

ConocoPhillips

Drilling Operations

H₂S Plan

30-025-39788

ConocoPhillips, Inc. will comply with Onshore Order No. 2 and No. 6 for working in an H₂S environment or a potential H₂S environment.

I. Hydrogen Sulfide Training

All contractors and subcontractors employed by ConocoPhillips will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on this well.

1. The hazards and characteristics of hydrogen sulfide (H₂S).
2. Safety precautions.
3. Operations of safety equipment and life support systems.

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

1. The effect of H₂S on metal components in the system, especially where high tensile strength tubulars are to be used.
2. Corrective action and shutdown procedures when drilling or reworking a well, blowout prevention and well control procedures, if the nature of the work involves these items.
3. The contents and requirements of the contingency plan when such plan is required.

II. H₂S Equipment and Systems

1. Safety Equipment

The following minimum safety equipment will be on location:

- a. Wind direction indicators placed near rig floor/mud return lines and at points along the perimeter of the location to allow visibility of at least one indicator from any point on location.
- b. Automatic H₂S detection alarm equipment (both audio and visual).
- c. Clearly visible warning signs. Signs will use the words "POISON GAS" and "CAUTION" with a strong color contrast.
- d. Protective breathing equipment will be located in the doghouse and at briefing areas on location.

2. Well Control Systems

- a. Blowout Prevention Equipment
 - Flare lines will be 6" flanged steel lines with electronic ignition, boom will be at least 150' from the wellbore.
 - Choke is to be remotely controlled.
 - Flare gun and flares will not be used.
 - Mud gas separator will be used and a rotating head (if well is exploratory).

- b. Communication

The rig contractor will be required to have two-way communication capability. ConocoPhillips will have either, land-line, satellite phone, microwave phone, or mobile (cellular) telephone capabilities.

c. Mud Program

The mud program has been designed to minimize the volume of H_2S circulated to surface. Proper mud weight, safe drilling practices and the use of H_2S scavengers when appropriate will minimize hazards when penetrating H_2S bearing zones.

d. Drill stem tests

Any planned drill stem test will be cancelled if H_2S is detected prior to such test. In the event that H_2S is detected during testing, the test will be terminated immediately.

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HYDROGEN SULFIDE (H₂S) OPERATIONS

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Contingency Plan
For
Permian Drilling Operations

ConocoPhillips Company
Mid-Continent Business Unit
Permian Asset Area

I. PURPOSE

The purpose of this Contingency Plan is to provide an organized plan of action for alerting and protecting the public following the release of a potentially hazardous volume of hydrogen sulfide. This plan prescribes mandatory safety procedures to be followed in the event of a release of H_2S into the atmosphere from exploration and production operations included in the scope of this plan. The extent of action taken will be determined by the supervisor and will depend on the severity and extent of H_2S release. Release of H_2S must be reported to the Drilling Superintendent and documented on the IADC and in Wellview.

II. SCOPE

This Contingency plan shall cover the West Texas and Southeastern New Mexico areas, which contain H₂S gas and could result in a release where the R.O.E. is greater than 100 ppm at 50' and less than 3000' and does not include a public area and 500 ppm R.O.E. does not include a public road. Radius of exposure is defined as the maximum distance from the source of release that a specified calculated average concentration of H₂S could exist under specific weather conditions.

III. PROCEDURES

First Employee on Scene

_____ Assess the incident and ensure your own safety.

Note the following:

- _____ Location of the incident.
- _____ Nature of the incident.
- _____ Wind direction and weather conditions.
- _____ Other assistance that may be needed.

_____ Call local supervisory personnel (refer to Section V: Emergency Call List) until personal contact is made with a person on the list.

_____ Perform emergency assessment and response as needed. The response may include rescue and/or evacuation of personnel, shutting in a system and/or notification of nearby residents/public (refer to Section VII: Public Notification/Evacuation).

_____ Secure the site.

_____ Follow the direction of the On-scene Incident Commander (first ConocoPhillips supervisor arriving on-scene).

First Supervisor on Scene (ConocoPhillips On-scene Incident Commander)

_____ Becomes ConocoPhillips' On-scene Incident Commander upon arrival to location.

_____ Follow the principles of the **D.E.C.I.D.E.** process below to assess the incident. (Note wind direction and weather conditions and ensure everyone's safety).

DETECT the problem

ESTIMATE likely harm without intervention

CHOOSE response objectives

IDENTIFY action options

DO the best option

EVALUATE the progress

_____ Complete the Preliminary Emergency Information Sheet (refer to Section VIII: Forms/Reports).

_____ Call your supervisor (refer to Section V: Emergency Call List).

- Perform emergency response as necessary. (This may include notification & evacuation of all personnel and/or nearby residents/public (refer to Section VII: Public Notification/Evacuation), requesting assistance from ConocoPhillips personnel or outside agencies (refer to Section V: Emergency Call List) and obtaining any safety equipment that may be required (refer to Section IV: Emergency Equipment and Maintenance).
- Notify appropriate local emergency response agencies of the incident as needed. Also notify the appropriate regulatory agencies. (refer to Section V: Emergency Call List).
- Ensure site security.
 - Set barricades and /or warning signs at or beyond the calculated 100 ppm H₂S radius of exposure (ROE). All manned barricades must be equipped with an H₂S monitor and a 2-way radio.
 - Set roadblocks and staging area as determined.
- Establish the Incident Command Structure by designating appropriate on-scene response personnel as follows:

Recording Secretary	_____
Public Information Officer	_____
Safety/Medical Officer	_____
Decontamination Officer	_____
- Have the "Recording Secretary" begin documenting the incident on the "Incident Log" (refer to Section VIII: Forms/Reports).
- If needed, request radio silence on all channels that use your radio tower stating that, until further notice, the channels should be used for emergency communications only.
- Perform a Site Characterization and designate the following:

Hot Zone	--	Hazardous Area
Warm Zone	--	Preparation & Decontamination Area
Cold Zone	--	Safe Area

AND

On-Scene Incident Command Post	(Cold Zone)
Public Relations Briefing Area	(Cold Zone)
Staging Area	(Cold Zone)
Triage Area	(Cold Zone)
Decontamination Area	(Warm Zone)

_____ Refer all media personnel to ConocoPhillips' On-Scene Public Information Officer (refer to Section VI: Public Media Relations).

_____ Coordinate the attempt to stop the release of H₂S. You should consider closing upstream and downstream valves to shut-off gas supply sources, and/or plugging or clamping leaks. Igniting escaping gas to reduce the toxicity hazard should be used **ONLY AS A LAST RESORT**. (It must first be determined if the gas can be safely ignited, taking into consideration if there is a possibility of a widespread flammable atmosphere.)

_____ Once the emergency is over, return the situation to normal by:

Confirming the absence of H₂S and combustible gas throughout the area,

Discontinuing the radio silence on all channels, stating that the emergency incident is over,

Removing all barricades and warning signs,

Allowing evacuees to return to the area, and

Advising all parties previously notified that the emergency has ended.

_____ Ensure the proper regulatory authorities/agencies are notified of the incident (refer to Section V: Emergency Call List).

_____ Clean up the site. (Be sure all contractor crews have had appropriate HAZWOPER training.)

_____ Report completion of the cleanup to the Asset Environmentalist.
(Environmentalism will report this to the proper State and/or Federal agencies.)

_____ Fill out all required incident reports and send originals to the Safety Department.
(Keep a copy for your records.)

- Company employee receiving occupational injury or illnesses.
- Company employee involved in a vehicle accident while driving a company vehicle.
- Company property that is damaged or lost.
- Accident involving the public or a contractor; includes personal injuries, vehicle accidents, and property damage. Also includes any situation, which could result in a claim against the Company.
- Hazardous Material Spill/Release Report Form
- Emergency Drill Report

_____ Assist the Safety Department in the investigation of the incident. Review the factors that caused or allowed the incident to occur, and modify operating, maintenance, and/or surveillance procedures as needed. Make appropriate repairs and train or retrain employees in the use and operation of the system.

_____ If this incident was simulated for practice in emergency response, complete the Emergency Drill Report found in Section VIII: Forms/Reports and submit a copy to the Drilling Manager. (Keep one copy in area files to document exercising of the plan.)

Emergency Procedures

Responsibility

In the event of a release of potentially hazardous amounts of H₂S, all personnel will immediately proceed upwind/ crosswind to the nearest designated briefing area. The COPC Drilling Rep. will immediately, upon assessing the situation, set this into action by taking the proper procedures to contain the gas and notify appropriate people and agencies.

1. In an emergency situation, the Drilling Rep. on duty will have complete responsibility and will take whatever action is deemed necessary in an emergency situation to insure the personnel's safety, to protect the well and to prevent property damage.
2. The Toolpusher will assume all responsibilities of the Drilling Rep. in an emergency situation in the event the Drilling Rep. becomes incapacitated.
3. Advise each contractor, service company, and all others entering the site that H₂S may be encountered and the potential hazards that may exist.
4. Authorize the evacuation of local residents if H₂S threatens their safety.
5. Keep the number of persons on location to a minimum during hazardous operations.
6. Direct corrective actions to control the flow of gas.
7. Has full responsibility for igniting escaping gas to reduce the toxicity hazard.
This should be used **ONLY AS A LAST RESORT.**

IV. EMERGENCY EQUIPMENT and MAINTENANCE

Emergency Equipment Suppliers

Total Safety US Odessa, Tx/ Hobs, NM

432.561.5049 Odessa, Tx.

575.392.2973 Hobbs, NM

H₂S monitors

Breathing air includes cascade systems

Fire fighting equipment

First aid and medical supplies

Safety equipment

Safety International – Odessa, Tx.

432.580.3770

H₂S monitors

Breathing air includes cascade systems

First aid and medical supplies

Safety equipment

H₂S Specialist

Indian Fire & Safety – Hobbs, NM

575.393.3093

H₂S monitors

Breathing air including cascade systems trailer mounted

30 minute air packs

Safety Equipment

Leek Fire & Equipment Company – Odessa, Tx.

432.332.1693

H₂S monitors

Fire fighting equipment

First aid and medical supplies

Safety equipment

Emergency Equipment and Maintenance (continued)

General Information

Materials used for repair should be suitable for use where H₂S concentrations exceed 100 ppm. In general, carbon steels having low-yield strengths and a hardness below RC-22 are suitable. The engineering staff should be consulted if any doubt exists on material specifications.

Appropriate signs should be maintained in good condition at location entrance and other locations as specified in Texas Rule 36 and NMOCD Rule 118.

All notification lists should be kept current with changes in names, telephone numbers, etc.

All shutdown devices, alarms, monitors, breathing air systems, etc., should be maintained in accordance with applicable regulations.

All personnel working in H₂S areas shall have received training on the hazards, characteristics, and properties of H₂S, and on procedures and safety equipment applicable for use in H₂S areas.

H2S Safety Equipment and Monitoring Systems

An H2S emergency response package will be maintained at locations requiring H2S monitoring. The package will contain at a minimum the following:

3 – Fixed H2S sensors located as follows:

- 1 – on the rig floor
- 1 – at the Bell Nipple
- 1 – at the Shale Shaker or Flowline

1 – Entrance Warning Sign located at the main entrance to the location, with warning signs and colored flags to determine the current status for entry into the location.

2 – Windsocks that are clearly visible.

1 – Audible warning system located on rig floor

2 – Visual warning systems (Beacon Lights)

- 1 – located at the rig floor
- 1 – located in the mud mixing room

Note: All alarms (audible and visual) should be set to alarm at 10 ppm.

2 - Briefing areas clearly marked

- 2 - SCBA's at each briefing area
- 1- SCBA located at the Drilling Reps office

Note:

- 1. All SCBA's must be positive pressure type only!!!**
- 2. All SCBA's must either be Scott or Drager brand.**
- 3. All SCBA's face pieces should be size large, unless otherwise specified by the Drilling Supervisor.**

5 – Emergency Escape Paks located at Top Doghouse.

Note: Ensure provisions are included for any personnel working above rig floor in derrick.

1 – Tri or Quad gas monitor located at the Drilling Reps office. This will be used to determine if the work area is safe to re-enter prior to returning to work following any alarm.

V. EMERGENCY CALL LIST:

The following is a priority list of personnel to contact in an emergency situation:

Supervisory Personnel	Office No.	Home	Cellular
R.W. "Cottton" Hair Permian Drilling Supt.	432.368.1302	432.563.9467	432.556.9116
Tom Samarripa WSER	423.368.1263	432.367.4961	432.556.9113
David Cook Permian Asset Operations Manager	432.368.1100		432.978.9804
Leo Gatson Safety and Environmental Coordinator	432.368.1248		432.631.066
Lynn Dooley Drilling Coordinator	832.486.2567	281.225.8063	281.435.3517

EMERGENCY CALL LIST: State Officials

Regulatory Agencies

Texas Railroad Commission (District 8)
Midland, Texas

Office: 432.684.5581

New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico 88240-1980

Office: 575.393.6161

Bureau of Land Mngt.
Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220

Office: 575.234.5972

Fax: 575.885.9264

EMERGENCY CALL LIST: Local Officials

Refer to the Location Information Sheet

Note: The LIS should include any area residents (i.e. rancher's house, etc)

VI. Public Media Relations

The **Public Information Officer** becomes the ConocoPhillips on-scene contact (once designated by the Phillips On-Scene Incident Commander).

Confers with Houston Office's Human Relations Representative, who is responsible for assisting in the coordination of local public relations duties.

Answer media questions honestly and **only with facts**, do not speculate about the cause, amount of damage, or the potential impact of the incident on the community, company, employees, or environment. (This information will be formally determined in the incident investigation.)

If you are comfortable answering a question or if you are unsure of the answer, use terms such as the following:

- "I do not know. I will try to find out."
- I am not qualified to answer that question, but I will try to find someone who can."
- "It is under investigation."

Note:

Do Not Say "No Comment." (This implies a cover-up.)

Do Not Disclose Names of Injured or Dead! Confer with the Houston Office's Human Relations Representative, who is responsible for providing that information.

VII. Public Notification/Evacuation

Alert and/or Evacuate People within the Exposure Area

1. **Public Notification** – If the escape of gas could result in a hazard to area residents, the general public, or employees, the person **first** observing the leak should take **immediate** steps to cause notification of any nearby residents. The avoidance of injury or loss of life should be of prime consideration and given top priority in all cases. If the incident is of such magnitude, or at such location as to create a hazardous situation, local authorities will be requested to assist in the evacuation and roadblocks of the designated area until the situation can be returned to normal.

Note: Bilingual employees may be needed to assist in notification of residents.

2. **Evacuation Procedures** – Evacuation will proceed upwind from the source of the release of H₂S. Extreme caution should be exercised in order to avoid any depressions or low-lying areas in the terrain. The public area within the radius of exposure should be evacuated in a southwesterly and southeasterly direction so as to avoid the prevailing southern wind direction.

Roadblocks and the staging area should be established as necessary for current wind conditions.

Note: In all situations, consideration should be given to wind direction and weather conditions. H₂S is heavier than air and can settle in low spots. Shifts in wind direction can also change the location of possible hazardous areas.

VIII. FORMS & REPORTS

- I. Incident Log
- II. Preliminary Emergency Information Sheet
- III. Emergency Drill Report
- IV. Onshore Hazardous Material Spill/Release Report Form
- V. Immediate Report of Occupational Injury or Illness
 - Report of Accident-Public Contractor
 - Report of Loss or Damage to Company Property
 - Report of Automotive Incident

ConocoPhillips Emergency Contact Phone Numbers (SENM)

<u>ConocoPhillips</u>			(281)293-3600
Drilling Superintendent	Cotton Hair	work	(432)368-1302
		cell	(432)556-9116
Safety (WSER)	Tom Samarraipa	work	(432)368-1263
		cell	(432)556-9113
Drilling Engineer	Jason Tilley	work	(832)486-2919
		cell	(281)684-4720
Regulatory Contact	Jalyn Fiske	work	(432)688-6813

EMERGENCY NUMBERS

Hospital:	Lea County Regional Medical Center (Hobbs).....	(575)492-5000
Ambulance:	Hobbs Fire Department.....	(575)397-9308
Air Ambulance:	Care Star.....	(888)624-3571
	Aero Star.....	(800)627-2376
Fire Dept:	Hobbs.....	(575)397-9308
	Maljamar (Non-Emergency).....	(575)676-4100
State Police:	Artesia.....	(575)748-9718
	Hobbs (Non-Emergency).....	(575)392-5580
	Hobbs (Emergency).....	(575)392-5588
Sheriff:	Lovington.....	(575)396-3611
Police:	Lovington.....	(575)396-5166
NMOCD:	(Non-Emergency).....	(575)393-6161
	(Emergency).....	(575)370-7106
BLM:	Carlsbad.....	(575)393-3612
	FAX	(575)393-4280
New Mexico Emergency Response (Santa Fe):.....		(505)476-9600
	24HR	(505)827-9126
New Mexico State Emergency Operations Center (Santa Fe):.....		(505)476-9635
National Emergency Response Center (Washington, DC):.....		(800)424-8802

Recommended Telephone Procedures for Emergencies

1. State emergency situation
2. Give full name, company, and phone number
3. Give cause of injury and condition of injured
4. Provide good directions to location or highway
5. Send vehicle to meet EMS at highway or landmark
6. Stay by phone until EMS arrives on location

ConocoPhillips Company
Closed Loop System Design, Operating and Maintenance, and Closure Plan

Well: MCA 450

Date: 2-10-2010

ConocoPhillips proposes the following plan for design, operating and maintenance, and closure of our proposed closed loop system for the above named well:

1. We propose to use a closed loop system with steel pits, haul-off bins, and frac tanks for containing all cuttings, solids, mud, water, brine, and liquids. We will not dig a pit, nor will we use a drying pad, nor will we build an earth pit above ground level, nor will we dispose of or bury any waste on location.

All drilling waste and all drilling fluids (fresh water, brine, mud, cuttings, drill solids, cement returns, and any other liquid or solid that may be involved) will be contained on location in the rig's steel pits or in haul-off bins or in frac tanks as needed. The intent is as follows:

- We propose to use the rig's steel pits for containing and maintaining the drilling fluids.
 - We propose to remove cuttings and drilled solids from the mud by using solids control equipment and to contain such cuttings and drilled solids on location in haul-off bins.
 - We propose that any excess water that may need to be stored on location will be stored in frac tanks.
2. Cuttings and solids will be removed from location in haul-off bins by an authorized contractor and disposed of at an authorized facility. For this well, we propose the following disposal facility:

Controlled Recovery Inc,
4507 West Carlsbad Hwy, Hobbs, NM 88240,
P.O. Box 388 Hobbs, New Mexico 88241
Toll Free Phone: 877.505.4274, Local Phone Number: 432-638-4076

The physical address for the plant where the disposal facility is located is Highway 62/180 at mile marker 66 (33 miles East of Hobbs, NM and 32 miles West of Carlsbad, NM).

The Permit Number for CRI is R9166

A photograph showing the type of haul-off bins that will be used is attached.

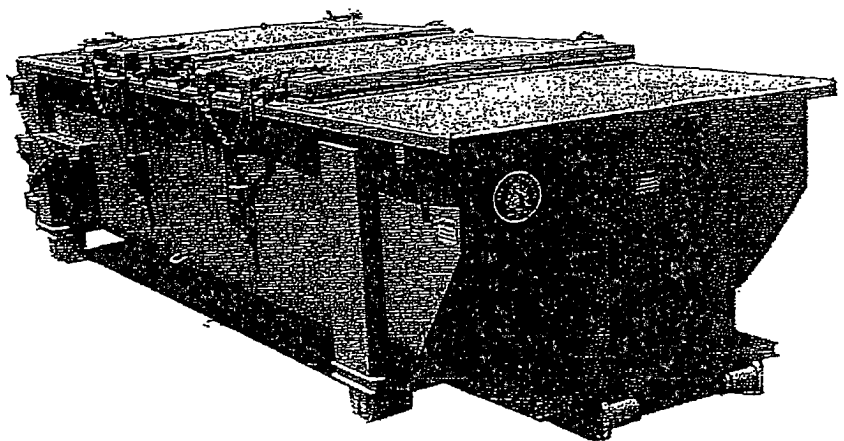
3. Mud will be transported by vacuum truck and disposed of at Controlled Recovery Inc at the facility described above.
4. Fresh Water and Brine will be hauled off by vacuum truck and disposed of at an authorized salt water disposal well. We propose the following for disposal of fresh water and brine as needed:
 - Nabors Well Services Company, 3221 NW County Rd, Hobbs, NM 88240, PO 5208 Hobbs, NM, 88241, Permit SWD 092. (Well Location: Section 3, T19S R37E)
 - Basic Energy Services, PO Box 1869 Eunice, NM 88231 Phone Number 575 394 2545, Facility located at Hwy 18, Mile Marker 19, Eunice, NM.

Jason D. Tilley
Sr. Drilling Engineer
3WL-13016
Office: 832-486-2919
Cell: 281-684-4720

SPECIFICATIONS

Heavy Duty Split Metal Rolling Lid

FLOOR: 3/16" PL one piece
 CROSS MEMBER: 3 x 4.1 channel 16" on center
 WALLS: 3/16" PL solid welded with tubing top, inside liner hooks
 DOOR: 3/16" PL with tubing frame
 FRONT: 3/16" PL slant formed
 PICK UP: Standard cable with 2" x 6" x 1/4" rails, gusset at each crossmember
 WHEELS: 10 DIA x 9 long with rease fittings
 DOOR LATCH: 3 Independent ratchet binders with chains, vertical second latch
 GASKETS: Extruded rubber seal with metal retainers
 WELDS: All welds continuous except sub-structure crossmembers
 FINISH: Coated inside and out with direct to metal, rust inhibiting acrylic enamel color coat
 HYDROTESTING: Full capacity static test
 DIMENSIONS: 22'-11" long (21'-8" inside), 99" wide (88" inside), see drawing for height
 OPTIONS: Steel grit blast and special paint, Amplirail, Heil and Dino pickup
 ROOF: 3/16" PL roof panels with tubing and channel support frame
 LIDS: (2) 68" x 90" metal rolling lids spring loaded, self raising
 ROLLERS: 4" V-groove rollers with delrin bearings and grease fittings
 OPENING: (2) 60" x 82" openings with 8" divider centered on container
 LATCH: (2) independent ratchet binders with chains per lid
 GASKETS: Extruded rubber seal with metal retainers



CONT.	A	B
20 YD	41	53
25 YD	53	65
30 YD	65	77

