

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FEB 02 2006

OCD-ANTHESIA

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator
EOG Resources, Inc.

3a. Address
P.O. Box 2267 Midland, TX 79702

3b. Phone No. (include area code)
(432) 686-3714

4. Location of Well (Report location clearly and in accordance with any State requirements.)

At surface 1680' FSL & 850' FEL (U/L I)

At proposed prod. Zone same

14. Distance in miles and direction from nearest town or post office*
3.5 mi East of Loco Hills NM

15. Distance from proposed* location to nearest property or lease line, ft.
(Also to nearest drlg. Unit line, if any) 850'

16. No. of Acres in lease
320

17. Spacing Unit dedicated to this well
E/2 Sec 24 T-17-S, R-30-E

18. Distance from proposed location* to nearest well, drilling, completed applied for, on this lease, ft.
500

19. Proposed Depth
11,700

20. BLM/BIA Bond No. on file
NM2308

21. Elevations (Show whether DF, KDB, RT, GL, etc)
GL 3645

22. Approximate date work will start*
2/1/2006

23. Estimated duration
45

24. Attachments

The following completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office)

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature
Mike Francis
Title Agent

Name (Printed/Typed)
Mike Francis

Date
12/18/05

Approved by (Signature)
/s/ Joe G. Lara

Name (Printed/Typed)
/s/ Joe G. Lara

Date
FEB 01 2006

ACTING FIELD MANAGER

Office
CARLSBAD FIELD OFFICE

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

APPROVAL FOR 1 YEAR

Roswell Controlled Water Basin

WITNESS 16" CSG CMT JOB
S. I. > 9.5

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
25 N. French Dr., Hobbs, NM 88240

State of New Mexico

Form C-102

Energy, Minerals, and Natural Resources Department

Revised August 15, 2000

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

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

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
	74560	Cedar Lake, Morrow Gas
4 Property Code	5 Property Name	6 Well Number
	BURNETT OIL 24 FED COM	2
7 OGRID No.	8 Operator Name	9 Elevation
7377	EOG RESOURCES, INC.	3645'

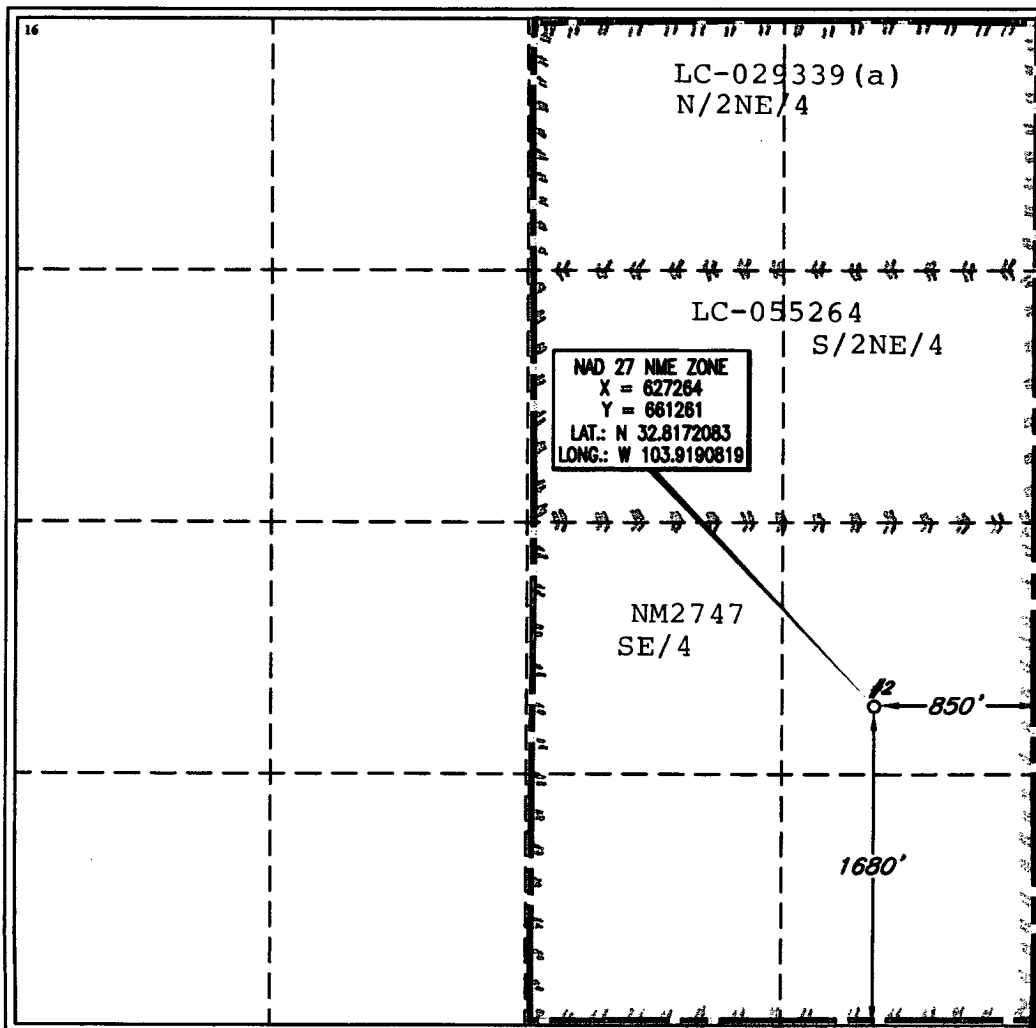
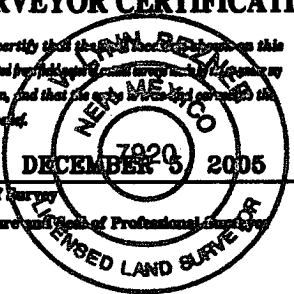
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	24	17 SOUTH	30 EAST, N.M.P.M.		1680'	SOUTH	850'	EAST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.						
320									

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16		17 OPERATOR CERTIFICATION
		<p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Mike Francis</i></p> <p>Signature</p> <p>Mike Francis</p> <p>Printed Name</p> <p>Agent</p> <p>Title</p> <p>12 / 18 / 2005</p> <p>Date</p>
		18 SURVEYOR CERTIFICATION
		<p>I hereby certify that the plat hereon is a true and correct copy of the original plat on file in the office of the Surveyor General, and that the same is a true and correct copy of the original plat on file in the office of the Surveyor General.</p> <p></p> <p>Date of Survey</p> <p>Signature of Professional Surveyor</p> <p><i>V. L. Bezner</i></p> <p>Certificate Number</p> <p>V. L. BEZNER R.P.S. #7920</p> <p>JOB #108727 / 98SW / J.W.W.</p>

DRILLING PROGRAM

EOG RESOURCES, INC.
Burnett Oil 24 Fed Com No.2

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Rustler	500'
San Andres	3340'
1st Bone Spring	6180'
Wolfcamp	9075'
Morrow Lime	10830'
Morrow Clastics	11250'

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

Upper Permian Sands	Above 250'	Fresh Water
San Andres	3340'	Oil
1st Bone Spring	6180'	Oil
Atoka	10540'	Gas
Morrow	11250'	Gas

CASING PROGRAM

<u>Hole Size</u>	<u>Interval</u>	<u>OD Casing</u>	<u>Weight Grade Jt. Cond. Type</u>
20"	0-500'	16"	65# H-40 ST&C
14 3/4"	0-1800'	11 3/4"	42# H-40 ST&C
(If significant water is not encountered while drilling this section, 8 5/8" casing will be ran from 0-5400')			
11"	0-5400'	8 5/8"	32# J-55 LT&C
7 7/8	0-11562'	5 1/2"	17# N-80/S95 LT&C

Cementing Program:

16" Surface Casing:	Cement to surface with 200 sx Prem Plus, 3% Econolite, 1% Calcium Chloride, 0.25#/sx Flocele, 250 sx Prem Plus, 2% Calcium Chloride
11 3/4" Intermediate:	Cement to surface with 300 sx Interfill C, .25#/sx flocele, 230 sx Premium Plus, 1% Calcium Chloride
8 5/8" Intermediate:	Cement w/600 sx Premium, 3% Econolite, 1#/sx Salt, 0.2% HR5, .25#/sk Flocele, 520sx 50/50 Poz with retarders.
5 1/2" Production	Cement with 600 Sx of class C Cement +additives: tail 650 sx Class H Premium Plus cement + additives TOC 4500'

DRILLING PROGRAM

EOG RESOURCES, INC.
Burnett Oil 24 Fed Com No.2

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

(SEE EXHIBIT #1)

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type (5000 psi WP) preventer and an annular preventer (5000-psi WP). Units will be hydraulically operated and the ram-type will be equipped with blind rams on top and drill pipe rams on bottom. All BOP's and accessory equipment will be tested in accordance with Onshore Oil & Gas order No. 2. EOG request authorization to use a 2M system, providing for an annular preventer to be used prior to the surface casing shoe and while drilling the intermediate section. Before drilling out of 1st intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000/1000 psi and the annular to 3500/5000-psig pressure.

Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

The well will be drilled to TD with a combination of brine, cut brine, and polymer/KCL mud system. The applicable depths and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	<u>Wt Viscosity</u> <u>(PPG)</u>	<u>Waterloss</u> <u>(sec)</u>	<u>(cc)</u>
0-500'	Fresh Water /Gel	8.6-8.8	28-34	N.C.
500'-5400'	Brine Water	10.0 -10.2	28-34	N.C.
5400'- TD	Cut Brine + Polymer/KCL	8.9 - 9.6	34-40	10-25

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

(A) A kelly cock will be kept in the drill string at all times.

(B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

(C) A mud logging unit complete with H2S detector will be continuously monitoring drilling penetration rate and hydrocarbon shows from 5000' to TD.

DRILLING PROGRAM

EOG RESOURCES, INC.
Burnett Oil 24 Fed Com No.2

8. LOGGING, TESTING AND CORING PROGRAM:

Electric logging will consist of GR-Dual Induction Focused and GR-Compensated Density-Neutron from TD to intermediate casing with a GR-Compensated Neutron run from intermediate casing to surface and optional Sonic from TD to Intermediate casing.

Possible sidewall cores based on shows.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES AND POTENTIAL HAZARDS:

The estimated bottom hole temperature (BHT) at TD is 190 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 3500 psig. No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major loss circulation zones have been reported in offsetting wells.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The drilling operation should be finished in approximately 48 days. If the well is productive, an additional 30-60 days will be required for completion and testing before a decision is made to install permanent facilities.

DRILLING PROGRAM

EOG RESOURCES, INC.
Burnett Oil 24 Fed Com No.2

SURFACE USE AND OPERATIONS PLAN

Surface is Federal Lands

Directions to Well Site: From Intersection of Hwy 529 and Hwy 82, Go West on Hwy e 82 2.6 Miles. Turn south on Lease Road and Go .1 mile to a point 300' east of Location

1. EXISTING ROADS:

Access to location will be made as shown on Exhibit #2

Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. PROPOSED ACCESS ROAD:

74' of new road is required. Exhibit #2a.

No turnouts necessary.

No culverts, low-water crossings are necessary.

No cattle guards will be necessary

Surfacing material consists of native caliche to be obtained from the nearest BLM-approved caliche pit. Any additional materials required will be purchased from the dirt contractor.

3. LOCATION OF EXISTING WELLS:

Exhibit #3 shows all existing wells within a one-mile radius of this well.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

There are no existing production facilities. If production is encountered, a temporary facility will be established on the drill pad, and if warranted, a production facility would be built at a later date in the immediate area of the drill pad location. If the well is productive, the flowline would also be located on the drill-pad site and no additional disturbance will occur.

5. LOCATION AND TYPE OF WATER SUPPLY:

Fresh water and brine water for drilling will come from commercial sources and transported to the well site over the roads as shown on Exhibit #2.

DRILLING PROGRAM

**EOG RESOURCES, INC.
Burnett Oil 24 Fed Com No.2**

6. PLANS FOR RESTORATION OF THE SURFACE:

After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Location will be cleaned of all trash and junk to leave the well in an aesthetically pleasing condition as possible.

Any unguarded pits containing fluid will be fenced until they are dry and back filled.

After abandonment of the well, surface restoration will be in accordance with current federal laws and regulations. Location will be cleaned, and the well pad removed to promote vegetation and disposal of human waste will be complied with. Trash, waste paper, garbage and junk will be hauled to an approved disposal site in an enclosed trash trailer.

All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

ANCILLARY FACILITIES:

No airstrip, campsite, or other facilities will be built.

WELL SITE LAYOUT:

Exhibit #4 shows the relative location and dimensions of the well pad.

DRILLING PROGRAM

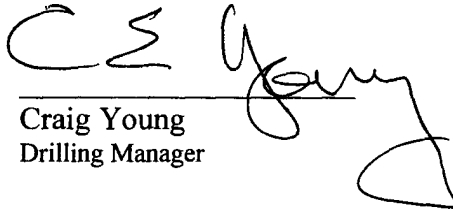
EOG RESOURCES, INC.
Burnett Oil 24 Fed Com No.2

OTHER INFORMATION:

The area around the well site is grassland and the topsoil is duned and sandy. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca, and prickly pear.

CERTIFICATION:

I HEREBY CERTIFY that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by EOG Resources, Inc. and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.



Craig Young
Drilling Manager

Date 12/19/2005

DRILLING PROGRAM

**EOG RESOURCES, INC.
Burnett Oil 24 Fed Com No.2**

ATTACHMENT TO EXHIBIT #1

1. Wear ring to be properly installed in head.
2. Blow out preventer and all fittings must be in good condition, 5000 psi W.P. minimum. Exhibit #1.
3. All fittings to be flanged
4. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 5000 psi W.P. minimum.
5. All choke and fill lines to be securely anchored especially ends of choke lines.
6. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
7. Kelly cock on kelly.
8. Extension wrenches and hand wheels to be properly installed.
9. Blow out preventer control to be located as close to driller's position as feasible.
10. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation, and meet all API specifications.

EOG Resources, Inc.
Burnett Oil 24 Fed com No.2

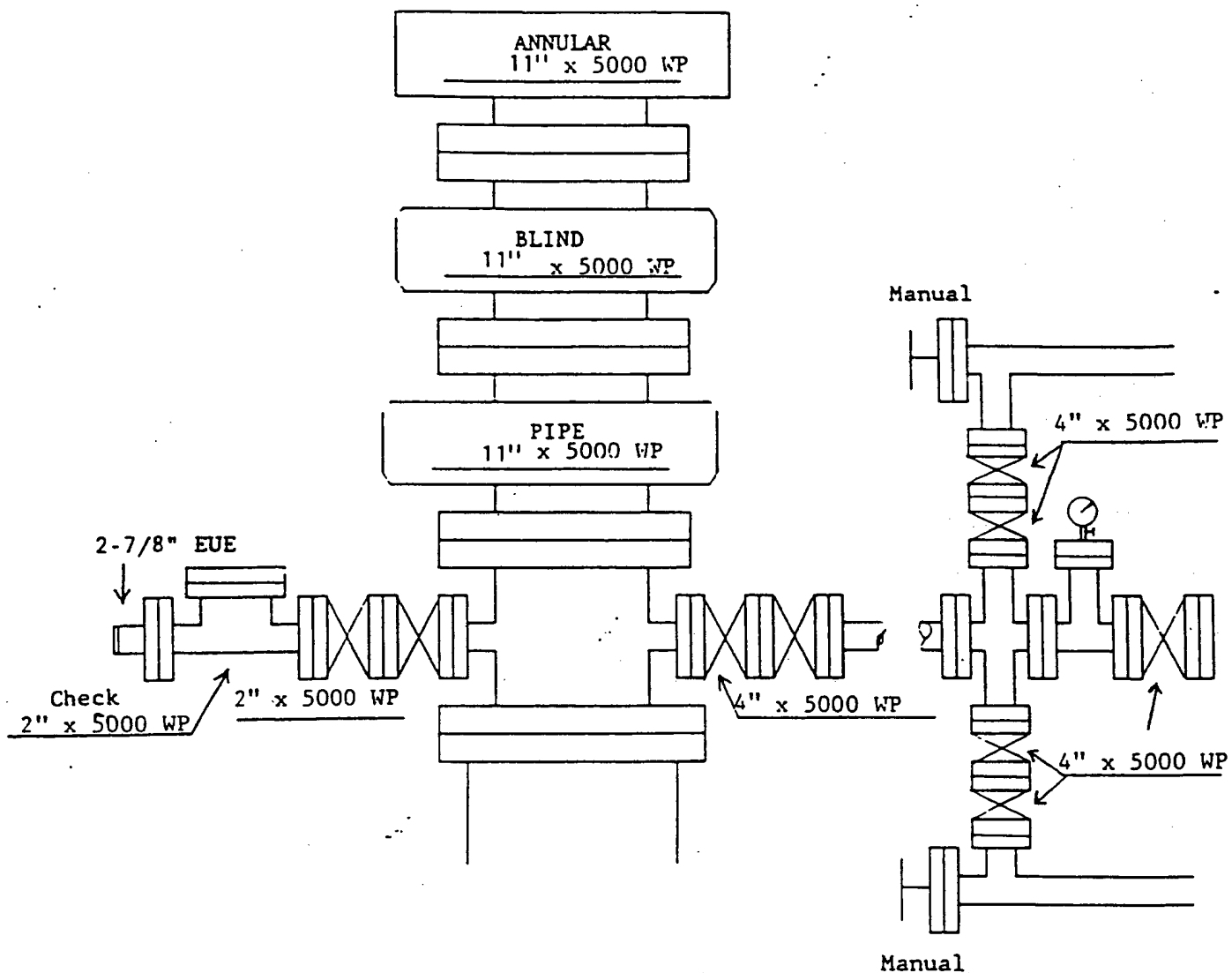


Exhibit 1

SECTION 24 TWP 17-S RGE 30-E
SURVEY NEW MEXICO PRINCIPAL MERIDIAN
COUNTY EDDY STATE NM
DESCRIPTION 1680' FSL & 850' FEL
ELEVATION 3645'

U.S.G.S. TOPOGRAPHIC MAP

 LOCO HILLS, NEW MEXICO

 LAT. _____ LAT.: N 32.8172083

 LONG. _____ LONG.: W 103.9190819

Exhibit 2

-N-

Surveying & Mapping for the Oil & Gas Industry

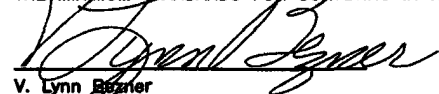
This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.

Review this plot and notify us immediately of any possible discrepancy.

1307 N. HOBART
PAMPA, TX. 79065
(800) 658-6382

6709 N. CLASSEN BLVD.
OKLAHOMA CITY, OK. 73116
(800) 654-3219

2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1653



				EOG RESOURCES, INC.	SCALE: 1" = 1000'
					DATE: NOVEMBER 29, 2005
NO.	REVISION	DATE	BY		JOB NO.: 108727-RD
SURVEYED BY: R.M.					QUAD NO.: 101SE
DRAWN BY: E.U.O.				TOPOGRAPHIC LAND SURVEYORS MIDLAND, TEXAS	SHEET : 1 OF 1
APPROVED BY: V.L.B.					

Statement Accepting Responsibility For Operations
Burnett Oil 24 Fed Com No2

Operator Name: EOG Resources, Inc.
Street or Box: P.O. Box 2267
City, State: Midland, TX
Zip Code: 79702

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.: NM-2747 (SE/4); LC-055264 (S/2NE/4); LC-029339(a) (N/2NE/4)

Legal Description of Land E/2 Sec. 24 T-17-S; R-^{30 & D}~~20~~-E Eddy Co. NM **Formation(s)**
(if applicable):

Bond Coverage: *(State if individually bonded or another's bond)* Individually

BLM Bond File No.: NM2308

Authorized Signature:


Mike Francis

Title: Agent

Date 1/27/2006

**EOG RESOURCES, INC.
HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN
FOR DRILLING/COMPLETING/WORKOVER/FACILITY
WITH THE EXPECTATION OF H₂S IN EXCESS OF 100 PPM**

EOG Resources, Inc. Burnett Oil 24 Fed Com. No.2 Well Eddy Co. NM

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GENERAL H2S EMERGENCY ACTIONS:

In the event of an H2S emergency, the following plan will be initiated.

- 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 and provide for medical treatment if needed.
- 6) Display the proper colors warning all unsuspecting personnel of the danger at hand.
- 7) As per EOG's Crisis Management Plan contact EOG Management.

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

EMERGENCY PROCEDURES FOR AN UNCONTROLLABLE RESLEASE 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. Provide for medical treatment if necessary
- 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.
(will assist in general public evacuation/safety while maintaining roadblocks)
- 7) Call the NMOCD

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

	<u>OFFICE</u>	<u>MOBILE</u>	<u>HOME</u>
EOG Resources, Inc.	432/686-3600		
Joel Pettit	432/686-3705	432/894-1226	
Billy Helms	432/686-3795	432/557-5345	
Howard Kemp	432/686-3704	432/634-1001	

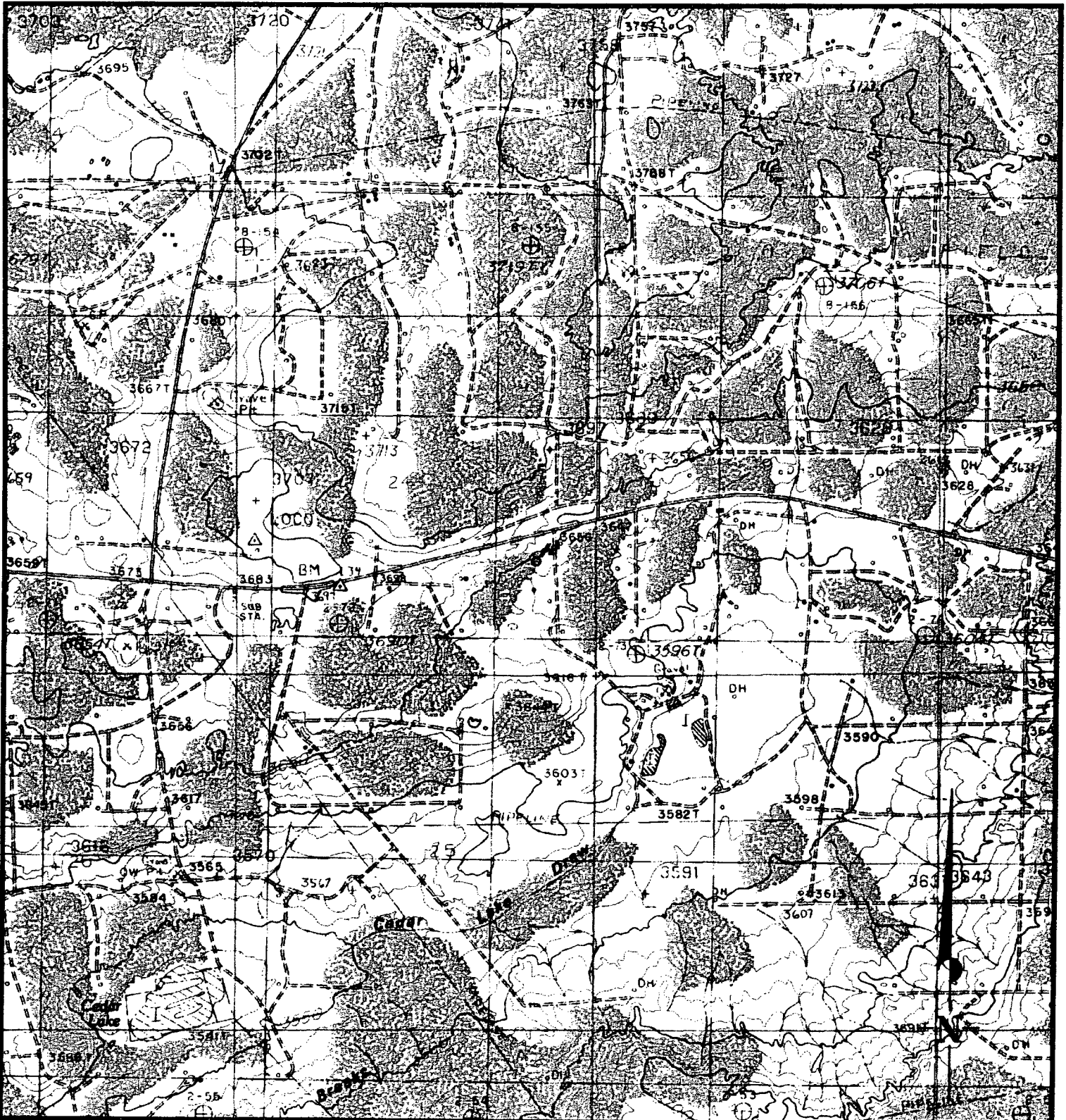
EMERGENCY RESPONSE NUMBERS: Eddy County, New Mexico

State Police	505/748-9718
Eddy County Sheriff	505/746-2701
Emergency Medical Service (Ambulance)	911 or 505/746-2701
Eddy County Emergency Management (Harry Burgess)	505/887-9511
State Emergency Response Center (SERC)	505/476-9620
Artesia Police Department	505/746-5001
Artesia Fire Department	505/746-5001
Carlsbad Police Department	505/885-2111
Carlsbad Fire Department	505/885-3125
Loco Hills Fire Department	505/677-2349
(NMOCD) New Mexico Oil Conservation Division, District I (Lea, Roosevelt, Chavez, Curry)	505/393-6161
District II (Eddy, Chavez)	505/748-1283
American Safety	505/746-1096
Indian Fire & Safety	800/530-8693
Callaway Safety	505/392-2973
BJ Services	502/746-3146

PROTECTION OF THE GENERAL PUBLIC/ROE:

TOPOGRAPHIC LAND SURVEYORS
Surveying & Mapping for the Oil & Gas Industry

Exhibit 2



EOG RESOURCES, INC.

BURNETT OIL 24 FED COM #2
1680' FSL & 850' FEL
SECTION 24, T-17-S, R-30-E N.M.P.M.
EDDY COUNTY, TEXAS

SCALE: 1" = 2000'
0' 1000' 2000'

USGS 7 1/2" TOPOGRAPHIC MAP:
LOCO HILLS, NEW MEXICO
SCALE: 1" = 2000'

2903 N. Big Spring
Midland, Texas 79705
(432) 682-1653
www.topographic.com

In the event greater than 100 ppm H₂S is present, the ROE (Radius Of Exposure) calculations will be done to determine if the following is warranted:

- 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 3000' 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.

Calculation for the 100 ppm ROE:

$$X = [(1.589)(\text{concentration})(Q)]^{(0.6258)}$$

Calculation for the 500 PPM ROE

$$X = [(0.4546)(\text{concentration})(Q)]^{(.06258)}$$

Q=Gas flow rate, SCFPD

concentration = decimal equivalent of the volume fraction of hydrogen sulfide in the gaseous mixture

PUBLIC EVACUATION PLAN :

(When the supervisor has determined that the General Public will be involved, the following plan will be implemented)

- 1) Notification of the emergency response agencies of the hazardous condition and Implement evacuation procedures.
- 2) A trained person in H₂S safety shall monitor with detection equipment the H₂S Concentration, wind and area of 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 I groups A, B, C & D, Division I, hazardous locations. All monitors will have a minimum capability of measuring H₂S, oxygen, and flammable values).
- 3) 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.
- 4) 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 UNCONTROLLABLE CONDITION:

The decision to ignite a well should be a last resort and one if not both of the following pertain.

- 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.

INSTRUCTIONS 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 a qualified safety person who will test the atmosphere for H₂S, Oxygen, and 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 $\pm 500'$ range to ignite the gas.
- 4) Prior to ignition, make a final check for combustible gases.
- 5) Following ignition, continue with the emergency actions and 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/Escape 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 and 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 that time.
- 3) Briefing Area: Two, perpendicular areas will be designated by signs and readily accessible.

- 4) Wind Socks: Two windsocks will be placed in strategic locations, visible from all angles.
- 5) H2S Detectors and Alarm: The stationary detector with three (3) sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible @ 15 ppm. Calibrate a minimum of every 30 days or as needed. The 3 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' of 5/8" 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 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 & 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. Upwind 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 (2) personnel on location shall be trained in CPR and First Aid.

H2S 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 46.0%. By volume hydrogen sulfide (H2S) is almost as toxic as hydrogen cyanide and is 5-6 times more toxic than carbon monoxide.

Various Gasses

Common Name	Chemical Abbrev.	Sp. GR.	Threshold Limits	Hazardous Limits	Lethal Concentration
Hydrogen Sulfide	H2S	1.19	10 ppm 15 ppm	100 ppm/hr	600 ppm
Hydrogen Cyanide	HCN	0.94	10 ppm	150 ppm/hr	300 ppm
Sulfur Dioxide	SO2	2.21	2 ppm	N/A	1000 ppm
Chlorine	CL2	2.45	1 ppm	4 ppm/hr	1000 ppm
Carbon Monoxide	CO	0.97	50 ppm	400 ppm/hr	1000 ppm
Carbon Dioxide	CO2	1.52	5000 ppm	5%	10%
Methane	CH4	0.55	90,000	Combustible @ 5%	N/A

- 1 Threshold limit – Concentrations at which it is believed that all workers may be repeatedly exposed, day after day without Adverse effects.
- 2 Hazardous limit – Concentration that may cause death
- 3 Leathal concentration – Concentration that will cause death with short-term exposure
- 4 Threshold limit – 10 ppm – NIOSH guide to chemical hazards
- 5 Short-term threshold limit

PHYSICAL EFFECTS OF HYDROGEN SULFIDE:

CONCENTRATIONS		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 eyes and throat.
.02%	200 ppm	Kills the sense of smell rapidly. Severely irritates eyes and throat. Severe flu-like symptoms after 4 or more hours. May cause lung damage and/or death.
.06%	600 ppm	Loss of consciousness quickly, death will result if not rescued promptly

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: EOG RESOURCES, INC.
Well Name & No. 2 - BURNETT OIL 24 FEDERAL COM
Location: 1680' FSL & 850' FEL - SEC 24 - T17S - R30E - EDDY COUNTY
Lease: NM-2747
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I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 16 inch 11-3/4 inch 8-5/8* inch 5-1/2 inch ***If significant water is not encountered while drilling this section, 8-5/8" casing will be run from 0-5400'**

C. BOP tests

2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the Queen Formation at approximately 2500 feet. A copy of the plan shall be posted at the drilling site.
3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

II. CASING:

1. The 16 inch surface casing shall be set at 500 feet or 25' into the Rustler Anhydrite or in the case that salt occurs at a shallower depth above the top of the salt, below usable water and cement circulated to the surface. The surface casing shoe shall be set in the anhydrite to ensure adequate sealing. If cement does not circulate to the surface the operator may then use ready-mix cement to fill the remaining annulus. The operator is required to use an excess of 100% cement volume to fill the annulus. Please note that according to the logs for the Jackson B No. 26 well located in the SE1/4SW1/4, Sec 24 the top of the Rustler Anhydrite should occur at an approximate depth of 275 feet.

2. The minimum required fill of cement behind the 11-3/4 inch salt protection casing is circulate cement to the surface.

3. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is tie back cement a minimum of 200 feet into the 11-3/4 inch salt protection casing.

CIRCULATE TO SURFACE.
02

4. The minimum required fill of cement behind the 5-1/2 inch production casing is circulate cement a minimum of 200 feet above the uppermost hydrocarbon bearing interval.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the surface and intermediate casing strings shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 8-5/8 inch casing shall be 5000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - The tests shall be done by an independent service company.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.
 - BOPE must be tested prior to drilling into the Wolfcamp Formation by an independent service company.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.