



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 28, 2006
LCX Energy, LLC
101 North Marienfeld, Suite 200
Midland, TX 79701
Attn: Larry Gillette or To Whom It May Concern

Dear Mr. Gillette or To Whom It May Concern

RE: **LCX Energy, LLC's application to drill the 1625 Federal Com. # 262 well:
Surface location to be in Unit C, of Section 26, Township 16 South, Range 25 East,
Eddy County, New Mexico, NMPM. API # 30-015-35323**

In reference to the above noted application to drill, the New Mexico Oil Conservation Division (NMOCD) will require (in part) a detailed H2S well contingency plan that meets the requirements of NMOCD Rule 118. Please call if you have any questions or concerns regarding this matter.

Respectfully yours,

Bryan G. Arrant
NMOCD's District II Geologist
Artesia, New Mexico
505-748-1283 ext. 103

CC: Tom Heath-Federal Law Enforcement Training Center
Gloria Vaught-Federal Law Enforcement Training Center
John Simitz-Bureau of Land Management
Well file



LCX ENERGY, LLC.
1625 Federal Com. # 262
Unit "C" Section 26
T16S-R25E Eddy Co. NM



This well and its anticipated facility are not expected to have any hydrogen sulfide releases, as there has not been any indication of any hydrogen sulfide in any of the other wells drilled in the immediate area. There are no dwellings within 1.8 MILES OF THE location, however a hydrogen sulfide contingency plan will be submitted for this location. LCX ENERGY, LLC. Will have a company representative on location while drilling of this well. An unmanned H2S safety trailer and monitoring equipment will also be stationed on the location during drilling operation below the surface casing setting depth of 300' until the completion of the subject well at a TD of 4960' TVD.

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General H2S Emergency Actions:

1. All personnel will immediately evacuate to an up-wind and if possible up-hill "safe area"
2. If for any reason a person must enter the hazardous area, they must wear a SCBA (Self Contained Breathing Apparatus)
3. Always use the "buddy system"
4. Isolate the well/problem if possible
5. Account for all personnel
6. Display the proper colors warning all unsuspection personnel of the danger at hand.
7. Contact the Company personnel as soon as possible if not at the location. (use the enclosed call list as instructed

At this point the company representative will evaluate the situation and coordinate the necessary duties to bring the situation under control, and if necessary, the notification of the emergency response agencies and nearby residents.

EMERGENCY PROCEDURES FOR AN UNCONTROLLABLE RELEASE OF H2S

1. All personnel will don the self contained breathing apparatus.
2. Remove all personnel to the "safe area". (always use the buddy system).
3. Contact company personnel if not on location.
4. Set in motion the steps to protect and or remove the general public to an upwind "safe area". Maintain strict security & safety procedures while dealing with the source.
5. No entry to any unauthorized personnel.
6. Notify the appropriate agencies: City Police-City Street (s)
State Police- State Rd
County Sheriff – County Rd.
7. Call the NMOCD

If at this time the supervising person determines the release of H2S cannot be contained to the site location and the general public is in harms way he will take the necessary steps to protect the workers and the public.

EMERGENCY CALL LIST: (Start and continue until ONE of these people have been contacted)

	OFFICE	MOBILE	HOME
LCX ENERGY, LLC.	432-262-4011		
KELVIN FISHER		432-634-5621	432-694-1306
LARRY GILLETTE	432-262-4011	432-634-5530	432-262-7120
ROLAN LISLE	432-634-2632	DRILLING CONSULTANT WILL BE ON LOCATION AT ALL TIMES.	

EMERGENCY RESPONSE NUMBERS:

State Police:	Eddy County	505 748 9718
State Police:	Lea County	505 392 5588
Sheriff	Eddy County	505 746 2701
Sheriff	Lea County	
Emergency Medical Ser	Eddy County	911 or 505 746 2701
(Ambulance)	Lea County	Eunice 911 or 505 394 3258
Emergency Response	Eddy County SERC	505 476 9620
	Lea County	
Artesia Police Dept		505 746 5001
Artesia Fire Dept		505 746 5001

Carlsbad Police Dept		505 885 2111
Carlsbad Fire Dept		505 885 3125
Loco Hills Police Dept		505 677 2349
Jal Police Dept		505 395 2501
Jal Fire Dept		505 395 2221
Jal ambulance		505 395 2221
Eunice Police Dept		505 394 0112
Eunice Fire Dept		505 394 3258
Eunice Ambulance		505 394 3258
Hobbs Police Dept		
NMOCD	District 1 (Lea, Roosevelt, Curry)	505 393 6161
	District 2 (Eddy Chavez)	505 748 1283
Lea County Information		505 393 8203
Indian Fire & Safety		505-393-3093
BJ Services	Artesia	505 746 3140
	Hobbs	505 392 5556
Halliburton	Artesia	1 800 523 2482
	Hobbs	1 800 523 2482
Wild Well Control	Midland	432 550 6202
	Mobile	432 553 1166

PROTECTION OF THE GENERAL PUBLIC (ROE):

- 100 ppm at any public area (any place not associated with this site)
- 500 ppm at any public road (any road which the general public may travel)
- 100 ppm radius of ¼ mile in New Mexico will be assumed if there is insufficient data to do the calculations, and there is a reasonable expectation that H2S could be present in concentrations greater than 100 ppm in the gas mixture

CALCULATIONS FOR THE 100 PPM (ROE) "Pasquill-Gifford equation"

$X = [(1.589) (\text{mole fraction}) (Q - \text{volume in std cu ft})]$ to the power of (0.6258)

CALCULATION FOR THE 500 PPM ROE:

$X = [(.4546) (\text{mole fraction}) (Q - \text{volume in std cu ft})]$ to the power of (0.6258)

Example:

If a well/facility has been determined to have 150 / 500 ppm H2S in the gas mixture and the well/facility is producing at a gas rate of 100 MCFPD then:

150 ppm $X = [(1.589) (.00015) (100,000 \text{ cfd})]$ to the power of (.6258)
 $X = 7 \text{ ft}$

500 ppm $X = [(.4546) (.0005) (100,000 \text{ cfd})]$ to the power of (.6258)
 $X = 3.3 \text{ ft.}$

(These calculations will be forwarded to the appropriate District NMOCD office when Applicable)

PUBLIC EVACUATION PLAN:

- 1. Notification of the emergency response agencies of the hazardous condition and implement evacuation procedures.
- A trained person in H2S safety, shall monitor with detection equipment the H2S concentration, wind and area exposure (ROE). This person will determine the outer perimeter of the hazardous area. The extent of the evacuation area will be determined from the data being collected. Monitoring shall continue until the situation has been resolved. (All monitoring equipment shall be UL approved, for use in class 1

groups A,B,C &D, Division 1, hazardous locations. All monitor will have a minimum capability of measuring H₂S , oxygen, and flammable values).

- Law enforcement shall be notified to set up necessary barriers and maintain such for the duration of the situation as well as aid in the evacuation procedure.
- The company supervising personnel shall stay in communication with all agencies through out the duration of the situation and inform such agencies when the situation has been contained and the effected area(s) is safe to enter.

PROCEDURE FOR IGNITING AN UNCONTROLABLE CONDITION:

- 1. Human life and/or property are in danger
- 2. There is no hope of bringing the situation under control with the prevailing conditions at the site.

INSTRUCTION FOR IGNITION:

- 1. Two people are required. They must be equipped with positive pressure, self contained breathing apparatus and a "D" ring style full body, OSHA approved safety harness. Non flammable rope will be attached.
- 2. One of the people will be qualified safety person who will test the atmosphere for H₂S, Oxygen & LFL. The other person will be the company supervisor; he is responsible for igniting the well.
- 3. Ignite up wind from a distance no closer than necessary. Make sure that where you ignite from has the maximum escape avenue available. A 25 mm flare gun shall be used, with a \pm 500 ft. range to ignite the gas.
- 4. Prior to ignition, make a final check for combustible gases.
- 5. Following ignition, continue with the emergency actions & procedures as before.

REQUIRED EMERGENCY EQUIPMENT:

- **1. Breathing apparatus:**
 - Rescue Packs (SCBA) – 1 unit shall be placed at each breathing area, 2 shall be stored in the safety trailer.
 - Work/Escapes packs – 4 packs shall be stored on the rig floor with sufficient air hose not to restrict work activity.
 - Emergency Escape Packs – 4 packs shall be stored in the doghouse for emergency evacuation.
- **2. Signage & Flagging:**
 - One color code condition sign will be placed at the entrance to the site reflecting the possible conditions at the site.
 - A colored condition flag will be on display, reflecting the condition at the site at the time.
- **3. Briefing Area:** two perpendicular areas will be designated by signs and readily accessible.
- **4. Wind Socks:** Two wind socks will be placed in strategic locations, visible from all angles.
- **5. H₂S detectors and alarms:** The stationary detector with three sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible @ 14 ppm. Calibrate a minimum of every 30 days or as needed. The sensors will be placed in the following places: (Gas sample tubes will be stored in the safety trailer)
 - Rig Floor
 - Bell Nipple
 - End of Flow line or where well bore fluid are being discharged.
- **6. Auxiliary Rescue Equipment:**
 - Stretcher
 - Two OSHA full body harness
 - 100 ft 5/8 inch OSHA approved rope

- 1-20# class ABC fire extinguisher
- Communication via cell phones on location and vehicles on location.

USING SELF CONTAINED BREATHING AIR EQUIPMENT (SCBA):

- (SCBA) SHOULD BE WORN WHEN ANY OF THE FOLLOWING ARE PERFORMED:
 - Working near the top or on top of a tank
 - Disconnecting any line where H₂S can reasonably be expected
 - Sampling air in the area to determine if toxic concentrations of H₂S exist.
 - Working in areas where over 10 ppm on H₂S has been detected.
 - At any time there is a doubt as the level of H₂S in the area.
- 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.
- Contact lenses are never allowed with SCBA.
- Air quality shall be continuously be checked during the entire operation.
- After each use, the SCBA unit shall be cleaned, disinfected, serviced and inspected
- All SCBA shall be inspected monthly.

RESCUE AND FIRST AID FOR VICTIMS OF HYDROGEN SULFIDE (H₂S) POISONING:

- Do not panic
- Remain Calm & think
- Get on the breathing apparatus

- Remove the victim to the safe breathing area as quickly as possible. Up wind an uphill from source or cross wind 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 personnel on location shall be trained in CPR and First Aid.

HYDROGEN SULFIDE TOXIC EFFECTS

H₂S is extremely toxic. The acceptable ceiling for eight hours of exposure is 10 ppm, which is .001% by volume. H₂S is approximately 20% heavier than air (Sp. Gr= 1.19)(Air = 1) and colorless. It forms an explosive mixture with air between 4.3% and 46%. By volume hydrogen sulfide is almost as toxic as hydrogen cyanide and is 5-6 times more toxic than carbon monoxide.

Various Gases

COMMON NAME	CHEMICAL ABBREV.	SPECIFIC GRVTY.	THRESHOLD LIMITS	HAZARDOUS LIMITS	LETHAL CONCENTRATIONS
Hydrogen Sulfide	H ₂ S	1.19	10ppm 15 ppm	100 ppm/hr	600 ppm
Hydrogen Cyanide	HCN	0.94	10 ppm	150 ppm/hr	300 ppm
Sulfur Dioxide	SO ₂	2.21	2 ppm	N/A	1000 ppm
Chlorine	CL ₂	2.45	1 ppm	4 ppm/hr	1000 ppm
Carbon Monoxide	CO	0.97	50 ppm	400 ppm/hr	1000 ppm
Carbon Dioxide	CO ₂	1.52	5000 ppm	5%	10%
Methane	CH ₄	0.55	90,000	Combustible @ 5%	N/A

Threshold limit: Concentrations at which it is believed that all workers may be repeatedly exposed, day after day without adverse effects.

Hazardous Limit: Concentrations that may cause death

Lethal

Concentrations: Concentrations that will cause death with short term exposure

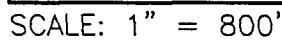
Threshold limit -

10 ppm: NIOSH guide to chemical hazards

PHYSICAL EFFECTS OF HYDROGEN SULFIDE:

CONCENTRATION	PHYSICAL EFFECTS
.001% 10 PPM	Obvious and unpleasant odor. Safe for 8 hr exposure
.005% 50 ppm	Can cause some flu like symptoms and can cause pneumonia
.01% 100 ppm	Kills the sense of smell in 3-15 minutes. May irritate the eyes and throat.
.02% 200 ppm	Kills the sense of smell rapidly. Severly irritates the eyes and throat. Severe flu like symptoms after 4 or more ours. May cause lung damage and or death.
.06% 600 ppm	Loss of consciousness quickly, death will result if not rescued promptly.

SHEET 2 OF 2



U.S.G.S. TOPOGRAPHIC MAP
ESPUELA, N.M.

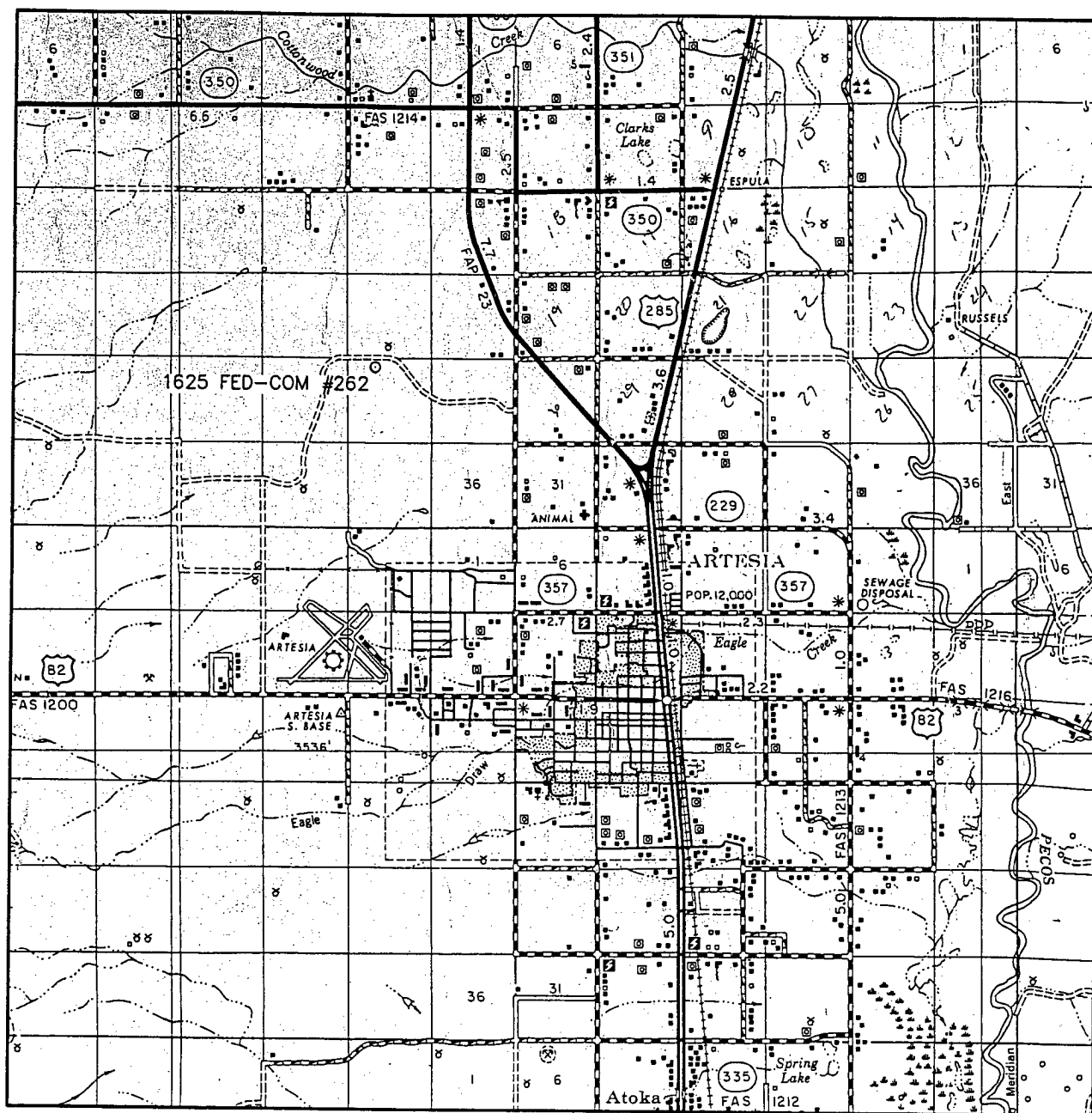
SE/SW 743 FEET 45.03 RODS



**WEST
COMPANY**
of Midland, Inc.

(432) 687-0865 - (432) 687-0868 FAX 12

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 26 TWP. 16-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 560' FNL & 1780' FWL

ELEVATION 3469'

OPERATOR LCX ENERGY, LLC

LEASE 1625 FED-COM



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