30-025-40380

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FOR
HYDROGEN SULFIDE (H2S)
CONTINGENCY PLAN

PREFACE

An effective and viable Contingency Plan is intended to provide prior planning and guidance in responding to emergency incidents. The primary considerations in its development are protection of personnel, the public, company and public property, and the environment.

Although the plan addresses varied emergency situations which may occur, it recognizes that flexibility and the use of the organization's knowledge and experience is critical to safe resolution of emergency incidents. Response actions outlined in the plan provide a framework, which may be placed into operation without confusion. These actions should promote quick and decisive actions during the critical initial period and immediately following an emergency. As the response progresses, additional guidelines and procedures may need to be implemented as the situation dictates. In addition, all emergency incidents must be properly reported per the Texland Incident Reporting and Notification Policy, state and federal requirements, etc.

This contingency Plan is intended for use on Texland's operations projects which include drilling, completion, critical well work, etc.

A copy of the Plan shall be maintained in the Top Dog House, Rig Managers trailer and Company Representative's trailer if applicable.

EMERGENCY RESPONSE ACTIVATION AND GENERAL RESPONSIBILITIES

Activation of the Emergency Action Plan

A. In the event of any emergency situation, all personnel on location should first ensure that the following items are initiated. After that, they should refer to the appropriate Specific Emergency Guidance in this document for further responsibilities:

1. Notify the senior ranking contract representative on site.
2. Notify Texland representative in charge.
3. Notify civil authorities if the Texland Representative can not be contacted and the situation dictates.
4. Perform rescue and first aid as required (without jeopardizing additional personnel).

General Responsibilities

Texland Petroleum-Hobbs Personnel:

A. Texland's Drilling Superintendent will serve as lead for all emergency incidents. The Drilling Foreman or Tool Pusher will coordinate onsite with the Superintendent.

B. Texland's personnel will liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as; type and volume of release, wind direction, location of release, ect. Be prepared with all information available. This response plan must be in coordination with the State of New Mexico's "Hazardous Materials Emergency Response Plan' (HMER).

H2S DRILLING OPERATIONS PLAN:

All personnel will be trained in H2S drilling and contingency procedures in accordance with general training requirements outlined in API's Recommended Practice (RP) 49 (April 15, 1987 or subsequent editions) for Safe Drilling of Wells Containing Hydrogen Sulfide, Section 2. Callaway Safety will install and keep maintained the H2S compliance package. This includes 2 wind socks, 1 -3 channel monitor (set at 10 ppm & 15 ppm), 2 030 minute air packs and 4 escape packs, 2 briefing area signs and 1 conditions sign employing a three flag (green = safe, yellow = caution, red = danger) warning system. The red flag will be displayed when H2S, in excess of 10 ppm, is detected

EMERGENCY CONTENGENCY PLAN

The following procedures are to be sued in case of an emergency. As with any procedures *good common sense* must be used to determine of the procedures are adequate during an emergency.

H2S ALARM

1. **All personnel report to upwind safe briefing area. Ensure all persons on location are accounted for.**
2. **Don 30 minute rescue packs (buddy system) attach harness and ropes.**
3. **Return to floor, raise Kelly, shut off pumps and close pipe rams on BOP.**
4. **Using H2S meter (handheld) enter area of alarm. The area of alarm can be determined by checking the zone indicator on the stationary H2S monitor in the doghouse.**
5. **Verify alarm and that sensing head is not malfunctioning, check H2S concentrations. At this point the well should be secure - no fluids or gas can escape the well bore. H2S concentrations should drop to zero.**

If H2S concentrations are zero go to step 6. If well is not secure and H2S concentrations are above 10 PPM go to step 7 or 8.

6. **Call Texland's rep and the Rig's rep, - *DO NOT RESUME DRILLING*, leave well shut in until Texland personnel tells you what to do.**
7. **If the situation *is critical*: Call 911; inform them of your situation and location. You are the one that is most aware of what is going on and what the danger is - public safety is of the highest concern.**

8. **If the situation is *not critical*: Call Texland or the Rig's supervisor and report.**

Texland or the Rig's supervisor has the responsibility of informing the New Mexico Oil Conservation Division and the Hobbs LEPC of any potential H2S hazards during the operations in the following manner:

* Level One - H2S has been encountered during operations, and does NOT present any hazards to the general public at this time

OR

* Level Two - H2S has been encountered during operations, and Presents a hazard to the general public and their help is needed.

NMOCD: 505-393-6161 ext. 102 Chris Williams
ext. 114 Gary Wink

GAS OR FLUID KICK

1. Raise Kelly, shut off pumps, close in pipe rams on BOP.
2. Record drill pipe SIP and annulus SIP.
3. Call Texland and the Rig's supervisor and report.
4. Monitor annulus pressure - maximum on 8 5/8" casing is 1550 PSI, bleed to steel pit if required through choke manifold to prevent exceeding max pressure.

At this point the following equipment will be installed:

* Gas Buster
* Flare line
* Remote igniter
* Construction of burn pit

5. Pre-mixed weighted mud will be brought on to location and circulated out of trucks using the steel pits and current mud pumps.
6. All gas circulated will be ignited at the flare line.
7. Resume drilling operations with required increase of mud weight.

LOSS OF SECONDARY CONTROL - BLOWOUT

For this case, loss of control is when the hydrostatic weight of the drilling fluid (primary control) is unable to prevent migration of fluids or gas into the well bore and the secondary control (Blowout Prevention Equipment) fails.

1. A fluid or gas kick is detected, Kelly is raised, pumps shut down and pipe rams on the BOP are closed. Pipe rams fail to close in well.
2. *Call for help* - Call 911, Inform them of your situation and location. You are the one that is most aware of what is going on and what the danger is - public safety is of the highest concern.
3. Call Texland or the Rig's supervisor. They will be responsible for calling the NMOCD and the FMT leader.
4. Get upwind of the rig and wait for help to arrive.
5. Texland supervisor will call for two pump trucks (BJ and/or Halliburton) and pre-mixed weighted mud (Newpark and/or JB fluids)
6. Use Cascade Breathing equipment and install lines to (1) stand pipe (or inside BOP or TIW valve if installed) and the 2" kill line tied into the annulus of the BOPE.
7. Once a sufficient quantity of mud is on location (minimum 15 PPG, 500 bbls) start pumping down the drill pipe at maximum rate, (10 to 15 bbls/min).
8. *If needed both trucks can pump, one down drill pipe and the* other down the annulus at maximum rate.

If in the case of last resort or a situation of IDLH to the general public, the onsite Texland Representative may make the decision to ignite the well.

PUBLIC RELATIONS

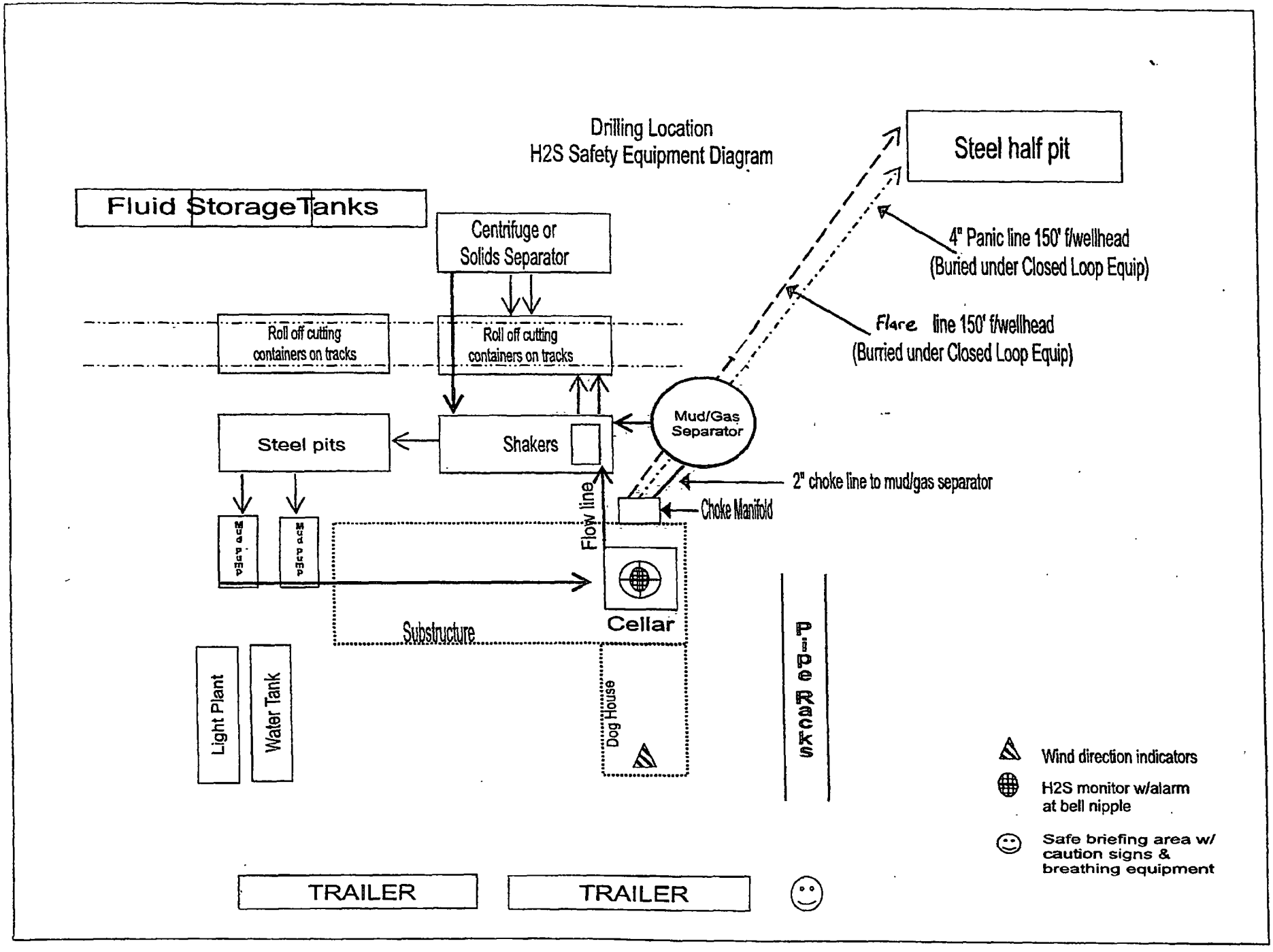
Texland recognizes that the news media have a legitimate interest in incidents at Texland facilities that could affect the public. It is to the company's benefit to cooperate with the news media when incidents occur because these media are our best liaison with the public.

Our objective is to see that all reports of any emergency are factual and represent the company's position fairly and accurately. Cooperation with news media representatives is the most reliable guarantee that this objective will be met.

All contract and Texland employees are instructed NOT to make any statement to the media concerning the emergency incident. If a media representative contacts any employee, they should refer them to Texland's Engineer or Geologist in charge of the well for any information concerning the incident.

CITY OF HOBBS
EMERGENCY PHONE NUMBERS

NMOCD - Hobbs, NM	**Office: 575-393-6161** **Fax: 575-393-0720**
Critical Emergency:	**911**
Fire:	**575-397-9308**
Ambulance:	**575-397-9308**
Police:	**575-397-9265**
Sheriff:	**575-393-2515**
State Police:	**575-392-5588**
Hospital:	**575-392-6581**


Drilling Location
H2S Safety Equipment Diagram
Fluid Storage Tanks
Centrifuge or Solids Separator
Steel half pit
4" Panic line 150' f/wellhead
(Buried under Closed Loop Equip)
Flare line 150' f/wellhead
(Buried under Closed Loop Equip)
Roll off cutting containers on tracks
Roll off cutting containers on tracks
Mud/Gas Separator
Steel pits
Shakers
2" choke line to mud/gas separator
Choke Manifold
Flow line
Substructure
Cellar
Light Plant
Water Tank
Dog House
Pipe Racks
Wind direction indicators
H2S monitor w/alarm at bell nipple
Safe briefing area w/ caution signs & breathing equipment
TRAILER
TRAILER

RLF Trust 25 #1H

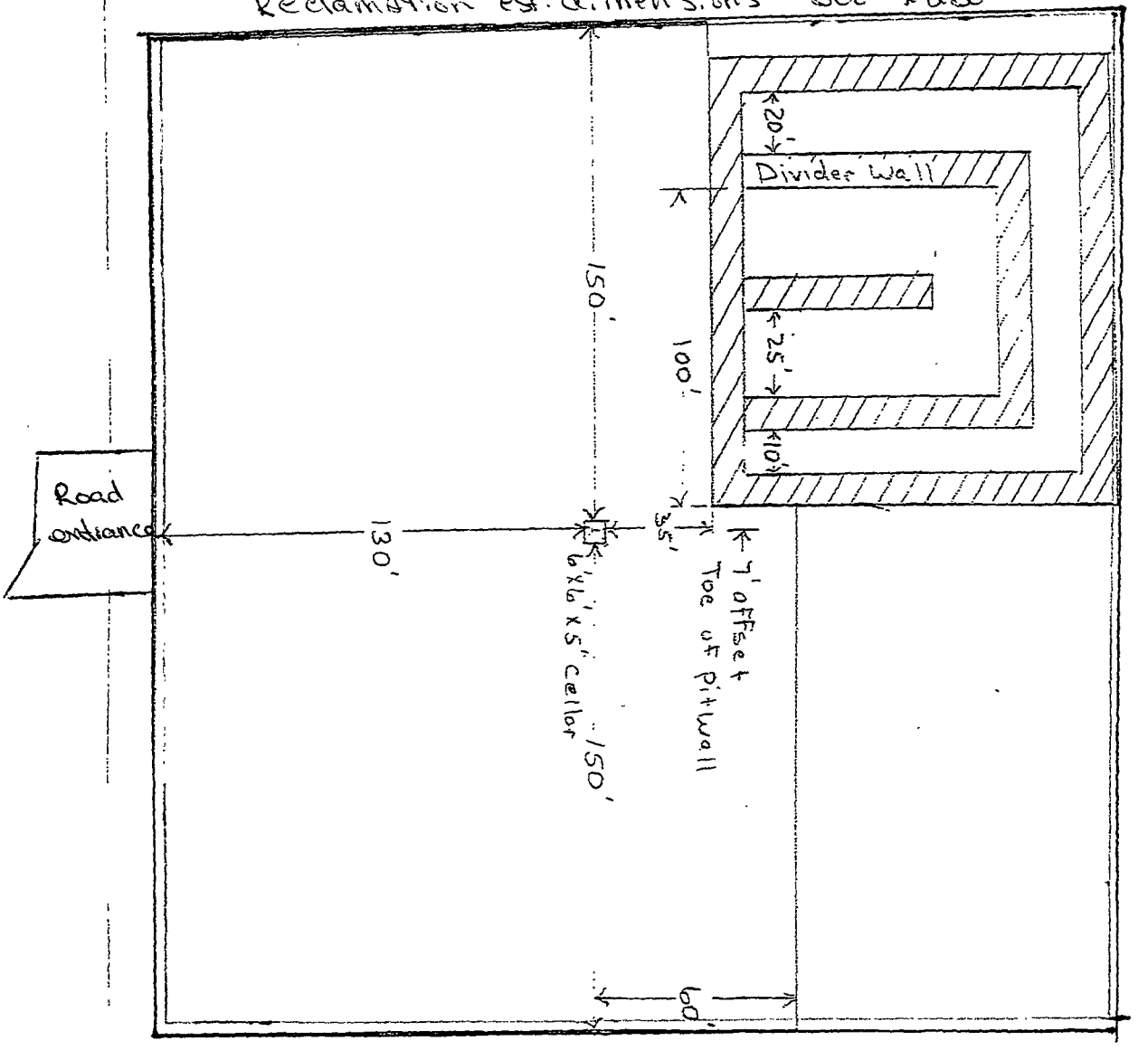
Texland Petroleum - Hobbs, LLC

North

Texland Petroleum - Hobbs, request the dimensions of the well pad to remain the same / East due to battery facilities and the well being horizontal, Texland needs the pad for well servicing units to have room to maneuver.

well pad est. dimensions 300' x 250' = ——

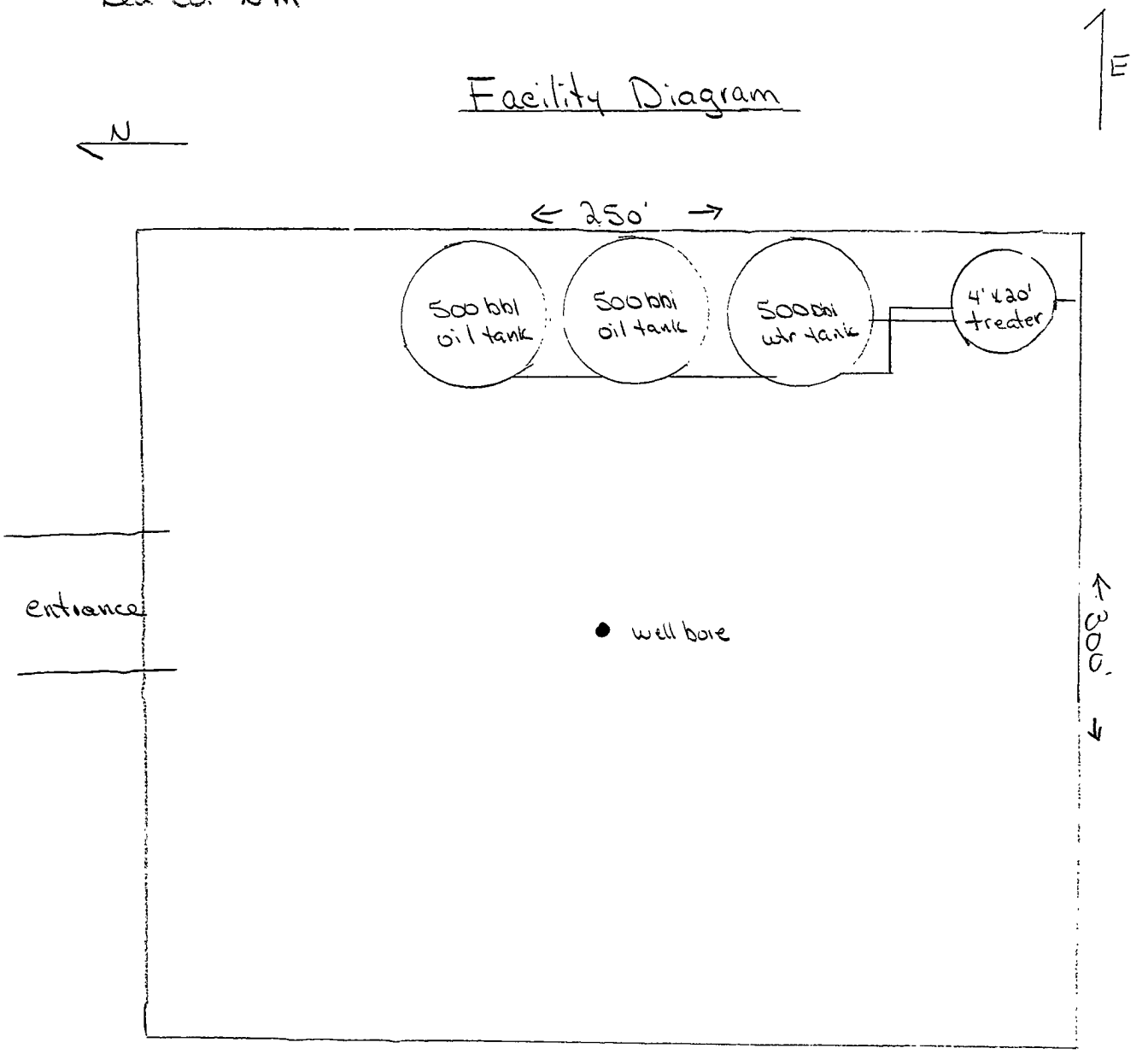
Reclamation est. dimensions 300' x 250' = ——



NORTON ENERGY DRILLING RIG #2

Texland Petroleum - Hobbs, LLC
RLF Trust 25 Federal Com #1H
Sec. 25, T-16S, R-38E
Lea Co. NM

Facility Diagram



Existing Well Pad

Not to scale