

II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.

A. Well Control Equipment:

Flare line.

Choke manifold.

Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

Auxiliary equipment to include: annula preventer, mud-gas separator, rotating head.

B. Protective equipment for essential personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas.

C. H₂S detection and monitoring equipment:

2 - portable H₂S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.

D. Visual warning systems:

Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

E. Mud Program:

The mud program has been designed to minimize the volume of H_2S circulated to the surface.

F. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H_2S service.

G. Communication:

Company vehicles equipped with cellular telephone and 2-way radio.

Mesquite SWD has conducted a review to determine if an H2S contingency plan is required for the above referenced well. We were able to conclude that any potential hazardous volume would be minimal: H2S concentrations of wells in this area from surface to TD are low enough; therefore we do not believe that an H2S Contingency Plan would be necessary.

WARNING

YOU ARE ENTERING AN H₂S AREA AUTHORIZED PERSONNEL ONLY

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED
- 2. HARD HATS REQUIRED
- 3. SMOKING IN DESIGNATED AREAS ONLY
- 4. BE WIND CONSCIOUS AT ALL TIMES
- 5. CK WITH MARBOB FOREMAN AT MAIN OFFICE

Mesquite SWD, Inc. 575-885-3996

EMERGENCY CALL LIST

Mesquite SWD, Inc.575-885-3996-

Clay Wilson575-706-1840

Kay Havenor575-626-4518

EMERGENCY RESPONSE NUMBERS

State Police 575-748-9718

Eddy County Sheriff 575-746-2701

Emergency Medical Services 911 or 575-746-2701

Artesia Fire and Ambulance 575-746-5050

Maljamar Fire and Ambulance 575-674-4100

Artesia General Hospital

702 N. 13th St. Artesia 575-748-3333

Carlsbad Medical Center

2430 West Pierce Street 575-887-4100

Carlsbad Police Department 575-885-2111

Eddy County Emergency Management 575-887-9511

Carlsbad Fire Department 575-885-3125

12. Anticipated Starting Date and Duration of Operations:

Road and location repair will begin after the BLM has approved the APD. Re-entry date will follow as soon as work-over unit and equipment are available. Re-entry, well preparation for injection, and lease clean-up are expected to require approximately 15 days.

Addendum: Non-productive zones

Numerous wells in the surrounding area have tested and attempted completions in the Bell Canyon and the Cherry Canyon formations of the Delaware Mountain Group. All have been unable to obtain production or commercial production in these formations. The subject re-entry was an exploratory test well for the above and the underlying Brushy Canyon. This re-entry will not dispose of water into the Brushy Canyon, the only Delaware unit in this area presently being considered as potentially productive.