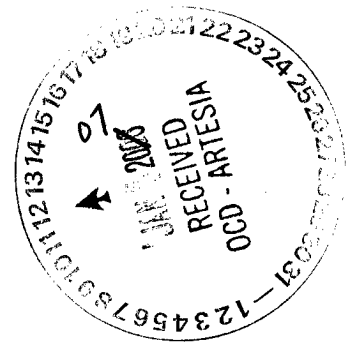
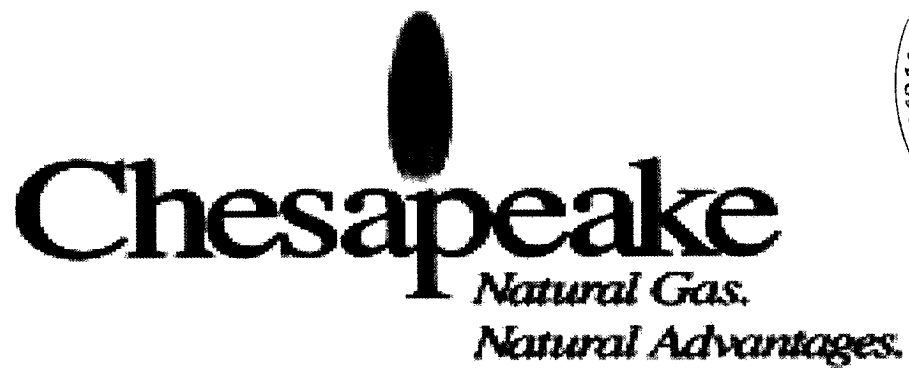




30 - 015 - 35352

H₂S Contingency Plan

Esperanza 4 #8

Section 4, T22S R27E

Eddy County, New Mexico

January 2007

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I. H₂S CONTINGENCY PLAN SECTION

Scope

This contingency plan establishes guidelines for all company employees and contract employees whose work activities may involve exposure to Hydrogen Sulfide gas (H₂S).

Objective

1. Prevent any and all accidents, and prevent the uncontrolled release of H₂S into the atmosphere.
2. Provide proper evacuation procedures to cope with emergencies.
3. Provide immediate and adequate medical attention should an injury occur.

Discussion of Plan

The Delaware and Bone springs sections are capable of producing H₂S, but not probable in this area. However monitoring of H₂S and readiness will be started at surface and continue to TD.

Implementation: This plan, with all details, is to be fully implemented before spudding the well.

Emergency Response Procedure: This section outlines the conditions and denotes steps to be taken in the event of an emergency.

Emergency Equipment and 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.

Emergency Call Lists: Included are the telephone numbers of all persons that would need to be contacted should an emergency exists.

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.

CheckLists: 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.

II. EMERGENCY PROCEDURES SECTION

Emergency Procedures

- I. In the event of any evidence of H₂S level above 10 ppm, take the following steps immediately:
 - A. Secure breathing apparatus.
 - B. Order non-essential personnel out of the danger zone.
 - C. Take steps to determine if the H₂S level can be corrected or suppressed, and if so, proceed with normal operations.
- II. If uncontrollable conditions occur, proceed with the following:
 - A. Take steps to protect and/or remove any public downwind of the rig including partial evacuation or isolation. Notify necessary public safety personnel and the Texas Railroad Commission of the situation.
 - B. Remove all personnel to the Safe Briefing Area.
 - C. Notify public safety personnel for help with maintaining roadblocks and implementing evacuation.
 - D. Determine and proceed with the best possible plan to regain control of the well. Maintain tight security and safety procedures.
- III. Responsibility
 - A. The Company Approved Supervisor shall be responsible for the total implementation of the plan.
 - B. The Company Approved Supervisor shall be in complete command during any emergency.
 - C. The Company Approved Supervisor shall designate a back up Supervisor in the event that he/she is not available.

Emergency Procedure Implementation

I. Drilling or Tripping

A. All Personnel

1. When alarm sounds, don escape unit and report to upwind Safe Briefing Area.
2. Check status of other personnel (buddy system).
3. Secure breathing apparatus.
4. Await orders from Supervisor.

B. Drilling Foreman

1. Report to the upwind Safe Briefing Area.
2. Don Breathing Apparatus and return to the point of release with the Tool Pusher or Driller (buddy system).
3. Determine the concentration of H₂S.
4. Assess the situation and take appropriate control measures.

C. Tool Pusher

1. Report to the upwind Safe Briefing Area.
2. Don Breathing Apparatus and return to the point of release with the Drilling Foreman or Driller (buddy system).
3. Determine the concentration of H₂S.
4. Assess the situation and take appropriate control measures.

D. Driller

1. Don escape unit.
2. Check monitor for point of release.
3. Report to the Safe Briefing Area.
4. Check the status of other personnel (in a rescue attempt, always use the buddy system).
5. Assign the least essential person to notify the Drilling Foreman and Tool Pusher, in the event of their absence.
6. Assume the responsibility of the Drilling Foreman and Tool Pusher until they arrive, in the event of their absence.

E. Derrick Man

1. Remain in the Safe Briefing Area until otherwise instructed by Supervisor.

F. Mud Engineer

1. Report to Safe Briefing Area.
2. When instructed, begin check of mud for pH level and H₂S level.

G. Safety Personnel

1. Don appropriate breathing apparatus.

2. Check status of all personnel
3. Await instructions from Drilling Foreman or Tool Pusher.

II. Taking a Kick

- A. All personnel report to Safe Briefing Area.
- B. Follow standard BOP procedures.

III. Open Hole Logging

- A. All unnecessary personnel should leave the rig floor.
- B. Drilling Foreman and Safety personnel should monitor the conditions and make necessary safety equipment recommendations.

IV. Running Casing or Plugging

- A. Follow "Drilling or Tripping" procedures.
- B. Assure that all personnel have access to protective equipment.

Simulated Blowout Control Drills

All drills will be initiated by activating alarm devices (air horn). One long blast, on air horn, for ACTUAL and SIMULATED Blowout Control Drills. This operation will be performed by the Drilling Foreman or Tool Pusher at least one time per week for each of the following conditions, with each crew:

- | | |
|---------|---------------------|
| Drill 1 | Bottom Drilling |
| Drill 2 | Tripping Drill Pipe |

In each of these drills, the initial reaction time to shutting in the well shall be timed as well as the total time for the crew to complete its entire pit drill assignment. The times must be recorded on the IADC Driller's Log as "Blowout Control Drill".

Drill No.: _____
Reaction Time to Shut-In: _____ minutes, _____ seconds.
Total Time to Complete Assignment: _____ minutes, _____ seconds.

I. Drill Overviews

A. Drill No. 1--Bottom Drilling

1. Sound the alarm immediately.
2. Stop the rotary and hoist kelly joint above the rotary table.
3. Stop the circulatory pump.
4. Close drill pipe rams.
5. Record casing and drill pipe shut-in pressures and pit volume increases.

B. Drill No. 2--Tripping Drill Pipe

1. Sound the alarm immediately.
2. Position the upper tool joint just above the rotary table and set slips.
3. Install a full opening valve or inside blowout preventor tool in order to close the drill pipe.
4. Close the drill pipe rams.
5. Record the shut-in annular pressure.

II. Crew Assignments

A. Drill No. 1--Bottom Drilling

1. Driller

- a. Stop the rotary and hoist kelly joint above the rotary table.
- b. Stop the circulatory pump.
- c. Check flow.
- d. If flowing, sound the alarm immediately.
- e. Record the shut-in drill pipe pressure.
- f. Record all data reported by the crew.
- g. Determine the mud weight increase needed or other courses of action.

2. Derrickman

- a. Open choke line valve at BOP.
- b. Signal Floor Man #1 at accumulator that choke line is open.
- c. Close choke and upstream valve after pipe tams have been closed.
- d. Read the shut-in annular pressure and report readings to Driller.

3. Floor Man #1

- a. Close the pipe tams after receiving the signal from the Derrickman.
- b. Report to Driller for further instructions.

4. Floor Man #2

- a. Notify the Tool Pusher and Operator Representative of the H₂S alarms.
- b. Check for open fires and, if safe to do so, extinguish them.
- c. Stop all welding operations.
- d. Turn-off all non-explosion proof lights and instruments.
- e. Report to Driller for further instructions.

5. Tool Pusher

- a. Report to the rig floor.
- b. Have a meeting with all crews.
- c. Compile and summarize all information.
- d. Calculate the proper kill weight.
- e. Ensure that proper well procedures are put into action.

6. Operator Representative

- a. Notify the Drilling Superintendent.
- b. Determine if an emergency exists and if so, activate the contingency plan.

B. Drill No.2--Tripping Pipe

1. Driller

- a. Sound the alarm immediately when mud volume increase has been detected.
- b. Position the upper tool joint just above the rotary table and set slips.
- c. Install a full opening valve or inside blowout preventor tool to close the drill pipe.
- d. Check flow.
- e. Record all data reported by the crew.
- f. Determine the course of action.

2. Derrickman

- a. Come down out of derrick.
- b. Notify Tool Pusher and Operator Representative
- c. Check for open fires and, if safe to do so, extinguish them.
- d. Stop all welding operations.
- e. Report to Driller for further instructions.

3. Floor Man #1

- a. Pick up full opening valve or inside blowout preventors and stab into tool joint above rotary table (with Floor Man #2).
- b. Tighten valve with back-up tongs.
- c. Close pipe rams after signal from Floor Man #2.
- d. Read accumulator pressure and check for possible high pressure fluid leaks in valves or piping.
- e. Report to Driller for further instructions.

4. Floor Man #2

- a. Pick-up full opening valve or inside blowout preventors and stab into tool joint above rotary table (with Floor Man #1).
- b. Position back-up tongs on drill pipe.
- c. Open choke line valve at BOP.
- d. Signal Floor Man #1 at accumulator that choke line is open.
- e. Close choke and upstream valve after pipe rams have been closed.
- f. Check for leaks on BOP stack and choke manifold.
- g. Read annular pressure.
- h. Report readings to the Driller.

5. Tool Pusher

- a. Report to rig floor.
- b. Have a meeting with all crews.
- c. Compile and summarize all information.
- d. Calculate proper kill weight.
- e. See that proper well kill procedures are put into action.

6. Operator Representative

- a. Notify Drilling Superintendent.
- b. Determine if an emergency exists, and if so, activate the contingency plans.

III. IGNITION PROCEDURES SECTION

Responsibility

The decision to ignite the well is the responsibility of the DRILLING FOREMAN in concurrence with the STATE POLICE. In the event the Drilling Foreman is incapacitated, it becomes the responsibility of the RIG TOOL PUSHER. This 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 of controlling the blowout under the prevailing conditions.

If time permits, notify the main office, but do not delay if human life is in danger. Initiate the first phase of the evacuation plan.

Instructions for Igniting the Well

1. Two people are required for the actual igniting operation. Both men must wear self-contained breathing apparatus and attach a safety rope. One man must monitor the atmosphere for explosive gases with the Explosimeter, while the Drilling Foreman is responsible for igniting the well.
2. The primary method to ignite is a 25mm flare gun with a range of approximately 500 feet.
3. Ignite from upwind and do not approach any closer than is warranted.
4. Select the ignition site best suited for protection and which offers an easy escape route.
5. Before igniting, check for the presence of combustible gases.
6. After igniting, continue emergency actions and procedures as before.
7. All unassigned personnel will limit their actions to those directed by the Drilling Foreman.

NOTE: After the 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.

IV. TRAINING PROGRAM SECTION

Training Requirements

When working in an area where Hydrogen Sulfide gas (H₂S) might be encountered, definite training requirements must be carried out. The Company Supervisor will insure that all personnel, at the well site, 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 resuscitation.
8. The effects of H₂S on metals.
9. Location safety.

Service company personnel and visiting personnel must be notified if the zone contains H₂S, and each service company must provide adequate training and equipment for their employees before they arrive at the well site.

V. EMERGENCY EQUIPMENT SECTION

Emergency Equipment Requirements

I. Signs

- A. Located at the location entrance with the following information:

(Lease)

CAUTION-POTENTIAL POISON GAS
HYDROGEN SULFIDE
NO ADMITTANCE WITHOUT AUTHORIZATION

II. * Fresh air breathing equipment

- A. Air line units for all rig personnel on location.
B. Cascade system with hose lines to rig floor and one to the derrick man and other operation areas. Spare cascade (trailer) on location

III. Wind socks or wind streamers

- A. Two 10" windsocks located at strategic locations at a height visible from the rig floor.
B. Wind streamers (if preferred) to be placed at various locations on the well site to ensure wind consciousness at all times. (Corners of location).

IV. Hydrogen Sulfide detector and alarms.

- A. 1-four channel H₂S monitor with alarms.
B. 4 sensors located at floor, bell nipple, shale shaker, and pits
* C. Hand operated detectors with tubes.
* D. H₂S monitor tester.

V. Condition sign and 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. The condition flag shall be posted at the location entrance.

VI. * Auxiliary rescue equipment

- A. Stretcher
B. Two 100' lengths of 5/8" nylon rope.

VII. * Mud inspection devices

- A. Garrett Gas Train or Hach Tester for inspection of Hydrogen Sulfide concentration in the mud system.

VIII. Fire extinguishers

- A. Adequate fire extinguishers shall be located at strategic locations.

IX. Blowout prevention equipment

- A. The well shall have hydraulic BOP equipment for the anticipated BHP.
- B. Equipment must be tested upon installation.

X. * Combustible gas detectors

- A. There shall be one combustible gas detector on location at all times.

XI. BOP testing

- A. BOP, Choke Line and Kill Line will be tested as specified by operator.

XII. Audio system

- A. Radio communication shall be available at the rig.
- B. Radio communication shall be available at the rig floor or trailer.
- C. Radio communication shall be available on vehicles.

XIII. Special control equipment

- A. Hydraulic BOP equipment with remote control on ground.
- B. Rotating head at surface casing point.

XIV. Evacuation Plan

- A. Evacuation routes should be established prior to spudding each well.
- B. Should be discussed with all rig personnel.

XV. Designated Areas

- A. Parking and visitor area.
 - 1. All vehicles are to be parked at a pre-determined safe distance from the wellhead.
 - 2. Designated smoking area.
- B. Safe Briefing Area
 - 1. Two Safe Briefing Areas shall be designated on either side of the location at the maximum allowable distance from the well bore so

they offset prevailing winds or they are at a 180 degree angle if wind directions tend to shift in the area.

2. Personal protective equipment should be stored in both protection centers or if a moveable trailer is used, it should be kept upwind of existing winds. When wind is from the prevailing direction, both protection centers should be accessible.

- *Additional equipment will be available at Callaway Safety Midland, Texas.
- Additional personnel hydrogen sulfide monitors on location for all hands.
- Automatic flare ignitor installed on rig

VI. CHECK LIST SECTION

Status Check List

Note: Date each item as they are implemented.

1. Sign at location entrance. _____
2. Two (2) wind socks (in required locations). _____
3. Wind streamers (if required). _____
4. 30 minute pressure demand air packs on location
for all rig personnel and mud loggers. _____
5. Air packs, inspected and ready for use. _____
6. Spare bottles for each air pack (if required). _____
7. Cascade system and hose line hook up. _____
8. Cascade system for refilling air bottles. _____
9. Choke manifold hooked-up and tested.
(Before drilling out surface casing.) _____
10. Remote Hydraulic BOP control (hooked-up and
tested before drilling out surface casing.) _____
11. BOP Preventor tested (before drilling out
surface casing.) _____
12. Mud engineer on location with equipment to test
mud for Hydrogen Sulfide. _____
13. Safe Briefing Areas set-up. _____
14. Condition sign and flags on location and ready. _____
15. Hydrogen Sulfide detection system hooked-up. _____
16. Hydrogen Sulfide alarm system hooked-up. _____
17. Stretcher on location at Safe Briefing Area. _____
18. 1-100' length of 5/8" nylon rope on location. _____
19. 1-20 # or 30# ABC fire extinguisher in safety _____

trailer in addition to those on rig.

20. Combustible gas detector on location and tested.
21. All rig crews and supervisors trained (as required).
22. Access restricted for unauthorized personnel.
23. Drills on H₂S and well control procedures.
24. All outside service contractors advised of potential Hydrogen Sulfide on the well.
25. NO SMOKING sign posted.
26. Hand operated H₂S detector with tubes on location.
27. 25mm flare gun with flares.
28. Automatic Flare ignitor installed on rig

Procedural Check List

Perform the following on each tour:

1. Check fire extinguishers to see that they have the proper charge.
2. Check breathing equipment to insure that it has not been tampered with.
3. Check pressure on supply air bottles to see that they are capable of recharging.
4. Make sure all of the Hydrogen Sulfide detection systems are operative.

Perform the following each week:

1. Check each piece of breathing equipment to make sure that the 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 get air.
2. Blowout preventor skills.
3. Check supply pressure on BOP accumulator stand-by source.
4. Check all work/escape 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 loosened 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. Check breathing equipment air bottles to make sure all demand regulators are working. This requires that the bottles be opened and the mask assembly be put on tight enough so that when you inhale, you get air.
8. Confirm pressure on all supply air bottles.
9. Perform breathing equipment drills with on-site personnel.
10. Check the following supplies for availability:
 - a. Stretcher
 - b. Safety belts and ropes
 - c. Emergency telephone lists
 - d. Spare air bottles
 - e. Spare oxygen bottles (if resuscitator required)
 - f. Hand operated H₂S detectors and tubes
11. Test the Explosimeter to verify batteries are good.

VII. BRIEFING PROCEDURES SECTION

Briefing Procedures

The following scheduled briefings will be held to ensure the effective drilling and operation of this project:

Pre-Spud Meeting

Date: Prior to spudding the well.

Attendance: Drilling Supervisor
Drilling Engineer
Drilling Foreman
Rig Pushers
Rig Driller
Mud Engineer
All Safety Personnel
Service Companies

Purpose: Review and discuss the well program, step-by-step, to insure complete understanding of assignments and responsibilities.

VIII. EVACUATION PLAN SECTION

General Plan

The direct lines of action prepared by CALLAWAY SAFETY EQUIPMENT CO., INC. to protect the public from hazardous gas situations are as follows:

1. When the company approved supervisor (Drilling Foreman, Tool Pusher, Driller) determine Hydrogen Sulfide 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 the Area Map.
2. Company safety personnel or designee will notify the appropriate local government agency that a hazardous condition exists and evacuation needs to be implemented.
3. Company approved safety personnel that have been trained in the use of Hydrogen Sulfide detection equipment and self-contained breathing equipment will be utilized.
4. Law enforcement personnel (State Police, Local Police Department, Fire Department, and the Sheriff's Department) will be called to aid in setting up and maintaining road blocks. Also, they will aid in evacuation of the public if necessary.

NOTE: 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.

See Emergency Reaction Plan

Emergency Assistance Telephone List

PUBLIC SAFETY:

911 or

Eddy Co. Sheriff	(505) 887-7551
Fire Department	(505) 887-3820
Ambulatory Service (Carlsbad)	(505) 885-2111

Prior to starting project – Verify 911

Life Flight:

Arrow Care-Lubbock	(806) 744-5055
Southwest Air-Med E Vac.	(800) 242-6199

Elev. 3677'

Lat: 32.25961° N

Long: 104.386219° W

New Mexico D.O.T.	(505) 827-5100
Bureau of Land Management	(505) 393-3612
U. S. Dept. of Labor	(505) 248-5302
New Mexico OCD	(505) 393-6161
New Mexico OCD/After Hours	(505) 370-7106

Chesapeake

Hobbs Office	Office (505) 391-1462
Midland Office	Office (432) 687-2992

Drilling Superintendent
Nick Newland

Office (432) 687-2992
Cell (432) 556-3120

Drilling Engineer
Randy Patterson

Office (405) 767-4056
Cell (405) 388-9002

Drilling Company United Drilling Incorporated 505-623-7730 (office)

Rig #29

Toolpusher
Jose Nevarez -

Cell 505-910-0365
Truck 505-910-2026
Trailer 505-910-2019

Callaway Safety Equipment

Odessa

Office (432) 561-5049

Hobbs

Office (877) 422-6345

Affected Public Notification List
(within a 24' radius of exposure at 100ppm)

Certain geologic zones will be encountered during drilling that may possibly contain hazardous quantities of H₂S. The well is located in an area with no residents and/or public roadways. ROE calculations show that H₂S will affect the immediate area (location). Therefore, the plan is to carefully monitor hazards associated with H₂S as previously mentioned in this document.

Should these conditions change prior to starting the project; the residents within the affected radius will be notified via a hand delivered written notice describing the activities, potential hazards, conditions of evacuation, evacuation drill siren alarms, and other precautionary measures.

Evacuee Description:

Residents and/or

Notification Process:

A continuous siren audible to all residence will be activated, signaling evacuation of previously notified and informed residents.

Evacuation Plan:

All evacuees will migrate lateral to the wind direction.

Chesapeake will identify all home bound or highly susceptible individuals and make special evacuation preparations, interfacing with the local fire and emergency medical service as necessary.

IX. MAPS AND PLATS SECTION

DISTRICT I
1020 N. FRANKLIN DR., HOBBS, NM 88240

DISTRICT II
1301 E. GRAND AVENUE, ALBUQUERQUE, NM 86210

DISTRICT III
1600 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2006
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 ESPERANZA 4	Well Number 8
GRID No.	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 3119'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	4	22-S	27-E		1980	SOUTH	2310	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	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

LOT 4	LOT 3	LOT 2	LOT 1
40.00 AC	40.02 AC	39.90 AC	39.78 AC
GEODETIC COORDINATES NAD 27 NME Y=516554.6 N X=542611.4 E LAT.=32.420047° N LONG.=104.195242° W			
2310' 1980'			

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unshared mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

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.

OCTOBER 19, 2006

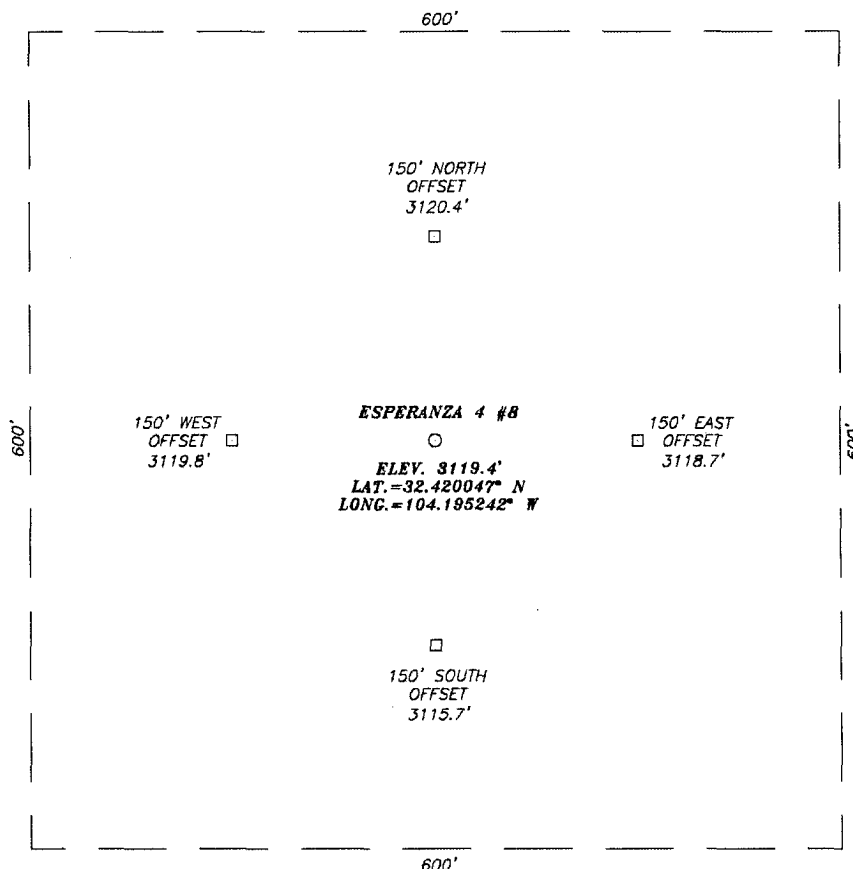
Date Surveyed _____ JMD

Signature & Seal of Professional Surveyor _____

06.11.1668

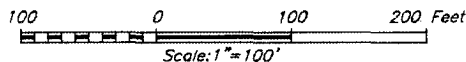
Certificate No. GARY KIDSON 12641

SECTION 4, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

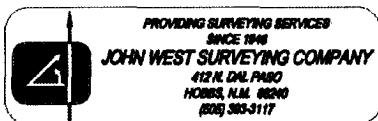
FROM THE INTERSECTION OF U.S. HIGHWAY
 62-180 AND COUNTY ROAD 605 (REFINERY ROAD)
 GO WEST ON HWY. 62-180 APPROX. 0.1 MILES.
 TURN LEFT AND GO SOUTH THRU CATTLE GUARD
 0.1 MILES ROAD BENDS RIGHT. CONTINUE SOUTH
 ON TRAIL ROAD APPROX. 0.4 MILES. THIS
 LOCATION IS 300 FEET TO THE WEST



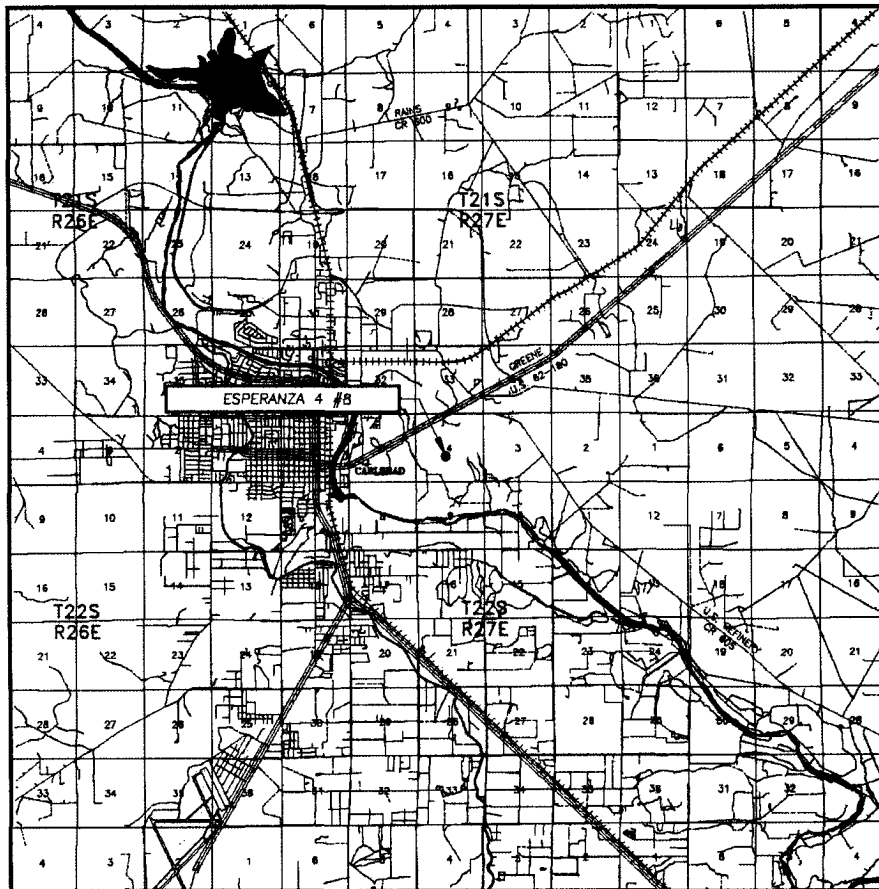
CHESAPEAKE OPERATING, INC.

ESPERANZA 4 #8
 LOCATED 1980 FEET FROM THE SOUTH LINE
 AND 2310 FEET FROM THE WEST LINE OF SECTION 4,
 TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 10/19/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.1668	Dr By: JMD
Date: 10/23/06	Disk: CD#1
06111668	Scale: 1"=100'

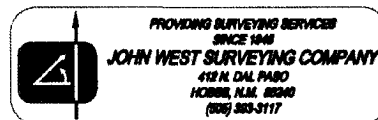


VICINITY MAP

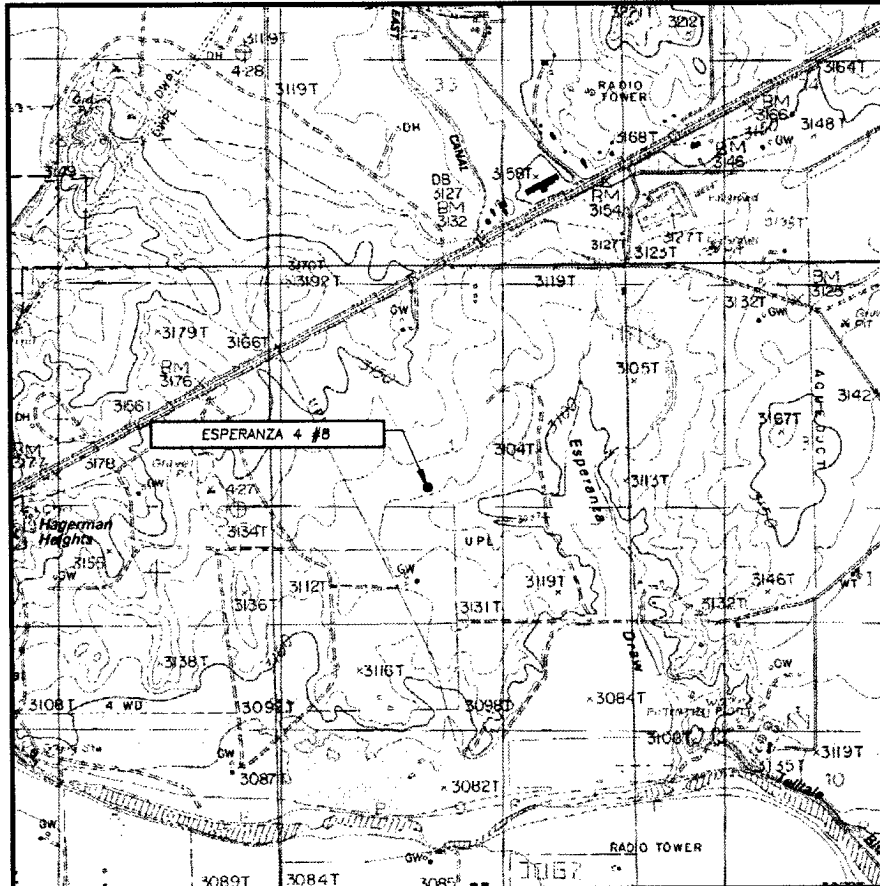


SCALE: 1" = 2 MILES

SEC. 4 TWP. 22-S RGE. 27-E
 SURVEY N.M.P.M.
 COUNTY EDDY STATE NEW MEXICO
 DESCRIPTION 1980' FSL & 2310' FWL
 ELEVATION 3119'
 OPERATOR CHESAPEAKE OPERATING, INC.
 LEASE ESPERANZA 4



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
CARLSBAD, N.M. - 10'

SEC. 4 TWP. 22-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

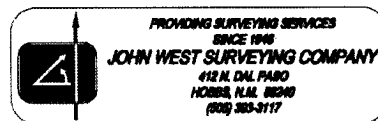
DESCRIPTION 1980' FSL & 2310' FWL

ELEVATION 3119.4'

OPERATOR CHESAPEAKE
OPERATING, INC.

LEASE ESPERANZA 4

U.S.G.S. TOPOGRAPHIC MAP
CARLSBAD EAST



PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PARO
HOBBS, N.M. 88240
(800) 365-3117

X. GENERAL INFORMATION SECTION

**Esperanza 4 #7
Chesapeake Drilling**

H2S

Radius of Exposure Calculations

Expected H2S ROE that could be encountered while drilling.

Example: 100 PPM ROE = $0.001589 \times 250 \text{ PPM} \times 275 \text{ MCF}^{0.6258}$ =

Example: 500 PPM ROE = $0.0004546 \times 250 \text{ PPM} \times 275 \text{ MCF}^{0.6258}$ =



Denotes input data

Enter H2S Concentration: PPM

Enter Max. Escape Volume: MCF/D

100 PPM Radius of Exposure: Feet

500 PPM Radius of Exposure: Feet

H2S in lbs/day: lb./day

H2S in lbs/hr: lb./hr

SO2 in lbs/hr: lb./hr

SO2 in 2000-lb tons/day: tons/day

SO2 in 2000-lb tons/yr: tons/yr

These radius of exposures are possible only if the well bore is evacuated of fluid
and there is an uncontrolled release of gas at the surface!!!!!!

Calculations generated from production test of offset wells.

Toxic Effects of Hydrogen Sulfide Poisoning

Hydrogen Sulfide is extremely toxic. The acceptable ceiling concentration for eight-hour exposure is 20 ppm, which is .002% 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 below in Table I. Physical effects at various Hydrogen Sulfide levels are shown in Table II.

Table I
Toxicity of Various Gases

Common Name	Chemical Formula	Specific Gravity	Threshold Limit (A)	Hazardous Limit (B)	Lethal Concentration C)
Hydrogen Cyanide	HCN	0.94	10 ppm	150 ppm/hr	300 ppm
Hydrogen Sulfide	H ₂ S	1.18	10 ppm (D) 20 ppm (E)	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	(9%)	Combustible above 5% in air

-
- A. Threshold Limit--Concentration at which it is believed that all workers may be repeatedly exposed day after day without adverse effects.
 - B. Hazardous Limit--Concentration that may cause death.
 - C. Lethal Concentration--Concentration that will cause death with short-term exposure.
 - D. Threshold Limit--10 ppm, 1972 ACGIH (American Conference of Governmental industrial Hygienists)
 - E. Threshold Limit--20 ppm, 1966 ANSI acceptable ceiling concentration for eight-hour exposure (based on 40-hour week) is 20 ppm. OSHA Rules and Regulations (Federal Register, Volume 37, No. 202, Part II, dated 10/18/72).

Table II

Physical Effects of Hydrogen Sulfide

Percent %	ppm	Physical Effects
0.001	10	Obvious and unpleasant odor.
0.002	20	Safe for 8 hrs. exposure
0.01	100	Kills smell in 3 to 5 minutes; may sting eyes and throat.
0.02	200	Kills smell shortly; stings eyes and throat.
0.03	300	IDLH (Immediately Dangerous to Life & Health) Level
0.05	500	Dizziness; breathing ceases in a few minutes
0.07	700	Unconscious quickly; death will result if not rescued.
0.10	1000	Unconscious at once; followed by death within minutes.

*Caution: Hydrogen Sulfide is a colorless and transparent gas and is highly flammable. It is heavier than air and may accumulate in low places.

Use of Self-Contained Breathing Apparatus

- I. Written procedures shall be prepared covering safe use of respirators in dangerous atmospheric situations which might be encountered in normal operations or in emergencies. Personnel shall be familiar with these procedures and the available respirators.
- II. Respirators shall be inspected frequently, at random, to insure that they are properly used, cleaned, and maintained.
- III. Anyone who may use respirators shall be trained in how to properly seal the face piece. They shall wear respirators in normal air and then in a test atmosphere. (Note: Such items as facial hair (beard or sideburns) and eyeglass temple pieces will not allow a proper seal.) Anyone that may be expected to wear respirators should have these items removed before entering a toxic atmosphere. A special mask must be obtained for anyone who must wear eyeglasses. Contact lenses should not be allowed.
- IV. Maintenance and care of respirators
 - A. A program of maintenance and care of respirators 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, and records maintained, for the following:
 1. Fully charged cylinders.
 2. Regulator and warning device operation.
 3. Condition of face piece and connection.
 4. Elastomer or rubber parts shall be stretched or massaged to keep them pliable and prevent deterioration.
 - C. Routinely used respirators shall be collected, cleaned, and disinfected as frequently as necessary to insure proper protection is provided.
- V. Persons assigned tasks that require the use of Self-Contained Breathing Equipment shall be certified physically fit for breathing equipment usage by the local company physician at least annually.
- VI. Respirators should be worn during the following conditions:
 - A. Any employee who works near the top or on the top of any tank unless tests reveal less than 20 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 exist.
 - D. When working in areas where over 20 ppm H₂S has been detected.
 - E. At any time where there is a doubt as to the H₂S level in the area to be entered.

Rescue-First Aid for Hydrogen Sulfide Poisoning

Do Not Panic!!!

Remain Calm--THINK

1. Hold your breath (Do not inhale; stop breathing.) and go to Briefing area.
2. Put on breathing apparatus.
3. Remove victim(s) to fresh air as quickly as possible. (Go upwind from the source or at right angles to the wind; NOT downwind.)
4. Briefly apply chest pressure--arm lift method of artificial respiration to clear 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, beforehand, of the possibility of H₂S gas poisoning, no matter how remote the possibility.
7. Notify emergency room personnel that the victim(s) have 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.