District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 8821(
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 8750

State of New Mexico
Energy Minerals and Natural Resources

CEMENT TO COVER ALL OIL, GAS AND WATER BEARING ZONES

ision
Dr.
5

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NOV 29 2004
OCD-ARTESIA

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	[2] OGRID Number
THOMPSON, J. CLEO P.O. BOX 12577 ODESSA, TX 79768-2577	11181
	[3] API Number 30 - 015 - 33757

[3] Property Code	[5] Property Name	[6] Well No.
	BENNETT	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
C	10	22-S	26-E		660	NORTH	1980	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

[9] Proposed Pool 1	[10] Proposed Pool 2
HAPPY VALLEY, MORROW	

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	G	R	S	3198
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
NO	11,600	MORROW	PATTERSON/J&W	02/01/2005

[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	500	500	SURFACE
12 1/4	9 5/8	36	2500	1200	SURFACE
8 3/4	5 1/2	17	11,600	1200	8000'
OPTIONAL	7" CASING STRING	MAY BE SET IF	NEEDED		

[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 TO 500', SET 13 3/8 CSG & CEMENT TO SURFACE.
DRILL TO 2500. SET WITH FRESH WATER & NATIVE SOLIDS; SET 9 5/8 CASING & CEMENT TO SURFACE.
DRILL TO TD W/8 3/4 BIT & SET 5 1/2 17# N-80 & P-110 CASING.
AN OPTIONAL 7" CASING STRING MAY BE SET IF HOLE PROBLEMS ARE ENCOUNTERED

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

Signature: JE Stevens
Printed name: JIM STEVENS
Title: OPERATIONS MANAGER
E-mail Address: jctwest@nts-online.net
Date: 10/25/2004 Phone: (432)550-8887

OIL CONSERVATION DIVISION

Approved by: TIM W. GUM
Title: DISTRICT II SUPERVISOR
Approval Date: DEC 04 2004 Expiration Date: DEC 04 2005

Conditions of Approval:
Attached ☐

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

Dis
162_ . 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-144
June 1, 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: J. CLEO THOMPSON Telephone: (432) 550-8887 e-mail address: jctwest@nts-online.net

Address: P.O. BOX 12577, ODESSA, TX 79765-2577

Facility or well name: BENNETT NO. 1 API #: TBD U/L or Qtr/Qtr C Sec 10 T 22-S R 26-E

County: EDDY Latitude 32° 24' 45.181 Longitude 104° 16' 58.005 NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☐ State ☐ Private X

Indian ☐

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OCD-ARTESIA

Pit	**Below-grade tank**
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐	Volume: _____bbl Type of fluid: _____
Lined ☒ Unlined ☐	Construction material: _____
Liner type: Synthetic X Thickness 12 mil Clay ☐	Double-walled, with leak detection? Yes ☐ If not, explain why not.
Pit Volume 11,000 bbl	

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	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	(0 points)
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)
	Ranking Score (Total Points)	

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: (check the onsite box if your are burying in place) 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 X a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**
Date: 10/25/2004
Printed Name/Title J.E. STEVENS, OPERATIONS MANAGER Signature J E Stevens

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: OCT 28 2004 Field Rep II
Printed Name/Title _____ Signature _____

DISTRICT I
P. O. Box 1980, Hobbs, NM 88240

DISTRICT II
P. O. Drawer DD, Artesia, NM 88210

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

DISTRICT IV
P. O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised May 17, 2002

Instructions on back

Submit to Appropriate District Office

State Lease-4 copies
Fee Lease-3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name

[4] Property Code	[5] Property Name	[6] Well Number
	Bennett	1

[7] OGRID No.	[8] Operator Name	[9] Elevation
11181	J. CLEO THOMPSON & JAMES CLEO THOMPSON, JR., L.P.	3198'

[10] Surface Location

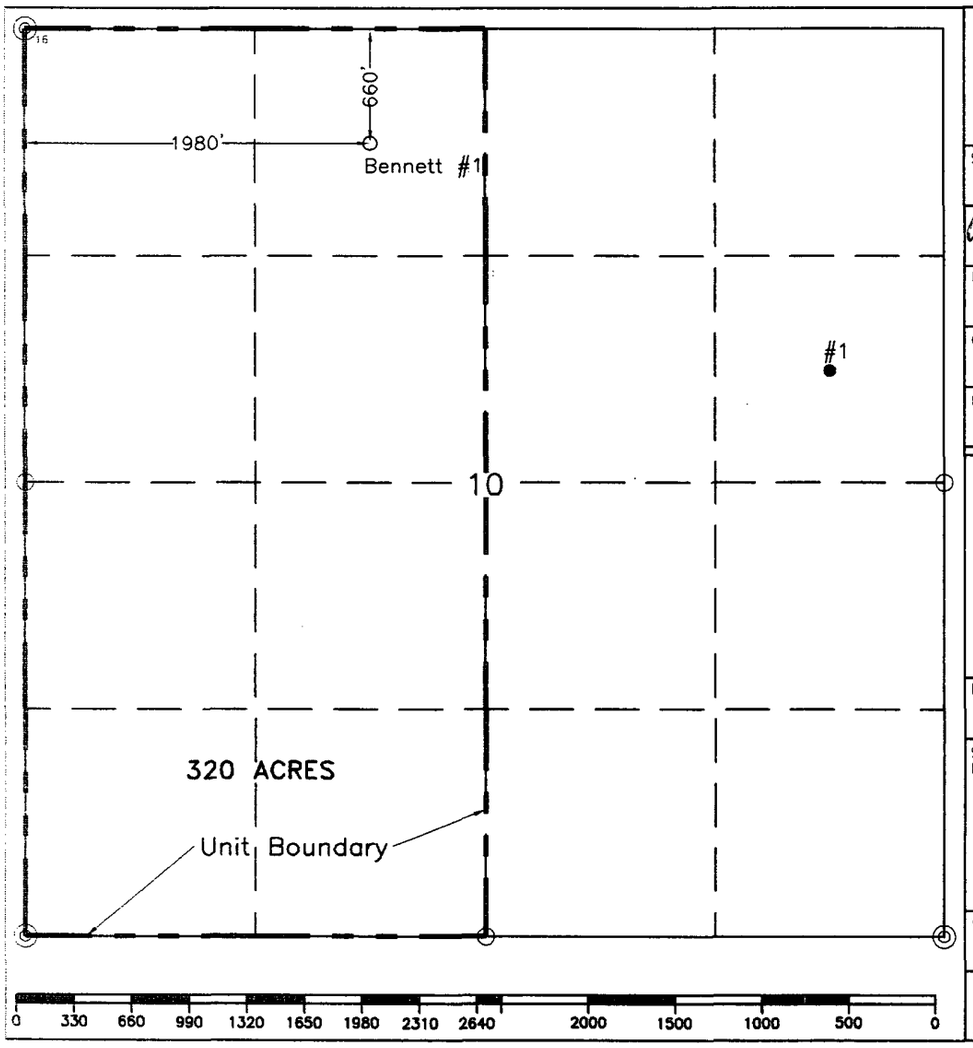
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	[7] County
C	10	22-S	26-E		660'	North	1980'	West	Eddy

[11] 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	[7] County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320			

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.



[17] OPERATOR CERTIFICATION

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

Signature: J 2 Stevens

Printed Name: Jim Stevens

Position: Operations Manager

Company: J. Cleo Thompson & James Cleo Thompson JR., L.P.

Date: October 22, 2004

[18] 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 knowledge and belief.

Date Surveyed: October 20, 2004

Signature & Seal of Professional Surveyor

Certificate No. 7254 John S. Piper

Sheet 1 of 1

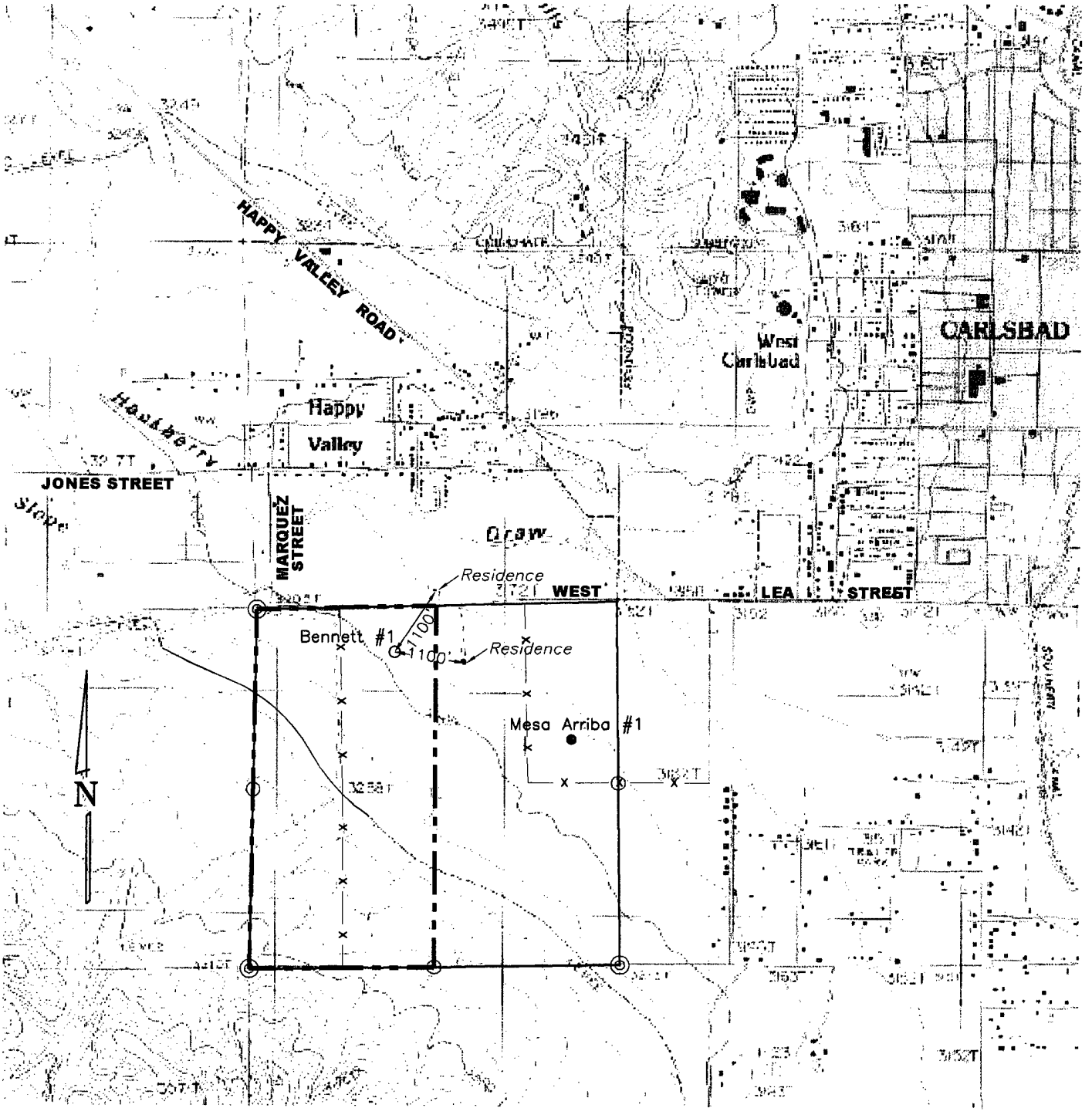
○ = Staked Location • = Producing Well ◢● = Injection Well ⊙ = Water Supply Well ⊕ = Plugged & Abandon Well
◎ = Found Section Corner, 2 or 3" Iron Pipe & GLO B.C. ○ = Found /4 Section Corner, 1" Iron Pipe & GLO B.C.

ADDITIONAL INFORMATION ON THE LOCATION

State Plane Coordinates	
Northing 513820.72	Easting 556938.08
Latitude 32°24'45.181"	Longitude 104°16'58.005"

Zone	North American Datum	Combined Grid Factor	Coordinate File
East	1983	0.999750	Carlsbad.cr5

Drawing File	Field Book
Bennett.Dwg	Eddy #8, Pg. 52



LEGEND OF SYMBOLS

- = Access Road (Yellow)
- = Resource Road on Lease (Purple)
- = Resource Road on State Land (Blue)
- = Resource Road on Private Land (Pink)
- = Resource Road on Federal Land (Brown)
- = Proposed Resource Road (Red)
- = Proposed Electric Line (Orange)
- = Fence Line
- = Staked Well Location
- = Producing Well Location
- = Water Injection Well
- = Found 1" Iron Pipe with Brass Cap
- = Found 2" or 3" Iron Pipe with Brass Cap
- = Unit or Lease Boundary

EXHIBIT "A"
ACCESS ROAD AND FACILITIES MAP

J. CLEO THOMPSON & JAMES CLEO THOMPSON, JR., L.P.

BENNETT NO. 1
Located 660.0' FNL & 1980' FWL, Section 10,
T-22-S, R-26-E, NMPM, Eddy County, NM

Drawn by: Gene M. Rodriguez	Scale: 1" = 2000'
Date: November 3, 2004	Jim Stevens
Checked by: J.S. Piper	Sheet 1 of 1

J. CLEO THOMPSON & JAMES CLEO THOMPSON, JR., L.P.
WEST TEXAS OFFICE
P.O. BOX 12577
ODESSA, TX 79768
(432) 550-8887

Bryan Arrant
NMOCD
Artesia, NM

November 23, 2004

Re: C-101 for Bennett No. 1

Dear Bryan,

To complete the requirements for the subject drilling permit, I submit the following:

We agree to function test the BOP's daily.

The closest home to our location is 1100 feet. There are two homes at 1100 feet, the Ben Jenkins home 4023 West Lea Street (505-885-5101); and Dr. Lisa Perkowski 4102 West Lea Street (505-887-3256)

Attached is a detailed map of the area. The H2S Contigency plan will come to you directly from Action Safety of Hobbs. The H2S Contingency plan includes the emergency phone numbers for our company and the local residents are listed above, therefore this should meet your requirement for an emergency notification list.

Also attached is a signed C-102.

Please continue to process our application and please respond if there is anything else you need.

Best regards,

Jim Stevens, Operations Manager

ACTION SAFETY

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DEC .. 1 2004
OCD-ARTESIA

H_2S CONTINGENCY PLAN

J. CLEO THOMPSON

BENNETT #1
Section 10, Township 22 South, Range 26 East
Eddy County, New Mexico

TABLE OF CONTENTS

SCOPE

This plan establishes J. Cleo Thompson guidelines for all company and contract employees whose duties may involve exposure to hydrogen sulfide (H_2S) gas on the Bennett #1 location. This lease is located 660' from the north line and 1980' from the west line in Section 10 of Township 22 South, Range 26 East, Unit Letter C of Eddy County, New Mexico. This plan also establishes procedure for isolation of the work site and evacuating the public on the condition that:

A. There is a release of H_2S that encompasses the radius of exposure (ROE) in this plan and,

B. There are persons and/or roads within the ROE and,

C. There is the endangerment of human or animal life within the ROE.

OBJECTIVE

The objective of the J. Cleo Thompson is to:

A. Prevent any and all accidents, and to prevent the uncontrolled release of H_2S into the atmosphere and,

B. Provide proper evacuation procedures to cope with emergencies and,

C. Provide immediate and adequate medical attention should an injury occur.

It should be noted that J. Cleo Thompson does not expect there to be any release of H_2S into the atmosphere but has taken the necessary steps to react properly to and control any hazards encountered on any of our facilities.

GENERAL EMERGENCY ACTION

In the event of an emergency, the following action should be initiated,

1. All personnel shall immediately evacuate to an up-wind and up-hill ***"safe breathing"*** area.

2. Those who must enter the hazard area must wear positive pressure self-contained breathing apparatus and must use other appropriate safety equipment as outlined on page 10.

3. Isolate the well, if possible.

4. Use the "buddy system" at all times.

5. Account for all personnel and take appropriate action as necessary for personnel safety.

6. Display the appropriate color warning flag to describe the type of emergency.

7. Contact J. Cleo Thompson personnel at the earliest time available according to the emergency call out list below.

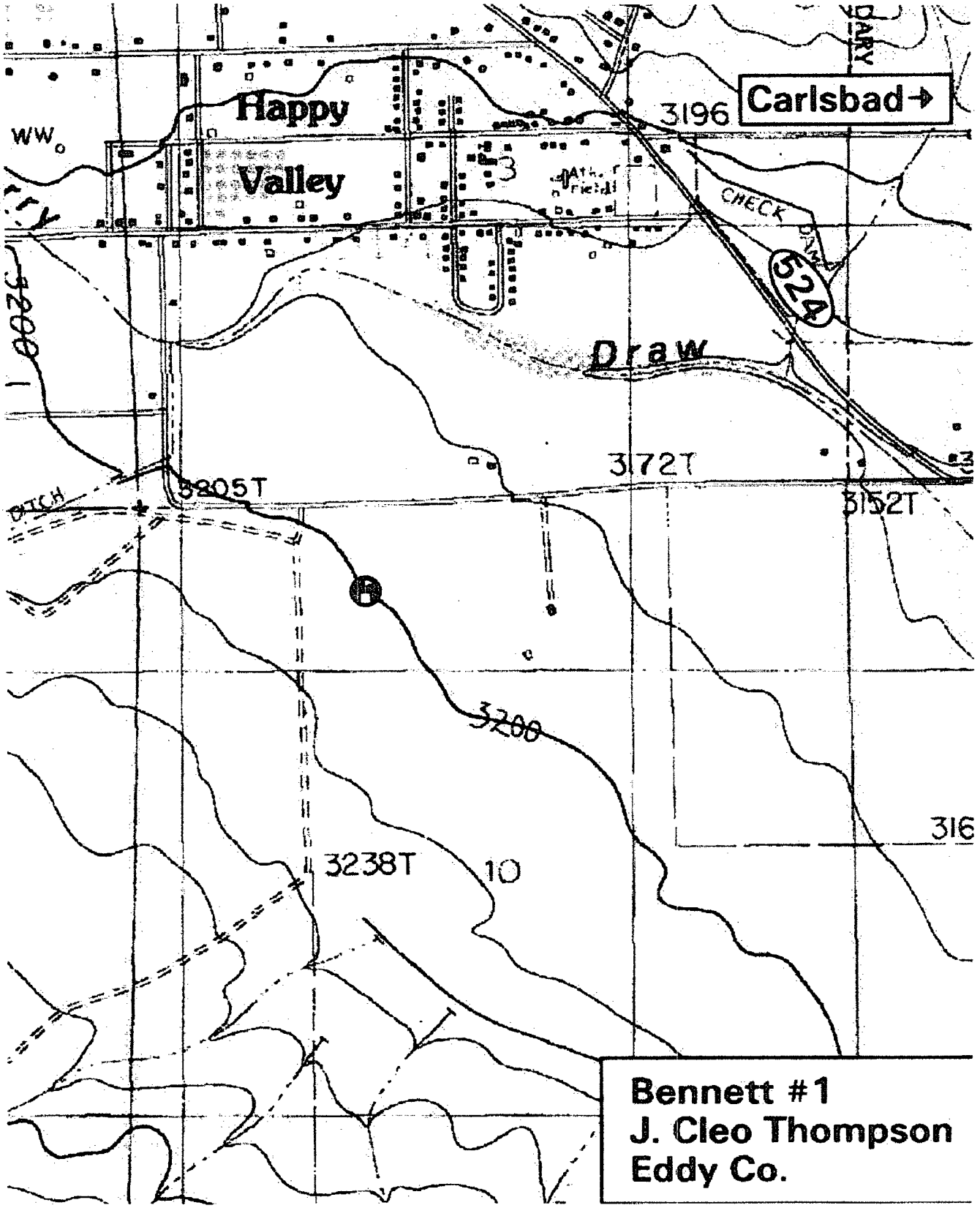
The J. Cleo Thomspon supervisor will assess the situation and assign duties to various persons to bring the situation under control. Notification of local emergency response agencies and residents will be assigned by the J. Cleo Thompson supervisor. Media inquiries are to be referred to Thompson J. Cleo at 325 North St. Paul, Suite 4300 in Dallas, Texas 75201.

J. Cleo Thompson
Emergency call out numbers

NAME	OFFICE PHONE	CELL PHONE	HOME PHONE
Jim Stevens Operations Manger	(432) 550-8887	(432) 664-2917	(432) 563-5504
Amadon Pando Production Foreman	(505) 677-2396	(505) 746-7324	(505) 677-2396
Jason Pando Pumper	(505) 677-2396	(505) 746-7458	

Emergency Notification Numbers
Eddy County

Organization or Agency	Phone Number
New Mexico State Police	(505) 885-3137
Eddy County Sheriff 's Department	(505) 887-7551
Emergency Medical Service (Ambulance)	911
Eddy County Emergency Management State Emergency Response Center (SERC) Chairman (Max Johnson)	(505) 887-9511 (505) 476-9620
Carlsbad Fire Department	911 or (505) 885-3125
Oil Conservation Division (District II)	(505) 748-1283
National Response Center (NRC)	(800) 424-8802
Chemtrec	(800) 424-9300
Action Safety	(505) 393-3501
Krisha Marker	(432) 425-8262



EMERGENCY PROCEDURES FOR UNCONTROLLABLE RELEASE OF HYDROGEN SULFIDE GAS (H_2S)

1. Secure and don self-contained breathing apparatus.

2. Remove all personnel to up-wind and up-hill "safe breathing" zone.

3. Contact all concerned employees and immediate supervisor for instructions.

4. Take steps to protect and/or remove the general public to an upwind area away from the source of H_2S.

5. Deny entry to unnecessary personnel.

6. Notify necessary public safety personnel:
   - State Police = if on or near a state road
   - Sheriff's Department = if on or near a county road

   (for assistance in the evacuation of the general public and to help maintain roadblocks)

7. Contact the Oil Conservation Division.

4. While attempting to control the release, maintain tight security and safety procedures.

5. Use the buddy system when entering any hazardous area.

The responsibility of this plan is with the J. Cleo Thompson supervisor(s) who shall be in complete command during the emergency.

IGNITION PROCEDURES FOR UNCONTROLLABLE WELL CONDITIONS

The decision to ignite the well is the decision of the company supervisor(s). This decision should be made only as a last resort and in a situation where it is determined that:

- Human life and/or property are endangered.
- There is no hope of controlling the blowout under the prevailing conditions at the well.

INSTRUCTIONS FOR IGNITING THE RELEASE

1. Two personnel are required for the ignition operation. They must wear positive pressure self-contained breathing apparatus and a D-ring style, OSHA approved full body safety harness with a non-flammable safety rope attached

2. One (safety) person will test the atmosphere for explosive gases with an approved Triple-range (H_2S, O_2, LFL) monitor. The other person (company supervisor) is responsible for igniting the well.

3. Primary method of ignition shall be with a 25mm flare gun with range of approximately 500 feet.

4. Ignite up-wind and do not approach any closer than is warranted.

5. Select a safe ignition site which offers ultimate egress.

6. Before activating flare gun, check for presence of combustible gas.

7. After ignition, continue emergency action and procedure as before.

8. All unassigned personnel will limit their actions to those directed by the company supervisor.

- *After the well is ignited, burning H_2S will produce SO_2, which is also highly toxic. Do not assume the area is safe after the well is ignited.*

- *A No Smoking policy shall be strictly enforced on location at all times.*

EMERGENCY EQUIPMENT REQUIREMENTS

1. **Respiratory Protection**

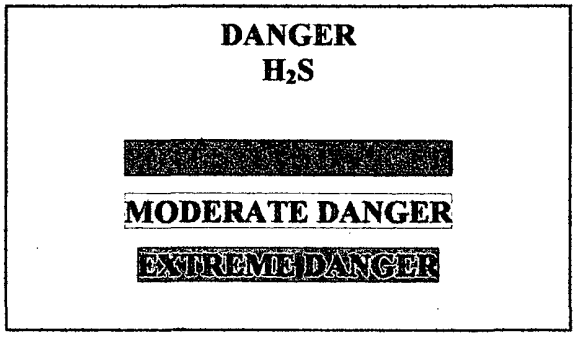
   - **Rescue Units (SCBA's)** – 1 unit shall be placed at each briefing area and 2 shall be stored in the safety trailer.

   - **Work/Escape Units** – 4 units shall be stored on the rig floor connected to the safety trailer with sufficient hose to allow workers to adequately perform duties with minimal restriction.

   - **Emergency Escape Units** – 4 units shall be stored in the top dog house for emergency evacuation purposes.

2. **Signs and Flags**

   - **One (1) Condition Sign** shall be placed at location entrance with the following language:



   - **Condition Flags** shall be displayed at the sign in one of following designations:

Green / normal conditions **Yellow** / potential danger **Red** / danger, H_2S present

3. **Briefing Area:** Two (2) briefing areas, designated by signs, shall be located perpendicular to each other and be easily visible and readily accessible.

4. **Windsocks:** Two (2) windsocks shall be strategically placed where they are easily visible from all points.

5. **Hydrogen Sulfide Detectors and Alarms:**

- One (1) stationary H_2S monitor with three sensors shall be located on the rig in the top dog house. The H_2S monitor shall be calibrated to alarm at 10 PPM for the low alarm (visual alarm) and 15 PPM for the high alarm (audible alarm). Calibrations shall be checked every 30 days or as needed. The sensors shall be located as follows:

#1 – Rig floor
#2 – Bell Nipple
#3 – Flow line or where the well bore fluid is discharged

- A Gas sampling pump, with detector tubes capable of measuring H_2S gas, shall be located in the safety trailer.

6. **Auxiliary Rescue Equipment:**

- One (1) Stretcher
- Two (2) OSHA approved full body harness
- One Hundred (100) feet of 5/8" OSHA approved rope

7. **Fire Extinguishers:**

- One (1) 20#, class ABC fire extinguisher shall be located in the safety trailer

8. **Communication:**

- Mobile, cellular phones or two way radio's shall be available via the vehicles on location and on the rig floor.

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 = 1.19, approximately 20% heavier) and colorless. It forms an explosive mixture with air between 4.3% and 46.0%. By volume hydrogen sulfide is almost as toxic as hydrogen cyanide and is between 5 and 6 times more toxic than carbon monoxide.

Toxicity of Various Gases

Common Name	Chemical Formula	Specific Gravity	Threshold Limit[1]	Hazardous Limit[2]	Lethal Concentration[3]
Hydrogen Cyanide	HCN	0.94	10 ppm	150 ppm/hr	300 ppm
Hydrogen Sulfide	H_2S	1.189	10 ppm [4] 15 ppm [5]	100 ppm/hr	600 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 ppm	Combustible @ 5%	N/A

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 may cause death.
3 Lethal 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
0.001%	10 ppm	Obvious and unpleasant odor. Safe for 8 hour exposure.
0.005%	50 ppm	Can cause some flu-like symptoms and can cause pneumonia.
0.01%	100 ppm	Immediately dangerous to life or health. Kills the sense of smell in 3 to 15 minutes. May irritate eyes and throat.
0.02%	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.
0.06%	600 ppm	Loss of consciousness quickly, death will result if not rescued promptly.

(These concentrations are calculated @ 15.00 psia and 60 degree F.)

THE USE OF SELF-CONTAINED BREATHING AIR EQUIPMENT

SCBA should be worn when:

- working near the top or on top of any tank..
- disconnecting any line where H_2S can reasonably be expected.
- sampling air in the area to determine if toxic concentrations of H_2S exist.
- working in areas where over 10 PPM of H_2S has been detected.
- at any time there is a doubt as to the H_2S level in the area to be entered.

Air quality testing shall be continuous throughout the entire operation if a container is breeched or in a hazardous location.

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 use.

Contact lenses are never allowed with the use of the SCBA.

The SCBA shall be inspected monthly.

After each use, the SCBA shall be cleaned, disinfected, serviced, inspected and refilled to proper specifications.

RESCUE & FIRST AID FOR VICTIMS OF HYDROGEN SULFIDE (H_2S) POISONING

Do not panic

Remain calm and think

Don breathing apparatus.

Remove victim to fresh air as quickly as possible; i.e. upwind and uphill from source or crosswind to achieve upwind. ***Do not run downwind.***

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.