

ENDURANCE
RESOURCES, LLC

Endurance Resources LLC
15455 Dallas Parkway, Suite 600
Addison, TX 75001

HOBBS OCD

MAR 12 2014

RECEIVED

Hydrogen Sulfide (H₂S) Contingency Plan

For

Explorer "12" Fed #1H

Sec 12-T19S-R32E

330' FNL & 330' FWL

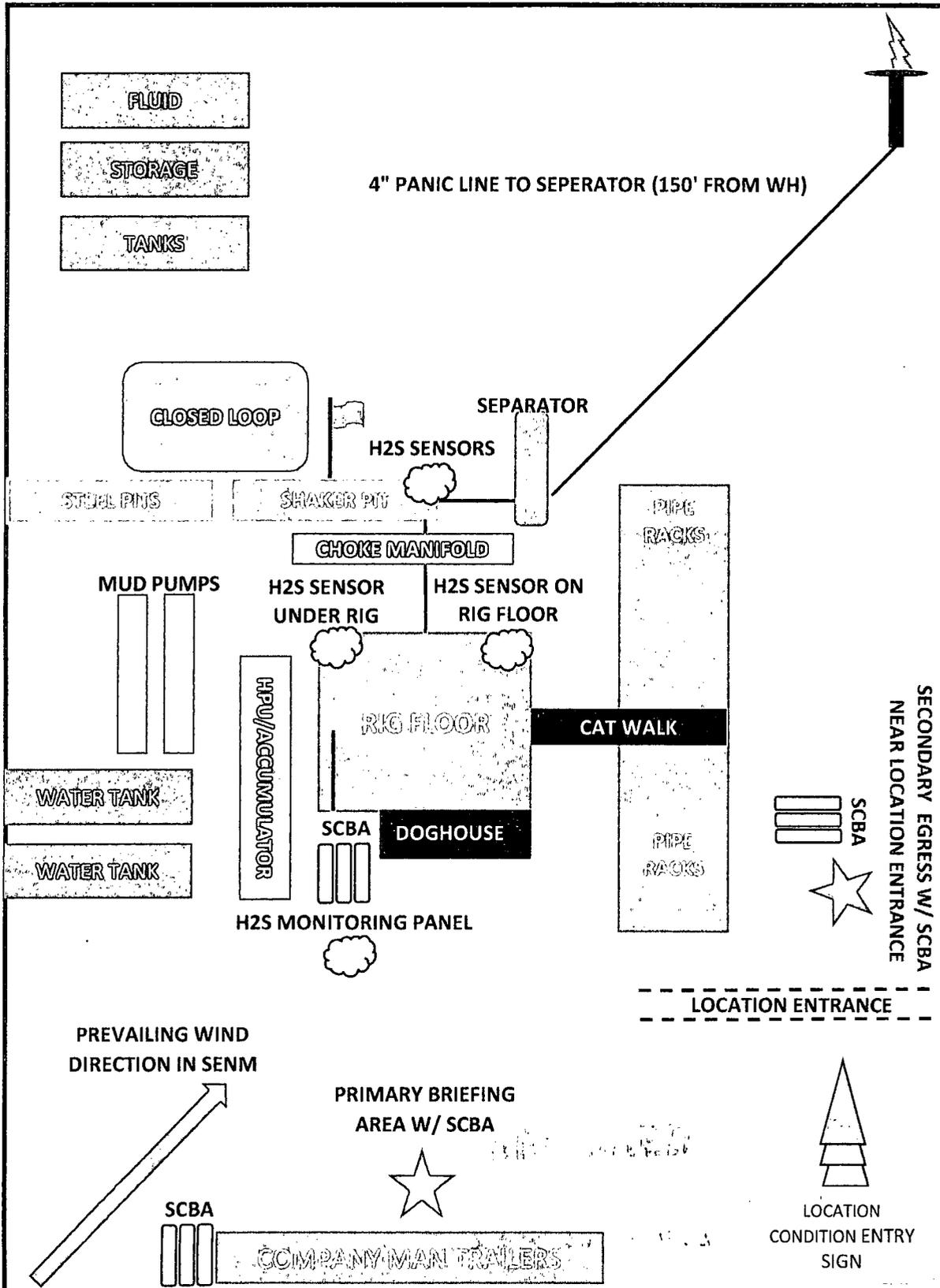
Lat=32.6821228'N (NAD83)

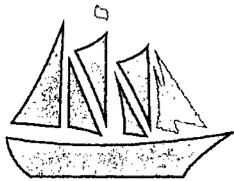
Long=103.7283575'W

Lea Co NM

MAR 17 2014

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RIG LOCATION LAYOUT & H2S SAFETY EQUIPMENT LOCATION
WELL PADS 420' X 350'
NOTE: DRAWING NOT TO SCALE



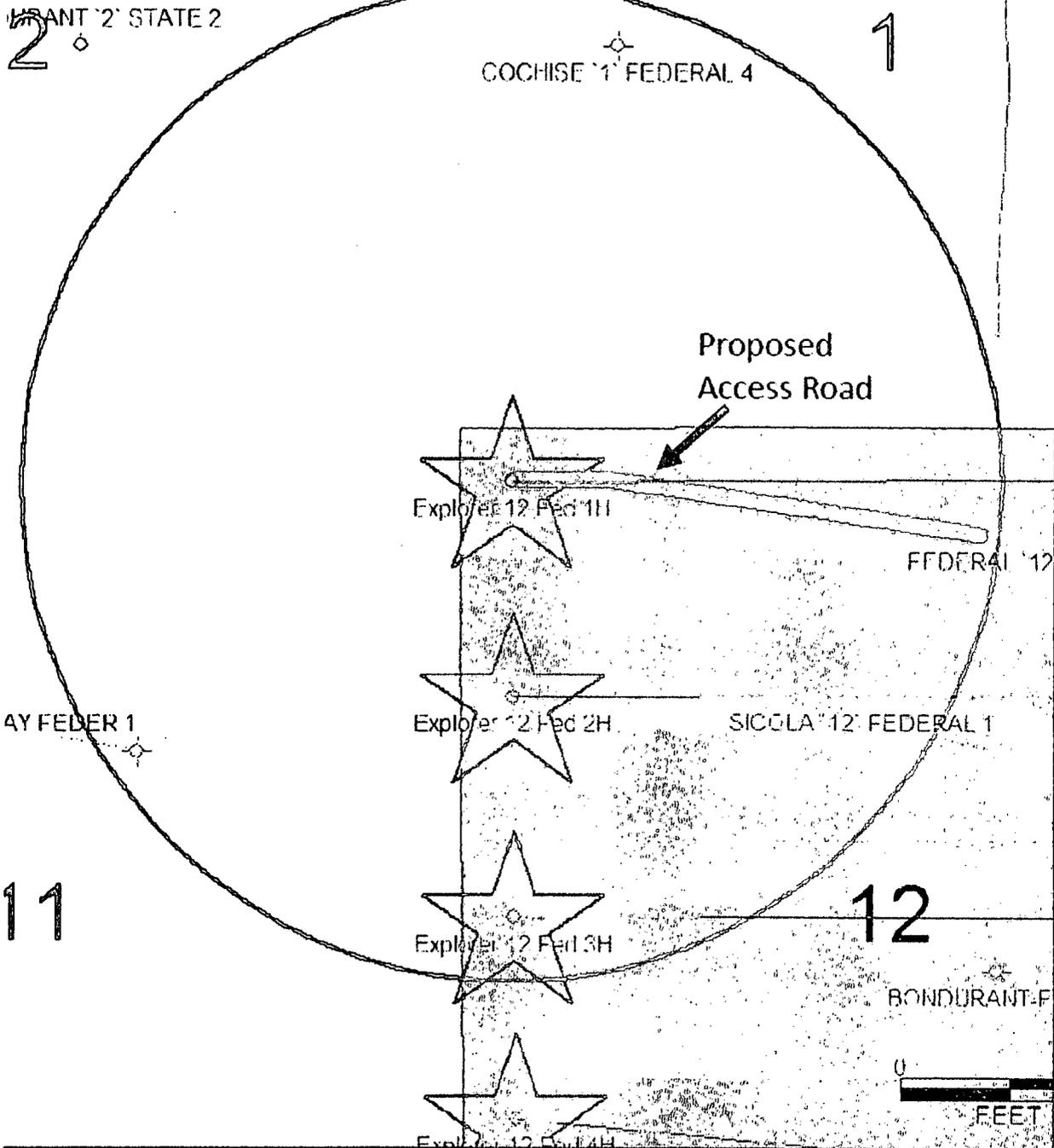


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ASSUMED 100 ppm ROE = 3000'

TE 1

GRANT '2' STATE 2



AY FEDER 1

11

12



Escape:

In the event of an emergency, crews shall escape upwind of any H₂S gas that is released. Escape routes can be facilitated from the location entrance road, then due east on lease road. Depending on wind direction, the Federal 12 #4 location will be the mustard point. Crews should then block entrance to location from the lease road so as not to allow anyone traversing into a hazardous area. This blockade should be at a safe distance outside of the ROE. ***There are no homes or buildings in or near the ROE.***

Assumed 100ppm ROE=3000'

100ppm H₂S concentration shall trigger activation of this plan.

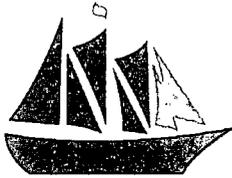
Emergency Procedures:

In the event of a release of gas containing H₂S, the first responder(s) must

- Isolate the area and prevent entry by other persons into the 100 ppm ROE
- Evacuate any public places encompassed by the 100 ppm ROE
- Be equipped with H₂S monitors and air packs in order to control the release
- Use the "buddy system" to ensure no injuries occur during the response
- Take precautions to avoid personal injury during this operation
- Contact operator and/or local officials to aid in operation. **See list of phone numbers attached.**
- Have received training in the 1) detection of H₂S, 2) measures for protection against the gas 3) equipment used for protection & emergency response.

Ignition of Gas Source

SO₂ or Sulfur Dioxide must be taken in precaution should the need to ignite the H₂S gas stream if well control is lost against this gas. Intentional ignition must be coordinated with the NMOCD and local officials. Additionally, the NM



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State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Wind direction identification whenever there is ignition of H₂S must be taken into consideration as well.

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

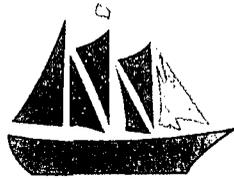
Endurance Resources personnel must liaison with local & state agencies to ensure a proper response to a major release. Additionally, the NMOCD must be notified of the release as soon as possible but no later than 4hrs. Agencies will ask for information such as type & volume of release, wind direction, location of release, ect. Be prepared with all information available. The following call list of essential & potential responders has been prepared for use during a release. Endurance Resources' company response must be in coordination with the HMER.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

I. Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following area prior to commencing drilling operations on this well:

1. The hazards & characteristics of hydrogen sulfide (H₂S)
2. The proper use & maintenance of PPE & SCBA systems.
3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, & prevailing winds (seasonal).



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4. The proper techniques for first aid & rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H₂S metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action & shut-in procedures when drilling or reworking a well, BOP & well control procedures.
3. The contents & requirements of the H₂S Drilling Operations Plan & Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500ft) and weekly H₂S & well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan.

II. H₂S Safety Equipment & Systems

Note: All H₂S safety equipment will be installed, tested, & operational when drilling reaches a depth of 500' above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.

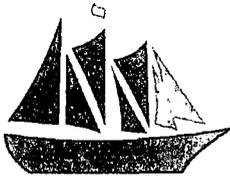
A. Well Control Equipment:

- Flare Line
- Choke manifold with remotely operated choke
- Blind rams & pipe rams to accommodate all pipe sizes with properly sized closing unit.
- Auxiliary equipment to include: annular preventer, mud-gas separator, & rotating head.

B. Protective equipment for essential personnel:

- 30-minute SCBA units located in the dog house & at briefing areas. As it may be difficult to communicate audibly while wearing these units, hand signals shall be utilized.

C. H₂S detection and monitoring equipment:



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- (2) Portable H₂S monitors positioned on location for best coverage & response. These units have warning lights & audible sirens when H₂S levels of 20ppm are reached. These units are also capable of detecting SO₂, which is a byproduct of burning H₂S.

D. Visual warning systems:

- Wind direction indicators: will be shown on well site diagram.
- Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size so that it is legible at a reasonable distance from the immediate location. Bilingual signs will also be used, when appropriate.

E. Mud program:

- The mud program has been designed to minimize the volume of H₂S circulated to surface. Proper mud weight, safe drilling practices, and the use of H₂S scavengers will help minimize hazards when penetrating H₂S bearing zones.

F. Metallurgy:

- All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, and valves shall be suitable for H₂S service.

G. Communication:

- Company vehicles equipped with cellular phones, as well as a satellite phone in the company man's trailer.

ENDURANCE RESOURCES LLC HAS CONDUCTED A REVIEW TO DETERMINE IF AN H₂S CONTINGENCY PLAN IS REQUIRED FOR THE ABOVE MENTIONED WELL. WE WERE ABLE TO CONDUCT THAT ANY POTENTIAL HAZARDOUS VOLUME WOULD BE MINIMAL (IF ANY PRESENT) FROM SURFACE TO TD.



EMERGENCY CALL LIST

Endurance Operations Office: (575) 308.0722

Kale Jackson-Sr Completions Engineer: (575) 914.3355

Manny Sirgo- VP Operations: (432) 413.0085

Randall Harris- VP Geology: (575) 365.7747

Don Ritter- CEO: (469) 556.3757

EMERGENCY RESPONSE NUMBERS

HOBBS:

State Police: 575.392.5588

City Police: 575.397.9265

Sherriff's Office: 575.393.2515

Ambulance: 911

Fire Department: 575.397.9308

LEPC: 575.393.2870

NMOCD: 575.393.6161

BLM: 575.393.3612

CARLSBAD:

State Police: 575.885.3137

City Police: 575.885.2111

Sherriff's Office: 575.887.7551

Ambulance: 911

Fire Department: 575.885.2111

LEPC: 575.887.3798

BLM: 575.361.2822

EMERGENCY SERVICES:

Boots & Coots: 1:800.256.9688

Cudd Pressure Control: 915.699.0139

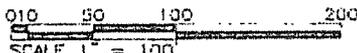
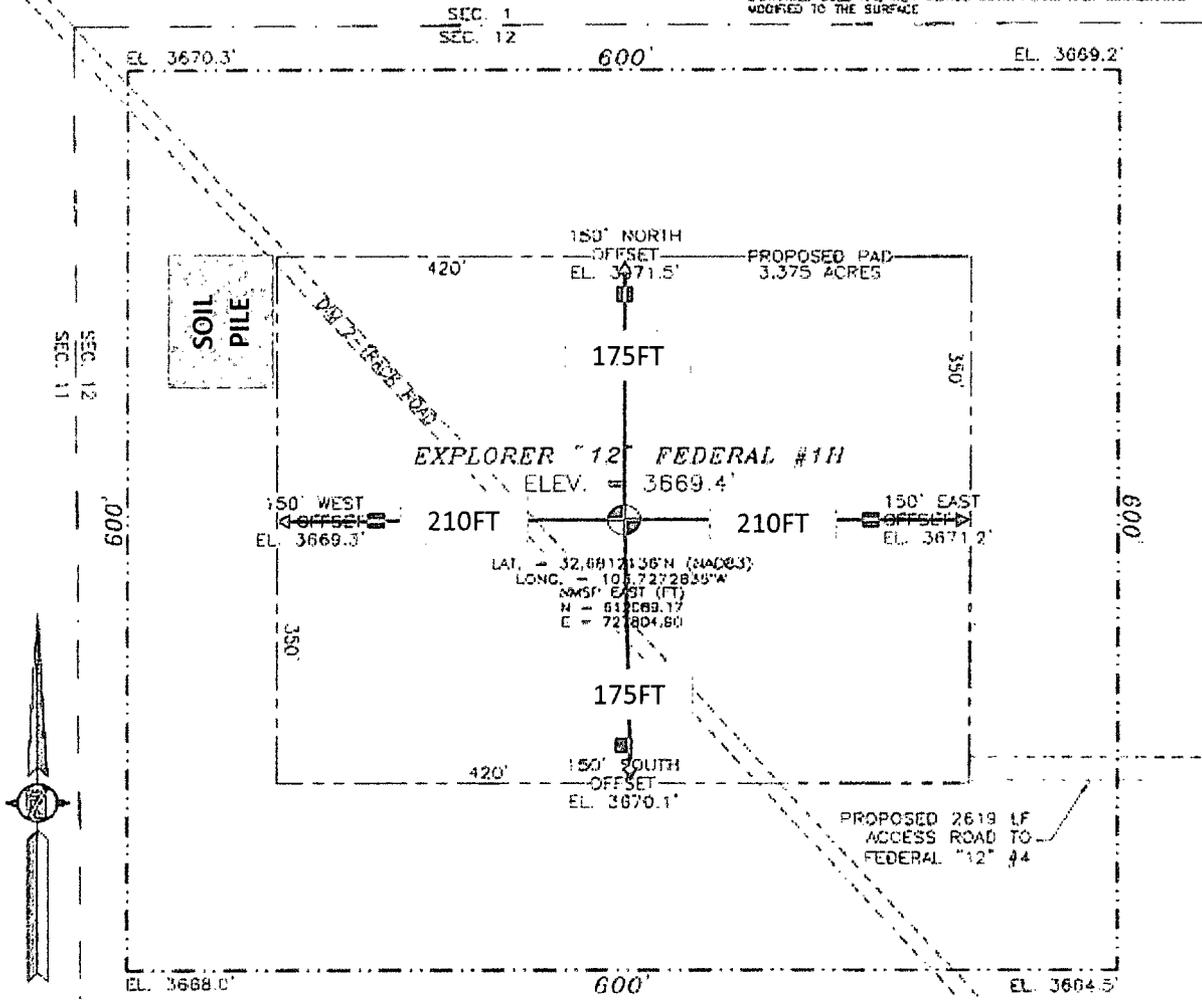
Halliburton: 575.746.2757

Baker Hughes: 575.746.3569

SECTION 12, TOWNSHIP 19 SOUTH, RANGE 32 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE GIVEN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES ADJUSTED TO THE SURFACE.



SCALE 1" = 100'
DIRECTIONS TO LOCATION
FROM THE INTERSECTION OF STATE HIGHWAY 243 AND CR 126
(MALLINAR) GO NORTH ON CR 126 FOR APPROX. 6 MILES. GO EAST
ON CALICHE LEASE ROAD (ACROSS FROM DRY LAKE ROAD) FOR
APPROX. 5.2 MILES. CONTINUE NORTH APPROX. 0.8 OF A MILE. GO
WEST ON CALICHE LEASE ROAD APPROX. 0.18 OF A MILE. GO NORTH
ON CALICHE LEASE ROAD APPROX. 0.2 OF A MILE. GO EAST ON
CALICHE LEASE ROAD APPROX. 0.15 OF A MILE. GO NORTH ON
CALICHE LEASE ROAD APPROX. 0.15 OF A MILE. GO WEST ON
CALICHE LEASE ROAD APPROX. 0.25 OF A MILE TO FEDERAL "12" #4
WELL. FROM SOUTHWEST CORNER PAD FOLLOW ROAD LAHS
WESTERLY FOR APPROX. 0.5 MILES TO SOUTHEAST CORNER PAD.
LOCATION IS APPROX. 273 FT. NORTHWEST.

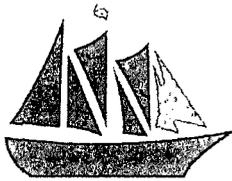
ENDURANCE RESOURCES, LLC
EXPLORER "12" FEDERAL #1H
LOCATED 330 FT. FROM THE NORTH LINE
AND 330 FT. FROM THE WEST LINE OF
SECTION 12, TOWNSHIP 19 SOUTH,
RANGE 32 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

MAY 11, 2013

SURVEY NO. 1787

MADRON SURVEYING, INC. 301 SOUTH GAMA CARLSBAD, NEW MEXICO
75755-2143

APPROVED FOR THE STATE OF NEW MEXICO
BY THE COMMISSIONER OF LANDS AND MINES
MAY 11 2013



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PROPOSED INTERIM SITE RECLAMATION

