June 30, 2004

Oil Conservation Division

RE: CONTINGENCY PLAN
DOUGLAS COM #2
EDDY COUNTY New Mexico,

Mr. Tim Gum

Enclosed you will find a copy of the above referenced Contingency Plan for your edification and use. If you have any questions, or need additional information, please contact me at (432) 580-3770.

Sincerely,

Sonny Martinez
Representative
Safety International, Inc.

Enclosure

ATTENTION

SAFETY INTERNATIONAL, INC. has been commissioned by the HEC PETROLEUM, INC. to prepare an Emergency Contingency Plan for the Drilling and Completion Operations of the Douglas Com #2. In EDDY COUNTY NEW MEXICO.

This plan is being developed because this facility may encounter Hydrogen Sulfide Gas (H_2S) which can be hazardous in case of a leak.

Hydrogen Sulfide Gas is colorless, transparent, flammable, heavier than air, may accumulate in low places, smells like rotten eggs and is highly toxic. High concentrations of this gas are deadly.

This plan will provide an expeditious procedure for evacuating residents from the area, if and when it may become necessary for their safety. EDDY COUNTY NEW MEXICO County Sheriff will have the Primary responsibility for notification and evacuation of residents.

In the event of a gas leak, you should take the following action immediately. Go upwind from the leak, or crosswind away from the gas and uphill. Report to EDDY COUNTY New Mexico County Sheriff at (505) 887-7551 as soon as possible.

SAFETY INTERNATIONAL, INC. needs the following information from you for the development of this contingency plan:

1. Head of Household
2. Number of Occupants in Household
3. Number of Handicapped Occupants (if any)
4. Nature of Handicap
5. Telephone Number

If you have any questions, please feel free to call SAFETY INTERNATIONAL, INC., Odessa, TX. (432) 580-3770. (Twenty-four hour telephone number) Odessa, Texas.

I have received a copy of this document:

_____

ATTACHMENT "D"
To Douglas Com #2
Supplemental Information

Public Safety Plan

Safety International/Sierra Engineering/Pure Resources

Site: 2460' FNL, 300' FEL, Sec 7, T22 R27; N32°24'28.52", W104°13'14.43" (NAD27)
Gate Combo: 7503

POC: Sonny Martinez, Safety International, 432-580-3770

Air Monitoring

1. H_2S/O_2/LFL/Aromatic hydrocarbons (benzene etc.)
2. One air monitor located between hole and 1402 Hill St.
3. Distances from hole to monitor and monitor height above ground to be determined by Safety International and CFD

Warning/Alert System

1. Light/Siren
2. Auto dial to Carlsbad and Eddy County dispatch centers & to Safety International

Evacuation Plan-Release without Fire

1. Safety International and CFD shall have a list of occupants, phone numbers, and addresses for all residences within ¼ mile radius of the hole
    a. Number of occupants in each residence
    b. Occupant ages
    c. Medical conditions that may hamper/impede evacuation
    d. Medical conditions sensitive to airborne contaminants/toxins
    e. Phone numbers of home health care/hospice services with patients occupying any of these residences
    f. Pets/livestock requiring evacuation
2. Safety International shall notify Carlsbad Dispatch and ECSO Dispatch
3. Dispatch shall alarm CFD
4. IC requests NMSP ERO if IDLH atmosphere exists
5. IC makes evacuation decision after consultation with Science Officer/Fire Chief/NWS
    a. Evacuation officer shall be assigned by IC
    b. Evacuation officer shall designate evacuation sectors and sector officers
    c. EM shall activate evacuation shelter resources and POC's
    d. Safety International shall make telephone notifications for evacuations
    e. CFD/CPD/ECSO/VFD's shall make door to door follow-up notifications
    f. Evacuation Public Warning Message shall be distributed to all residents being notified to evacuate and it shall be broadcast on local radio
6. Plume modeling by CFD and the NMSP-ERO shall determine expansion of the initial ¼ mile evacuation area
    - Evacuation notifications beyond the initial ¼ mile radius shall be effected by CFD/CPD/VFD teams going door to door.
7. Rehabitation shall be controlled by the CFD/CPD/VFD/ECSO/NMSP teams at designated checkpoints for all residents being allowed to return to their homes
8. Rehabitation decisions shall be made by the IC when the hazards of the incident have been controlled or eliminated to the satisfaction of Safety International, IC, and NMSP-ERO.
    - Air monitoring of evacuated neighborhoods by CFD or designees shall precede rehabitation

Evacuation Plan-Release with Fire and/or Explosion

1. Safety International shall have a list of occupants, phone numbers, and addresses for all residences within ¼ mile radius of the hole
    a. Number of occupants in each residence
    b. Occupant ages
    c. Medical conditions that may hamper/impede evacuation
    d. Medical conditions sensitive to airborne contaminants/toxins
    e. Phone numbers of home health care/hospice services with patients occupying any of these residences
    f. Pets/livestock requiring evacuation
2. Safety International shall notify Carlsbad Dispatch and ECSO Dispatch
3. Dispatch shall alarm CFD
4. IC requests NMSP ERO
5. IC makes evacuation decision after consultation with Fire Chief
    a. Evacuation officer shall be assigned by IC
    b. Evacuation officer shall order evacuation of homes on Hill St as follows:
        - 1402, 1403, 1404, 1405, 1406, 1408, 1502, 1503
        - Any other residence, vehicle, or civilian within 750' radius of the fire[1]
    c. Safety International shall make telephone notifications for evacuations
    d. CFD/CPD/ECSO/VFD's shall make door to door follow-up notifications
    e. Evacuation Public Warning Message shall be distributed to all residents being notified to evacuate and it shall broadcast on local radio
    f. EM shall activate evacuation shelter resources and POC's
6. Rehabitation decisions shall be made by the IC when the hazards of the incident have been controlled or eliminated to the satisfaction of Safety International, IC, and NMSP-ERO.
    - Air monitoring of evacuated neighborhoods by CFD or designees shall precede rehabitation

[1] Distance based upon Fire Chief conversation with Allen Duke at Boots & Coots, 613-621-7911

EVACUATION PUBLIC WARNING MESSAGE

ATTENTION! Mayor Bob Forrest of Carlsbad and the Carlsbad Fire Department are issuing the following emergency bulletin at [TIME]:

[DESCRIBE INCIDENT]. You are directed to follow these emergency instructions now!

All persons within an area bounded by [DESCRIBE EVACUATON ZONE/S] are directed to evacuate immediately. Turn off gas and water supply valves and electric fuse panels before you evacuate. Take important identification, legal and medical papers or documents with you. Take pets with you if possible, or provide stored food and water for pets left outdoors. Take all medications you are currently taking with you. Tie a white cloth or towel to the outside front doorknob to indicate the premises are vacated. Police will secure the area vacated and no one will be allowed to enter.

Farmers affected by this evacuation should shelter their animals and provide stored feed and water.

Use [DESCRIBE ALL EVACUATION ROUTES] as evacuation routes. Public shelters are set up at [DESCRIBE LOCATIONS OF SHELTERS]if you need shelter. The Carlsbad Transit System buses will provide transportation for residents unable to evacuate themselves. School children will be evacuated to [DESCRIBE LOCATION] by their school buses. Do not go to school to pick them up.

If you need transportation or special help, call [NUMBER]. Do not call 911 for assistance or information. Emergency workers are in the area to assist.

Stay tuned to this station for further instructions and for the "All Clear" to be issued.

EVACUATION CHECKLIST

___ 1. Determine area that must be evacuated by readily identifiable boundaries.

___ 2. Secure authority for evacuation.

___ 3. Choose evacuation routes.

___ 4. Identify traffic control procedures.

___ 5. Identify shelters.

___ 6. Identify access control procedures.

___ 7. Assign tasks (i.e., traffic control, warning, shelter, transportation, etc.)

___ 8. Activate alert warning devices (i.e.. sirens, patrol cars, etc.)

___ 9. Issue specific instructions to population (i.e., activate EBS, door-to-door, etc.)

___ 10. Conduct the evacuation. Consider:

-Permanent residents (day-time vs. night-time)
-Transient population [tourists at marinas, parks, resorts, motels, etc.)
-Special populations (hospitals, nursing homes)
-Pets(animal control officers, veterinarians)
-Group quarters (prisons, jails, senior centers, care centers)
-Handicappers (mental and physical)
-Schools (public, private, parochial, pre-school)
-Large facilities (factories, sports stadiums, etc.)

___ 11. Provide transportation for those needing it (on school buses, public transit).

___ 12.Establish reception centers and public shelters.

___ 13.Provide emergency medical care, as necessary.

___ 14.Provide traffic control.

___ 15.Provide door-to-door checks after evacuation, if possible, and provide for security for evacuated area..

___ 16. Provide for the care of pets and farm animals.

___ 17. Choose and implement policy for those refusing to evacuate.

___ 18. Monitor and inspect areas for safe re-entry.

___ 19. Issue all-clear.

___ 20. Manage the return of evacuees.

EVACUATION

PRO

1. Feel Safer. Evacuees "feel" safer by traveling 'away from danger.

2. Vehicles Are Available. Most evacuees (65-7696) use an available family vehicleand many others (11-19%) use a relative's or friend's vehicle.

3. Destinations. Most evacuees (67% est.) go to homes or relatives and friends, or to cottages and second homes.

4. Family Units Nighttime evacuations are as family units (whereas daytime evacuations are usually without family unity, as many are at work, school, recreation, or shopping).

5. Effective Precautionary Evacuations
Precautionary evacuations are very effective when sufficient time is available or when the incident is under control (e.g., an overturned tank car accident where righting of the tank car or transfer of the chemical contents can be held off until the evacuation is completed, or where the population potentially affected s some distance away and the leak rate is slow.)

6. Long Term. An evacuation is necessary when an accidental release could be longterm or when there is real potential for explosion.

CON

1. Time Required. Requires considerable time to accomplish successfully (may take 2 to 4 hours or longer).

2. Lengthy Warning Message. The public warning message may be very lengthy since it has to identify the danger, describe the area to be evacuated, list evacuation routes, identify public shelters list what can and cannot be taken to shelters, etc.

3. Extensive Support Services. Requires setting up public shelters, traffic controls and area security and providing special transportation for those without vehicles, handicapped, and on intensive care.

4. Transient Populations. Transient populations at parks, marinas, campgrounds, summer camps, and resorts may not be familiar with area to accomplish an evacuation.

5. Potential Exposure. If toxic fumes are present during the evacuation and wind changes speed/direction, evacuees could travel unaware into or through dangerous gases.

6. "Panic Flight". The evacuation must be well controlled and organized with frequent credible information provided, to Prevent "panic" and erratic flight.

7. Multi-jurisdictional Problems. Problems of coordination of effort exist when evacuees of one jurisdiction are sent to another, or where the area evacuated consists of parts of several municipalities.

8. Liability. The protective action decision-maker must have a sound decision -making process and act with good faith effort to prevent being held liable for injuries and damages and loss of business and production.