

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised June 10, 2003

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies
☒ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Preston Exploration, LLC P. O. Box 7520 The Woodlands, TX 77387		² OGRID Number 212226
³ Property Code 34145		⁴ API Number 30-015-33530
⁵ Property Name Roughneck Red "29"		⁶ Well No. 1

⁷ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	29	17S	26E	1095	1,105	NORTH	1,104	WEST	EDDY

⁸ Proposed Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	17S	26E		1,480	NORTH	1,980	WEST	EDDY
⁹ Proposed Pool 1 Undes. Eagle Creek, Atoka Morrow, East					¹⁰ Proposed Pool 2				

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3403'
¹⁶ Multiple No	¹⁷ Proposed Depth 8,800'	¹⁸ Formation Morrow (or Atoka)	¹⁹ Contractor Unknown	²⁰ Spud Date July 3, 2004

²¹ Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2	13-3/8	48	400	250	Surface
12-1/4	9-5/8	36	1,400	450	Surface
8-1/2	5-1/2	17	8,800	400	5,000'
Cper. To drill surface intermediate hole w/ air or fresh water mud only BGO					

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.
Drill, case and complete well in the Morrow (Primary objective) or Atoka (Secondary objective) formation
BOP'S include: 1) Hydrill double Ram 13-5/8" x 3000 psi
2) Double Ram 13-5/8" x 3000 psi
3) Choke Manifold 4" x 3000 psi
4) Five Station accumulator closing unit with remote control
H2S contingency plan prepared by Midland Safety and Health (432-520-3838).
Mud program attached. Directional program attached.

CEMENT TO COVER ALL OIL,
GAS AND WATER BEARING
ZONES

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: Sandra Nobles		Approved by: Jim W. Burns	
Printed name: Sandra Nobles		Title: District Supervisor	
Title: Consultant		Approval Date: JUN 26 2004	
E-mail Address: Sandra@rkford.com		Expiration Date: JUN 26 2005	
Date: June 23, 2004	Phone: (432) 682-0440	Conditions of Approval: Attached <input type="checkbox"/>	

NOTIFY OCD OF SPUD & TIME TO
WITNESS CEMENTING OF
SURFACE & INTERMEDIATE
CASING

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1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☐

Operator: <u>Preston Exploration</u> Telephone: <u>432-682-0440</u> e-mail address: <u>sandra@rkford.com</u>	
Address: <u>R. K. Ford & Associates (Agent) 415 W. Wall, Suite 1700, Midland, TX 79701</u>	
Facility or well name: <u>Roughneck Red 29 #1</u> API #: <u> </u> U/L or Qtr/Qtr <u>F</u> Sec <u>29</u> T <u>17S</u> R <u>26E</u>	
County: <u>Eddy</u> Latitude <u>32°48'37.44"N</u> Longitude <u>104°24'30.56"W</u> NAD: 1927 <input type="checkbox"/> 1983 <input type="checkbox"/> Surface Owner Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input checked="" type="checkbox"/> Indian <input type="checkbox"/>	
Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Volume <u> </u> bbl	Below-grade tank Volume: <u> </u> bbl Type of fluid: <u> </u> Construction material: <u> </u> Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: <u> </u>
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) <u>Per State Engineers records for that quarter section</u>	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) <u>10</u> 100 feet or more (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) No <u>No</u> (0 points) <u>0</u>
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more (0 points) <u>0</u>
Ranking Score (Total Points) <u>10</u>	

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility . (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 6-25-04

Printed Name/Title Randell K. Ford - Consultant Signature Randell K. Ford

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval: JUL 07 2004

Date: Printed Name/Title Gail Rep ID Signature Gail Rep ID

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name ROUGHNECK RED "29"	Well Number 1
OGRID No. 212226	Operator Name PRESTON EXPLORATION	Elevation 3403'

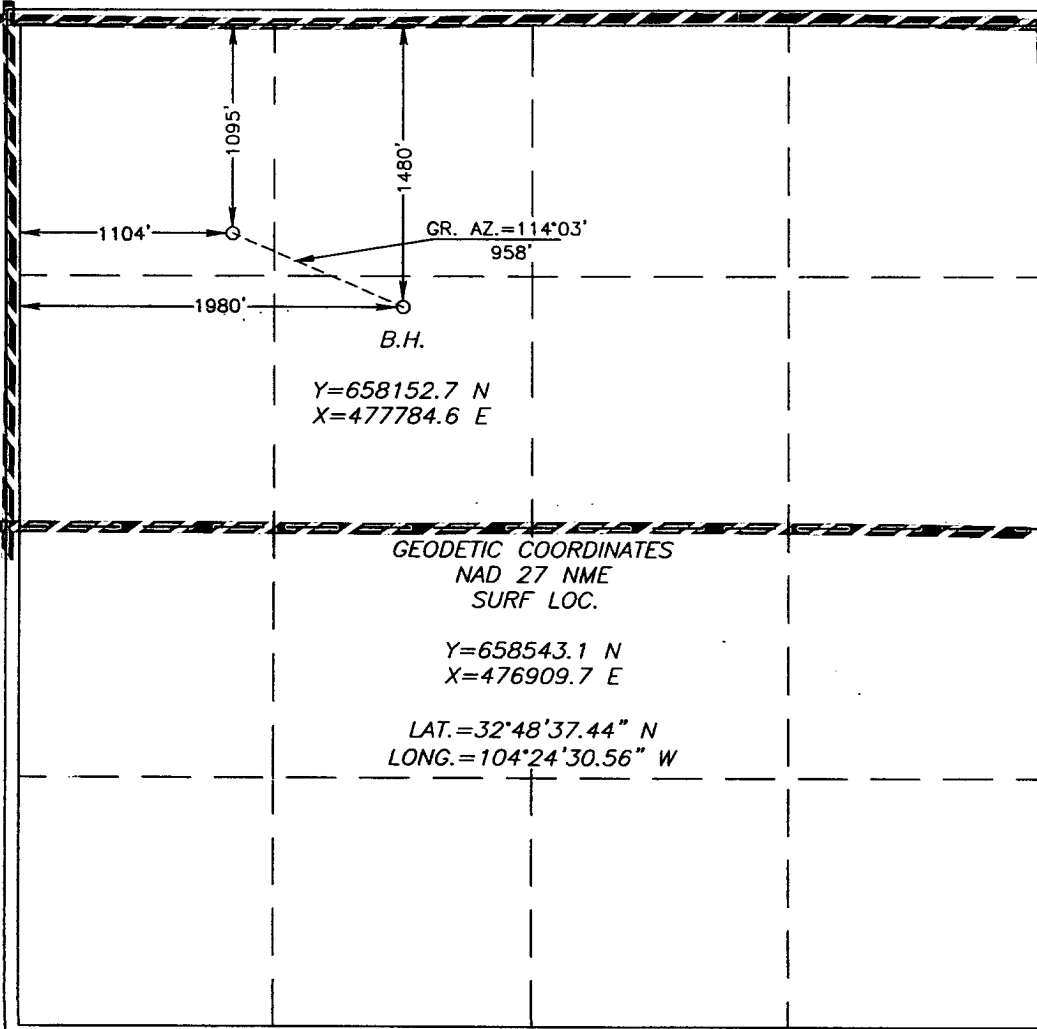
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	29	17-S	26-E		1095'	NORTH	1104'	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	17-S	26-E		1480'	NORTH	1980'	WEST	EDDY
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

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

Randall K Ford
Signature
Randall K. Ford
Printed Name
Consultant
Title
June 23, 2004
Date

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.

APRIL 26, 2004

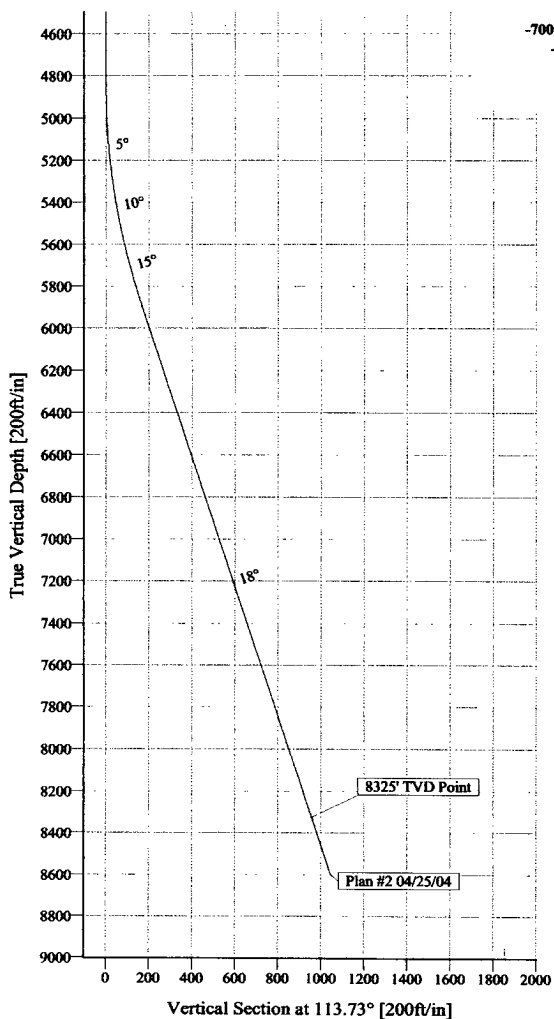
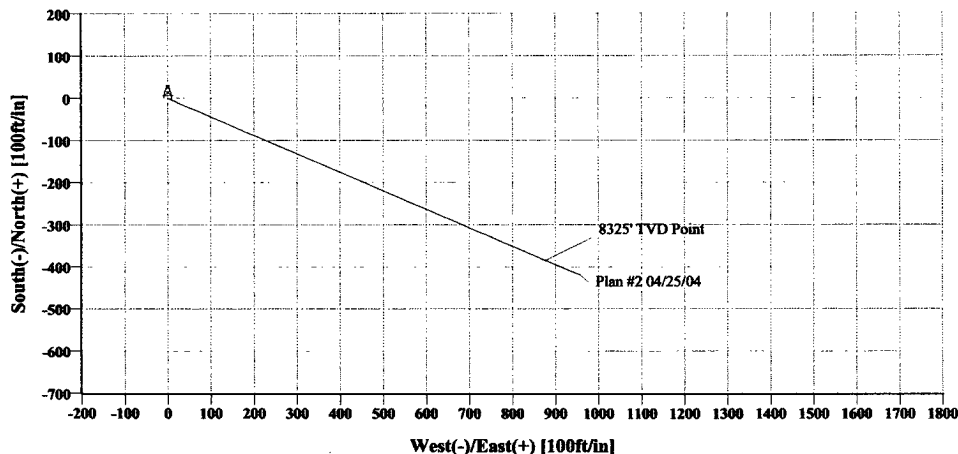
Date Surveyed
Signature & Seal of
Professional Surveyor
Certificate No. GARY EDSON 12841

Preston Explortation Roughneck Red 29 #1 Eddy County, New Mexico

PATHFINDER ENERGY SERVICES

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	113.73	0.00	0.00	0.00	0.00	0.00	0.00	
2	4846.25	0.00	113.73	4846.25	0.00	0.00	0.00	0.00	0.00	
3	5905.07	18.00	113.73	5887.74	-66.37	151.01	1.70	113.73	164.96	
4	8467.76	18.00	113.73	8325.00	-385.00	876.00	0.00	0.00	956.87	8325' TVD Point
5	8756.91	18.00	113.73	8600.00	-420.95	957.80	0.00	0.00	1046.22	



TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Shape
8325' TVD Point	8325.00	-385.00	876.00	Point

Plan: Plan #2 04/25/04 (Original/Roughneck Red 29 #1 "S" well)

Created By: Robert Savage Date: 6/25/2004

Checked: _____ Date: _____

Reviewed: _____ Date: _____

Approved: _____ Date: _____

PathFinder

Planning Report

Company: Preston Exploration	Date: 6/25/2004	Time: 10:07:18	Page: 1
Field: Roughneck Red 29 #1	Co-ordinate(NE) Reference: Site: Roughneck Red 29 #1, True North		
Site: Roughneck Red 29 #1	Vertical (TVD) Reference: System: Mean Sea Level		
Well: Original	Section (VS) Reference: Well (0.00N,0.00E,113.73Azi)		
Wellpath: Roughneck Red 29 #1 "S-well"	Plan: Plan #2 04/25/04		

Field: Roughneck Red 29 #1
Sec. 29 T17S R26E

Map System: US State Plane Coordinate System 1927
Geo Datum: NAD27 (Clarke 1866)
Sys Datum: Mean Sea Level

Map Zone: New Mexico, Eastern Zone
Coordinate System: Site Centre
Geomagnetic Model: igrf2000

Site: Roughneck Red 29 #1
Eddy Co. N.M.
Sec. 29 T17S R26E

Site Position:	Northing:	ft	Latitude:	
From: Lease Line	Easting:	ft	Longitude:	
Position Uncertainty:	0.00 ft		North Reference:	True
Ground Level:	0.00 ft		Grid Convergence:	0.00 deg

Well: Original

Slot Name:

Well Position:	+N/-S	0.00 ft	Northing:	0.00 ft	Latitude:	30 59 24.512 N
	+E/-W	0.00 ft	Easting :	0.00 ft	Longitude:	105 55 44.137 W
Position Uncertainty:		0.00 ft				

Wellpath: Roughneck Red 29 #1 "S-well"

Current Datum: SITE	Height	0.00 ft	Drilled From: Surface	
Magnetic Data: 4/2/2004			Tie-on Depth:	0.00 ft
Field Strength: 0 nT			Above System Datum:	Mean Sea Level
Vertical Section: Depth From (TVD)			Declination:	0.00 deg
ft	+N/-S	ft	Mag Dip Angle:	0.00 deg
			+E/-W	Direction
			ft	deg
0.00	0.00		0.00	113.73

Plan: Plan #2 04/25/04

Date Composed: 4/2/2004
Version: 1
Tied-to: From Surface

Principal: Yes

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	113.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4846.25	0.00	113.73	4846.25	0.00	0.00	0.00	0.00	0.00	0.00	
5905.07	18.00	113.73	5887.74	-66.37	151.01	1.70	1.70	0.00	113.73	
8467.76	18.00	113.73	8325.00	-385.00	876.00	0.00	0.00	0.00	0.00	8325' TVD Point
8756.91	18.00	113.73	8600.00	-420.95	957.80	0.00	0.00	0.00	0.00	



Newpark Drilling Fluids, LLC



Preston Exploration, LLC

Roughneck Red "29" No.1

Section 29, T-17-S, R-26-E

Eddy County, New Mexico

Mud Program Summary

<u>Depth</u>	<u>Casing</u>	<u>Hole Size</u>	<u>Mud Wt.</u>	<u>Viscosity</u>	<u>Fluid Loss</u>	<u>pH</u>
0' – 420'	13-3/8"	17-1/2"	8.6-8.7	34-36	N/C	N/C
420' - 1,400'	9-5/8"	12-1/4"	8.4-8.5	28-29	N/C	9-10
1,400' - 6,000'	-	8-1/2"	8.4-8.5	28-29	N/C	9-10
6,000' - 7,200'	-	8-1/2"	8.4-9.0	28-29	N/C	9-10
7,200' - 8,460'	5-1/2"	8-1/2"	9.0-9.4	32-38	12-8	9-10

Potential Problems

Surface Interval 0 – 420'

- Severe lost circulation.
- Losses may require dry drilling.
- Poorly consolidated formations, may require higher than normal viscosity.

Intermediate Interval 420' – 1,400'

- Severe seepage.
- Severe lost circulation.

1st Open Hole Interval 1,400' – 6,000'

- Moderate/severe seepage.
- Abnormal pressure possible in Wolfcamp.

2nd Open Hole Interval 6,000' – 7,200'

- Moderate seepage.
- Sensitive shales.

Production Hole Interval 7,200' – 8,460'

- Moderate/severe seepage.
- Abnormal pressure possible in Atoka and Morrow.
- Water Sensitive sands in Morrow.

CONTINGENCY PLAN

RECEIVED

JUL 26 2004

OCD-ARTESIA

Preston Exploration, LLC.

Roughneck Red "29" #1

1,095' FNL & 1,164' FWL
Section 29: T-17-S R-26-E
Eddy County, New Mexico

**Prepared For:
Date Prepared:**

**Preston Exploration, LLC.
July 23, 2004**

Prepared By:

**INDIAN
Fire & Safety, Inc.**

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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 AFTER DRILLING TO INTERMEDIATE CASING POINT.

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 TO INTERMEDIATE CASING POINT.

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.

BLOWOUT PREVENTION DRILLS:

- A. BLOWOUT PREVENTION DRILLS SHOULD BE HELD WITH EACH CREW ON A REGULAR BASIS. AT LEAST ONE DRILL PER DAY, SHALL BE PREFORMED, ROTATING THE CREWS PERFORMING THE DRILLS.

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 GREEN, 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 WHICH WILL BE TESTED UPON INSTALLATION. TEST PRESSURE SHALL BE 5000 PSI, OR RATING OF ATTACHING FLANGE, OR 70% OF CASING COLLAPSE, WHICHEVER IS LESS.

9. COMBUSTIBLE GAS DETECTOR

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

10. AUDIO SYSTEM

RADIO COMMUNICATION WILL BE AVAILABLE AT THE RIG.

- A. RIG FLOOR OR TRAILER
- B. VEHICLE

11. SPECIAL CONTROL EQUIPMENT

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

EMERGENCY EQUIPMENT REQUIREMENTS

12. EVACUATION PLAN

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

13. 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 2,000'.

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: _____

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 LOOSENEED 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 1 HOUR 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>Eddy County Sheriff's Office</u>	911
Non emergency	505-746-6988
<u>Fire Department</u>	911
Non emergency	505-746-5050
<u>State Police Department</u>	911
Non emergency	505-437-1313
<u>Ambulance</u>	911
Artesia – Non emergency	505-746-5050
<u>Hospital – Artesia</u>	505-748-3333
<u>AEROCARE</u>	806-747-8923

Emergency Contact List

R.K. Ford & Associates

Randy Ford:

Home: 432-570-7216

Cell: 432-559-2222

Alt. Cell: 432-559-3351

Office: 432-682-0440

Court Adkins:

Home: 432-687-3002

Cell: 432-664-1070

Office: 432-682-0440

Preston Exploration, LLC.

Doug Sprague:

Home: 281-360-0238

Office: 800-364-8697

Cell: 281-615-4170

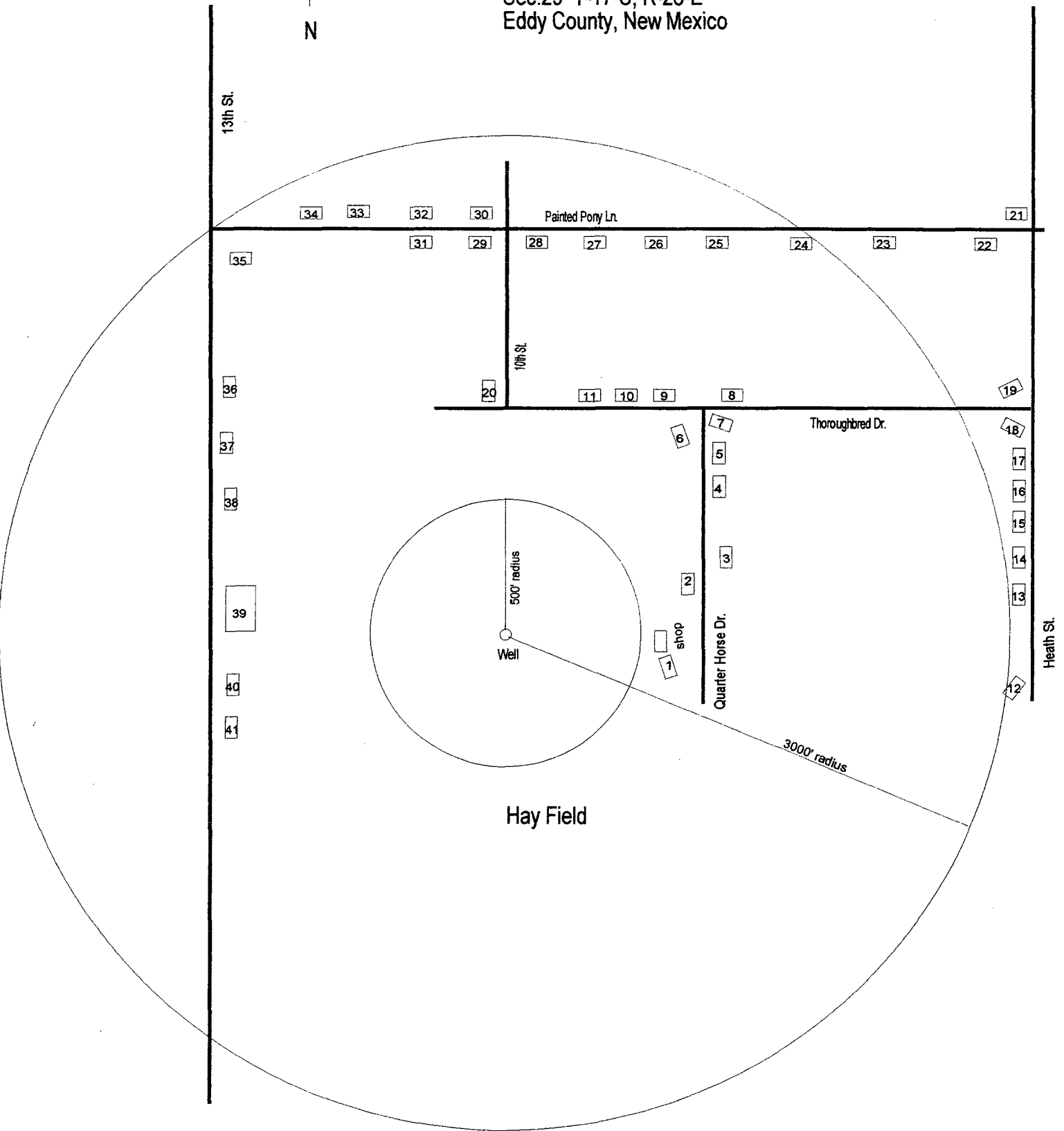
Indian Fire & Safety, Inc.

**3317 W. County Road
505-393-3093 - office
800-530-8693 – toll free
505-392-6274 – fax**

Personnel Contact List

	Truck Phone	Cell Phone	Home Phone
James Spurgeon		390-8582	492-9354
Jerry Davis	631-9713	631-9726	393-8146
Scott Dudenhoeffer	631-9752	631-9753	392-4833
Steve Henry	631-9715	631-9704	393-8688
Sam Abney	631-9754	631-9712	393-5427
Mickey Byrd	631-9755	631-9716	396-2157
Curtis Newton		631-1255	393-3762
Chris Spurgeon		806-215-1087	806-592-0079
Joe Lynn Spurgeon	631-9759	631-9756	806-592-8429
Steven Grandon	631-9757	631-9758	806-790-9127

PRESTON EXPLORATION, LLC.
Roughneck Red "29" # 1
Sec. 29 T-17-S, R-26-E
Eddy County, New Mexico



**Residential Emergency
Contact List**

MAP #	STREET ADDRESS	NAME	PHONE #
1	2708 Quarter Horse Dr.	Parker	748-1604
2	2614 Quarter Horse Dr.	Grant	746-1895
3	2613 Quarter Horse Dr.	Duncan	746-1328
4	2513 Quarter Horse Dr.	Hope Enterprises	746-4947
5	2503 Quarter Horse Dr.	Brewer	746-4153
6	2504 Quarter Horse Dr.		
7	2501 Quarter Horse Dr.	Golden	746-3285
8	804 Thoroughbred Dr.		
9	808 Thoroughbred Dr.	Simons	746-2641
10	902 Thoroughbred Dr.	Parker	746-6493
11	904 Thoroughbred Dr.		
12	2716 Heath St.	Shearman	746-6837
13	2702 Heath St.	Sadler	748-9832
14	2616 Heath St.	Vaughan	748-3778
15	2614 Heath St.		
16	2612 Heath St.	Klontz	748-3964
17	2506 Heath St.	Joiner	746-4675
18	2502 Heath St.	G&C Service	746-4069
19	708 Thoroughbred Dr.	Reno	748-3873
20	2404 S. 10th		
21	702 Painted Pony Ln.	Kidd	748-2952
22	711 Painted Pony Ln.	Hornberger	746-2996
23	803 Painted Pony Ln.	Green	746-1213
24	805 Painted Pony Ln.	Meinke	746-9632
25	807 Painted Pony Ln.	Rowland	746-4828
26	903 Painted Pony Ln.	Lykins	746-6075
27	907 Painted Pony Ln.	New Home	
28	911 Painted Pony Ln.	Sullivan	746-8717
29	1005 Painted Pony Ln.	Caraved	748-9772
30	1002 Painted Pony Ln.	Fuller	746-9852
31	1011 Painted Pony Ln.	Juarez	746-6080
32	1006 Painted Pony Ln.	Mendoza	748-2410
33	1008 Painted Pony Ln.	Brandon	746-6645
34	1102 Painted Pony Ln.	Sanchez	746-9408
35	1205 Painted Pony Ln.	Jackson	746-4356
36	2411 S. 13th St.		
37	2507 S. 13th St.	Helping Hand Thrift	746-0532
38	2601 S. 13th St.	Loyd	746-1606
39	S. 13th St.	Eddy Co. Rd. Maint.	746-9540
40	S. 13th St.	Atoka F.D. #2	746-5050
41	2901 S. 13th St.	Riley	746-3631

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name ROUGHNECK RED "29"	Well Number 1
OGRID No. 212226	Operator Name PRESTON EXPLORATION	Elevation 3403'

Surface Location

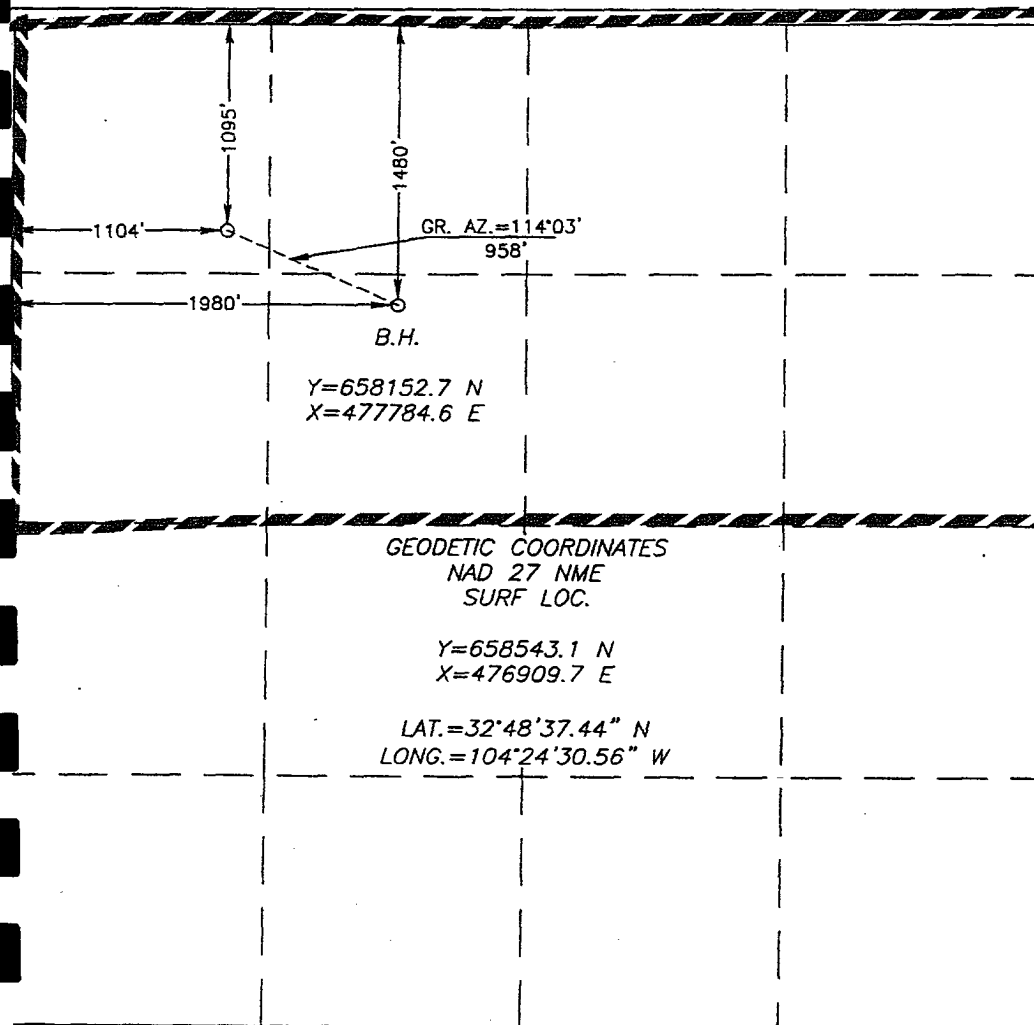
UL or lot No. D	Section 29	Township 17-S	Range 26-E	Lot Idn	Feet from the 1095'	North/South line NORTH	Feet from the 1104'	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No. F	Section 29	Township 17-S	Range 26-E	Lot Idn	Feet from the 1480'	North/South line NORTH	Feet from the 1980'	East/West line WEST	County EDDY
--------------------	---------------	------------------	---------------	---------	------------------------	---------------------------	------------------------	------------------------	----------------

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
-----------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

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

Randell K Ford
Signature
Randell K. Ford
Printed Name
Consultant
Title
June 23, 2004
Date

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.

APRIL 26, 2004
Date Surveyed
Signature & Seal of Professional Surveyor
Gary K. Edson 6/16/04
04.13.0713
Certificate No. GARY EIDSON 12641

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☒ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Preston Exploration, LLC P. O. Box 7520 The Woodlands, TX 77387		² OGRID Number 212226
		³ API Number 30 -
³ Property Code	⁵ Property Name Roughneck Red "29"	⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	29	17S	26E		1095 1,905	NORTH	1,104	WEST	EDDY

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	17S	26E		1,480	NORTH	1,980	WEST	EDDY

⁹ Proposed Pool 1 Eagle Creek, East	¹⁰ Proposed Pool 2
---	-------------------------------

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3403'
¹⁶ Multiple No	¹⁷ Proposed Depth 8,800'	¹⁸ Formation Morrow (or Atoka)	¹⁹ Contractor Unknown	²⁰ Spud Date July 3, 2004

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2	13-3/8	48	400	250	Surface
12-1/4	9-5/8	36	1,400	450	Surface
8-1/2	5-1/2	17	8,800	400	5,000'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill, case and complete well in the Morrow (Primary objective) or Atoka (Secondary objective) formation

BOP'S include: 1) Hydrill double Ram 13-5/8" x 3000 psi

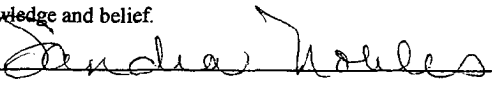
2) Double Ram 13-5/8" x 3000 psi

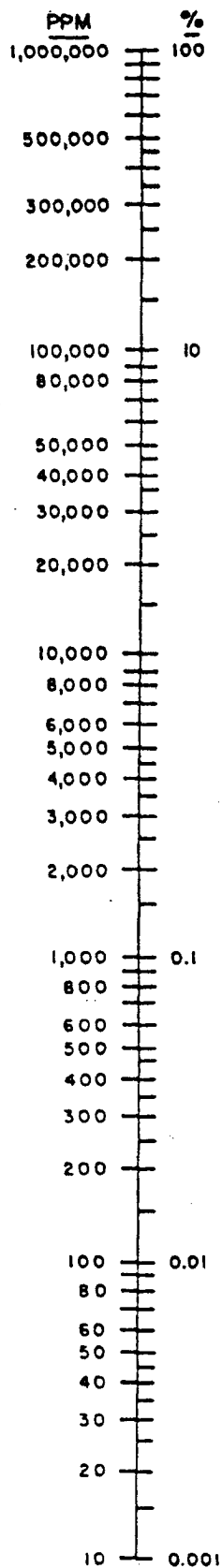
3) Choke Manifold 4" x 3000 psi

4) Five Station accumulator closing unit with remote control

H2S contingency plan prepared by Midland Safety and Health (432-520-3838).

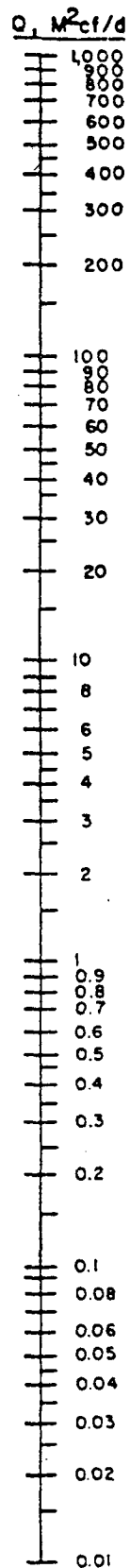
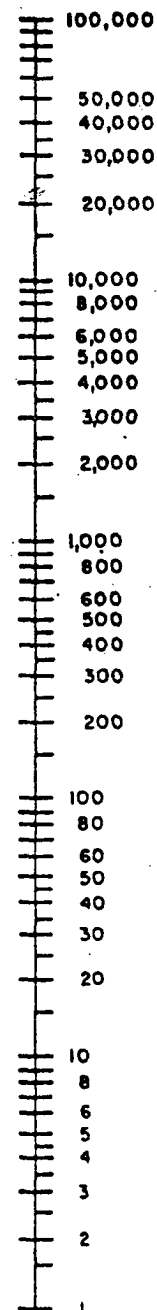
Mud program attached. Directional program attached.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: 			
Printed name: Sandra Nobles		Approved by:	
Title: Consultant		Title:	
E-mail Address: Sandra@rkford.com		Approval Date:	
Date: June 23, 2004		Expiration Date:	
Phone: (432) 682-0440		Conditions of Approval:	
		Attached <input type="checkbox"/>	



HYDROGEN SULFIDE 100 PPM EXPOSURE RADIUS

Feet



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

At X = 50 Ft.
Q = 326.4
PPM

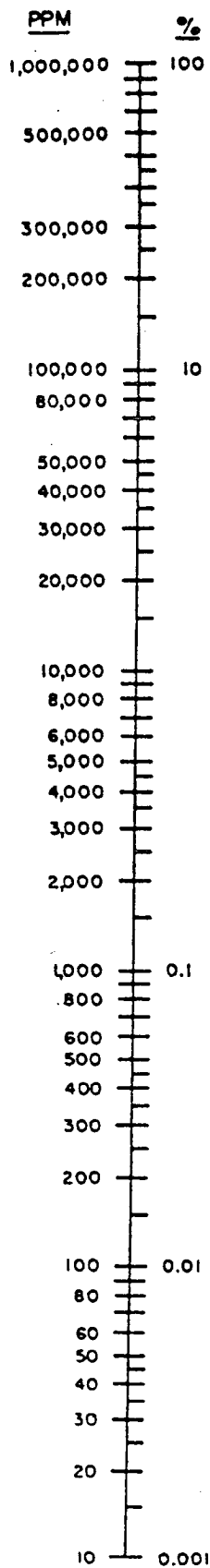
Below 100 PPM
Rule 36 N.A.

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

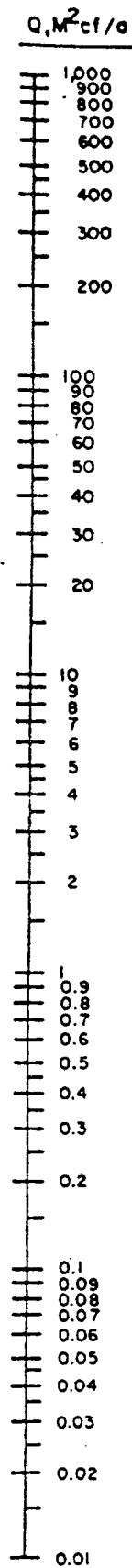
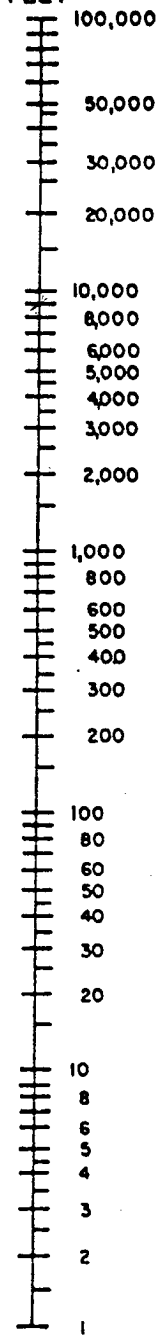
$$X = [(1.589)(\text{Mole Fraction})(\text{Escape Rate})]^{0.6258}$$

$$= [(1.589)(\text{PPM})(Q \text{ in } M^2\text{cf/d})]^{0.6258}$$

P_b 14.65 psia T 60 °F



HYDROGEN SULFIDE 500 PPM EXPOSURE RADIUS FEET



At $X = 50 \text{ Ft.}$
 $Q = 1140.9$
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 H_2S dispersion.

Pressure base 14.65 psia, $T_b = 60^\circ F$

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	H ₂ S	1.18	10 PPM	250 PPM/HR	600 PPM
SULFUR DIOXIDE	SO ₂	2.21	5 PPM	-	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 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	20	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 EYEGLASSES 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 EYEGLASSES 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.

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.



Newpark Drilling Fluids, LLC



DRILLING FLUIDS PROGRAM

PREPARED FOR:

Roughneck Red "29" No. 1

***Section 29, T-17-S, R-26-E
Eddy County, New Mexico***

SUBMITTED TO:

Mr. Randy Ford

***Preston Exploration, LLC
410 W. Wall
Suite 1700
Midland, Texas 79701***

PREPARED BY:

Ken Anthony

RECEIVED

MAR 15 2004

OCD-ARTESIA



Newpark Drilling Fluids, LLC



February 20, 2004

Mr. Randy Ford
Preston Exploration, LLC
410 W. Wall
Suite 1700
Midland, Texas 79701

Dear Mr. Ford:

Enclosed are our drilling fluids recommendations for your Roughneck Red "29" No. 1 in section 29, T-17-S, R-26-E, Eddy County, New Mexico. They are derived from information from your office, offset well data, and our knowledge of the area.

Estimated mud cost is \$ 25,138.86 based on 17 total days with ideal conditions.

Material	\$ 28,045.04
Discount	-5,609.01
Drayage	1,279.87
Tax	<u>1,422.95</u>
Total	\$ 25,138.86

For questions or comments call (800) 592-4627 or (432) 697-8661. Both are 24-hour numbers.

Sincerely,

Ken Anthony



Newpark Drilling Fluids, LLC



Preston Exploration, LLC

Roughneck Red "29" No.1

Section 29 , T-17-S, R-26-E

Eddy County, New Mexico

Anticipated Formation Tops

San Andres	825'
Glorietta	2,250'
Tubb	3,640'
Abo	4,190'
Wolfcamp	5,585'
Upper Cisco	6,590'
Lower Cisco	6,760'
Canyon	7,255'
Strawn	7,720'
Atoka	7,960'
Morrow	8,110'
Barnett Shale	8,350'
Chester	8,400'