District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

[1] Operator Name and Address	[2] OGRID Number
THOMPSON, J. CLEO P.O. BOX 12577, ODESSA, TX 79768-2577	11181
	[3] API Number 30-025-36898

[3] Property Code	[5] Property Name	[6] Well No.
34282	LAWRENCE	1

[9] Proposed Pool 1	[10] Proposed Pool 2
KNOWLES NORTH DEVONIAN	

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	14	16-S	38-E		2531	NORTH	630	EAST	LEA

[8] Proposed 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

Additional Well Information

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
E	O	R	P	3702
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
NO	13,300	DEVONIAN	PATTERSON	04/15/2007

Depth to Groundwater	Distance from nearest fresh water well	Distance from nearest surface water

Pit: Liner: Synthetic ☒ 12 mils thick Clay ☐ Pit Volume: _____ bbls Drilling Method:

Closed-Loop System ☐ Fresh Water ☒ Brine ☒ Diesel/Oil-based ☐ Gas/Air ☐

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
8 3/4	5 1/2	17	13,300	1400	7500

[22] Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

1. WELD ON NEW WELLHEAD. DRILL OUT CEMENT PLUGS AT SURFACE, 2500 FEET AND 4875 FEET WITH FRESH WATER.
2. TEST 9 5/8 CASING TO 1000 PSI.
3. DRILL AN 8 3/4" HOLE WITH INHIBITED BRINE MUD TO 13,300 FEET.
4. RUN 7" CASING, IF NECESSARY, IF BAD HOLE CONDITIONS EXIST.

Permit Expires 1 Year From Approval Date Unless Drilling Underway
Re-Entry

Received
Hobbs
OCD

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**

Printed name: JIM STEVENS
Title: OPERATIONS MANAGER
E-mail Address: jstevens@jcleo.com
Date: 03/22/2007 Phone: (432)550-8887

OIL CONSERVATION DIVISION

Approved by: Chris Williams
Title: OC DISTRICT SUPERVISOR/GENERAL MANAGER
Approval Date: MAR 26 2007 Expiration Date:
Conditions of Approval Attached ☐

Revised

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-025-36898	36330	Knowles North Devonian

[4] Property Code	[5] Property Name	[6] Well Number
34282	Lawrence	1

[7] OGRID No.	[8] Operator Name	[9] Elevation
11181	J. Cleo Thompson	3702'

[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
H	14	16-S	38-E		2531	North	630	East	Lea

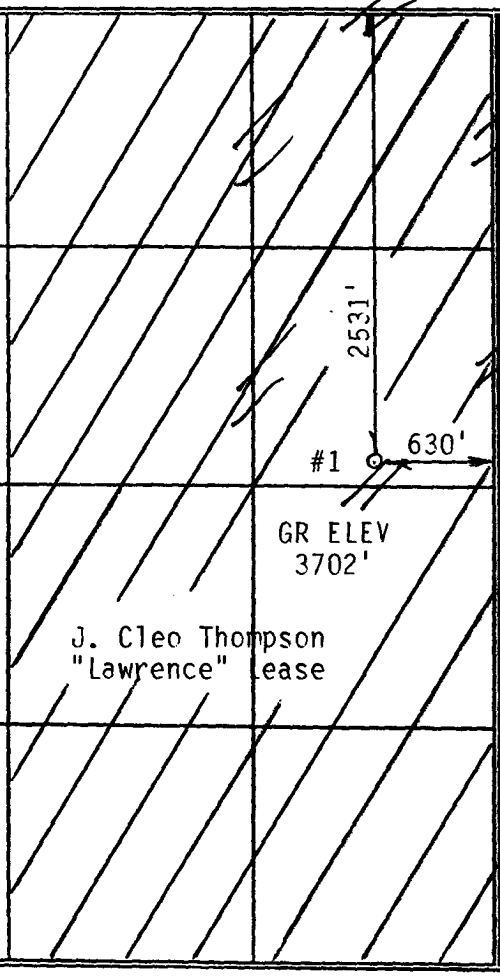
[11] Bottom Hole Location If Different From Surface

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.
80			NSL-5117

NO ALLOWABLE WILL 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

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

J E Stevens
Signature
J. E. Stevens
Printed Name
Operations Manager
Title
March 22, 2005
Date

[18] SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

August 5, 2004
Date of Survey
Revised 09/23/04
Signature and Seal of Professional Surveyor:

1510

Max A. Schumann, Jr.
Certificate Number 1510

Job No. 68,859

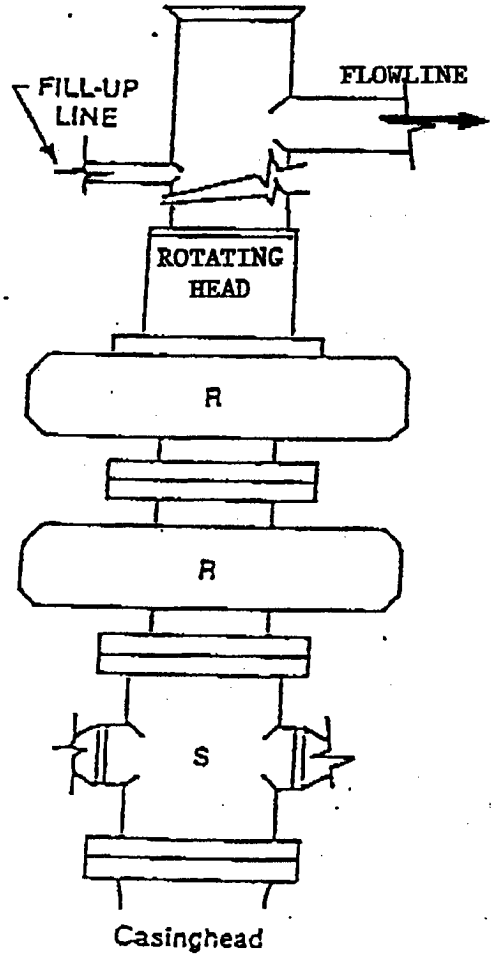


FIGURE K1-1. Recommended IADC Class 2 BOP stack, 2000 psi WP. Either SRd (left) or SA (right) arrangement is acceptable and drilling spool is optional.

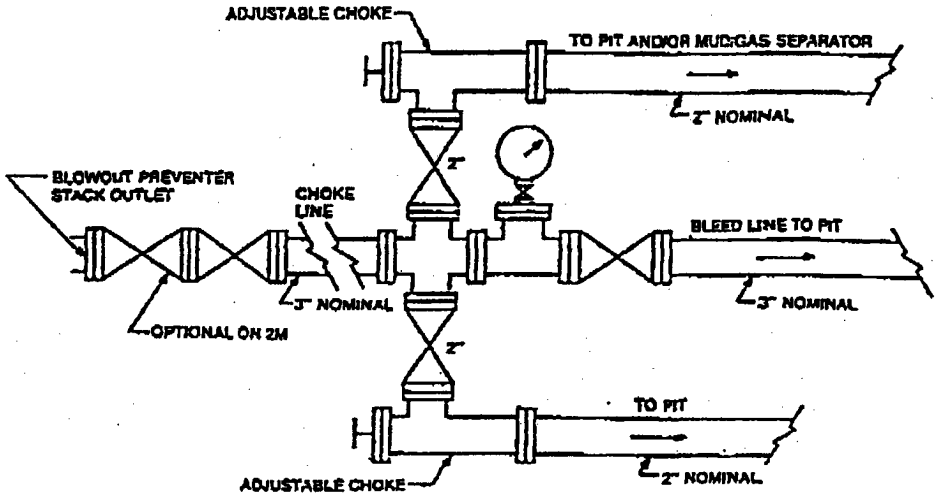


FIGURE K4-1. Typical choke manifold assembly for 2M and 3M rated working pressure service — surface installation.

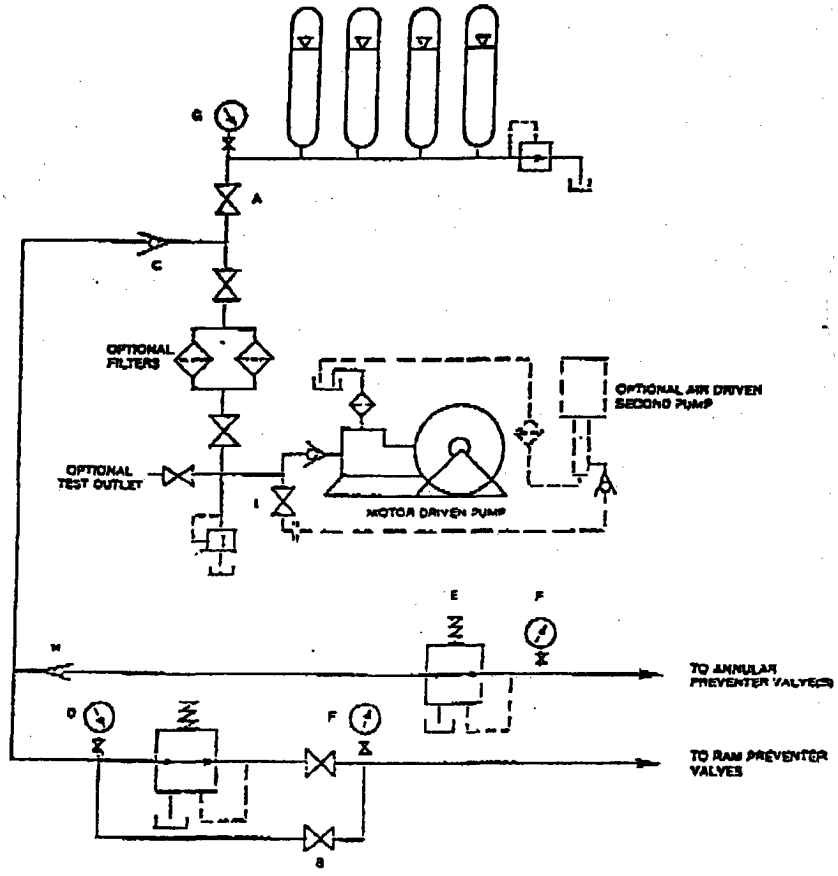
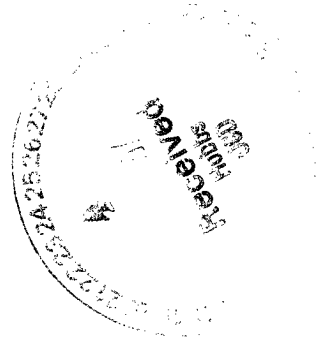


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

H2S CONTINGENCY PLAN

J. Cleo Thompson
Lawrence #1
Unit H, Section 14, T16S-R38E
2531' FNL, 630' FEL
Lea County, NM

TABLE OF CONTENTS



SCOPE

This plan establishes **J. Cleo Thompson** guidelines for all company and contract employees whose duties may involve exposure to hydrogen sulfide gas (H2S) on the Lawrence #1. **This well is located 2531' FNL & 630' FEL in Unit H, Section 14 of the Township 16-S, Range 38-E of Lea County, New Mexico.** This plan also establishes procedure for isolation of the work site and evacuating the public on the condition that:

A. There is a release of H_2S that compasses the radius of exposure (ROE) in this plan,

B. There are persons and/or roads within the ROE and,

C. There is the endangerment of human or animal life within the ROE.

OBJECTIVE

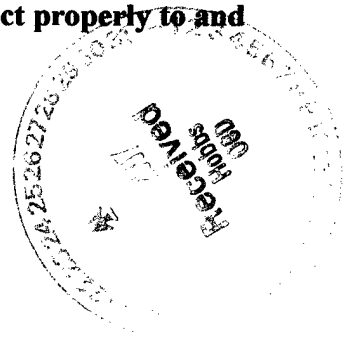
The objective of the *J. Cleo Thompson Company* is to:

A. Prevent any and all accidents, and to prevent the uncontrolled release of H_2S into the atmosphere and,

B. Provide proper evacuation procedures to cope with emergencies and,

C. Provide immediate and adequate medical attention should in injury occur.

It should be noted that J. Cleo Thompson does not expect there top be any release of H2S into the atmosphere but has taken the necessary steps to react properly to and control any hazards encountered on any of our facilities.



GENERAL EMERGENCY ACTION

In the event of an emergency, the following action should be initiated,

1. All personnel shall immediately evacuate to an up-wind and up-hill ***"safe breathing"*** area.

2. Those who must enter the hazard area must wear positive pressure self-contained breathing apparatus and must use other appropriate safety equipment as outlined on page 10.

3. Isolate the well, if possible.

4. Use the "Buddy System" at all times.

5. Account for all personnel and take appropriate action as necessary for personnel safety.

6. Display the appropriate color warning flag to describe the type of emergency.

7. The ***J. Cleo Thompson*** supervisor will assess the situation and assign duties to various persons to bring the situation under control. The ***J. Cleo Thompson*** supervisor will assign the notification of local emergency response agencies and residents. Media inquiries are be referred to:
   J. Cleo Thompson
   325 North St. Paul, Suite 4300
   Dallas, Texas 75201

J. CLEO THOMPSON
EMERGENCY CALL OUT NUMBERS

NAME	OFFICE NUMBER	CELLULAR NUMBER	HOME NUMBER
Johnnie Holder Drilling Foreman	(432)550-8887	(432)556-9325	(432)363-8054
Jim Stevens Operations Manager	(432)550-8887	(432)664-2917	(432)563-5504
John Hughes Production Foreman	(432)634-8403	(432)661-5313	(806)287-1225

J. Cleo Thompson is aware and will abide by city; county and state burn ban policies.

Emergency Notification Numbers
Lea County, NM

Organization or Agency	Phone Number
New Mexico State Police	(505)392-5588
Lea County Sheriff's Department	(505)393-2515
Hobbs Police Department	(505)397-9265
Emergency Medical Service (Ambulance)	911
State Emergency Response Center Max Johnson (Chairman)	(505)476-9620
Hobbs Fire Department	911
Bureau Land Management (District I)	(505)234-5972
Oil Conservation Division (District I)	(505)393-6161
National Response Center (NRC)	(800)424-8802
Chemtrec	(800)424-9300
Midland Safety & Health	(432)520-3838

Lawrence #1

Neighboring Residents to Lawrence #1

NONE IN THE MEDIATE AREA

EMERGENCY PROCEDURES FOR UNCONTROLLABLE RELEASE OF HYDROGEN SULFIDE GAS (H2S)

1. Secure and don self-contained breathing apparatus.
2. Remove all personnel to up-wind and up-hill "safe breathing" zone.
3. Contact all concerned employees and immediate supervisor for instructions.
4. Take steps to protect and/or remove the general public to an upwind area away from source of H2S.
5. Deny entry to unnecessary personnel.
6. Notify necessary public safety personnel:
    a. State Police if on or near a **state road**
    b. Sheriff's Department if on or near a **county road**

(For assistance in the evacuation of the general public and to help maintain roadblocks)

7. Contact the Bureau of Land Management (BLM)
8. While attempting to control the release, maintain tight security and safety procedures.
9. Use the "Buddy System" when entering any hazardous area.

The responsibility of this plan is with the *J. Cleo Thompson* supervisor(s) who shall be in complete command during the emergency.

IGNITION PROCEDURES FOR UNCONTROLLABLE WELL CONDITIONS

The decision to ignite the well is the decision of the company supervisor(s). This decision should be made only as a last resort and in a situation where it is determined that:

- Human life and/or property are endangered
- There is no hope of controlling the blowout under the prevailing conditions at the well.

INSTRUCTIONS FOR IGNITING THE RELEASE

1. Two personnel are required for the ignition operation. They **must** wear positive self-contained breathing apparatus and a D-ring style full body safety harness with a non-flammable safety rope attached. **(Must be an OSHA approved body harness)**

2. One (safety) person will test the atmosphere for explosive gases with an approved Triple-range (H2S, O2, LFL) monitor.

3. Primary method of ignition shall be with 25mm flare gun with range of approximately 500 feet.

4. Ignite up-wind and do not approach any closer than is warranted.

5. Select a safe ignition site, which offers ultimate egress.

6. Before activating flare gun, check for presence of combustible gas.

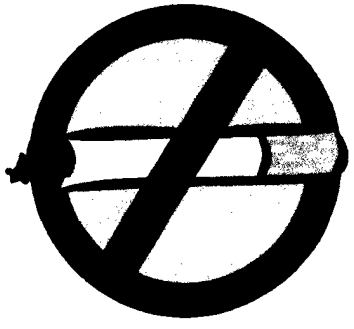
7. After ignition, continue emergency action and procedure as before.

8. All unassigned personnel will limit their actions to those directed by the company supervisor.

After the well is ignited, burning H2S will produce SO2, which is also highly toxic. **Do not assume the area is safe after the well is ignited.**

A NO SMOKING POLICY shall be strictly enforced on location at all times.

DANGER



NO SMOKING

EMERGENCY EQUIPMENT REQUIREMENTS

1. **Respiratory Protection**

   - **Rescue Units (SCBA's):** One (1) unit shall be placed at each briefing area and 2 shall be stored in the safety trailer.

   - **Work/Escape Units:** Four (4) units shall be stored on the rig floor connected to the safety trailer with sufficient hose to allow workers to adequately perform duties with minimal restriction.

   - **Emergency Escape Units:** Four (4) units shall be stored in the top dog house for emergency evacuation purposes.

2. **Signs and Flags**

   - **One (1) Condition Sign shall be placed at location entrance with the following language:**

DANGER
H2S

POTENTIAL DANGER (GREEN)

MODERATE DANGER (YELLOW OR ORANGE)

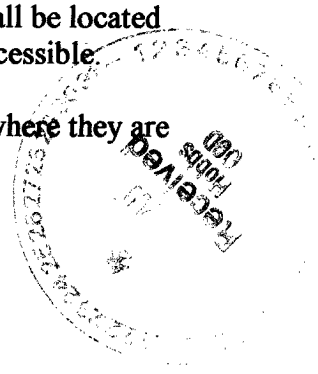
EXTREME DANGER (RED)

   - **Condition flags shall be displayed at the sign in one of the designations:**

Green/normal conditions	**Yellow or Orange / potential danger**	**Red/danger, H2S Present**

3. **Briefing Area:** Two (2) briefings areas, designed by signs, shall be located perpendicular to each other and be easily visible and readily accessible.

4. **Windsocks:** Two (2) windsocks shall be strategically placed where they are easily visible from all points.



5. **Hydrogen Sulfide Detectors and Alarms:**

■ One (1) stationary H2S monitor with three sensors shall be located on the rig in the top dog house. The H2S monitor shall be calibrated to alarm at 10PPM for the low alarm (visual alarm) and 15 PPM for the high alarm (audible alarm). Calibrations shall be checked every 30 days or as needed. The sensors shall be located as follows:

#1 – Rig Floor

#2 – Bell Nipple

#3 – Flow line or where the well bore fluid is discharged

■ A gas sampling pump, with detector tubes capable of measuring H2S gas, shall be located in the safety trailer.

6. **Additional Rescue Equipment**

■ One hundred Feet (100') of 5/8" OSHA approved rope.

■ Two (2) OSHA approved full body harness

■ One (1) Stretcher

7. **Fire Extinguishers:**

■ One (1) 20#, Class ABC fire extinguisher shall be located in the safety trailer.

8. **Communication:**

■ Cellular Phones/Mobile Phones or two-way radios shell be available via the vehicles on location and on the rig floor.

TOXIC EFFECTS OF HYDROGEN SULFIDE

Hydrogen Sulfide (H2S) is extremely toxic. The accepting ceiling concentration for an eight (8) hour exposure is 10PPM, which is .001% by volume. Hydrogen sulfide (H2S) is colorless. Hydrogen Sulfide (H2S) is heavier than air, the specific gravity is equal to 1.19, which is 20% heavier than ambient temp air, which is 1.00. Hydrogen sulfide (H2S) can form an explosive mixture with air between 4.3% and 46.0%. By volume hydrogen sulfide (H2S) is as toxic as hydrogen cyanide and is between 5-6 times more toxic than carbon monoxide.

TOXICITY OF VARIOUS GASES

Common Name	Chemical Formula	Specific Gravity	Threshold Limit[1]	Hazardous Limit[2]	Lethal Concentration[3]
Hydrogen Cyanide	HCN	0.94	10 PPM	150 ppm/Hr	300PM
Hydrogen Sulfide	H2S	1.189	10 PPM[4] 15 PPM[5]	100 PPM/Hr	600 PM
Sulfur Dioxide	SO2	2.21	2 PPM	N/A	100 PPM
Chlorine	CL2	2.45	1 PPM	4 PPM/Hr	1000 PPM
Carbon Monoxide	CO	.97	50 PPM	400 PPM/Hr	1000 PPM
Carbon Dioxide	CO2	1.52	5000 PPM	5%	10%
Methane	CH4	0.55	90,000 PPM	Combustible @5%	N/A

(1)Threshold limit – Concentration at which it is believed that all workers may be repeatedly exposed, day after day with out adverse effects also referred to as Time Weighted Average (TWA).

(2) Hazardous limit – Concentration that may cause death

(3) Lethal concentration – Concentration that will cause death with short-term exposure

(4) Threshold limit – 10PPM – NIOSH guide to chemical hazards

(5) Short – term threshold limit – Concentration higher than Threshold limit with limits placed on time one can be exposed. Exposure time is limited to15 minutes followed by one (1) hour in fresh air. This cycle can be repeated for four (4) times during a normal eight (8) hour work day.

PHYSICAL EFFECTS OF HYDROGEN SULFIDE (H2S)

(Concentrations are calculated @ 15.00 psia and 60 ◦ F.)

Concentrations		Physical Effects
0.0001%	10 PPM	Obvious & unpleasant odor. Safe for eight (8) hour exposure.
0.005%	50 PPM	Can cause some flu-like systems and can cause pneumonia
0.01%	100 PPM	**IDLH**[1]. Kills the sense of smell in 3 to 15 minutes. May irritate eyes and throat.
0.02%	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.
0.06%	600 PPM	Loss of consciousness quickly, death will result if not rescued promptly.

(1) Immediately dangerous to life or heath

TOXICITY OF HYDROGEN SULFIDE

H2S % (PPM)	0 – 2 Minutes	0 – 15 Minutes	15 – 30 Minutes	30 Minutes to 1 Hours	1 – 4 Hours	4 - 8 Hours	8 – 48 Hours
0.005 (50 ppm) 0.010 (100 ppm)				Mild Conjunctivitis; Respiratory Tract Irritation			
0.010 (100 ppm) 0.015 (150 ppm)		Coughing; Irritation of eyes; loss of sense of smell	Disturbed Respiration Pain in eyes; Sleepiness	Throat	Salivation & Mucous Discharge; Sharp Pain in eyes; Coughing	Increased Symptoms*	Hemorrha & Death*
0.015 (150 ppm) 0.020 (200 ppm)		Loss of Sense of Smell	Throat & Eye Irritation	Throat & Eye Irritation	Difficult breathing, Blurred Vision, Light & Shy	Serious irritating Effects	Hemorrha & Death*
0.025 (250 ppm) 0.035 (350 ppm)	Irritation of Eye and Loss of Sense of Smell	Irritation of Eyes	Painful Secretion of Tears, Weariness	Light & Shy; Nasal Catarrh, Pain in Eyes, Difficult Breathing	Hemorrhage & Death		
0.035 (350 ppm)		Irritation of Eye and Loss of Sense of Smell	Difficult Respiration; Coughing, Irritation of Eyes	Increased Irritation of Eyes & Nasal Tract; Dull pain in Head; Weariness; Light & Shy	Dizziness, Weakness; Increased Irritation; Death	Death*	
0.050 (500 ppm)	Coughing, Collapse & Unconsciousness	Respiratory Disturbances; Irritation of Eyes; Collapse	Serious Eye Irritation; Palpitation of Heart, Few Cases of Death	Severe pain in eyes and head, Dizziness; Trembling of Extremities; Great Weakness & Death*			
0.060 (600 ppm) 0.070 (700 ppm) 0.080 (800 ppm) 0.100 (1000 ppm) 1.150 (1500 ppm)	Collapse* Unconsciousness Death*	Collapse* Unconsciousness Death					

***Data secured from experiments of dogs, which have susceptibility similar to men/women.**

****PPM parts per million**

THE USE OF SELF-CONTAINED BREATHING AIR EQUIPMENT

SCBA should be worn when:

- Working near the top or on top of any tank.
- Disconnecting any line where H2S can reasonably be expected.
- Sampling air in the area to determine if toxic concentration of H2S exist.
- Working in areas where over 10PPM of H2S has been detected.
- At any time there is a doubt as to the H2S level in the area to be entered.

Air quality testing shall be continuous throughout the entire operation if a container is breeched or in a hazardous location.

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 use.

Contact lenses are never allowed with the use of SCBA.

The SCBA shall be inspected monthly.

After each use, the SCBA shall be cleaned, disinfected, serviced, inspected and refilled to proper specifications.

RESCUE & FIRST AID FOR VICTIMS OF HYROGEN SULFIDE (H2S) POISONING

Do not panic!

Remain calm and think with your head and not your heart.

Don breathing apparatus

Protect yourself, then remove victim to fresh air as quickly as possible. When evacuating: walk not run, upwind and uphill from the source or crosswind 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.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes [X] No [ ]
Type of action: Registration of a pit or below-grade tank [ ] Closure of a pit or below-grade tank [ ]

Operator: THOMPSON, J. CLEO Telephone: (432)550-8887 e-mail address: jstevens@jcleo.com
Address: P.O. BOX 12577 ODESSA, TX 79768-2577
Facility or well name: LAWRENCE API#: 30-025-36898 U/Ior Qtr/Qtr H Sec 14 T 16S R 38E
County: LEA Latitude Longitude NAD: 1927 [ ] 1983 [ ] Surface Owner Federal [ ] State [X] Private [ ] Indian [ ]

Pit Type: Drilling [X] Production [ ] Disposal [ ] Workover [ ] Emergency [ ] Lined [X] Unlined [ ] Liner type: Synthetic [ ] Thickness ____ mil Clay [ ] Pit Volume 12000 bbls	**Below-grade tank** Volume: ____ bbl Type of fluid: ____ Construction material: ____ Double-walled, with leak detection? Yes [ ] If not, explain why not. ____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) ≈ 60'	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points)
	Ranking Score (Total Points)	0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if your are burying in place) onsite [ ] offsite [ ] If offsite, name of facility ____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No [ ] Yes [ ] If yes, show depth below ground surface ____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

Received Hobbs OCD

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines [X], a general permit [ ], or an (attached) alternative OCD-approved plan [ ].**
Date: 03/22/2007
Printed Name/Title JIM STEVENS OPERATIONS MANAGER Signature J E Stevens

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Printed Name/Title CHRIS WILLIAMS / DIST. SUP Signature Chris Williams Date: MAR 26 2007