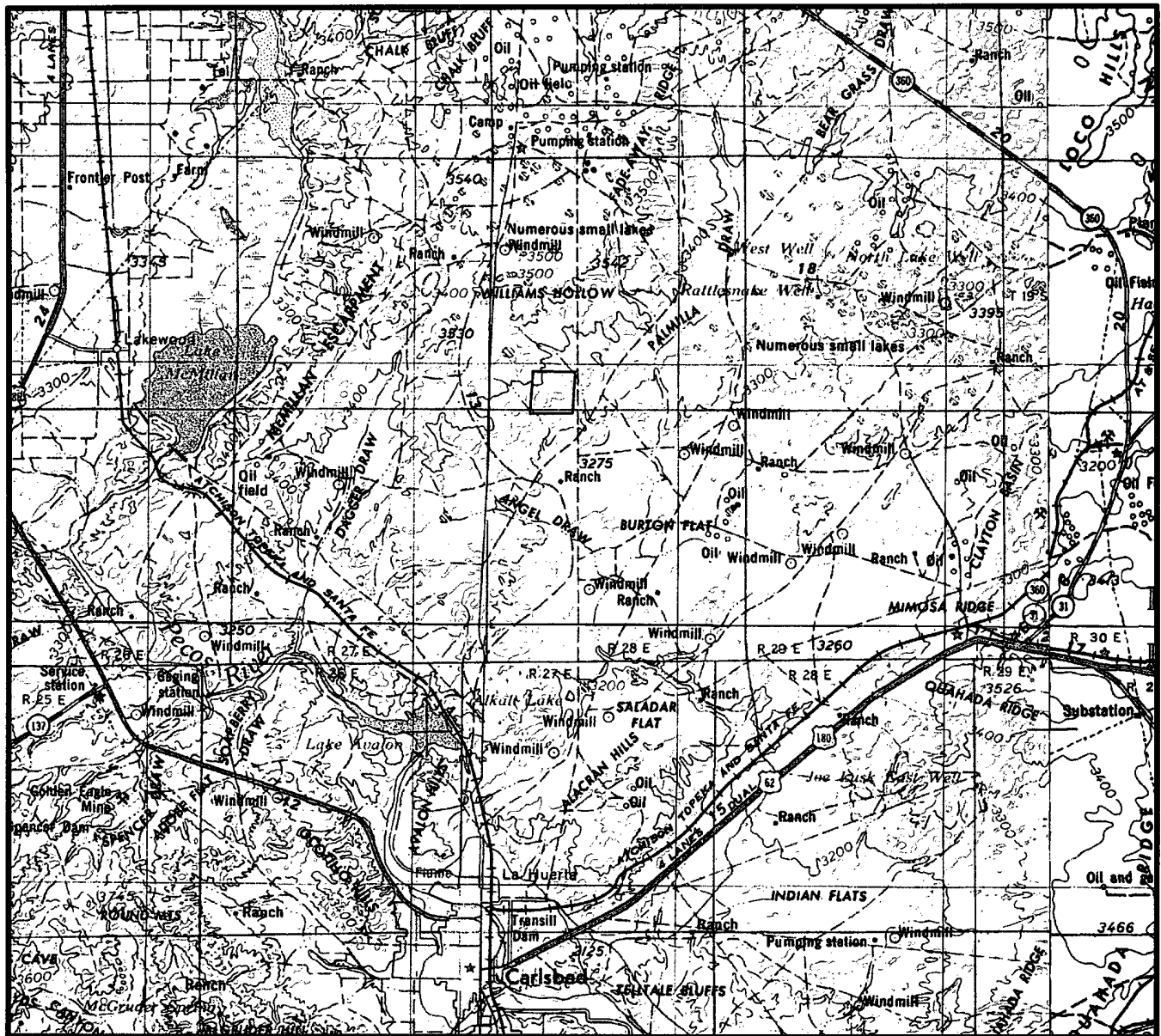
State Police	505/748-9718
Eddy County Sheriff	505/746-2701
Emergency Medical Service (Ambulance)	911 or 505/746-2701
Eddy County Emergency Management (Harry Burgess)	505/887-9511
State Emergency Response Center (SERC)	505/476-9620
Artesia Police Department	505/746-5001
Artesia Fire Department	505/746-5001
Carlsbad Police Department	505/885-2111
Carlsbad Fire Department	505/885-3125
Loco Hills Fire Department	505/677-2349
(NMOCD) New Mexico Oil Conservation Division, District I (Lea, Roosevelt, Chavez, Curry)	505/393-6161
District II (Eddy, Chavez)	505/748-1283
American Safety	505/746-1096
Indian Fire & Safety	800/530-8693
Callaway Safety	505/392-2973
BJ Services	502/746-3146

CONTOUR INTERVAL 10'

LONG. LONG.: W 104.20496

2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1653

VICINITY MAP



SECTION 32 TWP 19-S RGE 28-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY EDDY STATE NM

DESCRIPTION 1980' FSL & 660' FWL

OPERATOR EOG RESOURCES, INC.

LEASE STATE "A-32" #2

DISTANCE & DIRECTION FROM CARLSBAD GO NORTH

±12.8 MILES ON HWY. 239, THENCE NORTHEAST 2.1 MILE

ON LEASE ROAD TO THE SOUTHEAST CONRER OF SECTION

32.



TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1653

PROTECTION OF THE GENERAL PUBLIC/ROE:

In the event greater than 100 ppm H₂S is present, the ROE (Radius Of Exposure) calculations will be done to determine if the following is warranted:

- 100 ppm at any public area (any place not associated with this site)
- 500 ppm at any public road (any road which the general public may travel)
- 100 ppm radius of 3000' will be assumed if there is insufficient data to do the calculations, and there is a reasonable expectation that H₂S could be present in concentrations greater than 100 ppm in the gas mixture.

Calculation for the 100 ppm ROE:

$$X = [(1.589)(\text{concentration})(Q)]^{(0.6258)}$$

Calculation for the 500 PPM ROE

$$X = [(0.4546)(\text{concentration})(Q)]^{(0.6258)}$$

Q=Gas flow rate, SCFPD

concentration = decimal equivalent of the volume fraction of hydrogen sulfide in the gaseous mixture

PUBLIC EVACUATION PLAN :

(When the supervisor has determined that the General Public will be involved, the following plan will be implemented)

- 1) Notification of the emergency response agencies of the hazardous condition and Implement evacuation procedures.
- 2) A trained person in H₂S safety shall monitor with detection equipment the H₂S Concentration, wind and area of exposure (ROE). This person will determine the outer perimeter of the hazardous area. The extent of the evacuation area will be determined from the data being collected. Monitoring shall continue until the situation has been resolved. (All monitoring equipment shall be UL approved, for use in class I groups A, B, C & D, Division I, hazardous locations. All monitors will have a minimum capability of measuring H₂S, oxygen, and flammable values).
- 3) Law enforcement shall be notified to set up necessary barriers and maintain such for the duration of the situation as well as aid in the evacuation procedure.
- 4) The company supervising personnel shall stay in communication with all agencies through out the duration of the situation and inform such agencies when the situation has been contained and the effected area(s) is safe to enter.

PROCEDURE FOR IGNITING AN UNCONTROLLABLE CONDITION:

The decision to ignite a well should be a last resort and one if not both of the following pertain.

- 1) Human life and/or property are in danger.
- 2) There is no hope of brining the situation under control with the prevailing conditions at the site.

INSTRUCTIONS FOR IGNITION:

- 1) Two people are required. They must be equipped with positive pressure; self contained breathing apparatus and a "D"-ring style, full body, OSHA approved safety harness. Non-flammable rope will be attached.
- 2) One of the people will be a qualified safety person who will test the atmosphere for H₂S, Oxygen, and LFL. The other person will be the company supervisor; he is responsible for igniting the well.
- 3) Ignite up-wind from a distance no closer than necessary. Make sure that where you ignite from has the maximum escape avenue available. A 25 mm flare gun shall be used, with a $\pm 500'$ range to ignite the gas.
- 4) Prior to ignition, make a final check for combustible gases.
- 5) Following ignition, continue with the emergency actions and procedures as before.

REQUIRED EMERGENCY EQUIPMENT

- 1) Breathing Apparatus:
 - Rescue Packs (SCBA) – 1 unit shall be placed at each breathing area, 2 shall be stored in the safety trailer.
 - Work/Escape Packs – 4 packs shall be stored on the rig floor with sufficient air hose not to restrict work activity.
 - Emergency Escape Packs – 4 packs shall be stored in the doghouse for emergency evacuation.
- 2) Signage and Flagging:
 - One Color Code Condition Sign will be placed at the entrance to the site reflecting the possible conditions at the site.
 - A Colored Condition flag will be on display, reflecting the condition at the site at that time.
- 3) Briefing Area: Two, perpendicular areas will be designated by signs and readily accessible.

- 4) Wind Socks: Two windsocks will be placed in strategic locations, visible from all angles.
- 5) H2S Detectors and Alarm: The stationary detector with three (3) sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible @ 15 ppm. Calibrate a minimum of every 30 days or as needed. The 3 sensors will be placed in the following places: (Gas sample tubes will be stored in the safety trailer)
 - Rig Floor
 - Bell Nipple
 - End of Flow line or where well bore fluid are being discharged.
- 6) Auxiliary Rescue Equipment:
 - Stretcher
 - Two OSHA full body harness
 - 100' of 5/8" OSHA approved rope
 - 1-20# Class ABC fire extinguisher
 - Communication via cell phones on location and vehicles on location.

USING SELF-CONTAINED BREATHING AIR EQUIPMENT (SCBA):

SCBA should be worn when any of the following are performed:

- Working near the top or on top of a tank.
- Disconnecting any line where H2S can reasonably be expected.
- Sampling air in the area to determine if toxic concentrations of H2S exist
- Working in areas where over 10 ppm on H2S has been detected.
- At any time there is a doubt as the level of H2S in the area.

All personnel shall be trained in the use of SCBA prior to working in a potentially hazardous location.

Facial hair and standard eyeglasses are not allowed with SCBA.

Contact lenses are never allowed with SCBA.

Air quality shall continuously be checked during the entire operation.

After each use, the SCBA unit shall be cleaned, disinfected, serviced and inspected.

All SCBA shall be inspected monthly.

RESCUE & FIRST AID FOR VICTIMS OF HYDROGEN SULFIDE (H₂S) POISONING:

Do not panic.

Remain calm & think.

Get on the breathing apparatus.

Remove the victim to the safe breathing area as quickly as possible. Upwind an uphill from source or cross wind to achieve upwind.

Notify emergency response personnel.

Provide artificial respiration and/or CPR, as necessary.

Remove all contaminated clothing to avoid further exposure.

A minimum of two (2) personnel on location shall be trained in CPR and First Aid.

H2S TOXIC EFFECTS:

H₂S is extremely toxic. The acceptable ceiling for eight hours of exposure is 10 ppm, which is .001% by volume. H₂S is approximately 20% heavier than air (SP.Gr=1.19/Air=1) and colorless. It forms an explosive mixture with air between 4.3% and 46.0%. By volume hydrogen sulfide (H₂) is almost as toxic as hydrogen cyanide and is 5-6 times more toxic than carbon monoxide.

Various Gasses

Common Name	Chemical Abbrev.	Sp. GR.	Threahold Limits	Hazardous Limits	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.19	10 ppm 15 ppm	100 ppm/hr	600 ppm
Hydrogen Cyanide	HCN	0.94	10 ppm	150 ppm/hr	300 ppm
Sulfur Dioxide	SO ₂	2.21	2 ppm	N/A	1000 ppm
Chlorine	CL ₂	2.45	1 ppm	4 ppm/hr	1000 ppm
Carbon Monoxide	CO	0.97	50 ppm	400 ppm/hr	1000 ppm
Carbon Dioxide	CO ₂	1.52	5000 ppm	5%	10%
Methane	CH ₄	0.55	90,000	Combustible @ 5%	N/A

- 1 Threshold limit – Concentrations at which it is believed that all workers may be repeatedly exposed, day after day without Adverse effects.
- 2 Hazardous limit – Concentration that may cause death
- 3 Leathal concentration – Concentration that will cause death with short-term exposure
- 4 Threshold limit – 10 ppm – NIOSH guide to chemical hazards
- 5 Short-term threshold limit

PHYSICAL EFFECTS OF HYDROGEN SULFIDE:

CONCENTRATIONS		PHYSICAL EFFECTS
.001%	10 ppm	Obvious and unpleasent odor. Safe for 8 hr exposure
.005%	50 ppm	Can cause some flu-like symptoms and can cause pneumonia
.01%	100 ppm	Kills the sense of smell in 3-15 minutes. May irritate eyes and throat.
.02%	200 ppm	Kills the sense of smell rapidly. Severely irritates eyes and throat. Severe flu-like symptoms after 4 or more hours. May cause lung damage and/or death.
.06%	600 ppm	Loss of consciousness quickly, death will result if not rescued promptly

State A-32 No.2 Well

Setting Depth	Hole Size	Casing Size	Casing Weight	Casing Grade	Sacks of Cement	Desired Top of Cement	Mud Type
350	14.75"	11.75"	42#	H-40	250	Surface	FW Gel
2500	11"	8 5/8"	32#	J-55	500	Surface	Brine Water
11500	7 7/8"	5 1/2"	17#	P-110	750	2200'	Cut Brine Polymer

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OOD-ARTESIA

StateA-32 No.2 Well

Surface casing 350'
Cement Lead: 120 sx Premium Plus + 2% CaCl₂ + 3% Econolite 11.4 ppg
Tail: 200 sx Premium Plus + 2% CaCl₂ 14.8 ppg

Mud Fresh water, Fresh water gel, Lime

Intermediate Casing 2,500'
Cement Lead: 400 sx Premium Plus + 2% CaCl₂
Tail: 250 sx Premium Plus + 1% CaCl₂

Mud Brine, Salt gel, Lime

Production Casing 11,500'
Lead: 500 sx Premium + 3% Econolite + 5 pps salt + 0.35% HR-5
Tail: 300 sx + Premium + 1 pps salt + 06% LAP-1 + 0.1% HR-7

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JUN 15 2004
OOP-ARTERIA