HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

Fasken Oil and Ranch, Ltd. COM
Paloma "21" Federal Com. No. 2H
SHL: 200' FNL & 1650' FWL
Sec. 21, T20S, R34E
BHL: 2310' FNL & 1870' FWL
Sec. 28, T20S, R34E
Lea County, New Mexico

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 areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H2S).

2. The proper use and maintenance of personal protective equipment and life support systems.

3. The proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.

4. The proper techniques of first aid and rescue procedures.

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

1. The effects of H2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.

2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.

3. The contents and requirements of the H2S Drilling Operations Plan.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and 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. This plan shall be available at the will site. All personnel will be required to carry documentation that they have received the proper training.

II. H2S Safety Equipment and Systems.

NOTE: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above or three days prior to penetration the first zone containing or reasonable expected to contain H2S.

1. Well Control Equipment:

A. Flare line.

B. Choke manifold with remotely operated choke.

C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

D. Auxiliary equipment to include: annular preventer, mud-gas separator (if necessary) and rotating head.

2. Protective equipment for essential personnel:

A. 5-minute escape units located in the dog house and 30-minute air units at briefing areas, as indicated on well site diagram.

3. H2S detection and monitoring equipment:

A. 3 - portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

B. 1 - portable SO2 monitor positioned near flare line during H2S flaring operations.

4. Visual warning systems:

A. Wind direction indicators as shown on well site diagram.

B. 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 to be a readable distance from the immediate location.

5. Mud program:

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

6. Metallurgy:

A. All drill strings, casings, tubing, wellhead, blowout preventors, drilling spools kill lines, choke manifold and lines valves shall be suitable for H2S service.

B. All elastomers used for packing and seals shall be H2S trimmed.

7. Communications:

A. Radio communications will be available in company vehicles and rig dog house.

8. Well testing:

A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. The drill stem testing of any known formation that contains H2S will be conducted during daylight hours.

Fasken Oil and Ranch, Ltd.

H_2S Contingency Plan

Emergency Phone Numbers

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Lea County, New Mexico

Fasken Oil and Ranch, Ltd.	432-687-1777
Key Personnel	
Tommy Taylor, Director of Oil and Gas Development	432-556-2228
Cory Frederick, Senior Drilling Engineer	432-288-0086
Lane Gilmore, Drilling Engineer	432-254-4949
Deryl Briles, Drilling Foreman	432-556-4269
Jimmy Davis, Director of Operations	432-557-5668
Carlsbad, Eddy County, New Mexico	
Ambulance	911
State Police	911 or 575-885-3138
Sheriff's Office	911 or 575-887-7551
Fire Department	911 or 575-885-3125
Local Emergency Planning Committee	575-887-7553
Bureau of Land Management	575-628-3471
New Mexico Oil Conservation Division (Artesia)	575-748-1283
Hobbs, Lea County, New Mexico	
Ambulance	911
State Police	911 or 575-392-5580
Sheriff's Office	911 or 575-396-3611
Fire Department	911 or 575-397-9308
Local Emergency Planning Committee	575-393-2870
New Mexico Oil Conservation Division	575-393-6161
Statewide and National Emergency Numbers	
New Mexico Department of Homeland Security and Emergency Management	505-476-9600
New Mexico State Emergency Operations Center (24 Hour Number)	505-476-9635
National Emergency Response Center	800-424-8802

Other Numbers for Emergency Response

Boots & Coots IWC	800-256-9688 or 281-931-8884
Cudd Pressure Control	432-563-3356
MCH Care Star Flight Service (air ambulance)	432-640-4000
Aerocare (air ambulance)	806-725-1111

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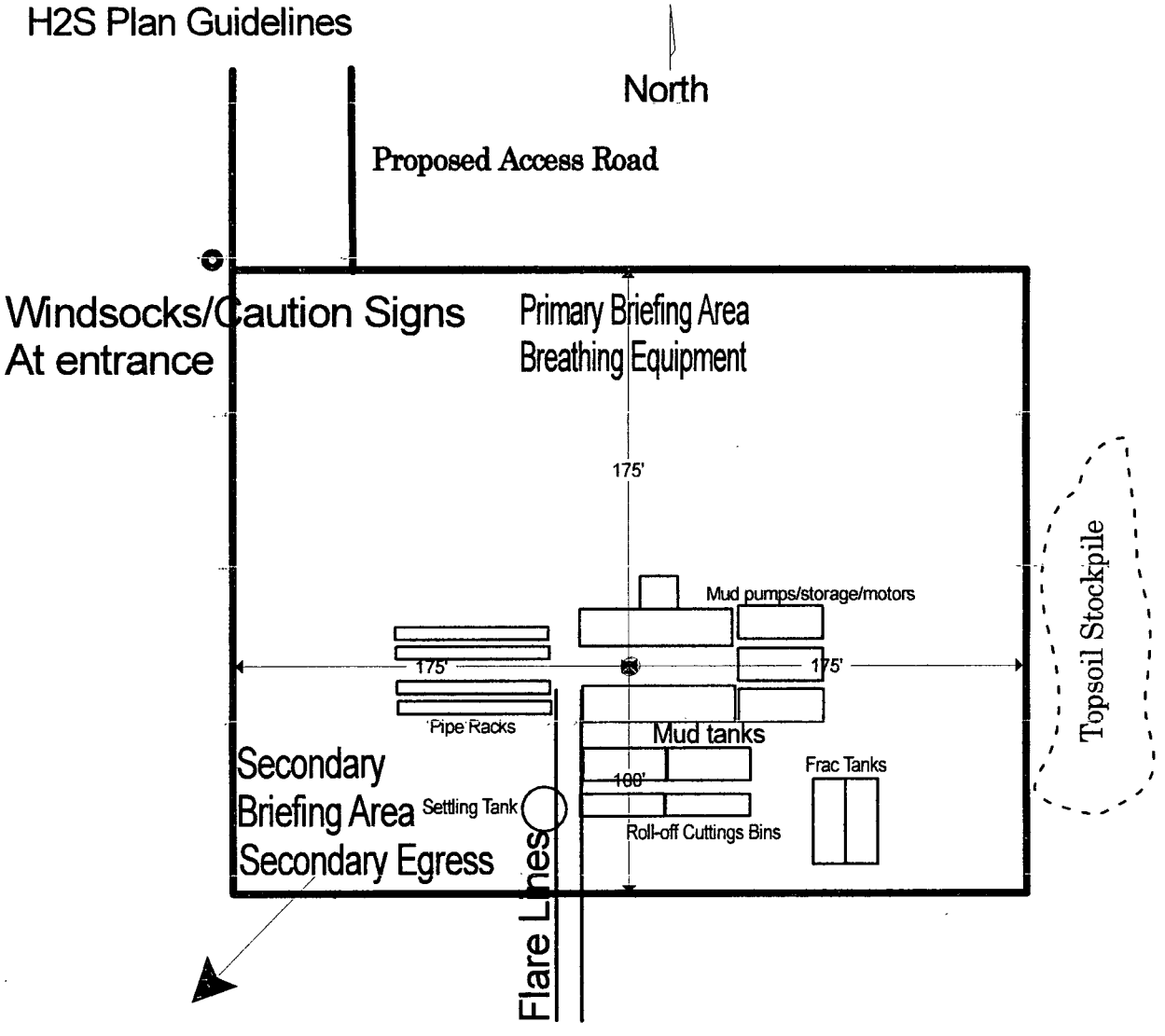
Paloma "21" Federal No. 2H
Well Site Layout/Drilling Rig Layout
"Exhibit G"

Exhibit G

H2S Plan Guidelines



Alarms will be placed on the mud tanks, at the shale shaker, and on the rig floor. Windsocks will also be present on the top of the substructure and near the mud tanks.

Terrain is flat, semi-brushy desert with little vegetation. The prevailing wind direction is NE. The wellpad can be evacuated in virtually any direction due to the nature of the landscape.

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Paloma "21" Federal No. 2H
Interim Reclamation Layout

Exhibit H