

YATES PETROLEUM CORPORATION

Preston Federal #25

Surface Location: 660' S & 2,310' W

Section 34, T20.5S-R23E

Eddy County, NM, 9,700' Morrow

H2S Drilling Operations Plan

Personnel employed at the rig site shall receive training in H2S detection, safe drilling procedures, and contingency plans. H2S safety equipment shall be installed and functional 500 feet prior to encountering known or probable H2S zone at 7,400'.

Submitted with the APD is a well site diagram showing:

- 1.) Drilling rig orientation, location of flare pit.
- 2.) Location of access road.

Primary briefing area will be established 150' from wellbore and up wind of prevailing wind direction. Secondary briefing area will be established 180 degrees from primary briefing area.

A H2S warning sign will be posted at the entrance of the location. Depending on conditions, a green, yellow, or red flag will be displayed.

Green- Normal conditions

Yellow-Potential danger

Red - Danger H2S present

Wind indicators will be placed on location at strategic, highly visible areas. H2S monitors (a minimum of three) will be positioned on location for best coverage and response. H2S concentrations of 10 ppm will trigger a flashing light and 20 ppm will trigger an audible siren.

H2S breathing equipment will consist of:

- 1.) 30 minute "pressure demand" type working unit for each member of rig crew on location.
- 2.) 5 minute escape packs for each crew member.

Breathing equipment will be stored in weather proof cases or facilities. They will be inspected and maintained weekly.