

Drilling experience has shown that wells in developmental areas, (i.e. Dagger Draw, Livingston Ridge Delaware and Lusk Delaware) are normally pressured and do not experience either H2S kicks or loss of returns. Due to these circumstances, we request exceptions to the rule requiring flare line with remote lighter and choke manifold with minimum of one remote choke. This equipment would be provided on exploratory wells or wells with the known potential for H2S kicks. Additionally, A SO2 monitor would be positioned near the flare line, and a rotating head utilized.

The drill string, casing, tubing, wellhead, blowout preventors and associated lines and valves will be suitable for anticipated H2S encounters.

Radio and/or mobile telephone communication will be available on site. Mobile telephone communication will be available in company vehicles.

Drill stem testing to be performed with a minimum number of essential people on location. They will be those necessary to safely conduct the test. If H2S is encountered during a drill stem test, essential personnel will mask up and determine the H2S concentration. The recovery will then be reversed to flare pit. Pulling of test tools will be conducted in a safe manner.

Hickory ALV Federal #5
1650' FNL & 660' FEL
Section 18-T22S-R24E
Eddy County, New Mexico