ATS-08-743
EA-09-226 RM

OCD-ARTESIA
FEB 25 2009

Form 3160-3
(April 2004)

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No.
NMNM-098122

6 If Indian, Allotee or Tribe Name
N/A

1a Type of work: ☑ DRILL ☐ REENTER
Per Operator 12/19/08 DVS

7 If Unit or CA Agreement, Name and No.
SKELLY (NMNM-071030X)

1b. Type of Well: ☒ Oil Well ☑ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No
SKELLY UNIT 502

2. Name of Operator
FOREST OIL CORPORATION

9 API Well No.
30-015- 37006

3a Address 707 17th ST., SUITE 3600
DENVER, CO 80202

3b. Phone No. *(include area code)*
(303) 812-1400

10 Field and Pool, or Exploratory
GRAYB'G JACKSON; SR-Q-G-SA

4 Location of Well *(Report location clearly and in accordance with any State requirements *)*
At surface 1310' FNL & 560' FWL (NWNW) UNORTHODOX LOCATION
At proposed prod. zone SAME

11 Sec , T R M. or Blk and Survey or Area
21-17S-31E NMPM

14 Distance in miles and direction from nearest town or post office*
5 AIR MILES EAST OF LOCO HILLS

12 County or Parish
EDDY

13 State
NM

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any)	16 No of acres in lease	17 Spacing Unit dedicated to this well
560'	1,200	40 ACRES
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	**19 Proposed Depth**	**20 BLM/BIA Bond No on file**
394' (#933)	4,600'	BLM NATION WIDE WYB000101
21 Elevations (Show whether DF, KDB, RT, GL, etc)	**22 Approximate date work will start***	**23 Estimated duration**
3,728' GL	12/01/2008	2-3 WEEKS

24 Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, shall be attached to this form

1 Well plat certified by a registered surveyor
2 A Drilling Plan.
3 A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office)
4 Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
5 Operator certification
6 Such other site specific information and/or plans as may be required by the authorized officer.

25 Signature	Name *(Printed/Typed)*	Date
B Wood	BRIAN WOOD	11/03/2008

Title: CONSULTANT PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ Don Peterson	/s/ Don Peterson	FEB 23 2009
Title	**Office**	
FIELD MANAGER	CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon
Conditions of approval, if any, are attached

APPROVAL FOR TWO YEARS

Title 18 U S C. Section 1001 and Title 43 U.S C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

Roswell Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Surface Mt 3-19-09

Bureau of Land Management
Received
NOV - 6 2008
Carlsbad Field Office
Carlsbad, N.M.

Approval Subject to General Requirements & Special Stipulations Attached

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 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 March 17, 1999
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
30-15-37006	28509	GRAYBURG JACKSON; SR-Q-G-SA

Property Code	Property Name	Well Number
302319	SKELLY UNIT	302

OGRID No.	Operator Name	Elevation
8041	FOREST OIL CORPORATION	3728'

Surface Location

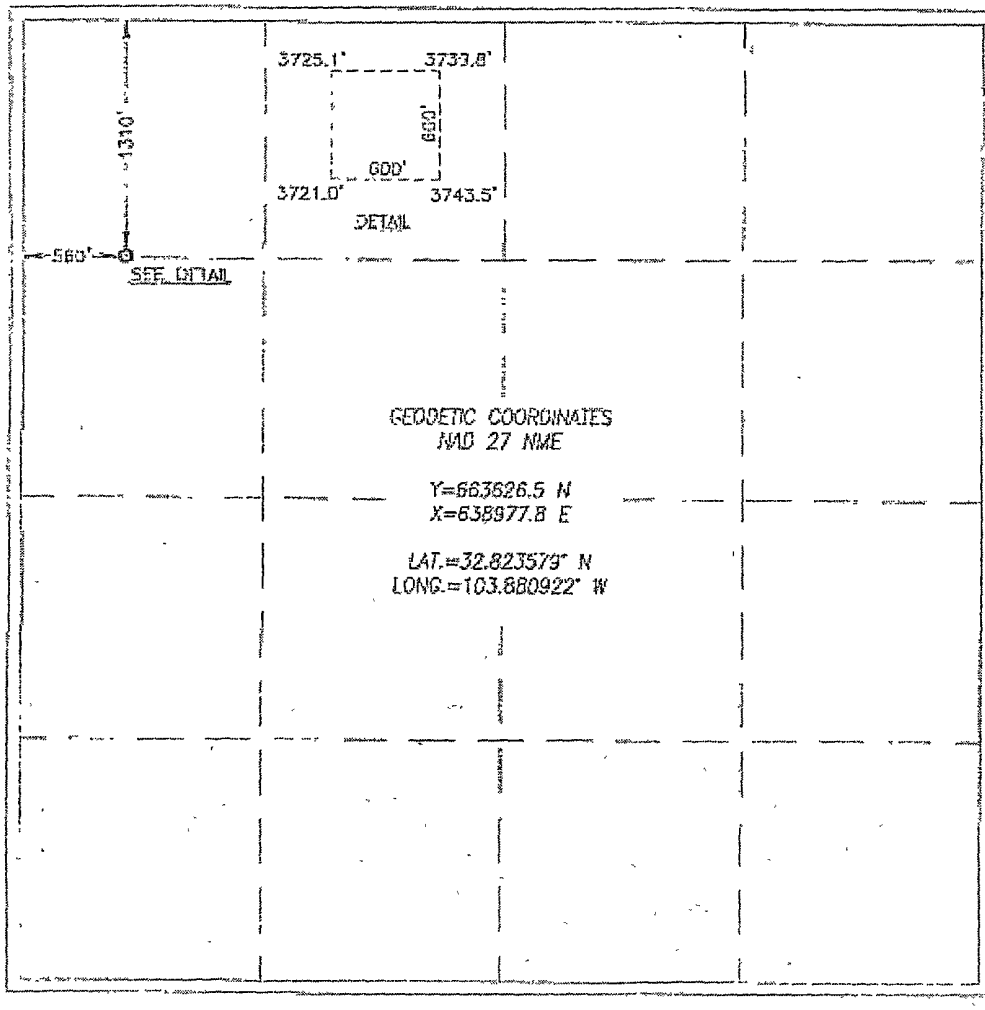
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	21	17-S	31-E		1310'	NORTH	560'	WEST	EDDY

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.
40			

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 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 unleased 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.

B Wood — 10-20-08
Signature — Date

BRIAN WOOD
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.

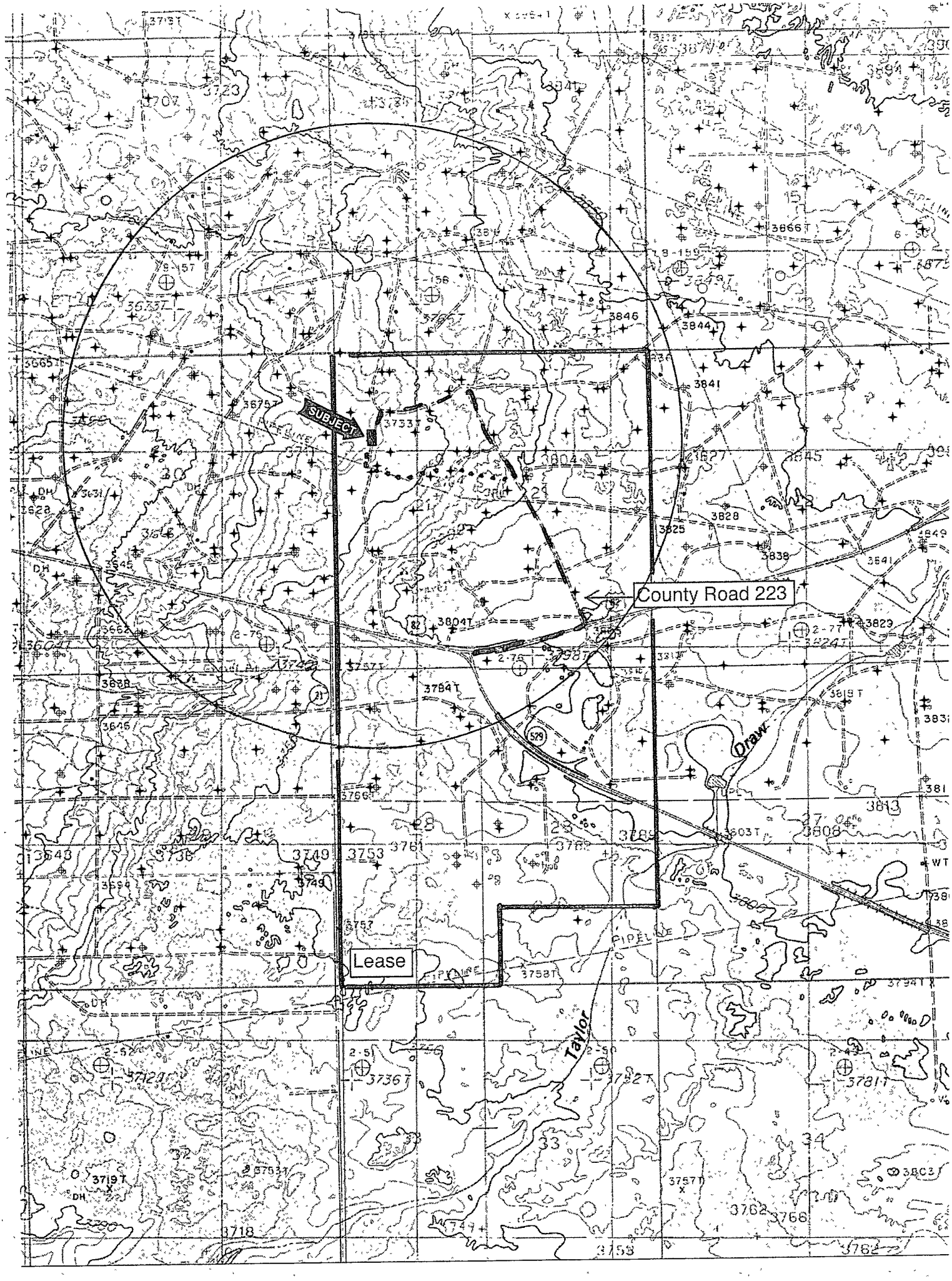
JUNE 24, 2008
Date Surveyed — DSS

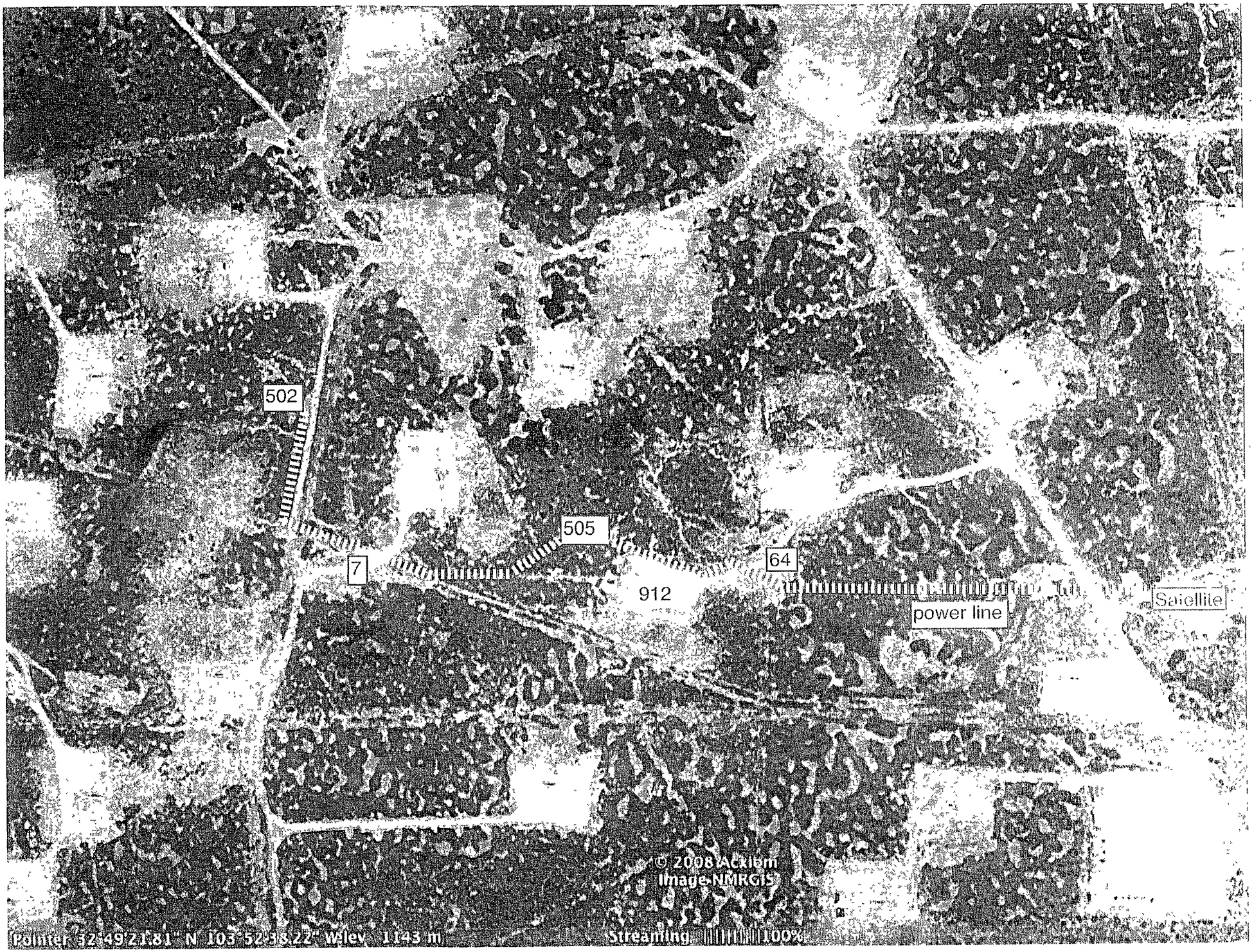
Signature & Seal of Professional Surveyor

NEW MEXICO 3239 RONALD J. EIDSON

08.11.0936
Certificate No. GARY L. EIDSON 12641
RONALD J. EIDSON 3239

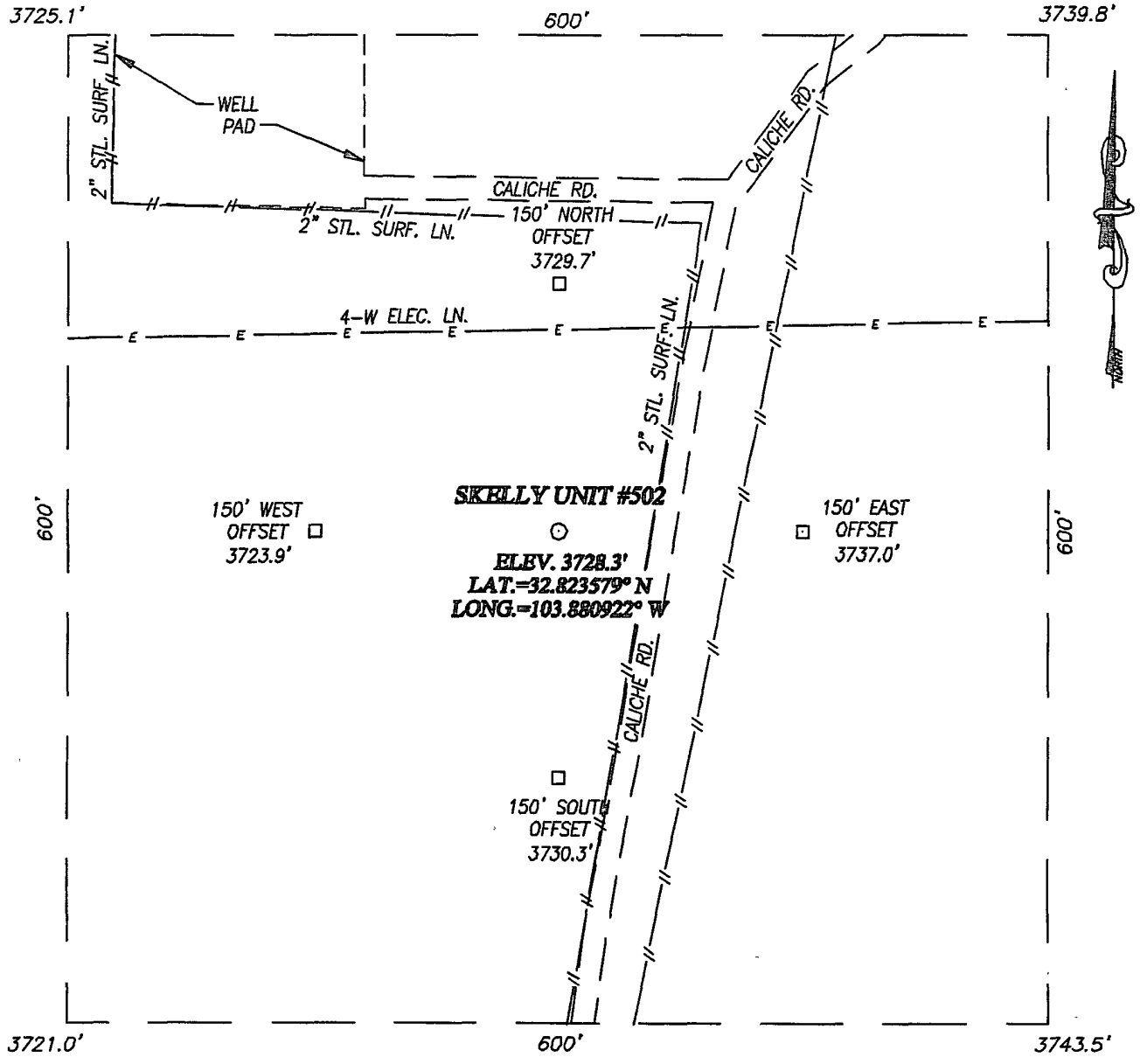

Skelly Unit 502
County Road 223
Loco Hills
GREYBURG JACKSON OIL FIELD
SQUARE LAKE OIL FIELD
ROBINSON OIL FIELD
NORTH MALJAMAR OIL FIELD
BAISH OIL FIELD
PREMIER OIL FIELD
NORTH SHUGART OIL FIELD
Draw
Taylor
Taylor Peak
Quarry
Radio Tower
Powerline
Pipeline
Sands
Loco Hills
RIDGE
0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles
0 1 2 3 4 5 km
N MN 8½°
Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)


SUBJECT
County Road 223
Lease
Draw
Taylor
PIPELINE


502
505
7
912
64
power line
Satellite
© 2008 Acxiom
Image NMRGIS
Pointer 32°49'21.81" N 103°52'38.22" W elev 1143 m
Streaming 100%

SECTION 21, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.

EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HIGHWAY #82 AND COUNTY ROAD 223 (SWEET GUM ROAD), GO NORTH ON SWEET GUM RD. APPROX. 0.9 MILES. TURN LEFT AND GO WEST APPROX. 0.3 MILES. TURN LEFT AND GO SOUTH APPROX. 355 FEET. THIS LOCATION IS WEST APPROX. 65 FEET.

100 0 100 200 Feet

Scale: 1"=100'

PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

FOREST OIL CORPORATION

SKELLY UNIT #502 WELL
LOCATED 1310 FEET FROM THE NORTH LINE
AND 560 FEET FROM THE WEST LINE OF SECTION 21,
TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

Survey Date: 6/12/08	Sheet 1 of 1 Sheets	
W.O. Number: 08.11.0936	Dr By: DSS	Rev 1:N/A
Date: 6/18/08	08110936	Scale: 1"=100'

Forest Oil Corporation
Skelly Unit 502
1310' FNL & 560' FWL
Sec. 21, T. 17 S., R. 31 E.
Eddy County, New Mexico

Drilling Program

1. ESTIMATED FORMATION TOPS

Formation Name	GL Depth	KB Depth	Elevation
Quaternary sand	0'	16'	+3,728'
Rustler Anhydrite	288'	304'	+3,440'
Salado	608'	624'	+3,120'
Yates	1,513'	1,529'	+2,215'
Seven Rivers	1,813'	1,829'	+1,915'
Bowers	2,248'	2,264'	+1,480'
Queen	2,433'	2,449'	+1,295'
Penrose	2,633'	2,649'	+1,095'
Grayburg	2,818'	2,834'	+910'
Loco Hills	2,898'	2,914'	+830'
Metex	2,988'	3,004'	+740'
Premier Sand	3,133'	3,149'	+595'
San Andres	3,138'	3,154'	+590'
Lovington	3,323'	3,339'	+405'
Jackson	3,398'	3,414'	+330'
Lower Jackson	3,483'	3,499'	+245'
Total Depth (TD)	4,600'	4,616'	-872'

2. NOTABLE ZONES

Gas or Oil Zones	Water Zone	Mineral Zone
Seven Rivers	none	Anhydrite
Queen		
Grayburg		
Jackson		

Water zones will be protected with casing, cement, and weighted mud. Fresh

water found while drilling will be recorded.

3. PRESSURE CONTROL

The drilling contract has not been awarded. Thus, the exact BOP model to be used is not yet known. A typical 2,000 psi model is on PAGE 3.

BOP and choke manifold will be installed and pressure tested before drilling out of the surface casing. Subsequent pressure tests will be performed whenever pressure seals are broken. BOP and manifold mechanical operating conditions will be checked daily. BOP will be tested at least once every 30 days. Ram type preventers and related pressure control equipment will be pressure tested to related working pressure of the stack if a test plug is used. If a plug is not used, then the stack will be tested to the rated working pressure of the stack or 70% of the minimum internal yield of the casing, whichever is less. Annular type preventers will be pressure tested to 50% of their working pressure. All casing strings will be pressure tested to 0.22 psi/foot or 1,500 psi, whichever is greater, not to exceed 70% of the internal yield. The casing shoe will be tested by drilling 5'-20' out from under the shoe and pressure tested to a maximum expected mud weight equivalent as shown in the mud program.

A manual locking device (i. e., hand wheels) or automatic locking devices will be installed on the BOP stack. Remote controls capable of both opening and closing all preventers will be readily accessible to the driller.

Choke manifold and accumulator will meet or exceed OCD standards. BOP equipment will be tested after any repairs. Pipe & blind rams and annular preventer will be activated on each trip. Weekly BOP drills will be conducted with each crew. All tests, maintenance, and BOP drills will recorded on the rig tower sheets.

Auxiliary equipment will include:

- upper kelly cock, lower kelly cock will be installed while drilling
- inside BOP or stabbing valve with handle available on rig floor
- safety valve(s) and subs to fit all string connections in use
- electronic/mechanical mud monitor will use a Pason Unit with a minimum pit volume totalizer; stroke counter; flow sensor

4. CASING & CEMENT

Hole Size	O. D.	Weight (lb/ft)	Grade	Age	Connections	Setting Depth
20"	16"	65	conductor	New	N/A	40'
11"	8-5/8"	24	J-55	New	~~LT&C~~ STC	~~650'~~
7-7/8"	5-1/2"	17	~~J-55~~ N-80 see attached sheet	New	LT&C	4,600'

see COM

Conductor pipe will be cemented to the surface.

Surface casing will be cemented to surface with >100% excess. Cement with ≈575 sacks (=776 cubic feet) Class C + 1/4 pound per sack cellophane + 2% $CaCl_2$. Yield = 1.35 cubic feet per sack. Weight = 14.8 pounds per gallon.

see COA centralizer requirement

Production casing will be cemented to the surface with >100% excess. Lead with ≈700 sacks (=1,456 cubic feet) Class C + additives (yield = 2.08 cubic feet per sack & weight = 12.5 pounds per gallon). Tail with ≈250 sacks (=337.5 cubic feet) Class C + additives (yield = 1.35 cubic feet per sack & weight = 14.8 pounds per gallon). Bow spring centralizer will be set on every other joint. Additives will include 1/4 pound per sack cellophane + 2% $CaCl_2$.

A string of 2-3/8", 4.7 pound, N-80, EUE 8 round tubing will be run for production.

5. MUD PROGRAM

Spud mud with a weight of 8.5 - 9.0 pounds per gallon will be used to drill the surface hole. Ten pound per gallon brine will be used to drill the production hole. Enough mud material will be on site to maintain mud properties and control lost circulation or a kick.

6. CORES, TESTS, & LOGS

Side wall cores may be taken as part of the logging program. No drill stem tests are planned. Gamma ray neutron log will be run in surface hole. Weatherford DMT surveys will be run every ≈500' in production hole. SLB PEX will be run from surface casing shoe to TD.

7. DOWN HOLE CONDITIONS

No abnormal pressures or temperatures are expected. Hydrogen sulfide is expected and a contingency plan is attached. Maximum expected bottom hole pressure will be ≈1,990 psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take ≈10 days to drill and one weeks to complete the well.

FOREST OIL CORPORATION
CASING DESIGN

APD shows 40

WELL NAME & NUMBER: Skelly Unit
LOCATION: Eddy County, NM
MAXIMUM MUD WEIGHT: 10.2 ppg BUOYANCY FACTOR: 0.844
DEPTH: 650 MD 650 TVD

BY: Eric Eddy DATE: 7/14/08
HOLE SIZE: 11.000 in
LAST CASING SIZE: 16 in cond DRIFT: 15.5 in
SET AT: 40 ft MD/ 40 ft TVD
CALCULATED TOP OF CEMENT: 0 ft

SECTION OF STRING		DESCRIPTION OF CASING			JOINT TYPE	WEIGHT (M LBS)			COLLAPSE			TENSION (M LBS)		BURST	
DEPTH OF BOTTOM	LENGTH OF SECTION	OD	WEIGHT PER FOOT	GRADE	THREADED CONNECTION	OF SECTION	FOR COLLAPSE CORRECTION	FOR TENSION DESIGN	RATED COLLAPSE PSI	CORRECT FOR TENSION	S.F.	MINIMUM YIELD	S.F.	BURST PRESSURE	S.F.
650 ft	650 ft	8.625 in	24	J-55	STC	15.6	15.6	15.6	2,530		7.34	417	26.73	3,390	2.26
See COA									1815	15	FS	384			
										Not		24			

ANTICIPATED MAXIMUM SURFACE PRESSURE 1500 PSI

TOTAL 650 FT, PLUS 1% THREAD LOSS AND 200 FT EXTRA TOTAL FOOTAGE TO BE INSPECTED 856.5 FT

DESCRIPTION OF CASING			JOINT TYPE	DIMENSIONS				MAKE UP TORQUE (FT/LBS)			CHECK FOR INSPECTION REQUIRED							
OD	WEIGHT PER FOOT	GRADE	THREADED CONNECTION	ID	DRIFT	WALL THICKNESS	CPLG OD	OPTIMUM	MIN	MAX	FLD	VTI	EMI	SEA	HYD	TDG	UTB	OTH
8.625 in	24	J-55	STC	8.097 in	7.972 in	0.264 in	9.625 in	2440	1830	3050	Y	N	N	N	N	N	N	

REMARKS Wellhead: 8-5/8" x 11" 5M FMC DTO w/ 2" LPO, 2" LP 3K, 2" bull plug, 2" LP x 6" long

CASING TEST PRESSURE = CTP

CTP = (Y x 70%) - [(MW - 9 x .052) (TVD)]

CTP = 2332.44 PSI

MAXIMUM ALLOWABLE PULL 250 M LBS/S F = 1.67

FOREST OIL CORPORATION
PRODUCTION CASING DESIGN

WELL NAME & NUMBER: Skelly Unit 502 BY: Eric Eddy DATE: 7/14/08

LOCATION: Eddy County, NM HOLE SIZE: 7.875 in

MAXIMUM MUD WEIGHT: 10.0 ppg BUOYANCY FACTOR: 0.847 LAST CASING SIZE: 8.625 in DRIFT: 7.892 in

DEPTH: 4600 ft MD 4600 ft TVD SET AT: 650 ft MD/ 650 ft TVD

EXPECTED FG@ OVERLAP: n/a CALCULATED TOP OF CEMENT: 0 ft

SECTION OF STRING		DESCRIPTION OF CASING			JOINT TYPE	WEIGHT (M LBS)			COLLAPSE			TENSION (M LBS)		BURST	
DEPTH OF BOTTOM	LENGTH OF SECTION	OD	WEIGHT PER FOOT	GRADE	THREADED CONNECTION	OF SECTION	FOR COLLAPSE CORRECTION	FOR TENSION DESIGN	RATED COLLAPSE PSI	CORRECT FOR TENSION	S F	MINIMUM YIELD	S F	BURST PRESSURE	S F
4600 ft	4600 ft	5.500 in	17	N-80	LTC	78	78	78	6290		2.63	348	4.45	7740	1.11

ANTICIPATED MAXIMUM SURFACE PRESSURE 6980 PSI

TOTAL 4600 FT, PLUS 1% THREAD LOSS AND 120 FT EXTRA TOTAL FOOTAGE TO BE INSPECTED 4766 FT

DESCRIPTION OF CASING			JOINT TYPE	DIMENSIONS				MAKE UP TORQUE (FT/LBS)			CHECK FOR INSPECTION REQUIRED							
OD	WEIGHT PER FOOT	GRADE	THREADED CONNECTION	ID	DRIFT	WALL THICKNESS	CPLG OD	OPTIMUM	MIN	MAX	FLD	VTI	EMI	SEA	HYD	TDG	UTB	OTH
5.500 in	17	N-80	LTC	4.892 in	4.767 in	0.304	6.050 in	3480	2610	4350	Y	N	N	N	N	N	N	

REMARKS 5M FMC DTO w/Mandrel Hanger

CASING TEST PRESSURE = CTP

CTP = (Y x 70%) - [(MW - 9 x 052) (TVD)]

CTP = 5178.8 PSI TEST FOR FRAC

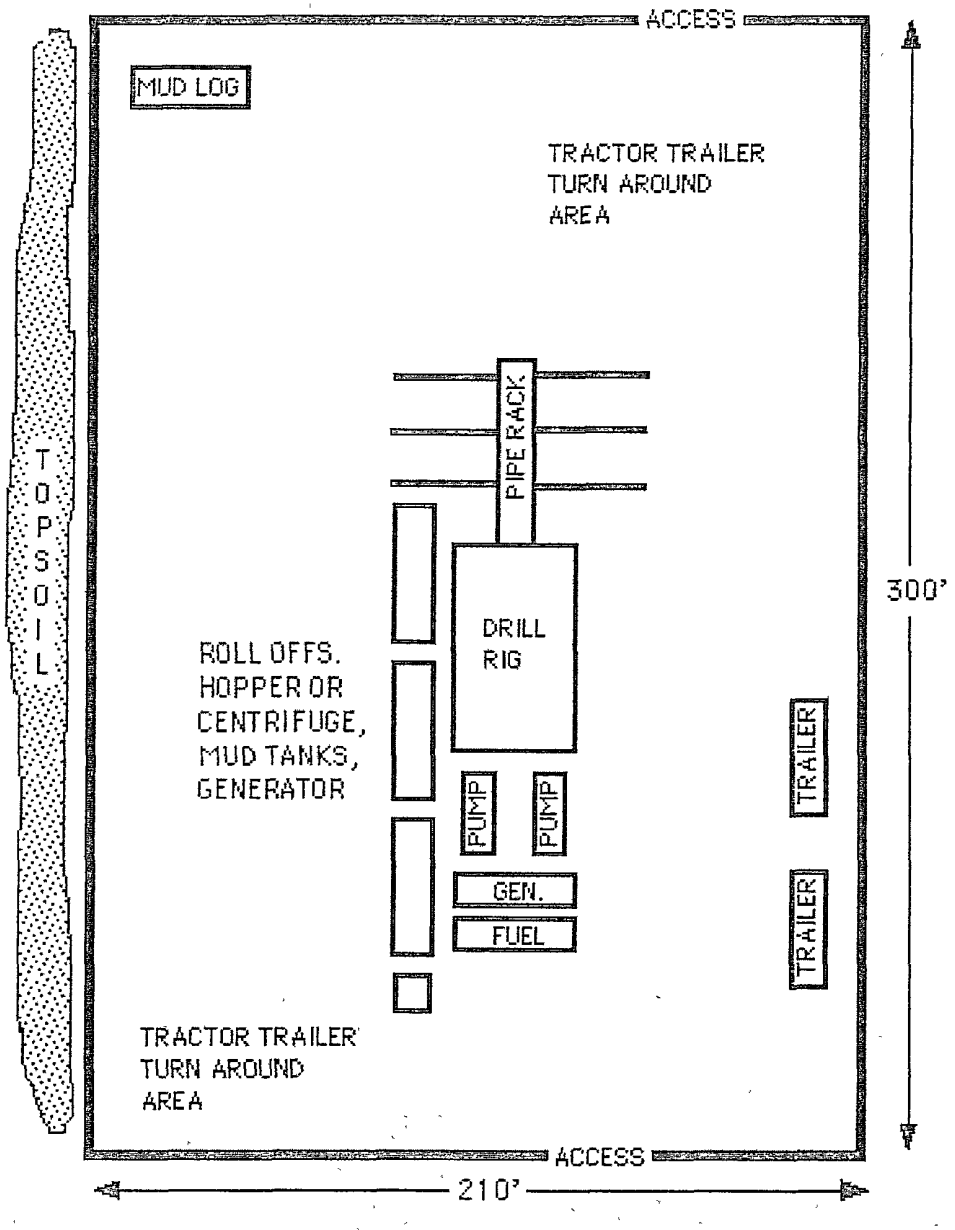
MAXIMUM ALLOWABLE PULL 100 M LBS/S F =

OVERPULL: 100 M LBS

Forest Oil Corporation
Skelly Unit 502
1310' FNL & 560' FWL
Sec. 21, T. 17 S., R. 31 E.
Eddy County, New Mexico

NORTH

1" = 50'



PERMITS WEST, INC
PROVIDING PERMITS for LAND USERS

Forest Oil Corporation
Skelly Unit
Closed Loop System Plan
Design, Operation & Maintenance, and Closure Plan

Design

The closed loop system plan (CLSP) uses above ground steel tanks, roll off bins, and overflow-frac tanks suitable for holding the cuttings and fluids from rig operations. These containers will be sufficient in volume to maintain a safe free board between disposal of liquids and solids. There will be no drying pad, temporary pit, below grade tank, or sump. (A document showing a schematic of a typical well pad and closed loop system (CLS) is attached.)

- Sign will comply with 19. 15. 3. 103. NMAC
- Frac tanks to store fresh water will be on location
- No fence is required for this above ground CLSP

Operation & Maintenance

1) The steel above ground tanks will contain liquids and solids to prevent the contamination of fresh water sources.
2) Liquids & solids will either be vacuumed out separately or hauled off in roll off bins. Disposal will occur at appropriate OCD licensed facilities on a periodic basis to prevent over topping. Solids will be trucked to Controlled Recovery's facility (NM-01-0006) in 27-20s-32e. Liquids will be trucked to the Gandy Marley facility (NM-01-0019) in 4-11s-31e.
3) No hazardous waste, miscellaneous solid waste or debris will be discharged into or placed in the tanks. Only fluids or cuttings used or generated by rig operations will be placed or stored in the tanks.
4) No waste will be disposed of or buried on location.
5) All of the operations will be inspected and a log will be signed daily during rig operations.
6) Upon discovery of a compromised closed loop tank, repairs will begin immediately. The OCD district office will be notified within 48 hours of discovery of any compromise.

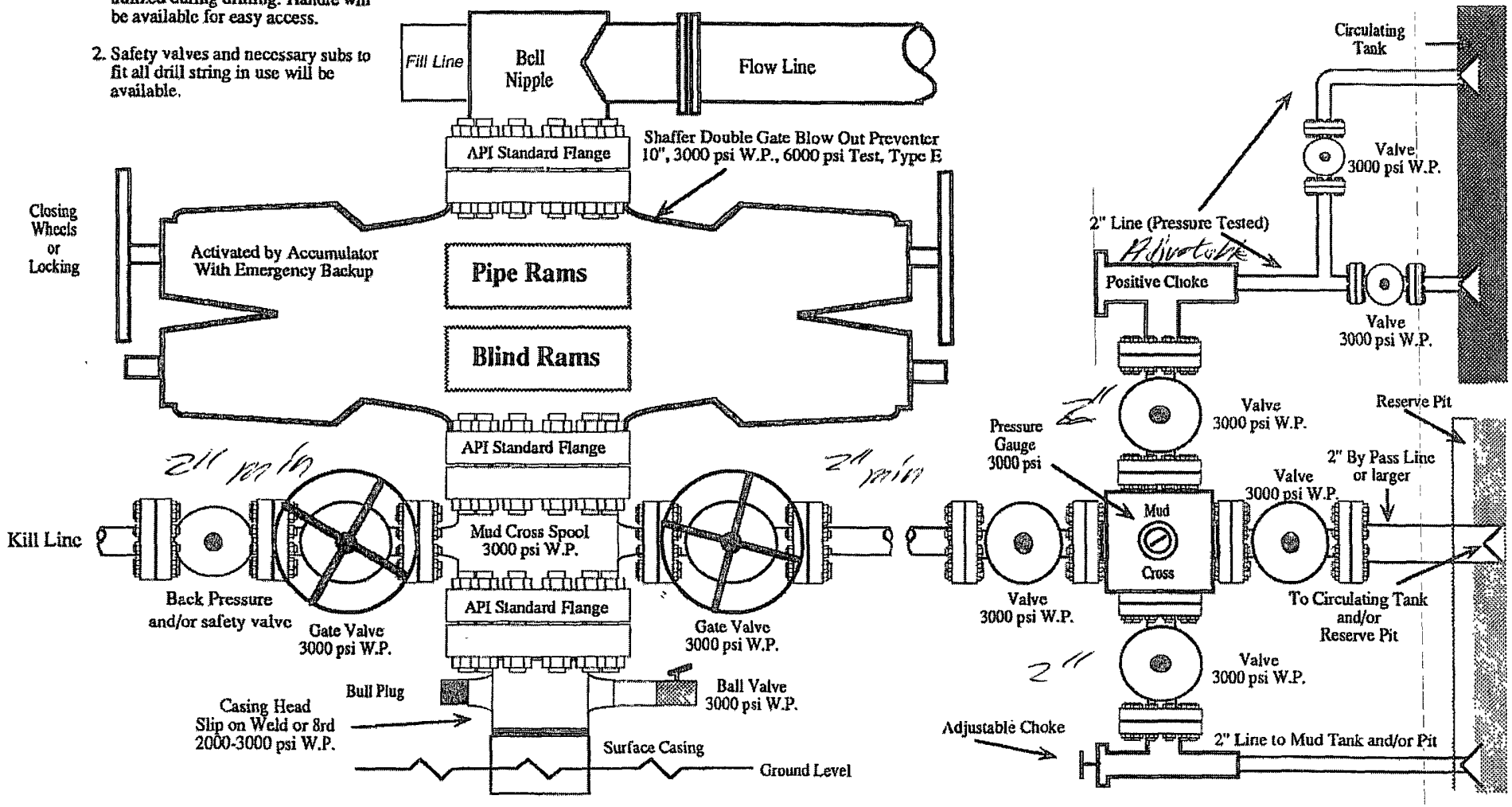
Closure

1) The closed loop tanks will be closed in accordance with 19. 15. 17. 13. NMAC.
2) Cuttings and all remaining sludge will be transported to an appropriate OCD licensed facility immediately following completion of rig operations.
3) All remaining liquids will be transported to an appropriate OCD licensed facility.
4) Tanks will be removed from the location as part of the rig move.
5) At time of well plugging & abandonment, the entire well site will be reclaimed and re-vegetated to preexisting conditions when possible.

2,000 PSI BOP SYSTEM

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.

2. Safety valves and necessary subs to fit all drill string in use will be available.



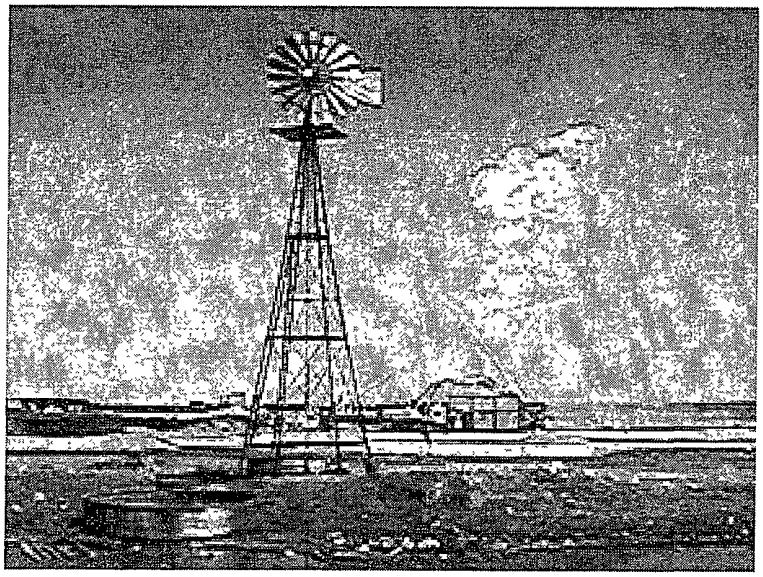
Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

Forest Oil Corp.

Legals:
Skelly Unit 502

Surface Location:
Section 21, Township 17S, Range 31E
1310' From North Line & 560' From West Line
Eddy County, New Mexico

Hydrogen Sulfide
"Contingency Plan"



Total Safety U.S., Inc.
Toll Free: 1-877-422-6345

(575) 392-2973	(575)746-2847	(432)561-5049	(940)683-6456
Hobbs, NM 88240	Artesia, NM 88221	Odessa, TX 79705	Bridgeport, TX 76426

TABLE OF CONTENTS

H_2S CONTINGENCY PLAN SECTION

Scope:

This contingency plan provides an organized plan of action for alerting and protecting the public within an area of exposure prior to an intentional release, or following the accidental release of a potentially hazardous volume of hydrogen sulfide. The plan establishes guidelines for all personnel whose work activity may involve exposure to Hydrogen Sulfide Gas (H_2S).

Objective:

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

Provide proper evacuation procedures to cope with emergencies.

Provide immediate and adequate medical attention should an injury occur.

Discussion of Plan:

Suspected Problem Zones:

Implementation: This plan, with all details, is to be fully implemented 1000' before drilling into the first sour zone.

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 1000' before drilling into the first sour zone.

Emergency call lists: Included are the telephone numbers of all persons that would need to be contacted, should an H2S emergency occur.

Briefing: This section deals with the briefing of all persons involved with the drilling of this well.

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 ensure adherence to the plan.

General Information: A general information section has been included to supply support information.

EMERGECY PROCEDURES SECTION

I. In the event of any evidence of H_2S 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 H_2S 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 N.M. Oil Conservation Division 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 measures.

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. Wait for 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 H_2S.
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 the Driller (buddy system).
3. Determine the concentration.
4. Assess the situation and take appropriate control measures.

D. Driller

1. Check the status of other personnel (in a rescue attempt, always use the buddy system).
2. Assign the least essential person to notify the Drilling Foreman and Tool Pusher, in the event of their absence.

3. Assume the responsibility of the Drilling Foreman and the Tool Pusher until they arrive, in the event of their absence.

E. Derrick Man and Floor Hands

1. Remain in the upwind Safe Briefing Area until otherwise instructed by a supervisor.

F. Mud Engineer

1. Report to the upwind Safe Briefing Area.

2. When instructed, begin check of mud for pH level and H_2S level.

G. Safety Personnel

1. Don Breathing Apparatus.

2. Check status of all personnel.

3. Wait for instructions from Drilling Foreman or Tool Pusher.

II. Taking a Kick

A. All personnel report to the upwind 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 the 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 the 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 the 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) 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 rams 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 H_2S 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 preventor tool 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 preventor tool 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 the rig floor.

b) Have a meeting with all of the crews.

c) Compile and summarize all information.

d) 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 plan.

IGNITION PROCEDURES

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 must use a full body harness and attach a retrievable safety line to the D-Ring in the back. One man must monitor the atmosphere for explosive gases with the LEL monitor, 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.

TRAINING PROGRAM

When working in an area where Hydrogen Sulfide (H_2S) might be encountered, definite training requirements must be carried out. The Company Supervisor will ensure that all personnel, at the well site, have had adequate training in the following:

1. Hazards and Characteristics of Hydrogen Sulfide.
2. Physicals effects of Hydrogen Sulfide on the human body.
3. Toxicity of Hydrogen Sulfide and Sulfur Dioxide.
4. H_2S detection, emergency alarm and sensor location.
5. Emergency rescue.
6. Resuscitators.
7. First aid and artificial resuscitation.
8. The effects of Hydrogen Sulfide on metals.
9. Location safety.

Service company personnel and visiting personnel must be notified if the zone contains H_2S, and each service company must provide adequate training and equipment for their employees before they arrive at the well site.

EMERGENCY EQUIPMENT REQUIREMENTS

Lease Entrance Sign:

Should be located at the lease entrance with the following information:

CAUTION-POTENTIAL POISON GAS
HYDROGEN SULFIDE
NO ADMITTANCE WITHOUT AUTHORIZATION

Respiratory Equipment:

- Fresh air breathing equipment should be placed at the safe briefing areas and should include the following:
- Two SCBA's at each briefing area.
- Enough air line units to operate safely, anytime the H_2S concentration reaches the IDLH level (100 PPM).
- Cascade system with enough breathing air hose and manifolds to reach the rig floor, the derrickman and the other operation areas.

Windsocks or Wind Streamers:

- A minimum of two 10" windsocks located at strategic locations so that they may be seen from any point on location.
- Wind streamers (if preferred) should be placed at various locations on the well site to ensure wind consciousness at all times. (Corners of location).

Hydrogen Sulfide Detector and Alarms:

- 1-Four channel H_2S monitor with alarms.
- Four (4) sensors located as follows: # 1 – Rig Floor, # 2 – Bell Nipple, # 3 – Shale Shaker, # 4 – Mud Pits.
- Gastec or Draeger pump with tubes.
- Sensor test gas.

Well Condition Sign and Flags:

The Well Condition Sign w/flags should be placed a minimum of 150' before you enter the location. It should have three (3) color coded flags (green, yellow and red) that will be used to denote the following location conditions:

GREEN – Normal Operating Conditions
YELLOW – Potential Danger
RED – Danger, H2S Gas Present

Auxiliary Rescue Equipment:

- Stretcher
- 2 – 100' Rescue lines
- First Aid Kit properly stocked.

Mud Inspection Equipment:

Garret Gas Train or Hach Tester for inspection of Hydrogen Sulfide in the drilling mud system.

Fire Extinguishers:

Adequate fire extinguishers shall be located at strategic locations.

Blowout Preventor:

- The well shall have hydraulic BOP equipment for the anticipated BHP.
- The BOP should be tested upon installation.
- BOP, Choke Line and Kill Line will be tested as specified by Operator.

Confined Space Monitor:

There should be a portable multi-gas monitor with at least 3 sensors (O_2, LEL & H2S). This instrument should be used to test the atmosphere of any confined space before entering. It should also be used for atmospheric testing for LEL gas before beginning any type of Hot Work. Proper calibration documentation will need to be provided.

Communication Equipment:

- Proper communication equipment such as cell phones or 2 – way radios should be available at the rig.
- Radio communication shall be available for communication between the company man's trailer, rig floor and the tool pusher's trailer.
- Communication equipment shall be available on the vehicles.

Special Control Equipment:

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

Evacuation Plan:

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

Designated Areas:

Parking and Visitor area:

- All vehicles are to be parked at a pre-determined safe distance from the wellhead.
- Designated smoking area.

Safe Briefing Areas:

- 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.
- Personal protective equipment should be stored at both briefing areas or if a moveable cascade trailer is used, it should be kept upwind of existing winds. When wind is from the prevailing direction, both briefing areas should be accessible.

NOTE:

- Additional equipment will be available at the nearest Total Safety Office.
- Additional personal H_2S monitors are available for all employees on location.
- Automatic Flare Igniters are recommended for installation on the rig.

CHECK LISTS

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. SCBA's 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 for refilling air bottles. _____
8. Cascade system and hose line hook up. _____
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 tested (before drilling out surface casing). _____
12. Mud engineer on location with equipment to test mud for H_2S. _____
13. Safe Briefing Areas set-up. _____
14. Well Condition sign and flags on location and ready. _____
15. Hydrogen Sulfide detection system hooked-up & tested. _____
16. Hydrogen Sulfide alarm system hooked-up & tested. _____
17. Stretcher on location at Safe Briefing Area. _____
18. 2-100' Life Lines on location. _____

19. 1-20# Fire Extinguisher in safety trailer _____

20. Confined Space Monitor on location and tested. _____

21. All rig crews and supervisor trained (as required). _____

22. Access restricted for unauthorized personnel. _____

23. Drills on H_2S and well control procedures. _____

24. All outside service contractors advised of potential H_2S on the well. _____

25. NO SMOKING sign posted.

26. H_2S Detector Pump w/tubes on location. _____

27. 25mm Flare Gun on location w/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 they have not been tampered with.

3. Check pressure on the supply air bottles to make sure 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 they are fully charged and operational. This requires that the air cylinder be opened and the mask assembly be put on and tested to make sure that the regulators and masks are properly working. Negative and Positive pressure should be conducted on all masks.

2. BOP skills.

3. Check supply pressure on BOP accumulator stand-by source.

4. Check all breathing air mask assemblies to see that straps are loosened and turned back, ready to use.

5. Check pressure on cascade air cylinders to make sure they are fully charged and ready to use for refill purposes if necessary.

6. Check all cascade system regulators to make sure they work properly.

7. Perform breathing drills with on-site personnel.

8. Check the following supplies for availability:

    - Stretcher
    - Safety Belts and ropes.
    - Spare air bottles.
    - Spare oxygen bottles (if resuscitator required).
    - Gas Detector Pump and tubes.
    - Emergency telephone lists.

9. Test the Confined Space Monitor to verify the batteries are good.

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 Tool Pushers
Rig Drillers
Mud Engineer
All Safety Personnel
Key Service Company Personnel

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

EVACUATION PLAN

General Plan

The direct lines of action prepared by Total Safety U.S., Inc., to protect the public from hazardous gas situations are as follows:

1. When the company approved supervisor (Drilling Foremen, Tool Pusher or Driller) determine that 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 need to be implemented.

3. Company approved safety personnel that have been trained in the use of the proper emergency 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 Action Plan

Area code for Eddy/Lea County is (575), not (505)

Emergency Assistance Telephone List

PUBLIC SAFETY:		*911 or*
Eddy Co. Sheriff's	(575)	~~(505)~~ 887-7551
Maljamar Police Department	(575)	~~(505)~~ 396-3611
Maljamar Fire Department	(575)	~~(505)~~ 676-4100
Lea Regional Medical Center		(877) 492-8001
Life Flight:		
Southwest Air-Med E Vac.		(800) 242-6199
Approx Lat: N. 32° 49' 24.8844"		
Approx Lon: W. 103° 52' 51.3186"		
New Mexico State Police		(505) 392-5588
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 Poison Center		(800) 222-1222
New Mexico OCD		(505) 393-6161
New Mexico/After Hours Pager		(505) 370-7106

FOREST OIL CORP.

Forest Oil Corp. **Office (303)812-1400**

Contact persons:

Todd S. McDonald	Drilling Engineer	303-812-1744 (o)	303-842-0883 (c)
Tim Savoy	Operations Support	303-812-1413 (o)	
John Madruga	Drilling Foreman	505-391-0132 (o)	307-262-2662 (c)
Emily Jackson-Reardon	Drilling Technician	303-812-1700 (o)	

Drilling Company:

Tool Pusher: #

Rig# #

Total Safety U.S., Inc.

Artesia **Office (505) 746-2847**

Hobbs **Office (877) 422-6345**

Affected Notification List

(within a _____' radius of exposure @100ppm)

The geologic zones that will be encountered during drilling are known to contain hazardous quantities of H_2S. The accompanying map illustrates the affected areas of the community. The residents within this 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:

Notification Process:

A continuos 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.

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

MAPS AND PLATS
(Maps & Plats Attached)

+ = Approximate Drilling Site

GENERAL INFORMATION

Toxic Effects of H_2S Poisoning

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 is colorless and transparent. Hydrogen Sulfide is almost as toxic as Hydrogen Cyanide and is 5-6 times more toxic than Carbon Monoxide. Occupational exposure limits for Hydrogen sulfide and other gasses are compared below in Table !. Toxicity table for H_2S and physical effects are shown in Table II.

Table 1
Permissible Exposure Limits of Various Gasses

Common Name	Symbol	Sp. Gravity	TLV	STEL	IDLH
Hydrogen Cyanide	HCN	.94	4.7 ppm	C	
Hydrogen Sulfide	H_2S	1 192	10 ppm	15 ppm	100 ppm
Sulfide Dioxide	SO_2	2.21	2 ppm	5 ppm	
Chlorine	CL	2.45	.5 ppm	1 ppm	
Carbon Monoxide	CO	0.97	25 ppm	200 ppm	
Carbon Dioxide	CO_2	1 52	5000 ppm	30,000 ppm	
Methane	CH_4	0.55	4.7% LEL	14% UEL	

Definitions

A. TLV – Threshold Limit Value is the concentration employees may be exposed to based on a TWA (time weighted average) for eight (8) hours in one day for 40 hours in one (1) week. This is set by ACGIH (American Conference of Governmental Hygienists and regulated by OSHA.

B. STEL – Short Term Exposure Limit is the 15 minute average concentration an employee may be exposed to providing that the highest exposure never exceeds the OEL (Occupational Exposure Limit). The OEL for H_2S is 19 PPM.

C. IDLH – Immediately Dangerous to Life and Health is the concentration that has been determined by the ACGIH to cause serious health problems or death if exposed to this level. The IDLH for H_2S is 100 PPM.

D. TWA – Time Weighted Average is the average concentration of any chemical or gas for an eight (8) hour period. This is the concentration that any employee may be exposed to based on an TWA.

TABLE II

Toxicity Table of H_2S

Percent %	PPM	Physical Effects
,0001	1	Can smell less than 1 ppm.
.001	10	TLV for 8 hours of exposure
.0015	15	STEL for 15 minutes of exposure
.01	100	Immediately Dangerous to Life & Health. Kills sense of smell in 3 to 5 minutes.
.02	200	Kills sense of smell quickly, may burn eyes and throat.
.05	500	Dizziness, cessation of breathing begins **in a few minutes.**
.07	700	Unconscious quickly, death will result if not rescued promptly.
.10	1000	Death will result unless rescued promptly. Artificial resuscitation may be necessary.

PHYSICAL PROPERTIES OF H_2S

The properties of all gasses are usually described in the context of seven major categories:

COLOR
ODOR
VAPOR DENSITY
EXPLOSIVE LIMITS
FLAMMABILITY
SOLUBILITY (IN WATER)
BOILING POINT

Hydrogen Sulfide is no exception. Information from these categories should be considered in order to provide a fairly complete picture of the properties of the gas.

COLOR – TRANSPARENT

Hydrogen Sulfide is colorless so it is invisible. This fact simply means that you can't rely on your eyes to detect its presence. a fact that makes the gas extremely dangerous to be around.

ODOR – ROTTEN EGGS

Hydrogen Sulfide has a distinctive offensive smell, similar to "rotten eggs". For this reason it earned its common name "sour gas". However, H_2S, even in low concentrations, is so toxic that it attacks and quickly impairs a victim's sense of smell, so it could be fatal to rely on your nose as a detection device.

VAPOR DENSITY – SPECIFIC GRAVITY OF 1.192

Hydrogen Sulfide is heavier than air so it tends to settle in low-lying areas like pits, cellars or tanks. If you find yourself in a location where H_2S is known to exist, protect yourself. Whenever possible, work in an area upwind and keep to higher ground.

EXPLOSIVE LIMITS – 4.3% TO 46%

Mixed with the right proportion of air or oxygen, H_2S will ignite and burn or explode, producing another alarming element of danger besides poisoning.

FLAMMABILITY

Hydrogen Sulfide will burn readily with a distinctive clear blue flame, producing Sulfur Dioxide (SO_2), another hazardous gas that irritates the eyes and lungs.

SOLUBILITY – 4 TO 1 RATIO WITH WATER

Hydrogen Sulfide can be dissolved in liquids, which means that it can be present in any container or vessel used to carry or hold well fluids including oil, water, emulsion and sludge. The solubility of H_2S is dependent on temperature and pressure, but if conditions are right, simply agitating a fluid containing H_2S may release the gas into the air.

BOILING POINT – (-76 degrees Fahrenheit)

Liquefied Hydrogen Sulfide boils at a very low temperature, so it is usually found as a gas.

RESPIRATOR USE

The Occupational Safety and Health Administration (OSHA) regulates the use of respiratory protection to protect the health of employees. OSHA's requirements are written in the Code of Federal Regulations, Title 29, Part 1910, Section 134, Respiratory Protection. This regulation requires that all employees who might be required to wear respirators, shall complete a OSHA mandated medical evaluation questionnaire. The employee then should be fit tested prior to wearing any respirator while being exposed to hazardous gasses.

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.

Respirators shall be inspected prior to and after each use to make sure that the respirator has been properly cleaned, disinfected and that the respirator works properly. The unit should be fully charged prior to being used.

Anyone who may use respirators shall be properly 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.

Respirators shall 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 where H2S may be present.

D. When working in areas where the concentration of H2S exceeds the Threshold Limit Value for H2S (10 ppm).

E. At any time where there is a doubt as to the H2S level in the area to be entered.

EMERGENCY RESCUE PROCEDURES

DO NOT PANIC!!!

Remain Calm - THINK

1. Before attempting any rescue you must first get out of the hazardous area yourself. Go to a safe briefing area.

2. Sound an alarm and activate the 911 system.

3. Put on breathing apparatus. At least two persons should do this, when available use the buddy system.

4. Rescue the victim and return them to a safe briefing area.

5. Perform an initial assessment and begin proper First Aid/CPR procedures.

6. Keep the victim lying down with a blanket or coat, etc..., under the shoulders to keep airway open. Conserve body heat and do not leave unattended.

7. If the eyes are affected by H2S, wash them thoroughly with potable water. For slight irritation, cold compresses are helpful.

8. In case a person has only minor exposure and does not lose consciousness totally, it's best if he doesn't return to work until the following day.

9. Any personnel overcome by H2S should always be examined by medical personnel. They should always be transported to a hospital or doctor.

Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See PAGES 10 - 12)

From the junction of US 82 & NM 529 between Loco Hills & Maljamar ...
Go Northeast 4/10 mile on US 82
Then turn left and go Northwest 3/4 mile on County Road 223 (Sweet Gum)
Then turn left and go Southwest 0.3 mile on a dirt road
Then turn left and go South 1/10 mile on a dirt road to the proposed pad

Roads will be maintained to a standard at least equal to their present condition. Existing road will be kept open for through traffic.

2. ROAD TO BE BUILT OR UPGRADED

Pad will overlap an existing road. Thus, no new road is needed. Upgrading will consist of blading ruts and spreading caliche where needed.

3. EXISTING WELLS (See PAGE 11)

There are 170 oil, gas, injection, or disposal wells and 27 P & A wells within a 1 mile radius. There are no water wells within a mile.

4. PROPOSED PRODUCTION FACILITIES (See PAGES 11 & 12)

Forest will lay a ≈3/4 mile long ≈3" O. D. low pressure (<125 psi) poly surface flow line. Line will go south along the west side of the road to an existing buried pipeline corridor. It will then follow the pipeline corridor east and north of Forest's 7 well. From 7, it will then follow a steel surface line

east to Forest's proposed 505 pad. From 505 it will go east and north of Chevron's 912 pad, turn southeast across Forest's 64 pad, and then go east along an overhead power line to Forest's satellite in SWNE Section 21. Pipeline route will not be bladed. Pump jack will be painted a flat Carlsbad tan.

5. WATER SUPPLY

Water will be trucked from private land in Maljamar or Loco Hills.

6. CONSTRUCTION MATERIALS & METHODS

NM One Call (1-800-321-ALERT) will be notified before construction starts. A 210' x 300' well site will be built. The top 6" of soil and brush will be stockpiled west of the pad. A closed loop drilling system will be used. Caliche will be hauled from an existing caliche pit on state land in SESE Section 16.

7. WASTE DISPOSAL

All trash will be placed in a portable trash cage. It will be hauled to a county landfill. There will be no trash burning. Contents of the mud tanks will be hauled to state approved disposal sites. Human waste will be disposed of in chemical toilets and hauled to an approved dump station.

8. ANCILLARY FACILITIES

There will be no air strip or camp. Camper trailers will be on location for the company man, tool pusher, or mud logger.

9. WELL SITE LAYOUT

See Pages 13 and 14 for depictions of the well pad, reserve pit, trash cage, access onto the location, parking, living facilities, and rig orientation.

10. RECLAMATION

Reclamation will consist of reducing pad to a tear drop shape around pump jack and anchors, while leaving enough space for work overs. Disturbed areas will be contoured to a natural shape. Soil and brush will be evenly spread over disturbed areas. Seeded areas will be ripped or harrowed. A BLM approved seed mix will be sown in BLM approved manner. Once well is plugged, then remainder of pad will be similarly reclaimed and pipe removed.

11. SURFACE OWNER

All construction will be on lease and on BLM.

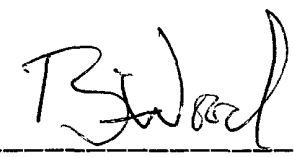
12. OTHER INFORMATION

The nearest hospital (Artesia General) is a ≈1/2 hour drive away in Artesia at 702 North 13th Street. Its phone number is (575) 748-3333.

13. REPRESENTATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in

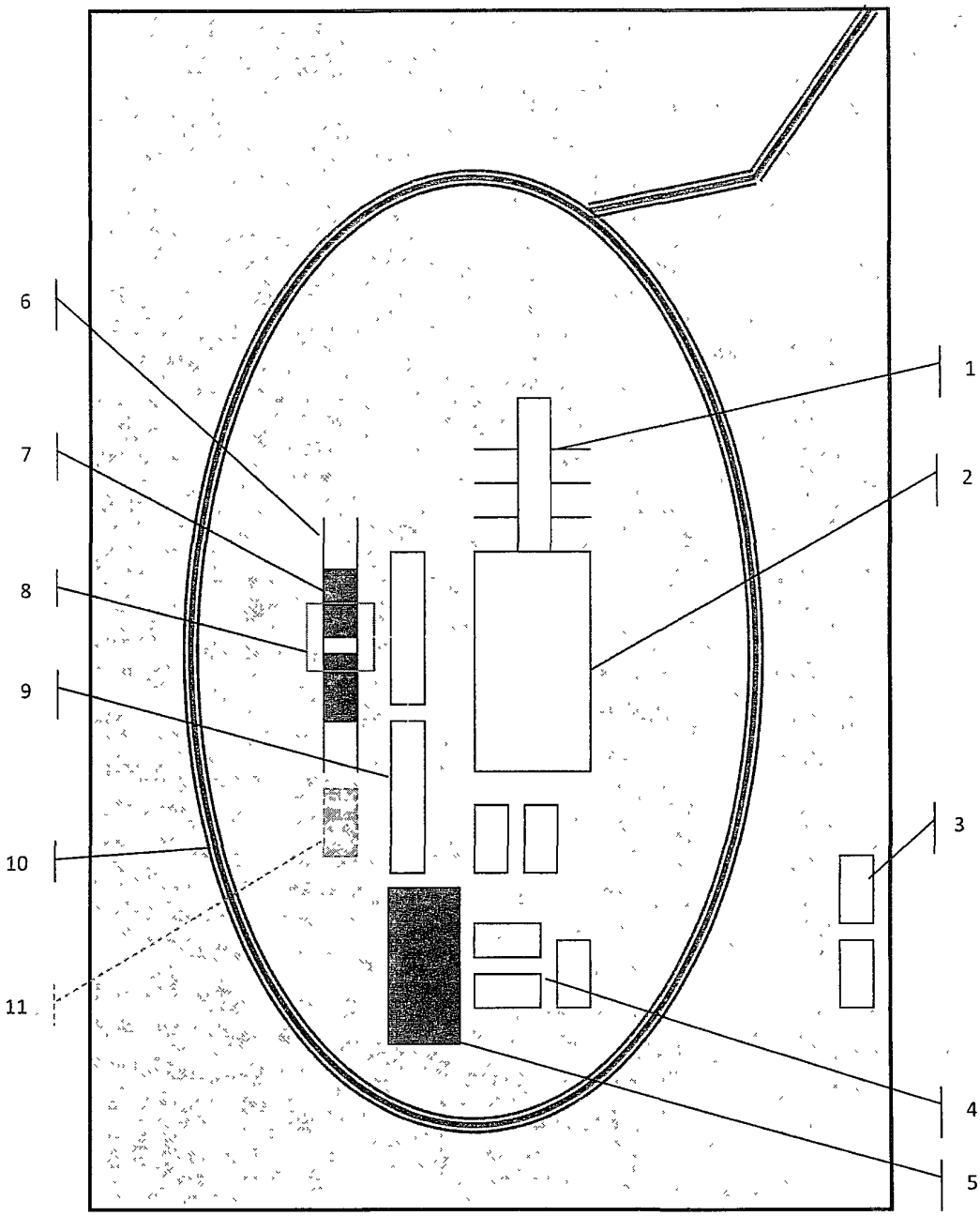
this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U. S. C. 1001 for the filing of false statements. Executed this 3rd day of November, 2008.



Brian Wood, Consultant
Permits West, Inc.
37 Verano Loop, Santa Fe, NM 87508
(505) 466-8120 FAX: (505) 466-9682 Cellular: (505) 699-2276

Field representatives will be:

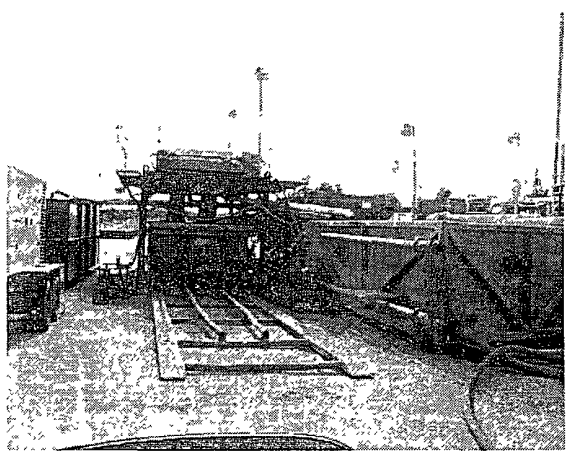
Ron Ragland (575 390-5015) & Roy Munoz (575 631-5850)
Forest Oil Corporation
3504 NW County Road
Hobbs, NM 88240
Office: (575) 392-9797 FAX: (575) 392-8971



Schematic Closed Loop Drilling Rig*

1. **Pipe Rack**
2. **Drill Rig**
3. **House Trailers/ Offices**
4. **Generator/Fuel/Storage**
5. **Overflow-Frac Tank**
6. **Skids**
7. **Roll Offs**
8. **Hopper or Centrifuge**
9. **Mud Tanks**
10. **Loop Drive**
11. **Generator (only for use with centrifuge)**

*Not drawn to scale: Closed loop system requires at least 30 feet beyond mud tanks. Ideally 60 feet would be available



Above: Centrifugal Closed Loop System

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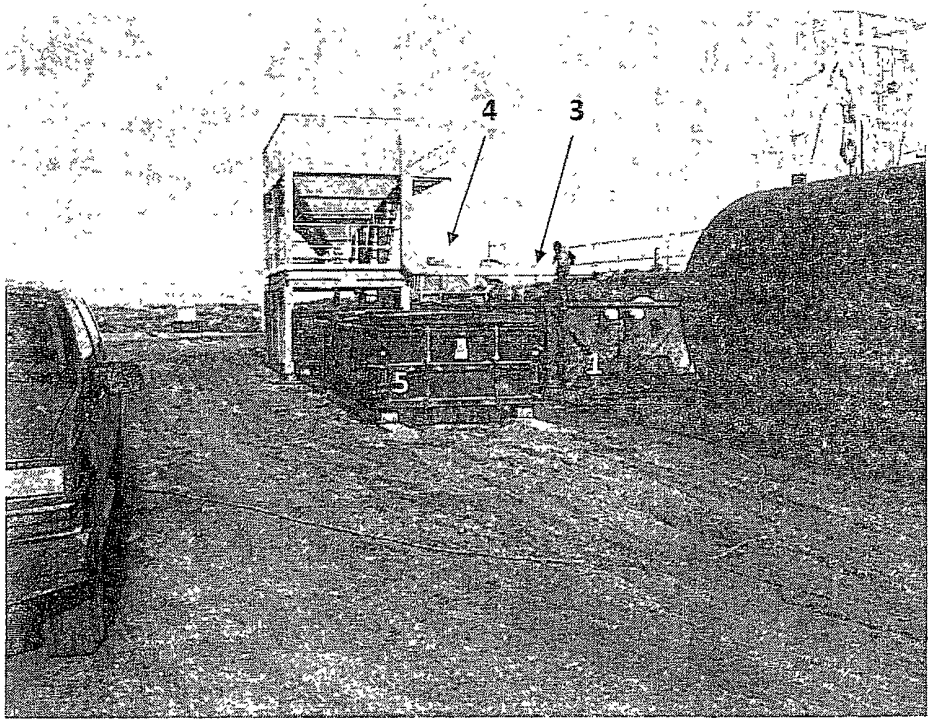
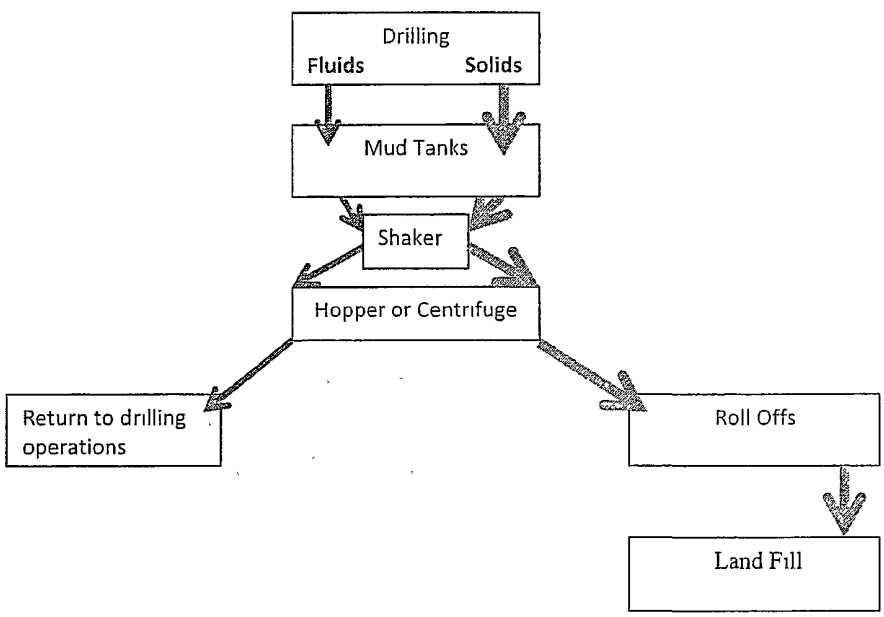


Closed Loop Drilling System: Mud tanks to right (1)
Hopper in air to settle out solids (2)
Water return pipe (3)
Shaker between hopper and mud tanks (4)
Roll offs on skids (5)

Flow Chart for Drilling Fluids and Solids



Photos Courtesy of Gandy Corporation Oil Field Service

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Forest Oil Corporation
LEASE NO.:	NMNM98122
WELL NAME & NO.:	Skelly Unit No 502
SURFACE HOLE FOOTAGE:	1310' FNL & 560' FWL
BOTTOM HOLE FOOTAGE	
LOCATION:	Section 21, T. 17 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico

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Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Mitigation Measures: The mitigation measures include Pecos District Conditions of Approval, the standard stipulations for permanent resource roads, and the standard stipulation for the lesser prairie chicken. Special mitigation measures will be needed on the Skelly Unit # 502 as listed below.

The Skelly Unit # 502 needs to be built to a maximum of 130 feet to the north to avoid building the pad underneath of an existing overhead electrical line. In order to safely fit the pad and drilling rig in at this location the v-door will need to be south.

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Skelly Unit # 502: Closed loop System; V- Door South

Reporting

1. **Subsequent sundries to be filed with drilling details about spud, casing and completion work.**
2. **Completion report to be sent within 30 days of completion. Completion report to have all items completed.**

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. Closed Loop System

Skelly Unit # 502: Closed loop System; V- Door South

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call theCarlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

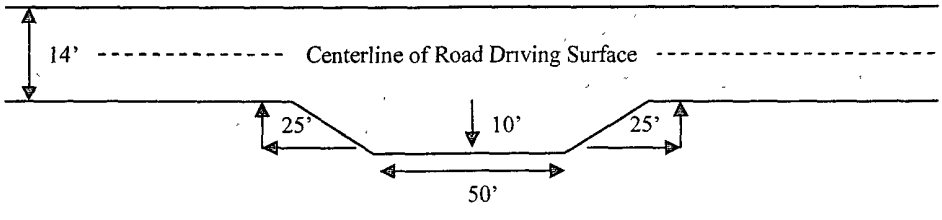
Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

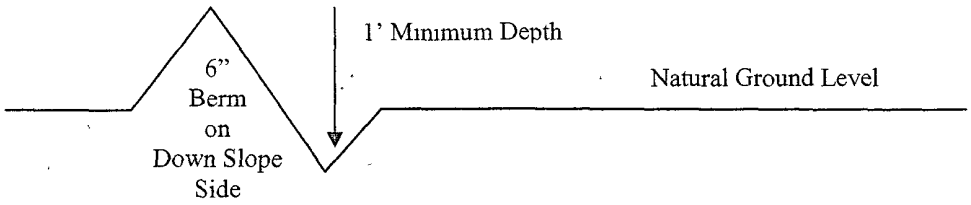
Standard Turnout – Plan View



Drainage
Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ lead-off ditch interval

Culvert Installations
Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards
An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

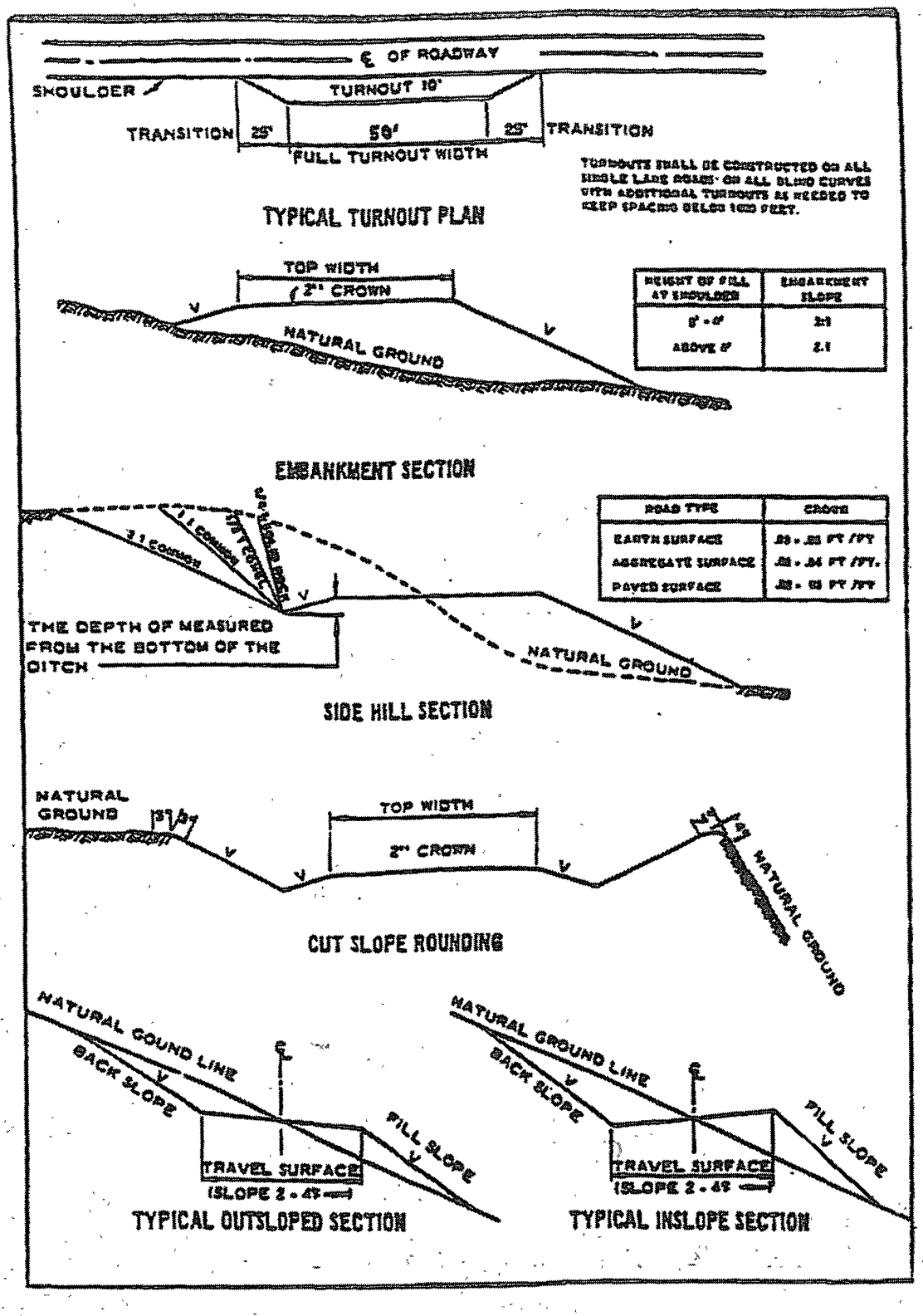
A gate shall be constructed and fastened securely to H-braces.

Fence Requirement
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access
Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

1. A Hydrogen Sulfide (H2S) Drilling Plan should be activated 500 feet prior to drilling into the **Yates** formation. **If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Possible lost circulation in the Grayburg and San Andres formations.
Possible water flows in the Salado and Artesia Groups.

1. The **8-5/8** inch surface casing shall be set **at approximately 450 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface. **The surface casing cannot be set as proposed in the APD as that would put it in the salt and that does not meet the Onshore Order II requirement of being set across a competent bed, which is the Rustler Anhydrite.**

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry. Not applicable if proposed cementing program is used.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **5-1/2** inch production casing is:

    ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

3. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. The tests shall be done by an independent service company.

b. The results of the test shall be reported to the appropriate BLM office.

c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.

d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

WWI 121908

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures
The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

B. PIPELINES

BLM Serial Number:
Company Reference:
Well # & Name:

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the

authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction,operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

(1) Land clearing.
(2) Earth-disturbing and earth-moving work.
(3) Blasting.
(4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting

therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of **25** feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of **24** inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

(March 1989)

C. INTERIM RECLAMATION & RESERVE PIT CLOSURE

INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

The operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

BLM Serial #: NM98122
Company Reference: Forest Oil Corporation
Well Name and Number: Skelly Unit # 502

Seed Mixture for LPC Sand/Shinnery Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A
**Four-winged Saltbush	5lbs/A

* This can be used around well pads and other areas where caliche cannot be removed.

*Pounds of pure live seed:

Pounds of seed **x** percent purity **x** percent germination = pounds pure live seed

(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.