

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
May 27, 2004

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

Submit to appropriate District Office

☐ AMENDED REPORT

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

¹ Operator Name and Address Threshold Development Company 777 Taylor Street - Penthouse II-D Fort Worth, Texas 76102		² OGRID Number 23032
³ Property Code	⁵ Property Name TDC State Section 8	⁴ API Number 30 - 015 - 35698
⁹ Proposed Pool 1 Millman-Yates-Seven Rivers-Queen-Grayburg-San Andres		¹⁰ Proposed Pool 2

⁷ Surface Location									
UL or lot no. E	Section 8	Township 19S	Range 29 E	Lot Idn	Feet from the 2310	North/South line North	Feet from the 330	East/West line West	County 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

Additional Well Information				
¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3378'
¹⁶ Multiple No	¹⁷ Proposed Depth Approx. 3000'	¹⁸ Formation Queen-GB-SA	¹⁹ Contractor United Drilling	²⁰ Spud Date Nov 25, 2004
Depth to Groundwater NA		Distance from nearest fresh water well + 2 mi		Distance from nearest surface water + 2 mi
Pit: Liner: Synthetic X <u>12</u> mils thick Clay <input type="checkbox"/> Pit Volume: <u>400</u> bbls (Steel) Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water X Brine X Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8-5/8"	24#	Approx. 300'	350 Sacks	Circulate
7-7/8"	5-1/2"	10.5#	Approx. 3000'	800 Sacks	Circulate

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.

Threshold Development Company proposes to drill and test the Queen and intermediate formations. If productive, casing will be set and cemented and zones of interest will be perforated and stimulated as needed for production.

MUD PROGRAM: Fresh water from surface to 300'; cut brine to TD
BOP PROGRAM: 3K Shafer, blind and pipe rams

GAS NOT DEDICATED

RECEIVED

OCT 28 2004

OB-ARTESIA

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Signature: *Linda Brown*

Printed name: Linda Brown

Title: Regulatory Analyst

E-mail Address: lbrown@thresholddevelopment.com

Date: 10/27/04

Phone: 817-870-1483

OIL CONSERVATION DIVISION

Approved by:

TIM W. GUM

DISTRICT II SUPERVISOR

Approval Date:

OCT 29 2004

Expiration Date:

OCT 29 2005

Conditions of Approval Attached ☐

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name TDC STATE SECTION 8	Well Number 6
OGRID No. 23032	Operator Name THRESHOLD DEVELOPMENT CORPORATION	Elevation 3378'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	8	19 S	29 E		2310	NORTH	330	WEST	EDDY

Bottom Hole Location If Different From Surface

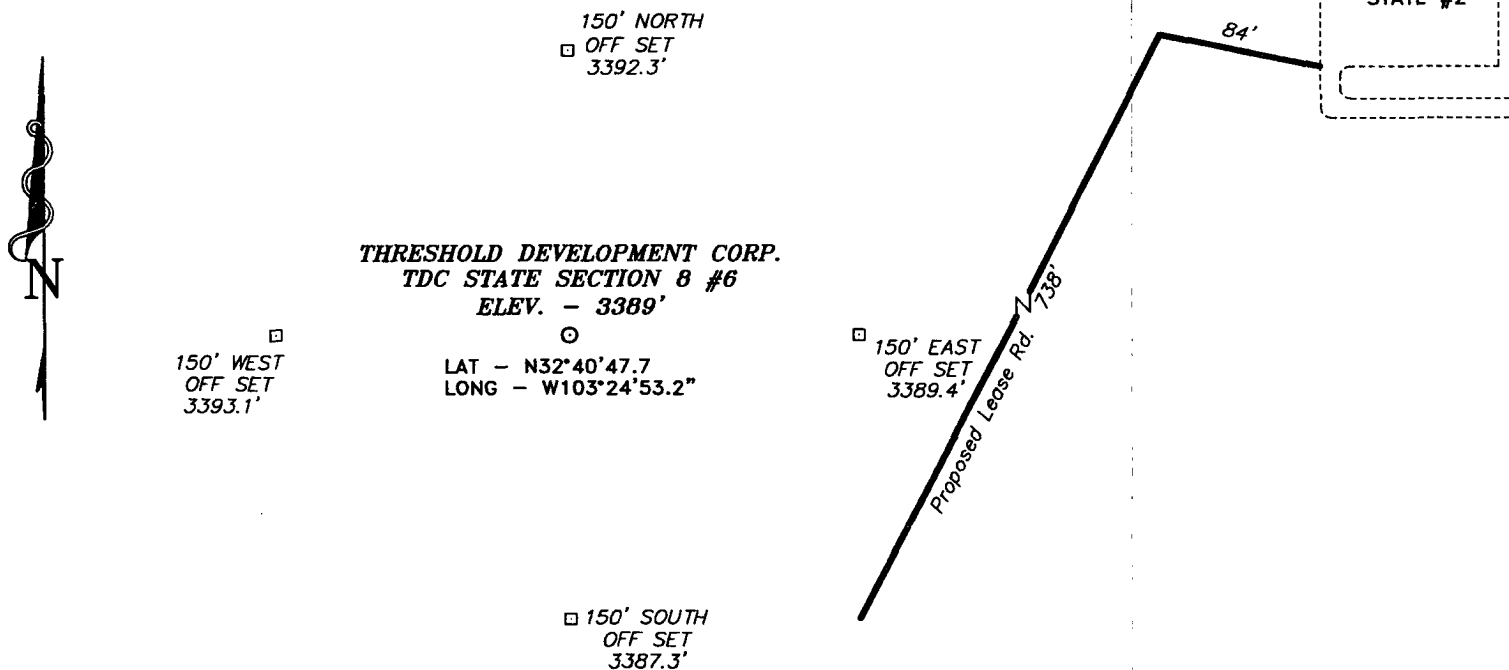
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

Dedicated Acres 40	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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Morris Keith</i> Signature MORRIS KEITH Printed Name OPERATIONS MANAGER Title 10-19-04 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>OCTOBER 11, 2004 Date Surveyed CARY L. JONES Signature & Seal of Professional Surveyor W.O. No. 4728 Certificate No. Gary Jones 7977 BASIN SURVEYS</p>
--	---

SECTION 8, TOWNSHIP 19 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DIRECTIONS:

FROM THE JUNCTION OF CO. RD. 210 AND 235, GO WEST ON 235 FOR 1.0 MILE TO LEASE ROAD; THENCE NORTH ON LEASE ROAD FOR 1.4 MILE; THENCE WEST FOR 0.2 MILE TO TDC "8" STATE #2 AND PROPOSED LEASE ROAD.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 4728 Drawn By: K. GOAD

DATE: 10-15-2004 Disk: KJG CD#6 - 4728A.DWG

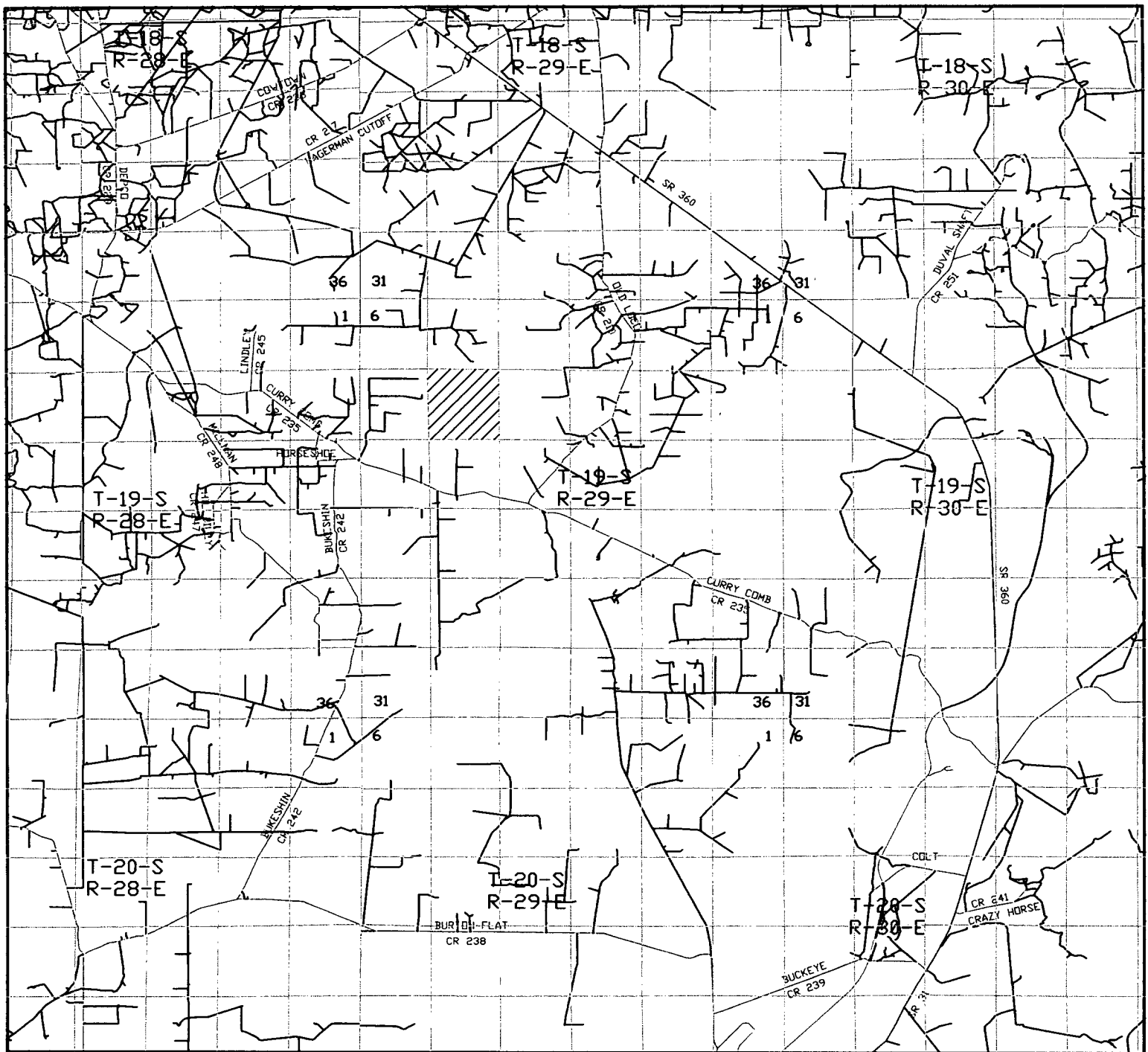
THRESHOLD DEVELOPMENT CORP.

REF: TDC STATE SECTION 8 No. 6 / Well Pad Topo

THE TDC STATE SECTION 8 No. 6 LOCATED 2310' FROM THE NORTH LINE AND 330' FROM THE WEST LINE OF SECTION 8, TOWNSHIP 19 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 10-11-2004

Sheet 1 of 1 Sheets



TDC STATE SECTION 8 #6
 Located at 2310' FNL and 330' FWL
 Section 8, Township 19 South, Range 29 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys

focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: 4728AA - KJG CD#5

Survey Date: 10-11-2004

Scale: 1" = 2 MILES

Date: 10-15-2004

THRESHOLD
DEVELOPEMENT
COMPANY

Threshold Development Co.

**777 Taylor Street
P II Suite D
Fort Worth TX 76102**

Hydrogen Sulfide (H₂S) Contingency Plan

For

TDC STATE SECTION 8

Well # 3 990' FNL & 330' FWL

Well # 4 330' FNL & 990' FWL

Well # 5 990' FNL & 1650' FWL

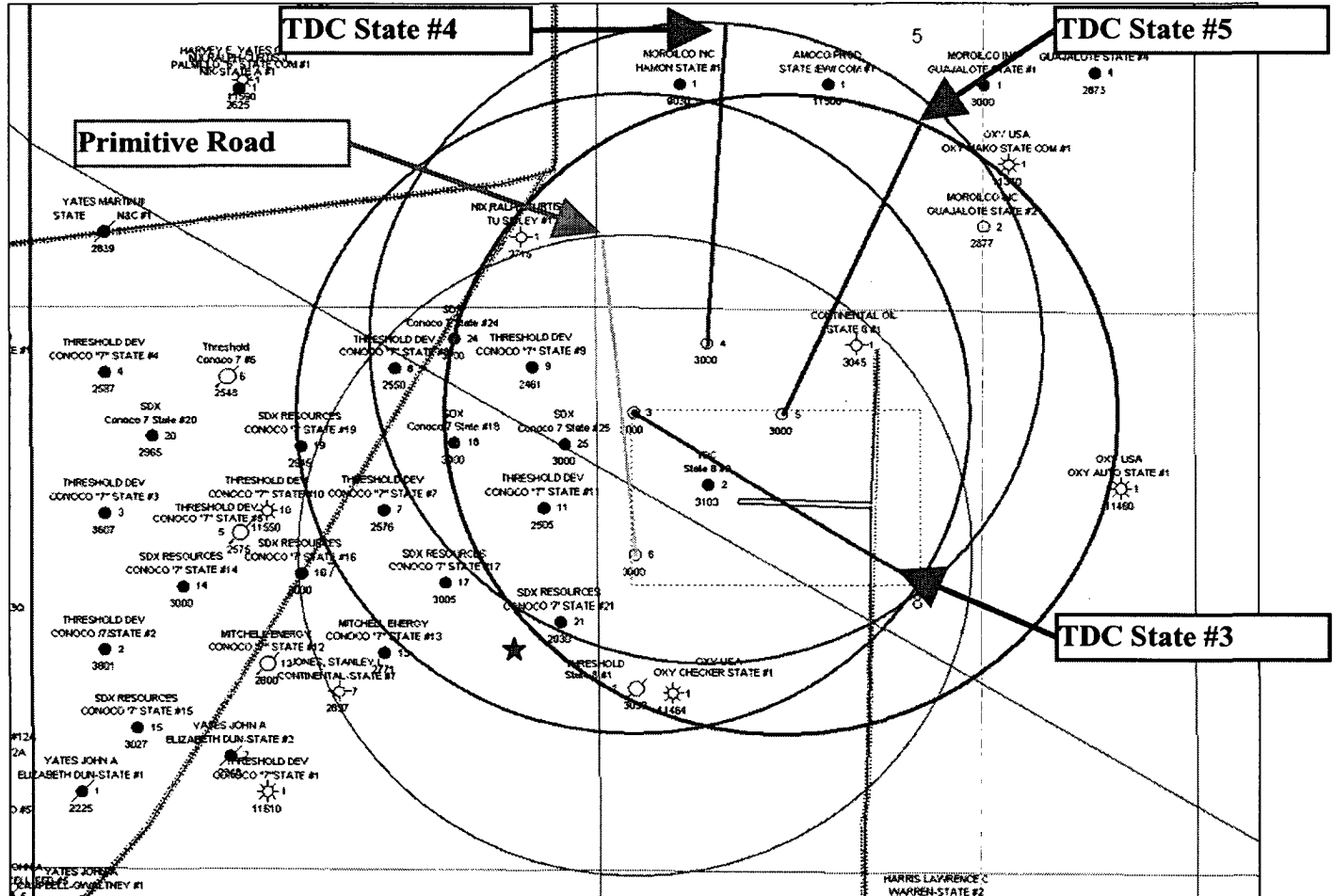
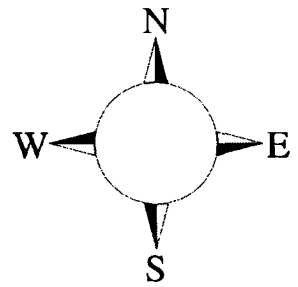
Well # 6 2310' FNL & 330' FWL

Sec-35, T-19S R-29E

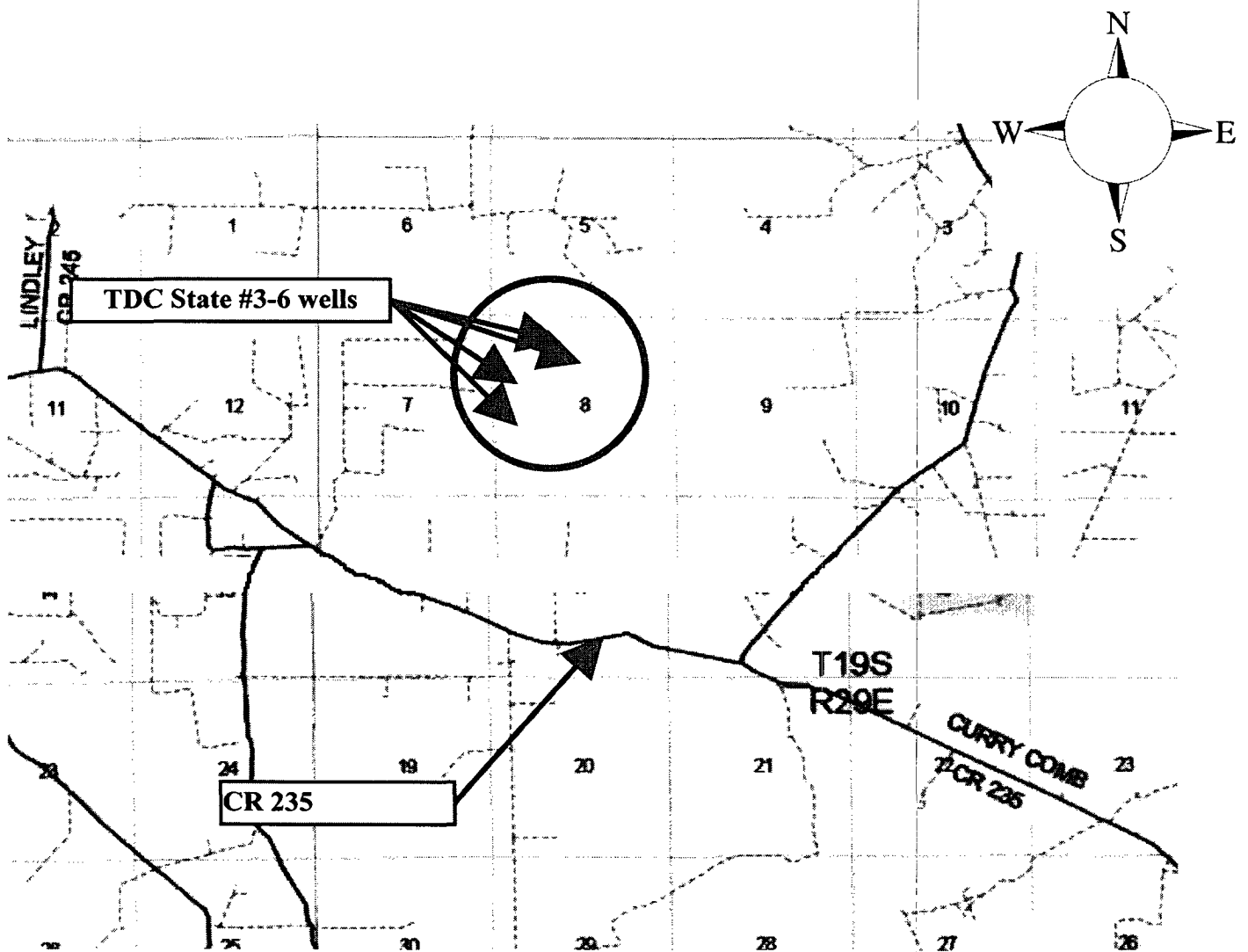
Eddy County NM

TDC STATE SECTION 8 Wells # 3-6

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Assumed 100 ppm ROE = 3000' (Radius of Exposure)
 100 ppm H₂S concentration shall trigger activation of this plan.
 (ROE's are shown in purple, red, green and pink respective to the well site.)



Escape

Crews shall escape upwind of escaping gas in the event of an emergency release of gas. Escape can be facilitated from lease road South or southwest on primitive road to county road 235. Drivers onto primitive road from all entrances and CR235 must be flagged and stopped so as to prevent traversing into a hazardous area. There are no homes or other buildings in or near the ROE.

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. Company 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	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Threshold Development Co. 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. Threshold Development Co. response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Threshold Development Co. Company Call List

Morris Keith, Operations Manager
Office - 817-980-3088
Cell - 817-980-3088
Home - 254-785-2892

Ray Selby, Field Superentendant
Cell - 505-631-5984
Home - 505-396-7319

Agency Call List

Eddy County (505)

Artesia

State Police746-2703
City Police746-2703
Sheriff's Office746-9888
Ambulance911
Fire Department746-2701
LEPC (Local Emergency Planning Committee)746-2122
NMOCD748-1283

Carlsbad

State Police885-3137
City Police885-2111
Sheriff's Office887-7551
Ambulance911
Fire Department885-2111
LEPC (Local Emergency Planning Committee)887-3798
US Bureau of Land Management887-6544

New Mexico Emergency Response Commission (Santa Fe) (505)476-9600
24 HR(505) 827-9126
National Emergency Response Center (Washington, DC) ...(800) 424-8802

Other

Boots & Coots IWC1-800-256-9688 or (281) 931-8884
Cudd Pressure Control.....(915) 699-0139 or (915) 563-3356
Halliburton(505) 746-2757
B. J. Services.....(505) 746-3569

Flight For Life -4000 24th St, Lubbock, TX(806) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM(505) 842-4949

Prepared in conjunction with
Wade Rohloff of;

