

OCD-HOBBS

AT5-07-227  
FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC NM9847
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator THOMPSON, J. CLEO (11181)		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. BOX 12577 ODESSA, TX 79768-2577		8. Lease Name and Well No. (30387) JCT FEDERAL 7, WELL NO. 1
3b. Phone No (include area code) (432)550-8887 Sawyer Devonian		9. API Well No. 30-025- 38350
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 547' FEL & 2100' FSL, UNIT I At proposed prod. zone LEA COUNTY CONTROLLED WATER BASIN		10. Field and Pool, or Exploratory
14. Distance in miles and direction from nearest town or post office* 24 MILES NE OF TATUM		11. Sec., T. R. M. or Blk. and Survey or Area SEC. 7, T9S, R38E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 542'	16. No. of acres in lease 80	12. County or Parish LEA
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 11,600	13. State NM
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3972'	22. Approximate date work will start* 02/01/2007	17. Spacing Unit dedicated to this well 80
		20. BLM/BIA Bond No. on file NM0348
		23. Estimated duration 30 DAYS

## 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 <i>J. Stevens</i>	Name (Printed/Typed) JIM STEVENS	Date 01/11/2007
Title OPERATIONS MANAGER		
Approved by (Signature) <i>/s/ James Stovall</i>	Name (Printed/Typed) <i>/s/ James Stovall</i>	Date <i>MAR 07 2007</i>
Title <i>ACTING</i> FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

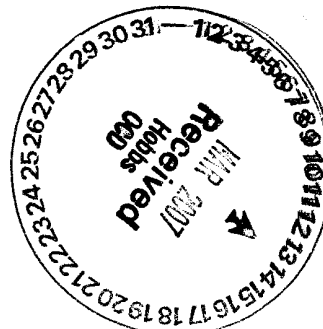
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

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)

SEE ATTACHED FOR  
CONDITIONS OF APPROVALAPPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND 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 & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies  
☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number <b>30-025-38350</b>		<sup>2</sup> Pool Code <b>55290</b>		<sup>3</sup> Pool Name <b>Sawyer Devonian</b>	
<sup>4</sup> Property Code <b>36387</b>		<sup>5</sup> Property Name <b>JCT FEDERAL 7</b>			<sup>6</sup> Well Number <b>1</b>
<sup>7</sup> GRID No. <b>11181</b>		<sup>8</sup> Operator Name <b>J. Cleo Thompson</b>			<sup>9</sup> Elevation <b>3972'</b>

<sup>10</sup>Surface Location


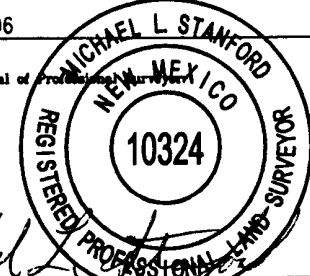
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	7	9 S	38 E		2100	South	547	East	Lea

<sup>11</sup>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

<sup>12</sup> Dedicated Acres <b>40</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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

16					<div><p>Federal 7 No. 1 Elev. 3972'</p><p>MAD 27 NM E N= 928897 E= 881466</p><p>2100'</p></div>	<b><sup>17</sup>OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature <b>Jim Stevens</b> Printed Name <b>Ops. Mgr. JStevens@Jcld.com</b> Title and E-mail Address <b>Jan. 11, 2007</b> Date	
						<b><sup>18</sup>SURVEYOR CERTIFICATION</b> <i>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.</i> <b>12-11-2006</b> Date of Survey Signature and Seal of Professional Land Surveyor  Certificate Number <b>10324</b>	

24 Miles NE of Tatum, New Mexico.

File No. A-3269.DWG

# **H2S CONTINGENCY PLAN**

**J. Cleo Thompson**  
**JCT Federal 7 #1**  
**Unit I: Section 7, Township 9 South**  
**547' FEL, 2100' FSL**  
**Lea County, NM**

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## **SCOPE**

This plan establishes **J. Cleo Thompson** guidelines for all company and contract employees whose duties may involve exposure to hydrogen sulfide gas (H<sub>2</sub>S) on the JCT Federal 7 #1. **This well is located 547' FEL & 2100' FSL in Unit I, Section 7 of the Township 9-S, Range 38-E of Lea County, New Mexico.** This plan also establishes procedure for isolation of the work site and evacuating the public on the condition that:

- A. There is a release of H<sub>2</sub>S that compasses the radius of exposure (ROE) in this plan,
- B. There are persons and/or roads within the ROE and,
- C. There is the endangerment of human or animal life within the ROE.

## **OBJECTIVE**

The objective of the **J. Cleo Thompson Company** is to:

- A. Prevent any and all accidents, and to prevent the uncontrolled release of H<sub>2</sub>S into the atmosphere and,
- B. Provide proper evacuation procedures to cope with emergencies and,
- C. Provide immediate and adequate medical attention should in injury occur.

**It should be noted that J. Cleo Thompson does not expect there top be any release of H<sub>2</sub>S into the atmosphere but has taken the necessary steps to react properly to and control any hazards encountered on any of our facilities.**

## **GENERAL EMERGENCY ACTION**

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

1. All personnel shall immediately evacuate to an up-wind and up-hill "**safe breathing**" area.
2. Those who must enter the hazard area must wear positive pressure self-contained breathing apparatus and must use other appropriate safety equipment as outlined on page 10.
3. Isolate the well, if possible.
4. Use the "Buddy System" at all times.
5. Account for all personnel and take appropriate action as necessary for personnel safety.
6. Display the appropriate color warning flag to describe the type of emergency.
7. The **J. Cleo Thompson** supervisor will assess the situation and assign duties to various persons to bring the situation under control. The **J. Cleo Thompson** supervisor will assign the notification of local emergency response agencies and residents. Media inquiries are be referred to:

**J. Cleo Thompson**  
**325 North St. Paul, Suite 4300**  
**Dallas, Texas 75201**

**J. CLEO THOMPSON  
EMERGENCY CALL OUT NUMBERS**

<b>NAME</b>	<b>OFFICE NUMBER</b>	<b>CELLULAR NUMBER</b>	<b>HOME NUMBER</b>
Johnnie Holder Drilling Foreman	(432)550-8887	(432)556-9325	(432)363-8054
Jim Stevens Operations Manager	(432)550-8887	(432)664-2917	(432)563-5504
John Hughes Production Foreman	(432)634-8403	(432)661-5313	(806)287-1225

J. Cleo Thompson is aware and will abide by city; county and state burn ban policies.

**Emergency Notification Numbers  
Lea County, NM**

<b>Organization or Agency</b>	<b>Phone Number</b>
<b>New Mexico State Police</b>	<b>(505)885-3137</b>
<b>Lea County Sheriff's Department</b>	<b>(505)396-3611</b>
<b>Tatum Sheriff's Department</b>	<b>(505)398-4444</b>
<b>Emergency Medical Service (Ambulance)</b>	<b>911</b>
<b>State Emergency Response Center Max Johnson (Chairman)</b>	<b>(505)476-9620</b>
<b>Tatum Fire Department</b>	<b>911</b>
<b>Bureau Land Management (District II)</b>	<b>(505)234-5972</b>
<b>Oil Conservation Division (District II)</b>	<b>(505)748-1283</b>
<b>National Response Center (NRC)</b>	<b>(800)424-8802</b>
<b>Chemtrec</b>	<b>(800)424-9300</b>
<b>Midland Safety &amp; Health</b>	<b>(432)520-3838</b>



**JCT Federal 7 #1**

**Neighboring Residents to JCT Federal 7 #1**

Mr. & Mrs. Ted Gandy 1646 State 508 Hwy Crossroads, NM 88114  
Contact Number: (505)398-6232

**EMERGENCY PROCEDURES FOR UNCONTROLLABLE RELEASE OF  
HYDROGEN SULFIDE GAS (H<sub>2</sub>S)**

1. Secure and don self-contained breathing apparatus.
2. Remove all personnel to up-wind and up-hill "safe breathing" zone.
3. Contact all concerned employees and immediate supervisor for instructions.
4. Take steps to protect and/or remove the general public to an upwind area away from source of H<sub>2</sub>S.
5. Deny entry to unnecessary personnel.
6. Notify necessary public safety personnel:
  - a. State Police if on or near a **state road**
  - b. Sheriff's Department if on or near a **county road***(For assistance in the evacuation of the general public and to help maintain roadblocks)*
7. Contact the Bureau of Land Management (BLM)
8. While attempting to control the release, maintain tight security and safety procedures.
9. Use the "Buddy System" when entering any hazardous area.

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

## **IGNITION PROCEDURES FOR UNCONTROLLABLE WELL CONDITIONS**

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

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

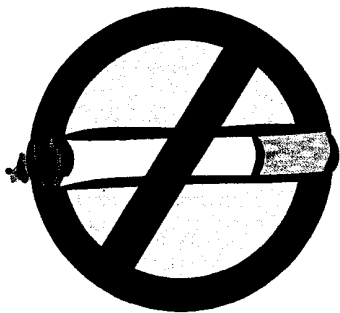
## **INSTRUCTIONS FOR IGNITING THE RELEASE**

1. Two personnel are required for the ignition operation. They **must** wear positive self-contained breathing apparatus and a D-ring style full body safety harness with a non-flammable safety rope attached. **(Must be an OSHA approved body harness)**
2. One (safety) person will test the atmosphere for explosive gases with an approved Triple-range (H<sub>2</sub>S, O<sub>2</sub>, LFL) monitor.
3. Primary method of ignition shall be with 25mm flare gun with range of approximately 500 feet.
4. Ignite up-wind and do not approach any closer than is warranted.
5. Select a safe ignition site, which offers ultimate egress.
6. Before activating flare gun, check for presence of combustible gas.
7. After ignition, continue emergency action and procedure as before.
8. All unassigned personnel will limit their actions to those directed by the company supervisor.

After the well is ignited, burning H<sub>2</sub>S will produce SO<sub>2</sub>, which is also highly toxic. **Do not assume the area is safe after the well is ignited.**

**A NO SMOKING POLICY shall be strictly enforced on location at all times.**

**DANGER**



**NO SMOKING**

# **EMERGENCY EQUIPMENT REQUIREMENTS**

## **1. Respiratory Protection**

- **Rescue Units (SCBA's):** One (1) unit shall be placed at each briefing area and 2 shall be stored in the safety trailer.
- **Work/Escapes Units:** Four (4) units shall be stored on the rig floor connected to the safety trailer with sufficient hose to allow workers to adequately perform duties with minimal restriction.
- **Emergency Escape Units:** Four (4) units shall be stored in the top dog house for emergency evacuation purposes.

## **2. Signs and Flags**

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

**DANGER  
H2S**

**POTENTIAL DANGER (GREEN)**

**MODERATE DANGER (YELLOW OR ORANGE)**

**EXTREME DANGER (RED)**

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

**Green/normal conditions**

**Yellow or Orange / potential danger**

**Red/danger,  
H2S Present**

- 3. Briefing Area:** Two (2) briefings areas, designed by signs, shall be located perpendicular to each other and be easily visible and readily accessible.
- 4. Windssocks:** Two (2) windssocks shall be strategically placed where they are easily visible from all points.

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

- One (1) stationary H<sub>2</sub>S monitor with three sensors shall be located on the rig in the top dog house. The H<sub>2</sub>S monitor shall be calibrated to alarm at 10PPM for the low alarm (visual alarm) and 15 PPM for the high alarm (audible alarm). Calibrations shall be checked every 30 days or as needed. The sensors shall be located as follows:

#1 – Rig Floor

#2 – Bell Nipple

#3 – Flow line or where the well bore fluid is discharged

- A gas sampling pump, with detector tubes capable of measuring H<sub>2</sub>S gas, shall be located in the safety trailer.

## **6. Additional Rescue Equipment**

- One hundred Feet (100') of 5/8" OSHA approved rope.
- Two (2) OSHA approved full body harness
- One (1) Stretcher

## **7. Fire Extinguishers:**

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

## **8. Communication:**

- Cellular Phones/Mobile Phones or two-way radios shall be available via the vehicles on location and on the rig floor.

## **TOXIC EFFECTS OF HYDROGEN SULFIDE**

Hydrogen Sulfide (H<sub>2</sub>S) is extremely toxic. The accepting ceiling concentration for an eight (8) hour exposure is 10PPM, which is .001% by volume. Hydrogen sulfide (H<sub>2</sub>S) is colorless. Hydrogen Sulfide (H<sub>2</sub>S) is heavier than air, the specific gravity is equal to 1.19, which is 20% heavier than ambient temp air, which is 1.00. Hydrogen sulfide (H<sub>2</sub>S) can form an explosive mixture with air between 4.3% and 46.0%. By volume hydrogen sulfide (H<sub>2</sub>S) is as toxic as hydrogen cyanide and is between 5-6 times more toxic than carbon monoxide.

### **TOXICITY OF VARIOUS GASES**

<b>Common Name</b>	<b>Chemical Formula</b>	<b>Specific Gravity</b>	<b>Threshold Limit<sup>1</sup></b>	<b>Hazardous Limit<sup>2</sup></b>	<b>Lethal Concentration<sup>3</sup></b>
Hydrogen Cyanide	HCN	0.94	10 PPM	150 ppm/Hr	300PM
Hydrogen Sulfide	H <sub>2</sub> S	1.189	10 PPM <sup>4</sup> 15 PPM <sup>5</sup>	100 PPM/Hr	600 PM
Sulfur Dioxide	SO <sub>2</sub>	2.21	2 PPM	N/A	100 PPM
Chlorine	CL <sub>2</sub>	2.45	1 PPM	4 PPM/Hr	1000 PPM
Carbon Monoxide	CO	.97	50 PPM	400 PPM/Hr	1000 PPM
Carbon Dioxide	CO <sub>2</sub>	1.52	5000 PPM	5%	10%
Methane	CH <sub>4</sub>	0.55	90,000 PPM	Combustible @5%	N/A

- (1) Threshold limit – Concentration at which it is believed that all workers may be repeatedly exposed, day after day with out adverse effects also referred to as Time Weighted Average (TWA).
- (2) Hazardous limit – Concentration that may cause death
- (3) Lethal concentration – Concentration that will cause death with short-term exposure
- (4) Threshold limit – 10PPM – NIOSH guide to chemical hazards
- (5) Short – term threshold limit – Concentration higher than Threshold limit with limits placed on time one can be exposed. Exposure time is limited to 15 minutes followed by one (1) hour in fresh air. This cycle can be repeated for four (4) times during a normal eight (8) hour work day.

## PHYSICAL EFFECTS OF HYDROGEN SULFIDE (H<sub>2</sub>S)

(Concentrations are calculated @ 15.00 psia and 60 ° F.)

Concentrations		Physical Effects
0.0001%	10 PPM	Obvious & unpleasant odor. Safe for eight (8) hour exposure.
0.005%	50 PPM	Can cause some flu-like symptoms and can cause pneumonia
0.01%	100 PPM	<b>IDLH<sup>1</sup></b> . Kills the sense of smell in 3 to 15 minutes. May irritate eyes and throat.
0.02%	200 PPM	Kills the sense of smell rapidly. Severely irritates eyes and throat. Severe flu-like symptoms after 4 or more hours may cause lung damage and/or death.
0.06%	600 PPM	Loss of consciousness quickly, death will result if not rescued promptly.

(1) Immediately dangerous to life or health



## TOXICITY OF HYDROGEN SULFIDE

H <sub>2</sub> S % (PPM)	0 – 2 Minutes	0 – 15 Minutes	15 – 30 Minutes	30 Minutes to 1 Hours	1 – 4 Hours	4 - 8 Hours	8 – 48 Hours
0.005 (50 ppm) 0.010 (100 ppm)				Mild Conjunctivitis; Respiratory Tract Irritation			
0.010 (100 ppm) 0.015 (150 ppm)		Coughing; Irritation of eyes; loss of sense of smell	Disturbed Respiration Pain in eyes; Sleepiness	Throat	Salivation & Mucous Discharge; Sharp Pain in eyes; Coughing	Increased Symptoms*	Hemorrhage & Death*
0.015 (150 ppm) 0.020 (200 ppm)		Loss of Sense of Smell	Throat & Eye Irritation	Throat & Eye Irritation	Difficult breathing, Blurred Vision, Light & Shy	Serious irritating Effects	Hemorrhage & Death*
0.025 (250 ppm) 0.035 (350 ppm)	Irritation of Eye and Loss of Sense of Smell	Irritation of Eyes	Painful Secretion of Tears, Weariness	Light & Shy; Nasal Catarrh, Pain in Eyes, Difficult Breathing	Hemorrhage & Death		
0.035 (350 ppm)		Irritation of Eye and Loss of Sense of Smell	Difficult Respiration; Coughing, Irritation of Eyes	Increased Irritation of Eyes & Nasal Tract; Dull pain in Head; Weariness; Light & Shy	Dizziness, Weakness; Increased Irritation; Death	Death*	
0.050 (500 ppm)	Coughing, Collapse & Unconsciousness	Respiratory Disturbances; Irritation of Eyes; Collapse	Serious Eye Irritation; Palpitation of Heart, Few Cases of Death	Severe pain in eyes and head, Dizziness; Trembling of Extremities; Great Weakness & Death*			
0.060 (600 ppm) 0.070 (700 ppm) 0.080 (800 ppm) 0.100 (1000 ppm) 1.150 (1500 ppm)	Collapse* Unconsciousness Death*	Collapse* Unconsciousness Death					

**\*Data secured from experiments of dogs, which have susceptibility similar to men/women.**

**\*\*PPM parts per million**

## **THE USE OF SELF-CONTAINED BREATHING AIR EQUIPMENT**

SCBA should be worn when:

- Working near the top or on top of any tank.
- Disconnecting any line where H<sub>2</sub>S can reasonably be expected.
- Sampling air in the area to determine if toxic concentration of H<sub>2</sub>S exist.
- Working in areas where over 10PPM of H<sub>2</sub>S has been detected.
- At any time there is a doubt as to the H<sub>2</sub>S level in the area to be entered.

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

All personnel shall be trained in the use of SCBA prior to working in a potentially hazardous location.

Facial hair and standard eyeglasses are not allowed with SCBA use.

Contact lenses are never allowed with the use of SCBA.

The SCBA shall be inspected monthly.

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

## **RESCUE & FIRST AID FOR VICTIMS OF HYROGEN SULFIDE (H<sub>2</sub>S)** **POISONING**

Do not panic!

Remain calm and think with your head and not your heart.

Don breathing apparatus

Protect yourself, then remove victim to fresh air as quickly as possible.

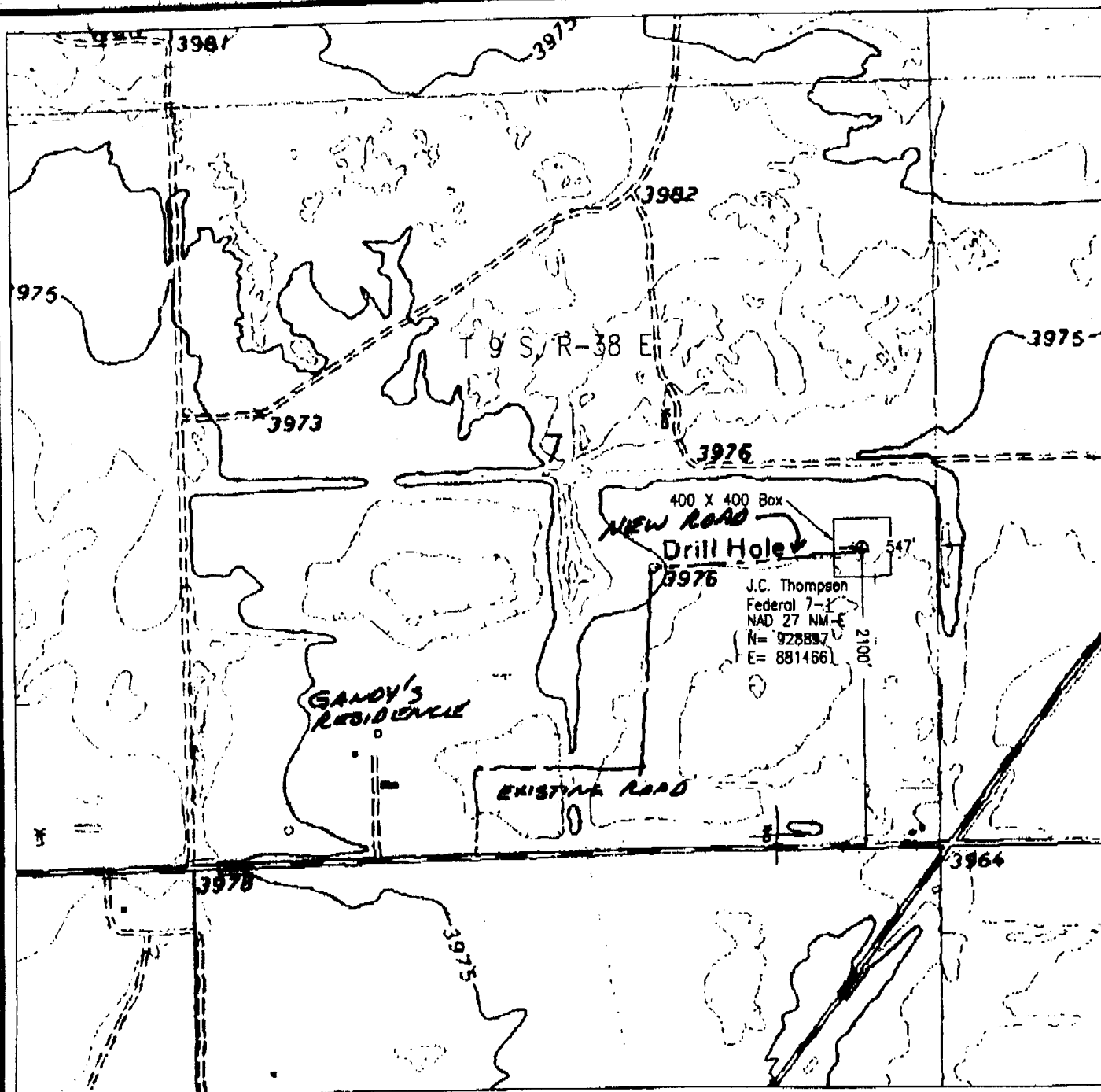
When evacuating: walk not run, upwind and uphill from the source or crosswind to achieve upwind.

Notify emergency response personnel

Provide artificial respiration and/or CPR, as necessary.

Remove all contaminated clothing to avoid further exposure.

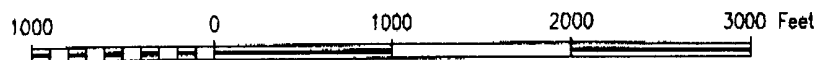
A minimum of two (2) personnel on location shall be trained in CPR and First Aid.



## EXHIBIT "A"

J. Cleo Thompson & James Cleo Thompson, Jr., L.P.  
JCT Federal 7, Well No. 1

## Topographic Site Map



J. Cleo Thompson  
Federal 7 No. 1 - 2100 FSL & 547 FEL  
Section 7, T9S, R38E, NMPM,  
Lea County, New Mexico

STANFORD SURVEYING COMPANY  
P.O. BOX 8490  
MIDLAND, TEXAS 79708-8490  
432-699-5708

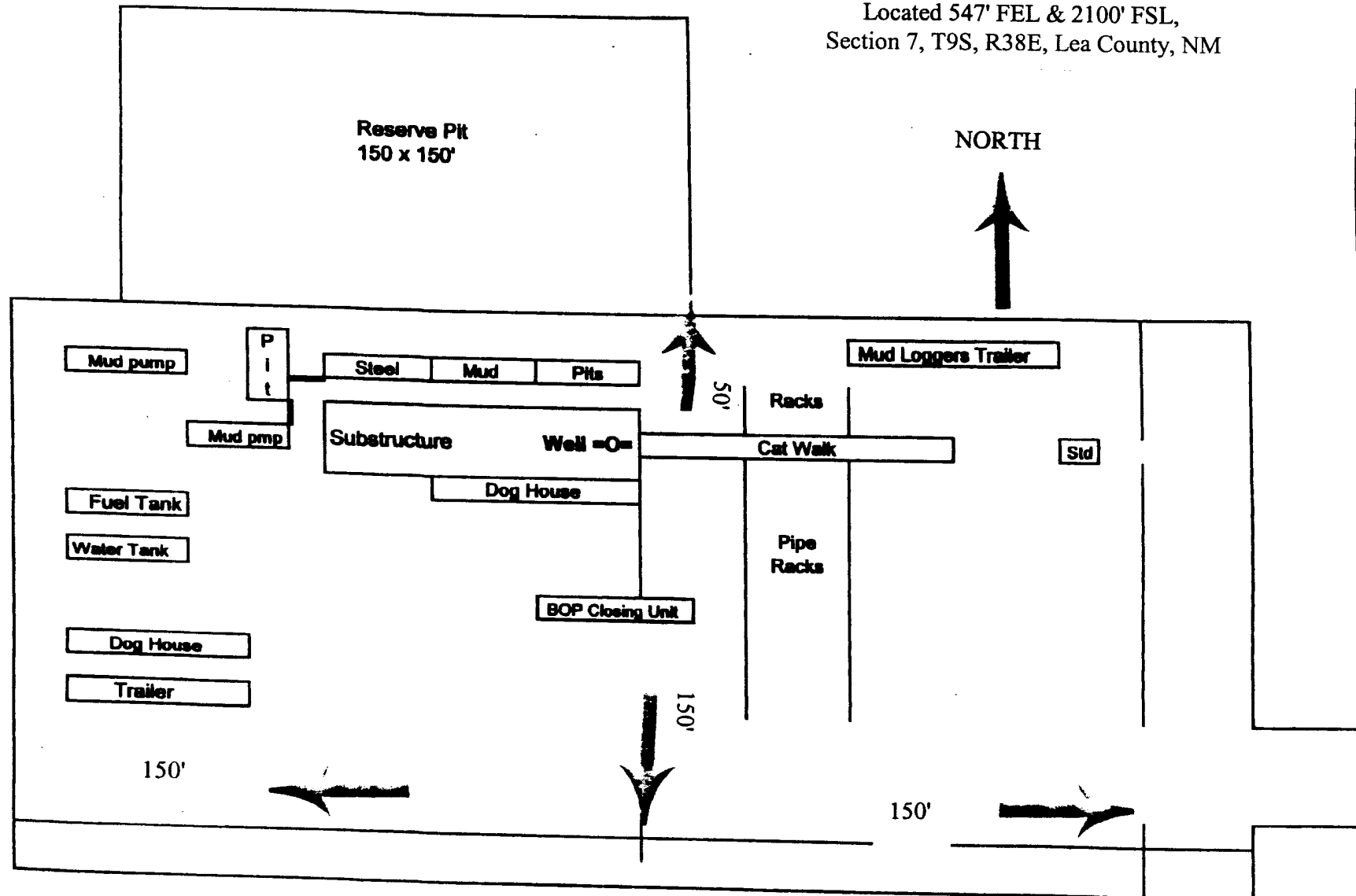
DRAWN BY Mike StanfordDATE 12-16-2006SCALE 1" = 1000'FILE NAME A-3270

EXHIBIT "D"

J. Cleo Thompson & James Cleo Thompson, Jr., L.P.

JCT Federal 7, Well No. 1

Located 547' FEL & 2100' FSL,  
Section 7, T9S, R38E, Lea County, NM



Rig Location Schematic

BOP Schematic for  
12 1/4" Hole

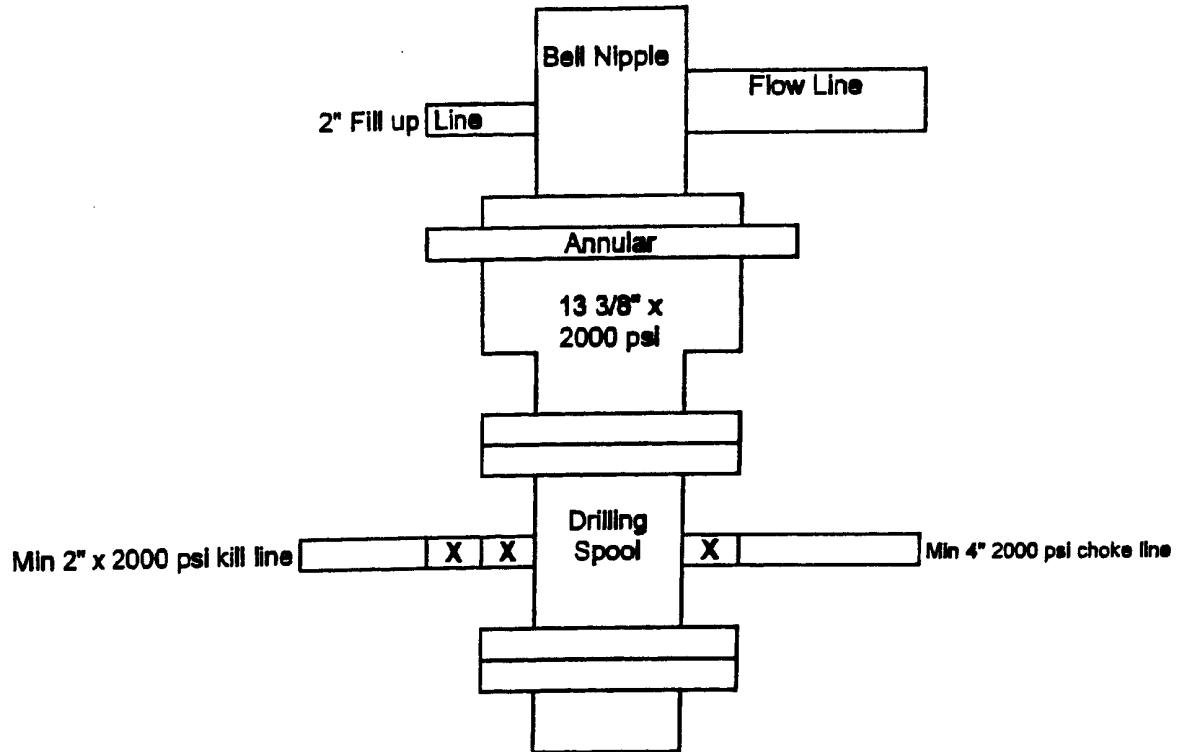
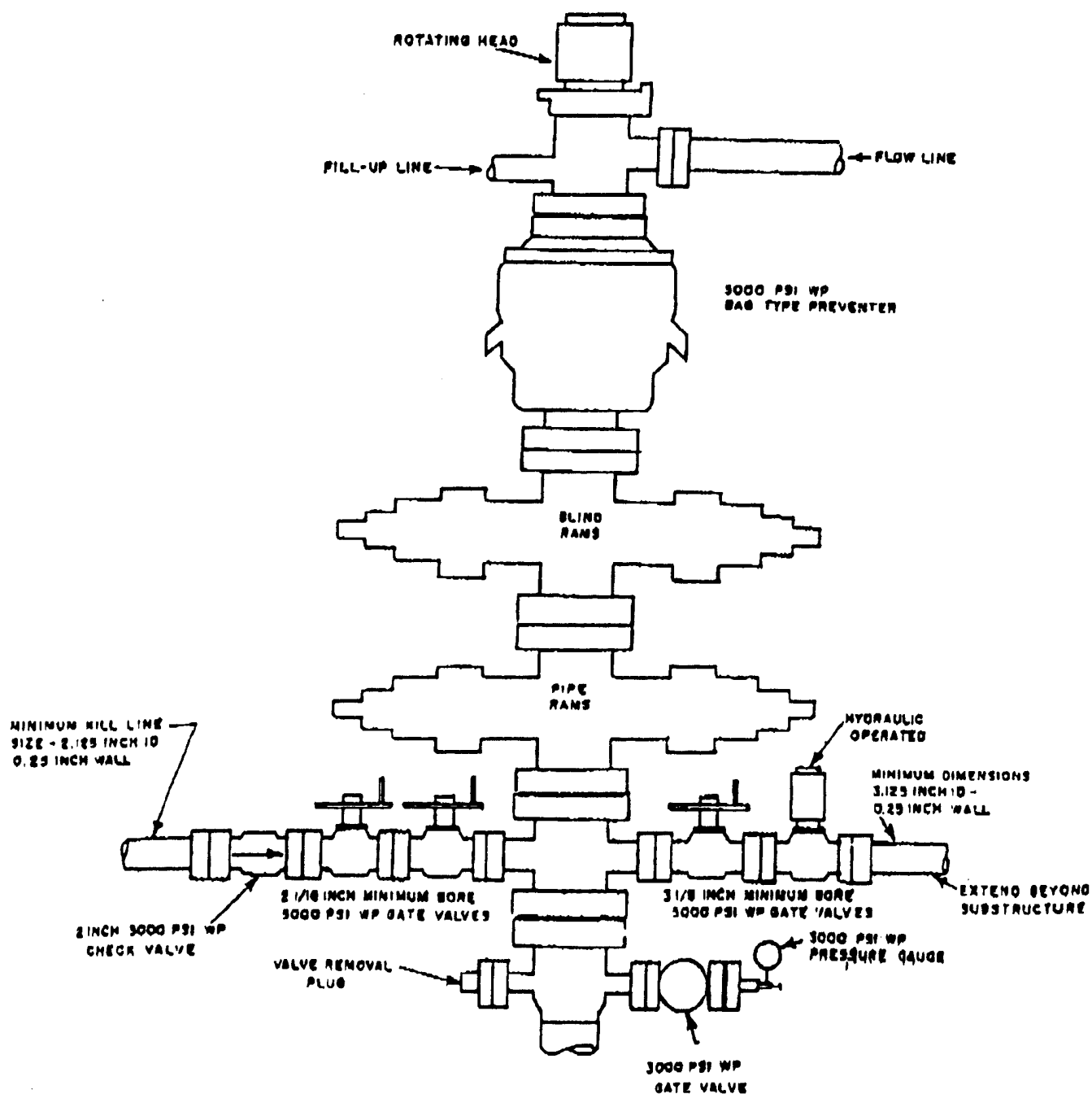


Exhibit #2

# 5000 PSI WORKING PRESSURE BLOWOUT PREVENTER STACK EXHIBIT C-1



## CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 1-JCT Federal 7  
Operator's Name: J. Cleo Thompson  
Location: 2100FSL, 0547FEL, Section 7, T-9-S, R-38-E  
Lease: NM98217

### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5972 or (505) 361-2822 - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13-3/8 inch 9-5/8 inch 5-1/2 inch

C. BOP tests

2. A Hydrogen Sulfide (H<sub>2</sub>S) Drilling Plan should be activated prior to drilling into the San Andres Formation. A copy of the plan shall be posted at the drilling site. **H<sub>2</sub>S measures upwards of 5000 ppm in the Sawyer San Andres gas stream.**

3 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.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

### II. CASING:

1. The 13-3/8 inch surface casing shall be set at 500 feet, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

**Possible karst structures in the Roswell district.**

2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is circulate cement to the surface.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend upward a minimum of 200 feet into the intermediate casing. First stage to circulate.



### **III. PRESSURE CONTROL:**

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13-3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the surface and intermediate casing shall be 2M psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 9-5/8 inch casing shall be 5M psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
  - The tests shall be done by an independent service company.
  - The results of the test shall be reported to the appropriate BLM office.
  - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
  - Testing must be done in a safe workman-like manner. Hard line connections shall be required.
  - BOPE must be tested prior to drilling into the Wolfcamp Formation by an independent service company.

### **IV. DRILLING MUD:**

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.

**Engineer on-call phone: 505-707-2779**

**WWI 020807**

sch Dr., Hobbs, NM 88240  
Avenue, Artesia, NM 88210  
razos Road, Aztec, NM 87410  
S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

For drilling and production facilities submit to  
appropriate NMOCD District Office.  
For downstream facilities submit to Santa Fe  
office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒  
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: THOMPSON, J. CLEO Telephone: (432) 550-8887 e-mail address: jstevens@jcleo.com

Address: P.O. BOX 12577 ODESSA, TX 79768-2577

Facility or well name: JCT FEDERAL #1 API#: 30-325-38350 U/L or Qtr/Qtr 1 Sec 7 T 9S R 38E

County: LEA Latitude Longitude NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☐ State ☐ Private ☒ Indian ☐

Pit	Below-grade tank
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness 12 mil Clay <input type="checkbox"/> Pit Volume bbl	Volume: bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) <u>220'</u>	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) <u>100 feet or more</u> (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) <u>No</u> (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) <u>1000 feet or more</u> (0 points)
Ranking Score (Total Points)	

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility: \_\_\_\_\_ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface \_\_\_\_\_ ft and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.  
Date: 01/11/2007

Printed Name/Title JIM STEVENS OPERATIONS MANAGER Signature J Stevens

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title CHRIS WILLIAMS / DIST. MGR Signature Chris Williams Date: 3/15/07