

## **Exhibit "I"**

### **KCS Medallion Resources, Inc.**

#### **Hydrogen Sulfide Drilling Operations Plan**

##### **I. Hydrogen Sulfide Training.**

- A. All rig crews and company personnel will receive training from a qualified instructor in the following areas prior to penetrating any hydrogen sulfide bearing formations during drilling operations:
1. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
  2. The proper use and maintenance of H<sub>2</sub>S safety equipment and of personal protective equipment to be utilized at the location, such as H<sub>2</sub>S detection monitors, alarms, warning systems, and breathing equipment. Briefing areas and evacuation procedures will also be discussed and established.
  3. Proper rescue techniques and procedures will be discussed and established.
- B. In addition to the above, supervisory personnel will be trained in the prevention of oil and gas well blowouts in accordance with Minerals Management Service Standards Subpart -0- 250 - 212.

Prior to penetrating any known H<sub>2</sub>S bearing formation, H<sub>2</sub>S training will be required at the well site for all rig crews and company personnel that have not previously had such training. This instruction will be provided by a qualified instructor with each individual being required to pass a 20 question test regarding H<sub>2</sub>S safety procedures. All contract personnel employed on an unscheduled basis will be required to have received appropriate H<sub>2</sub>S training.

The Hydrogen Sulfide Drilling Operations Plan will be available at the well site during drilling operations.

##### **II H<sub>2</sub>S Safety Equipment and Systems.**

- A. All H<sub>2</sub>S safety equipment and systems will be installed, tested, and operational when drilling operations reach a depth approximately 500 ft above any known or probable H<sub>2</sub>S bearing formation. The safety systems to be utilized during drilling operations are as follows:
1. Well Control Equipment:
    - a. Annular BOP with a properly sized closing unit so as to accommodate all pipe sizes in use.
    - b. A choke manifold with a minimum of one remote choke.
  2. H<sub>2</sub>S Detection and Monitoring Equipment:
    - a. Three(3) H<sub>2</sub>S detection monitors will be placed in service at the location. One monitor will be placed near the bell nipple on the rig floor; one will be placed at the rig substructure; and one will be at the working mud pits or shale shaker. This monitoring system will have warning lights and audible alarms that will

- alert personnel when H2S levels reach 10 ppm.
  - b. One Sensidyne pump or equivalent with appropriate detection tubes will also be available to perform spot checks for H2S concentrations in any remote or isolated areas.
- 3. Protective Equipment for Essential Personnel.
  - a. Four(4) five minute escape packs located at strategic points around the rig.
  - b. Two(2) thirty minute rescue packs to be located at the designated briefing areas
- 4. Visual Warning System.

The visual warning system will consist of the following:

  - a. Three(3) wind direction indicators.
  - b. Two(2) condition/warning signs which will be posted on the road providing direct access to the location. One sign will be placed at the point that the access road leaves the public road; the second sign will be placed where the access road enters the location. The signs will contain lettering of sufficient size to be readable at a reasonable distance from the immediate vicinity. The sign will inform the public that a hydrogen sulfide gas environment could be encountered at the location

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Typical Wellsite Layout

