SDX RESOURCES, INC.
P.O. BOX 5061
MIDLAND, TEXAS 79704
(915) 685-1761

February 15, 1996

Oil Conservation Commission
2040 South Pacheco
Santa Fe, NM 87505

Attention: Mr. Mike Stogner

RE: Meyers Federal #7
Meyers Federal #8
Sec. 22, T24S, R36E
Lea County, NM

Gentlemen:

I mailed to you APD's on the captioned wells on February 12, 1996, requesting your approval for NSL. I inadvertently omitted the Drilling Plan, Hydrogen Sulfide Drilling Operations Plan, and the executed Surface Use and Operating Plan. Enclosed are the documents that you will need to assist you in determining your approval for these locations. Please attach the enclosed documents with the APD's for the Meyers Federal #7 and the Meyers Federal #8 APD's. Sorry for the inconvenience that this delay may have caused you.

Thank you.

Best regards,

John Pool

JP/jdc

Enclosures

# DRILLING PROGRAM

SDX Resources, Inc.
Meyers Federal #7
1650' FEL & 1400' FNL
Unit G Sec. 22, T24S, R36E
Lea County, New Mexico

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

| | |
|---|---|
| Top of Salt | 1200' |
| Base of Salt | 2200' |
| Yates | 2900' |
| 7-Rivers | 3550' |
| Queen | 3900' |
| Grayburg | 4300' |

3. Estimated Depth of Anticipated Fresh Water, Oil or Gas:

| | | |
|---|---|---|
| Water Sands | 200'-250' | Fresh H2O |
| 7-Rivers | 3700' | Oil & Gas |
| Queen | 4000' | Oil & Gas |
| Grayburg | 4400' | Oil & Gas |

Fresh water sands will be protected by running 8 5/8" casing to a minimum depth of 350' and circulating cement. All other zones will be isolated by running 5 1/2" production casing and circulating cement.

4. Casing Program:

| Hole Size | Interval | OD csg | Weight Grade Jt Cond Type |
|---|---|---|---|
| 12 1/4" | 0-350' | 8 5/8" | 24#, J-55, New |
| 7 7/8" | O-TD | 5 1/2" | 14#-15.50#, J-55, Used |

Cement Program:

| | |
|---|---|
| 8 5/8" surface casing: | Cemented to surface with 250 sx of Class C with 2% CaCl and 1/4 #/sx Flocele and 100 sx of Class "C" with CaCl. |
| 5 1/2" production casing: | Cemented with 300 sx of 50/50 Class "C" POZ with 6# salt/sx and 6% Halad 322 and 400 sx of Lite "C" with 3# salt/sx and 1/4#/sx flocele. This should circulate cement to the surface. |

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a bag-type (hydril) preventer (2000 psi WP). Unit will be hydraulically operated. BOP will be nippled up on the 8 5/8" surface csg and used continuously until TD is reached. BOP and accessory equipment will be tested to 1000 psi before drilling out of surface casing. A 2" kill line and a 2" choke line will be included in the drilling spool. Other accessories to the BOP equipment will include a kelly cock.

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of fresh water and brine water mud system. The applicable depth and properties of this system are as follows:

| Depth | Type | Weight (ppg) | Viscosity (sec) | Waterloss (cc) |
|---|---|---|---|---|
| 0-350 | Fresh water (spud) | 8.5 | 40-45 | N/C |
| 350-TD | Brine water, SWG, Starch | 10.0 | 30 | 24 |

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. Auxiliary Well Control and Monitoring Equipment:

(A) A kelly cock will be kept in the drill string at all times.

(B) A mud logging unit complete with H2S detector will be continuously monitoring drilling penetration rate and hydrocarbon shows from 1000' to TD.

8. Logging, Testing and Coring Program:

(A) Drillstem tests will be run on the basis of drilling shows.

(B) The electric logging program will consist of GR-Dual Laterolog and GR-Compensated Neutron-Density from TD to surface casing.

(C) Conventional coring may be performed in select intervals in the Queen-Grayburg.

(D) Further testing procedures will be determined after the 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressure or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 94 F and estimated maximum bottom-hole pressure (BHP) is 1200 psig. No abnormal concentrations of hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. All H2S operation precautions will be followed (see attached H2S drilling operations plans). No major loss circulation zones have been reported in offsetting wells.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is April 1, 1996. Once commenced, the drilling operation should be finished in approximately 10 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

# HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

SDX Resources, Inc.
Meyers Federal #7
1650' FEL & 1400' FNL
Unit G Sec. 22, T24S, R36E
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 system.
3. The proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, 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 and the Public Protection Plan.

There will be an initial safety session just prior to commencing operations on the well. The initial session shall include a review of the site's specific H2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well 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.

1. Well Control Equipment:

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

   B. Auxiliary equipment to include: annular preventer.

2. Protective equipment for essential personnel:

   A. Mark II Surviveair 30-minute units located in the dog house.

3. H2S detection and monitoring equipment:

   A. 1 - portable H2S monitor positioned on location for best coverage and response.

   B. Mud logging trailer shall have H2S monitoring equipment.

4. Visual warning systems:

   A. Guy lines will be flagged and a wind sock will be positioned on location.

   B. Caution/Danger signs shall be posted on roads providing direct access to location.

5. Mud program:

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

6. Metallurgy:

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

7. Communication:

Radio communications in company vehicles including cellular telephone and 2-way radio.

8. Well Testing:

No DST's are planned.

SURFACE USE AND OPERATING PLAN
SDX RESOURCES, INC.
Meyers Federal #7
1650' FEL & 1400' FNL
Unit G Sec. 22, T24S R36E
Lea County, New Mexico

1. Existing Roads:

A. The well site and elevation plat for the proposed well is shown in Exhibit #1. It was staked by Dan Reddy, Carlsbad, New Mexico.

B. All roads to the location are shown in Exhibit #3. The existing roads are labeled and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the on-site inspection.

C. Directions to location: See Exhibit #3

D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

Exhibit #3 shows the existing road.

Exhibit #5 shows the new access road to be constructed. The road will be constructed as follows:

A. The maximum width of the running surface will be 15'. The road will be crowned and ditched and constructed of 6" of rolled and compacted caliche. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the on-site inspection.

B. The average grade will be less than 1%.

C. No turnouts are planned.

D. No fences will be cut.

E. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest approved caliche pit. Any additional materials that are required will be purchased from the dirt contractor.

F. The proposed access road is shown in Exhibit #3. It is +/- 600' long and will be included in the Archaeological Survey.

3. Location of Existing Wells:

Exhibit #4 shows all existing wells within a one-mile radius of this well.

4. Location of Existing and/or Proposed Facilities:

A. If the well is productive:

1) A production battery of adequate size to handle the anticipated production will be constructed on the existing location.

B. If the well is productive, rehabilitation plans are as follows:

1. The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after the well is complete).

2. Topsoil removed from the drill site will be used to re-contour the pit area to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

5. Location and Type of Water Supply:

The well will be drilled with a combination brine and fresh water mud systems as outlined in the drilling program. The brine water will be obtained from commercial water stations in the area and hauled to the location by transport truck over the existing and proposed access roads shown in Exhibit #3. No water well will be drilled on location.

6. Source of Construction Materials:

All caliche required for construction of the drill pad and any new access road will be obtained from the drilling pits and/or on site when possible. Any additional caliche will be obtained from approved caliche pits. All roads and pads will be constructed of 6" of rolled and compacted caliche.

7. Methods of Handling Water Disposal:

A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.

B. Drilling fluids will be contained in plastic lined pits. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing and completion operations. The reserve pit will be an earthen pit, approximately 80′ x 55′ x 6′ deep and fenced. The reserve pit will be plastic lined (5-7 mil thickness) to minimize loss of drilling fluids and saturation of the ground with brine water.

C. Water produced from the well during completion may be disposed into the reserve pit after the well is permanently placed on production.

D. Garbage and trash produced during drilling or completion operations will be collected in a trash trailer by a contractor. All water and fluids will be disposed of into the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be produced by this operation.

E. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned-up within 90 days. No adverse materials will be left on the location. The reserve pit will be completely fenced and kept closed until it has dried. When the reserve pit is dry enough to breakout and fill, and as weather permits, the unused portion of the well site will be leveled and reseeded as per BLM specifications. Only that part of the pad required for production facilities will be kept in use.

8. Ancillary Facilities:

None

9. Well Site Layout:

A. The drill pad layout is shown in Exhibit #6. Dimensions of the pad and pits and location of major rig components are shown. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection. Because the pad is almost level no major cuts will be required.

B. Exhibit #6 shows the planned orientation for the rig and associated drilling equipment, reserve pit, trash pit, pipe racks, turn-around, parking areas and access road. No permanent living facilities are planned but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

C. The reserve pit will be lined with high-quality plastic sheeting (5-7 mil thickness).

10. Plan for Restoration of the Surface:

A. Upon completion of the proposed operation, if the well is to be abandoned, the pit area, after allowing to dry, will be broken out and leveled. The original top soil will be returned to the entire location which will be leveled and contoured to as nearly the original topography as possible.

All trash and garbage will be hauled away in order to leave the location in an anesthetically pleasing condition. All pits will be filled and the location leveled within 120 days after abandonment.

B. The disturbed area will be revegetated by reseeding during the proper growing season with a seed mixture of native grasses as recommended by the BLM.

C. The reserve pit will be fenced prior to and during drilling operations. The fencing will remain in place until the pit area is cleaned-up and leveled. No oil will be left on the surface of the fluid in the pit.

D. Upon completion of the proposed operations, if the well is completed, the reserve pit area will be treated as outlined above within the same prescribed time. The caliche from any area of the original drill site not needed for production operations or facilities will be removed and used for construction of thicker pads. Any additional caliche required for facilities will be obtained from an approved caliche pit. Topsoil removed from the drill site will be used to re-contour the pit area and any unused portions of the drill pad to the original natural level and reseeded as per BLM specifications.

11. Surface Ownership:

C. D. Woolworth Trust
P. O. Box 178
Jal, NM 88252

12. Other Information:

A. The area around the well site is grassland. The vegetation is native scrub grasses with abundant catclaw and mesquite.

B. There is no permanent or live water in the immediate area.

C. An Archaeological Survey has been requested and will be forwarded to your office in the near future.

13. Lessee's and Operator's Representative:

The SDX Resources, Inc. representative for assuring compliance with the surface use plan is as follows:

Chuck Morgan
SDX Resources, Inc.
P. O. Box 1302
Artesia, NM 88210
505-748-9724 Office
505-748-9814 Home

**Certification:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by SDX Resources, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions which it is approved.

Date: 2/14/96

Signed: SDX RESOURCES, INC.

John D. Pool
Vice President

# DRILLING PROGRAM

SDX Resources, Inc.
Meyers Federal #8
330' FNL & 1400' FEL
Unit B Sec. 22, T24S, R36E
Lea County, New Mexico

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

| | |
|---|---|
| Top of Salt | 1200' |
| Base of Salt | 2200' |
| Yates | 2900' |
| 7-Rivers | 3550' |
| Queen | 3900' |
| Grayburg | 4300' |

3. Estimated Depth of Anticipated Fresh Water, Oil or Gas:

| | | |
|---|---|---|
| Water Sands | 200'-250' | Fresh H2O |
| 7-Rivers | 3700' | Oil & Gas |
| Queen | 4000' | Oil & Gas |
| Grayburg | 4400' | Oil & Gas |

Fresh water sands will be protected by running 8 5/8" casing to a minimum depth of 350' and circulating cement. All other zones will be isolated by running 5 1/2" production casing and circulating cement.

4. Casing Program:

| Hole Size | Interval | OD csg | Weight Grade Jt Cond Type |
|---|---|---|---|
| 12 1/4" | 0-350' | 8 5/8" | 24#, J-55, New |
| 7 7/8 | O-TD | 5 1/2" | 14#-15.50#, J-55, Used |

Cement Program:

| | |
|---|---|
| 8 5/8" surface casing: | Cemented to surface with 250 sx of Class C with 2% CaCl and 1/4 #/sx Flocele and 100 sx of Class "C" with CaCl. |
| 5 1/2" production casing: | Cemented with 300 sx of 50/50 Class "C" POZ with 6# salt/sx and 6% Halad 322 and 400 sx of Lite "C" with 3# salt/sx and 1/4#/sx flocele. This should circulate cement to the surface. |

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a bag-type (hydril) preventer (2000 psi WP). Unit will be hydraulically operated. BOP will be nippled up on the 8 5/8" surface csg and used continuously until TD is reached. BOP and accessory equipment will be tested to 1000 psi before drilling out of surface casing. A 2" kill line and a 2" choke line will be included in the drilling spool. Other accessories to the BOP equipment will include a kelly cock.

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of fresh water and brine water mud system. The applicable depth and properties of this system are as follows:

| Depth | Type | Weight (ppg) | Viscosity (sec) | Waterloss (cc) |
|---|---|---|---|---|
| 0-350 | Fresh water (spud) | 8.5 | 40-45 | N/C |
| 350-TD | Brine water, SWG, Starch | 10.0 | 30 | 24 |

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. Auxiliary Well Control and Monitoring Equipment:

(A) A kelly cock will be kept in the drill string at all times.

(B) A mud logging unit complete with H2S detector will be continuously monitoring drilling penetration rate and hydrocarbon shows from 1000' to TD.

8. Logging, Testing and Coring Program:

(A) Drillstem tests will be run on the basis of drilling shows.

(B) The electric logging program will consist of GR-Dual Laterolog and GR-Compensated Neutron-Density from TD to surface casing.

(C) Conventional coring may be performed in select intervals in the Queen-Grayburg.

(D) Further testing procedures will be determined after the 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressure or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 94 F and estimated maximum bottom-hole pressure (BHP) is 1200 psig. No abnormal concentrations of hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. All H2S operation precautions will be followed (see attached H2S drilling operations plans). No major loss circulation zones have been reported in offsetting wells.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is April 1, 1996. Once commenced, the drilling operation should be finished in approximately 10 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

# HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

SDX Resources, Inc.
Meyers Federal #7
1650' FEL & 1400' FNL
Unit G Sec. 22, T24S, R36E
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 system.

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

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

In addition, 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 and the Public Protection Plan.

There will be an initial safety session just prior to commencing operations on the well. The initial session shall include a review of the site's specific H2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well 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.

1. Well Control Equipment:

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

   B. Auxiliary equipment to include: annular preventer.

2. Protective equipment for essential personnel:

   A. Mark II Surviveair 30-minute units located in the dog house.

3. H2S detection and monitoring equipment:

   A. 1 - portable H2S monitor positioned on location for best coverage and response.

   B. Mud logging trailer shall have H2S monitoring equipment.

4. Visual warning systems:

   A. Guy lines will be flagged and a wind sock will be positioned on location.

   B. Caution/Danger signs shall be posted on roads providing direct access to location.

# SURFACE USE AND OPERATING PLAN
SDX RESOURCES, INC.
Meyers Federal #7
1650' FEL & 1400' FNL
Unit G Sec. 22, T24S R36E
Lea County, New Mexico

1. Existing Roads:

A. The well site and elevation plat for the proposed well is shown in Exhibit #1. It was staked by Dan Reddy, Carlsbad, New Mexico.

B. All roads to the location are shown in Exhibit #3. The existing roads are labeled and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the on-site inspection.

C. Directions to location: See Exhibit #3

D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

Exhibit #3 shows the existing road.

Exhibit #5 shows the new access road to be constructed. The road will be constructed as follows:

A. The maximum width of the running surface will be 15'. The road will be crowned and ditched and constructed of 6" of rolled and compacted caliche. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the on-site inspection.

B. The average grade will be less than 1%.

C. No turnouts are planned.

D. No fences will be cut.

E. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest approved caliche pit. Any additional materials that are required will be purchased from the dirt contractor.

F. The proposed access road is shown in Exhibit #3. It is +/- 600' long and will be included in the Archaeological Survey.

3. Location of Existing Wells:

Exhibit #4 shows all existing wells within a one-mile radius of this well.

4. Location of Existing and/or Proposed Facilities:

A. If the well is productive:

1) A production battery of adequate size to handle the anticipated production will be constructed on the existing location.

B. If the well is productive, rehabilitation plans are as follows:

1. The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after the well is complete).

2. Topsoil removed from the drill site will be used to re-contour the pit area to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

5. Location and Type of Water Supply:

The well will be drilled with a combination brine and fresh water mud systems as outlined in the drilling program. The brine water will be obtained from commercial water stations in the area and hauled to the location by transport truck over the existing and proposed access roads shown in Exhibit #3. No water well will be drilled on location.

6. Source of Construction Materials:

All caliche required for construction of the drill pad and any new access road will be obtained from the drilling pits and/or on site when possible. Any additional caliche will be obtained from approved caliche pits. All roads and pads will be constructed of 6" of rolled and compacted caliche.

7. Methods of Handling Water Disposal:

A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.

B. Drilling fluids will be contained in plastic lined pits. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing and completion operations. The reserve pit will be an earthen pit, approximately 80′ x 55′ x 6′ deep and fenced. The reserve pit will be plastic lined (5-7 mil thickness) to minimize loss of drilling fluids and saturation of the ground with brine water.

C. Water produced from the well during completion may be disposed into the reserve pit after the well is permanently placed on production.

D. Garbage and trash produced during drilling or completion operations will be collected in a trash trailer by a contractor. All water and fluids will be disposed of into the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be produced by this operation.

E. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned-up within 90 days. No adverse materials will be left on the location. The reserve pit will be completely fenced and kept closed until it has dried. When the reserve pit is dry enough to breakout and fill, and as weather permits, the unused portion of the well site will be leveled and reseeded as per BLM specifications. Only that part of the pad required for production facilities will be kept in use.

8. Ancillary Facilities:

None

9. Well Site Layout:

A. The drill pad layout is shown in Exhibit #6. Dimensions of the pad and pits and location of major rig components are shown. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection. Because the pad is almost level no major cuts will be required.

B. Exhibit #6 shows the planned orientation for the rig and associated drilling equipment, reserve pit, trash pit, pipe racks, turn-around, parking areas and access road. No permanent living facilities are planned but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

C. The reserve pit will be lined with high-quality plastic sheeting (5-7 mil thickness).

10. Plan for Restoration of the Surface:

A. Upon completion of the proposed operation, if the well is to be abandoned, the pit area, after allowing to dry, will be broken out and leveled. The original top soil will be returned to the entire location which will be leveled and contoured to as nearly the original topography as possible.

All trash and garbage will be hauled away in order to leave the location in an anesthetically pleasing condition. All pits will be filled and the location leveled within 120 days after abandonment.

B. The disturbed area will be revegetated by reseeding during the proper growing season with a seed mixture of native grasses as recommended by the BLM.

C. The reserve pit will be fenced prior to and during drilling operations. The fencing will remain in place until the pit area is cleaned-up and leveled. No oil will be left on the surface of the fluid in the pit.

D. Upon completion of the proposed operations, if the well is completed, the reserve pit area will be treated as outlined above within the same prescribed time. The caliche from any area of the original drill site not needed for production operations or facilities will be removed and used for construction of thicker pads. Any additional caliche required for facilities will be obtained from an approved caliche pit. Topsoil removed from the drill site will be used to re-contour the pit area and any unused portions of the drill pad to the original natural level and reseeded as per BLM specifications.

11. Surface Ownership:

C. D. Woolworth Trust
P. O. Box 178
Jal, NM 88252

12. Other Information:

A. The area around the well site is grassland. The vegetation is native scrub grasses with abundant catclaw and mesquite.

B. There is no permanent or live water in the immediate area.

C. An Archaeological Survey has been requested and will be forwarded to your office in the near future.

13. Lessee's and Operator's Representative:

The SDX Resources, Inc. representative for assuring compliance with the surface use plan is as follows:

Chuck Morgan
SDX Resources, Inc.
P. O. Box 1302
Artesia, NM 88210
505-748-9724 Office
505-748-9814 Home

**Certification:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by SDX Resources, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions which it is approved.

Date: 2/14/96

Signed: SDX RESOURCES, INC.

John D. Pool
Vice President

5. Mud program:

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

6. Metallurgy:

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

7. Communication:

Radio communications in company vehicles including cellular telephone and 2-way radio.

8. Well Testing:

No DST's are planned.