

CONTINGENCY PLAN

FOR

HANSON OPERATING

GINSBERG FED. NO. 19

EDDY COUNTY

SECTION 26 T18S, R30E, NMPM

JULY 19, 1993

RECEIVED
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C.C.D.

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SAFETY

It is the Hanson Operating's policy in all operations to do everything possible to insure the safety of its employees and the contract employees on the job site; and further, provide for the safety and comfort of persons near the operation by protecting the environment to the fullest degree possible.

The primary purpose of the procedures outlines herein is to guide the personnel on location in the event that Hydrogen Sulfide (H₂S) reaches the surface.

To protect their own safety and the safety of others, all personnel on the job site will rigidly adhere to this plan.

PRIME RESPONSIBILITIES

In the event of a release of a potentially hazardous amount of H₂S, all personnel will immediately proceed upwind to the nearest designated safe area and don their protective breathing equipment. The Hanson Operating Representative will immediately, upon assessing the situation, set this plan into action by taking the proper procedures to contain the gas and notify the appropriate people and agencies.

If Hanson Representative is not on location or incapacitated, this responsibility will fall to the Drilling Company's Toolpusher. If both are absent or incapacitated, the Driller on tour will then be responsible.

All safety equipment will be installed and operational to completely implement safety procedures when drilling has reached a depth of 750 feet.

LOCATION INFORMATION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

WELL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

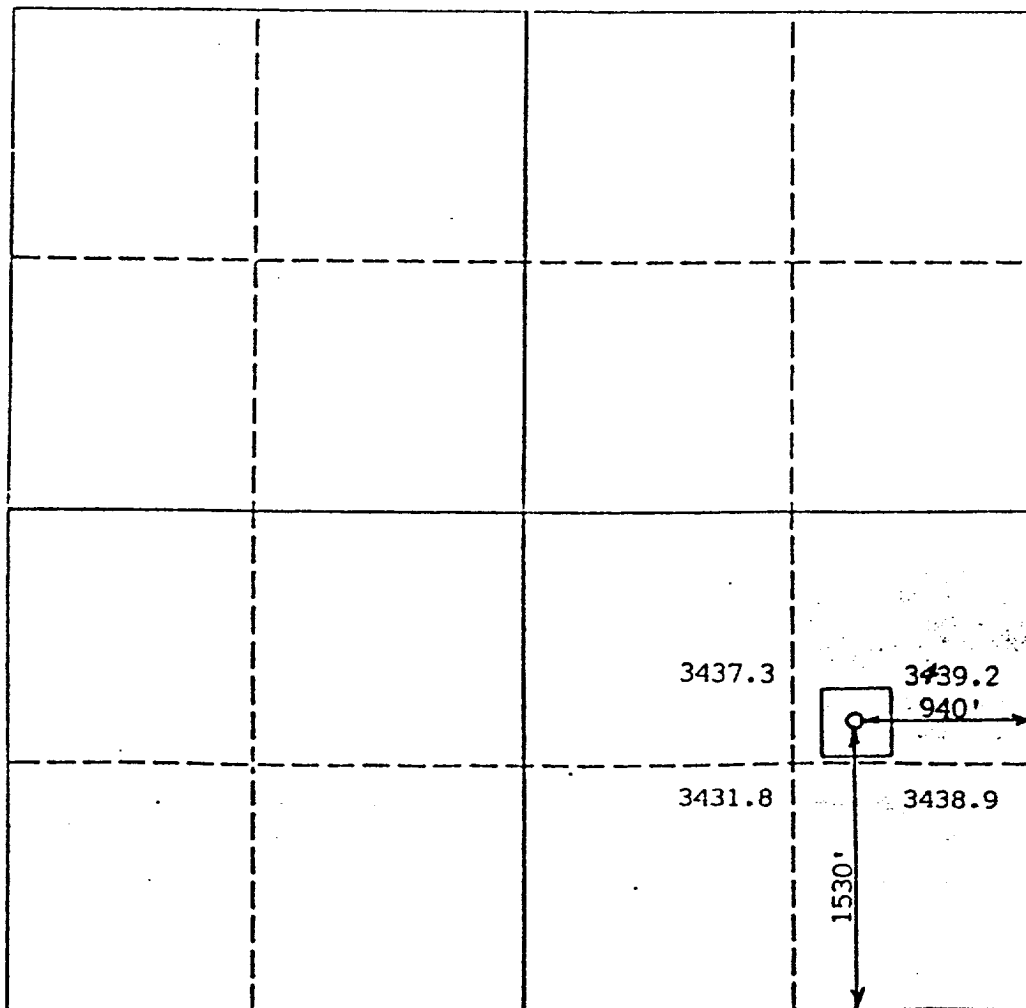
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Hanson Operating Company			Lease Ginsberg Federal		Well No. 19
Unit Letter I	Section 26	Township 18 South	Range 30 East	County Eddy	
Actual Footage Location of Well: 1530 feet from the South line and 940 feet from the East line					
Ground level Elev. 3436	Producing Formation Y-SR-Qn-Gb		Pool Shugart (Y-SR-Qn-Gb)	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

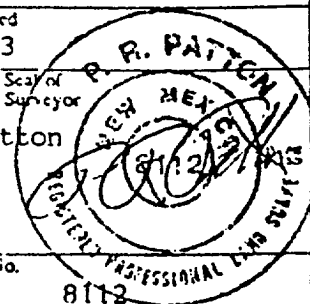
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____
Printed Name
P.R. Patton
Position
Agent for
Company
Hanson Operating Company
Date
4/23/93

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 knowledge and belief.

Date Surveyed
2/23/93
Signature & Seal of Professional Surveyor
P.R. Patton
Certificate No.
8112



EMERGENCY NOTIFICATION

Regulatory and Emergency Agencies

State Police	Artesia, NM	505-746-2703
County Police	Artesia, NM	505-746-9888
City Police	Artesia, NM	505-746-2704
Hospital	Artesia, NM	505-748-3333
Ambulance	Artesia, NM	505-746- 2701 or 911
Fire Department	Artesia, NM	505-746-2701 or 911
BLM	Carlsbad, NM	505-887-6544

COMPANY REPRESENTATIVES AND NUMBERS

Company	Hanson Operating Co. Inc.	505-622-7330
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Co-Man	David Sweeney Drilling Prod. Supt.	505-622-7330
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Safety Co.	Callaway Safety	505-392-2973
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Drilling Company	Wek Rig 3	505-623-5070
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Lonnie Archer	365-2998	Kenneth Reynolds-President
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Evacuation Plan

The following general plan has been developed in the event that any public evacuation becomes necessary.

1. The company has requested and has been assured the support of the various public safety entities in the area.

Any evacuation will be conducted with and coordinated by the County Sheriff and Supported by the State Highway Patrol.
3. Assistance from other public safety entities will be enlisted and coordinated by the County Sheriff's Office.
4. The included maps detail the area of the wellsite, including the inventory of the public within the radius of exposure of the well.
5. In the event that there is any suspected problem on the well, the wellsite supervisor will notify the Sheriff's Office for "Alert Status".
6. "Alert Status" will require that available public support personnel will assemble at the courthouse and stand-by for instructions.
7. If isolation and evacuation are necessary, then units will be dispatched to points marked on the map with instructions to maintain road blocks.
8. Evacuation teams will then proceed to sectors to be evacuated. Evacuation procedures will follow appropriate consideration for wind conditions.
9. Personnel from Callaway Safety Equipment Company will establish safe perimeters using an H2S Detector.
- Hanson The Texas Railroad Commission and other authorities will be notified as soon as possible.
11. Other Supplemental contractors will be contacted and called in as needed.

RESIDENTS AND PUBLIC ROADS

IN

RADIUS OF EXPOSURE

(ROE)

RESPONSIBILITIES AND DUTIES

Hanson Operating's Drilling Foreman

1. In an emergency situation, the Drilling Foreman on duty will have complete responsibility and will take whatever action is deemed necessary in an emergency situation to insure the personnel's safety, to protect the well and to prevent property damage.
2. Will advise the Superintendent when procedures as specified herein have been met, will inform of emergencies and deviations from the plan, and ensure that procedures are observed at all times.
3. Will advise each contractor, service company and all others entering the site, that Hydrogen Sulfide may be encountered and the potential hazards that may exist.
4. Will authorize the evacuation of local residents if Hydrogen sulfide threatens their safety.
5. Will keep the number of persons on location to a minimum during hazardous operations.
6. Will assess the situation when an alarm sounds, and issue work orders; or, when conditions warrant, order all personnel to "Safe Briefing Areas".
7. Will direct corrective actions to control the flow of gas.
8. Has full responsibility of the decision to cease drilling operations.

Drilling Company

1. The Toolpusher will assume all responsibilities of the Hanson Operating's Drilling Foreman in an emergency situation in the event that the Drilling Foreman becomes incapacitated.
2. The toolpusher will order the Driller to secure the rig, if time permits.
3. The Driller will secure the rig in an emergency situation, if time permits.

RESPONSIBILITIES AND DUTIES

Special Notation:

In case of an emergency, and in the absence of a company man or toolpusher, the employee of Callaway Safety Equipment Company, acting as Hanson Operating's agent will assume all responsibility of safety to immediate personnel and to public safety.

1. Visitors will be restricted, unless accompanied by the Hanson Operating's Drilling Foreman, when Hydrogen Sulfide might be encountered.
2. Visitors and non-essential personnel will be prohibited from remaining in or entering contaminated areas where Hydrogen Sulfide concentrations in the atmosphere exceed ten (10) ppm.

NOTE: When Hydrogen Sulfide might be encountered, no personnel on location will be permitted to sleep in vehicles.

EMERGENCY PROCEDURES

In the event that an accidental release of a potentially hazardous volume of Hydrogen Sulfide occurs, the following procedures will be taken:

1. All personnel on location will be accounted for and emergency search should begin for any missing.
2. All search missions will be conducted under fresh air masks in teams of two. Should the search team need to approach the well, a safety harness and rope should be used.
3. All individuals, companies and agencies should be contacted, according to the "Emergency Call List".
4. An assigned crew member will blockade the entrance to the location. No No unauthorized personnel will be allowed entry into the location.
5. The Company Representative will remain on location and attempt to regain control of the well.
6. The Company's designated representative will begin evacuation of those persons in immediate danger.

EMERGENCY PROCEDURES

The fact is to be instilled in the minds of all rig personnel that the sounding alarm means only one thing: H2S IS PRESENT. Everyone is to proceed to his assigned station and the contingency plan should be put into effect.

RESPONSIBILITY:

In order to assure proper execution of the contingency plan, it is essential that one person be responsible for and in complete charge of implementing these procedures. The responsibility will be Hanson Operating Inc.'s Representative.

1. Hanson Representative on location - should he become disabled or unable to locate-
2. Senior Hanson Representative - should he become disabled or unable to locate
3. Senior Hanson Drilling Engineer - should he become disabled or unable to locate-
4. Callaway Safety Equipment Company Representative

DRILLING CREW ACTIONS:

1. All personnel will don their protective breathing apparatus. The Driller will take necessary precaution as indicated in "Operating Procedures".
2. The "Buddy System" will be implemented. All personnel will act upon directions from the Company Representative.
3. If there are non-essential personnel on location, they will move off location.
4. Entrance to location will be patrolled and the proper Well Condition Sign will be displayed at the entrance to the location.

INSTRUCTIONS TO PERSONNEL

WHERE

HYDDROGEN SULFIDE MAY BE ENCOUNTERED

1. Every person involved in the operation will be informed of the characteristics of Hydrogen Sulfide, its dangers, safe procedures to be used when it is encountered and recommended first aid procedures for regular rig personnel.
2. The H2S Supervisor will conduct training sessions and will repeat as deemed necessary by him or as instructed by the Drilling Foreman.
3. Instructions will include the following:
 - a. Dangers of Hydrogen Sulfide
 - b. Use and limitation of air equipment
 - c. Use of resuscitator; organize "buddy system" and first aid procedures
 - d. Use of H2S detection devices; designate responsible people
 - e. Explain rig layout and policy on visitors, designate smoking and safety area; emphasize the importance of wind direction
 - f. Explain functions of H2S Supervisor
 - g. Explain and organize H2S drill
 - h. Explain the overall emergency plan with emphasis given to the evacuation phase of the plan
4. The above instructions will be attended by every person involved in the operation.
5. Visitors will be instructed to report to the Hanson Operating's Drilling Foreman.
6. Visitors will be refused entrance for lack of safety equipment, if special operations are in progress, or for other reasons involving personnel safety.

OPERATIONS WHEN HYDROGEN SULFIDE IS DETECTED

1. At this time, the Hanson Operating's Drilling Foreman will assess the situation, outline a program of control and assign duties. His instructions will be followed carefully. Success depends on how quickly, thoroughly and effectively each man does his assigned duties.
2. When severity of the situation has been determined, all personnel will be advised.
3. Personnel will develop a practice of watching out for each other when emergency conditions exist. Where possible, work should be performed in pairs. When a Hydrogen Sulfide emergency exists, personnel should use the "buddy system" to prevent anyone from entering a contaminated area alone.
4. Hydrogen Sulfide gas discipline will be adhered to, when the "Masks On" requirements exist. THERE ARE NO EXCEPTIONS.
5. Personnel will not remove the breathing equipment until tests indicate that the atmosphere is safe to breathe and "All Clear" is announced.
6. In the event of Sudden Gas Release, with no advance warning, personnel will be instructed to take the following general actions:
 - a. Hold breath - do not breathe
 - b. Put on protective breathing equipment
 - c. Help any person(s) in distress
 - d. Proceed to the designated "Safe Briefing Area" and secure instructions from Supervisor
 - e. DO NOT PANIC
 - f. If conditions warrant, the Driller will secure the rig, stop motion of the rig, and close the blowout preventers
 - g. Schooling and instructions to all personnel on the site, concerning Hydrogen Sulfide Safety will be conducted by Callaway Safety Equipment Company instructors.

NOTE: PUT ON YOUR BREATHING EQUIPMENT BEFORE ATTEMPTING A RESCUE.

YOU, TOO, CAN BECOME A VICTIM

CALLAWAY SAFETY