(July 1992)

Form 3160-3 H 05-42 July 1992)

# N.M. Oil Cons. DIV-Dist

UNITED STATES 301 W. Gra (Other instructions on reverse side)

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

| DEPARTMENT OF THE INTERPESIA, | NM | 2 |
|-------------------------------|----|---|
| MINERAL OF LAND MANIAOPHEAT   |    | _ |

|  | BUREAU OF LAN   | ID MANAGEMEN                                 | VT  | 1VI 002                              | 10                         | NMNM-048   |                  |
|--|---|--|---|--------------------------------------|----------------------------|--|------------------|
| APPLIC   | CATION FOR PER  | MIT TO DR                                    | ILL OR DEE                                      | PEN                                  |                            | 6. IF INDIAN, ALLOTTEE OF  | TRIBE NAME       |
| 1a. TYPE OF WORK   | ORILL 🛛   | DEEPEN [                                     |   |                                      |                            | 7. UNIT AGREEMENT NAME   | <u> </u>         |
| b. TYPE OF WELL  |   |  |   |                                      |                            |  | 26370            |
| MET X  | GAS<br>WELL OTHER   |  | SINGLE<br>ZONE                                  | MUL <sup>-</sup><br>ZONI             | TIPLE                      | 8. FARM OR LEASE NAME,   |                  |
| 2. NAME OF OPERATOR  |   |  |   |                                      |                            | Williams A Fed   | eral #6          |
| SDX Resources,   | Inc. 020451   |  |   |                                      |                            | 9. API WELL NO.  |                  |
| 3. ADDRESS AND TELEPHO   | NE NO.  |  |   |                                      |                            | 30-015-  | 34200            |
| PO Box 5061, Mi  |   | 32/685-1761                                  |   | RECEI                                | <u>VED</u>                 | 30 - 015 ~<br>10. FIELD AND POOL, OR V   | WILDCAT          |
| 4. LOCATION OF WELL (Rep   | port location clearly and in accordance                         | e with any State requirer                    | ments.*)  | JUL 07                               | 2000                       |  |                  |
| At surface 2310' FS  |   |  |   |                                      |                            | AND SURVEY OR AREA   |                  |
| At proposed prod. zone<br>Same   | GATESIA, G  | lorieta                                      | 40.50   | OCD-AM                               | TROM                       | Sec 29, T17S, R  | 28E, L           |
| 14. DISTANCE IN MILES AN   | D DIRECTION FROM NEAREST TO                                     |  |   |                                      |                            | 12. COUNTY OR PARISH   | 13. STATE        |
| 10 miles East of A   | Artesia, NM   |  |   |                                      |                            | Eddy   | NM               |
| 15. DISTANCE FROM PROP   |   | 30'  | 16. NO. OF ACRES IN                             | I LEASE                              |                            | ACRES ASSIGNED   | <u> </u>         |
| LOCATION TO NEAREST<br>PROPERTY OR LEASE L<br>(Also to nearest drig. unit in |   | 330')  | 200   |                                      | TOTAL                      | S WELL 40  |                  |
| 18. DISTANCE FROM PROP   |   |  | 19. PROPOSED DEP                                | тн                                   | 20. ROTAR                  | Y OR CABLE TOOLS   | ···              |
| TO NEAREST WELL, DRI<br>OR APPLIED FOR, ON TH                                |   | 804'   | 3500  | )                                    |                            | Rotary   |                  |
| 21. ELEVATIONS (Show whe   | <del></del>   |  |   |                                      | ·                          | 22. APPROX. DATE WORK  | WILL START*      |
| 3630' GR   |   | K.   | earrest Contro                                  | Mod Water                            | Beein                      | 07/01/05   |                  |
| 23.  |   | PROPOSED CAS                                 | SING AND CEMENTI                                | NG PROGRAM                           |                            |  |                  |
| SIZE OF HOLE   | GRADE, SIZE OF CASING   | WEIGHT PER FO                                | DOT SETTI                                       | NG DEPTH                             |                            | QUANTITY OF CEMEN  | IT               |
| 12-1/4"  | 8-5/8" J-55   | 24#  |   | 450'                                 |                            | 325 sx Cl C  |                  |
| TTNESS/8"  | 4-1/2-5-1/2" J-55   | 9.5# - 17# 3500'                             |   | 300 sx C + 400 sx Lite C             |                            |  |                  |
| Surface Use & Ope  | e the San Andres as nece<br>erations Plan                       | ssary for optimu                             | m production.                                   | <b>A</b> 4                           |                            | L SUBJECT TO   | )                |
| Drilling Program<br>H2S Plan   |   |  |   | Mr.                                  | L MARAN                    | e de le de l | TRAMPA           |
| 1129 Fiail   |   |  |   |                                      |                            | . Requiremen   |                  |
| EXHIBITS:  |   |  |   |                                      |                            | stipulations   |                  |
| 1: BOP Diagram   |   |  |   | AT                                   | TACHE                      | ED .   |                  |
| 2: Survey Plat   |   |  |   |                                      |                            |  |                  |
| <ul><li>3: Access Maps</li><li>4: One Mile Radius</li></ul>                  | Man   |  |   |                                      |                            |  |                  |
| 5: Rig orientation D   |   |  |   |                                      |                            |  |                  |
| 6: Letter of Respon  | nsibility   |  |   |                                      |                            |  |                  |
| N ABOVE SPACE DESC<br>Jeepen directionally, give                             | RIBE PROGRAM: If proposal is<br>pertinent data on subsurface to | s to deepen, give dat<br>cations and measure | ta on present product<br>ed and true vertical d | tive zone and pr<br>lepths. Give blo | oposed new<br>wout prevent | productive zone. If proposa er program, if any.  | l is to drill or |
| 24. 2  |   | <u> </u>                                     |   |                                      |                            |  |                  |
| SIGNED DE  | mi Clare  | ater   | LE Regulatory To                                | ech                                  |                            | DATE 05/25/05  | 5                |
| (This space for Federal  | or State office use)  |  |   |                                      |                            |  |                  |
| PERMIT NO.   |   |  | APPROVAL D                                      | NATE                                 |                            |  |                  |
| Application approval does r  | not warrant or certify that the applicar<br>/AL, IF ANY:        | nt holds legal or equitable                  | e title to those rights in th                   | he subject lease w                   | hich would entit           | tie the applicant to conduct opera   | ations thereon.  |
|  |   | <b>k</b> -2                                  | INV   |                                      |                            |  |                  |
| APPROVED BY  | /s/ Joe G. La   | ra 🕍   | FIELD N   | IANAGE                               | ER                         | JUL JUL  | 0 6 2005         |

\*See Instructions On Reverse Side APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

# SURFACE USE AND OPERATIONS PLAN

# SDX RESOURCES, INC.

#### Williams A Federal # 6

2310' FSL, 790' FWL Unit L, Sec. 29, T17S, R28E Eddy Co., NM

#### 1. Existing Roads:

- A. The well site and elevation plat for the proposed well is shown in Exhibit #2. It was staked by Dan Reddy, Carlsbad, New Mexico.
- B. All roads to the location are shown in Exhibit #3A. The existing rods are labeled and upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection.
- C. Directions to location: E. of Artesia on Hwy. 82 ~ 11 miles .Just E. of MP 119 Turn left and go .4 M. Turn left to location.
- 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. <u>Proposed Access Road:</u>

Exhibit #3A shows the existing road.

<100' of new road will be needed. Existing road is shown on Exhibit #3 A& B.

#### 3. <u>Location of Existing Wells:</u>

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

- 4. Location of Existing and/or Proposed Facilities and ROW's:
  - A. If the well is productive:
    - 1. The well will be tested and if commercial production exist a 2 or 3" SDR-11 poly flowline will be laid to an existing flowline on the #2 well. It will either tie in to an existing flowline or follow it to a battery located at the Williams Fed. # 1. ROW is shown in exhibits 3A & B.
    - 2. A Power line will be built to location and will be permitted by Central Valley Electric Company.
  - 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 raconteur the pit area to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

DRILLING PROGRAM
SDX Resources Inc.
Williams A Federal # 6
2310' FSL, 790' FWL
Unit L, Sec. 29, T17S, R28E
Eddy Co., NM

#### 1. Geologic Name of Surface Formation:

#### Permian

#### 2. Estimated Tops of Important Geologic Markers:

| Yates      | 600   |
|------------|-------|
| 7- Rivers  | 900'  |
| Queen      | 1200' |
| Grayburg   | 1600' |
| San Andres | 1950' |

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

| Water Sand | 150' – 200' | Fresh Water |
|------------|-------------|-------------|
| Yates      | 650         | Oil & Gas   |
| 7-Rivers   | 950         | Oil & Gas   |
| Queen      | 1400'       | Oil & Gas   |
| Grayburg   | 1880'       | Oil & Gas   |
| San Andres | 2800'       | Oil & Gas   |

Fresh water sands will be protected by running 8-5/8" casing to a minimum depth of 450' and circulating cement. All other zones will be isolated by running 4-1/2" or 5-1/2" production casing and circulating cement.

#### 4. Casing Program:

| Hole Size | <u>Interval</u> | OC Csg          | Weight Grade Jt Cond Type |
|-----------|-----------------|-----------------|---------------------------|
| 12-1/4"   | 0 – 450         | 8-5/8"          | 24#, J55, New             |
| 7-7/8"    | 0 – TD          | 4-1/2" - 5-1/2" | 9.5# - 17#, J55, Used     |

#### Cement Program:

| 8-5/8" Surface Casing:    | Cemented to surface with 325 sx of Class C with 2% CaCl and ¼#/sx Flocele.   |
|---------------------------|--|
| 5-1/2" Production Casing: | Cemented with 300 sx of Class C and 400 sx of Lite C with 6# salt/sx and ¼#/sx Flocele. This should circulate cement to the surface. |

#### 5. <u>Minimum Specifications for Pressure Control:</u>

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of an annular bag type preventer (1000 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:

| <u>Depth</u> | Type                        | Weight<br>_(ppg) | Viscosity<br>(sec) | Waterloss<br>(cc) |
|--------------|-----------------------------|------------------|--------------------|-------------------|
| 0 - 450      | Fresh Water (spud)          | 8.5              | 40 – 45            | N/C               |
| 450 - TD     | Brine water,<br>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 if deemed necessary.
- D. Further testing procedures will be determined after the production casing has been cemented at TD based on drill shows and log evaluation.

### 9. <u>Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:</u>

No abnormal pressure or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 94° and estimated maximum bottom-hole pressure (BHP) is 800 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 July 1, 2005. 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.

## Williams A Federal # 6

2310' FSL, 790' FWL Sec. 29, T17S, R28E, Unit L Eddy Co., NM

## I. <u>Hydrogen Sulfide Training</u>

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 EQUIPEMNT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500'.

- 1. Well Control Equipment:
  - A. Annular Preventer to accommodate all pipe sizes with properly sized closing unit.
- 2. Protective Equipment for Essential Personnel:
  - A. Mark II Surviveair 30-minute units located in the dog house.

### Williams A Fed. #6 – H2S Drlg Op Plan Page 2

- 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.

innoste titles seé att 25 |. " ..........

Form C-102

<u>District 1</u> 1625 N. French Dr. Hobbs, NM 88240

District II 1301 W. Grand Avenue, Artesia, NM 86210

District III 1000 Rio Brozos Rd., Aztec NM 87410

<u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM 87505 State of New Mexico
Energy, Minerals & Natural Resources Department

Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

# OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, NM 87505

\_\_\_ AMENDED REPORT

| AFF Number  Pool Code Property |               | W              | ELL LOC           | ATION       | AND AC     | REAGE         | DEDICA           | ation f       | PLAT                               |                                       |
|--|---------------|----------------|-------------------|-------------|------------|---------------|------------------|---------------|------------------------------------|---------------------------------------|
| Property Code 26370  WILLIAMS A FEDERAL 6  6  CORD No. 200451  SDX RESOURCES, INC.  Surface Location  UL or Lot No. Section  L 29 17-S 28-E  Bottom Hole Location If Different From Surface  UL or Lot No. Section  Bedicated Acree Joint or Infill Consolidation Code  Order No.  NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN  CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIMISION  OPERATOR CERTIFICATION  I memory control of the control of th |               |                |                   | Pool 6830   | C          |               |                  | •             | se sc                              |                                       |
| OSUE No. O20451  SDX RESOURCES, INC.  SUFface Location  Surface Location  Surface Location  UL or Lot No. Section Township Range Let like Pet from the North/South line Feet from the Earl/Weet line County  L 29 17-S 28-E Bottom Hole Location If Different From Surface  UL or Lot No. Section Township Range Let like Peet from the North/South line Feet from the Earl/Weet line County  Bottom Hole Location If Different From Surface  UL or Lot No. Section Township Range Let like Peet from the North/South line Feet from the Earl/Weet line County  Dedicated Acres Joint or Infill Consolidation Code Order No.  NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  OPERATOR CERTIFICATION OF THE LESS OF MY ENGINEERING AND STREET THE TIES DISPOSITION OF THE LESS OF MY ENGINEERING AND STREET THE TIES DISPOSITION OF THE LESS OF MY ENGINEERING AND STREET THE TIES DISPOSITION OF THE LESS OF MY ENGINEERING AND STREET THE TIES DISPOSITION OF THE LESS OF MY ENGINEERING AND STREET THE TIES DISPOSITION AND STREET A |               |                |                   | nr r        |            |               | 7                | _             | V Well                             |                                       |
| Surface Location  Surface Location  Township Range Let Ma. Feet from the North/South line Feet from the East/Weet line County  Bottom Hole Location If Different From Surface  UL or Lot No. Section Township Range Lot Ma. Feet from the North/South line Feet from the East/Weet line County  Bedicated Acres Joint or Infil Consolidation Code Order No. 400  NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  OPERATOR CERTIFICATION OPERATOR CERTIFICATION INTELLED. AND STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  OPERATOR CERTIFICATION OPERATOR STRUCK AND CONSUMERS TO SERVEN STRUCK AND COUNTRIES THE DIVISION OF THE LAST OF ANY INDIVIDUAL AND COUNTRIES THE DIVISION OF THE LAST OF ANY INDIVIDUAL AND COUNTRIES THE DIVISION OF THE LAST OF ANY INDIVIDUAL AND COUNTRIES THE DIVISION OF THE LAST OF ANY INDIVIDUAL AND COUNTRIES THE DIVISION OF THE LAST OF ANY INDIVIDUAL AND COUNTRIES THE DIVISION OF THE LAST OF ANY INDIVIDUAL STRUCK AND REASON THE LOCATION OF THE LAST OF ANY INDIVISION AND COUNTRIES THE LOCATION OF THE LAST OF ANY INDIVISION AND COUNTRIES THE LOCATION OF THE LAST OF ANY INDIVISION AND COUNTRIES AND COUN |               |                |                   | W 11        |            |               |                  |               |                                    |                                       |
| UL or Lot No.   Section   Township   Range   Lot kin.   Feet from the   Rath/South line   Feet from the   Bott/Meet line   County  | 02045         | 1              |                   | SD          | •          |               | C.               |               | 363                                | 0                                     |
| Bottom Hole Location If Different From Surface  UL or Lot No. Section Township Range Lot ton. Feet from the North/South line Feet from the East/West line County  Dedicated Acres Joint or Infill Consolidation Code Order No.  NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  OPERATOR CERTIFICATION (DOWNLAND REMEN) AS THE AND CONFIDENCE AND THE TOTAL SET OF AN INDIVIDUAL AND THE SE |               |                |                   | S           | urface Loc | cation        | 1                |               |                                    |                                       |
| 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/Meet line County  Dedicated Acree Joint or Infill Consolidation Code Order No. 400  NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  OPERATOR CERTIFICATION I SERENT CHIEFTY THE STATE INFORMATION OF THE ALST OF MY ENGINEERING AND THE STATE INFORMATION OF THE ALST OF MY ENGINEERING AND THE STATE INFORMATION OF THE ALST OF MY ENGINEERING AND THE STATE INFORMATION OF THE ALST OF MY ENGINEERING AND THE STATE INFORMATION OF THE ALST OF MY ENGINEERING AND THE STATE INFORMATION OF A COUNTY OF THE ALST OF MY ENGINEERING AND THE STATE INFORMATION OF A COUNTY OF THE ALST OF MY ENGINEERING AND THE STATE INFORMATION OF A COUNTY OF THE STATE INFORMATION OF THE STATE INFORMATION OF A COUNTY OF THE STATE INFORMATION OF A COUNTY OF THE STATE INFORMATION OF TH | UL or Lot No. | 1              | 1                 | 1           | Lot kin.   | Į.            | 1 'i             |               | 1                                  | -                                     |
| UL or Lot No. Section Township Range Lot Ids. Feet from the North/South line Feet from the County  Dedicated Acree Joint or Infili Consolidation Code Order No.  NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON—STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  OPERATOR CERTIFICATION I HERBERT CREETLY FLOW FROM THE DIVISION OF MAJORITHMS FOR THE PLAN FLOW FROM THE PROPERTY OF MAJORITHMS FOR THE PLAN FLOW FROM THE PLAN | L             | 29             | <u>  17-S</u>     | <i>28−E</i> |            | 2310          | SOUTH            | 790           | WEST                               | EDDY                                  |
| Dedicated Acres Joint or Infili Consolidation Code Order No.  40  NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION OPERATOR DESERVING THE THIS DIVISION INTEREST THIS DIVISIONATION CONTAINED THESE IS THIS DIVISIONATION CONTAINED THESE IS THIS DIVISIONATION CONTAINED THESE IS THIS DIVISIONATION CONTAINED THE THIS  |               |                |                   |             | _          |               |                  |               |                                    |                                       |
| NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON—STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  OPERATOR CERTIFICATION  I SEREST CERTIFY THAT THE BUT COMPLETS OF THE BOST OF MY ENOTHED CS. AND  SIGNATURE  Bonnie Atwater  Printed Name  Regulatory Tech  Title and E-mail Address  5/25/05  Date  SURVEYOR CERTIFICATION  I BEREST CERTIFY THAT THE BELL FORTH THE BOST OF MY SOURCES AND STALL  SURVEYOR CERTIFICATION  I BEREST CERTIFY THAT THE BELL FORTH THE BOST OF MY SOURCES OF AND STALL  MAY 17, 2005  Date of Superior  MAY 17, 2005  Date of Superior  Signature of the Superior  MAY 17, 2005  Date of Superior  MAY 17, 2005   | UL or Lot No. | Section        | Township          | Range       | Lot Idn.   | Feet from the | North/South line | Feet from the | East/West line                     | County                                |
| CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  OPERATOR CERTIFICATION  I BREET CERTIFY THAT THE DIVISIONE AND  SIGNOLIPE  Bonnie Atwater  Printed Norne  Regulatory Tech  Title and E-moil Address  5/25/05  Date  SURVEYOR CERTIFICATION  I HERREY CE |               | 5 Joint or     | Infill Consolidat | ion Code C  | rder No.   |               |                  |               | l                                  |                                       |
| OPERATOR CERTIFICATION  I SERRETY CERTIFY THAT SEE DEPOSMATION CONTAINED RESERVEN IS THE AND COMPANIES TO THE BEST OF MY KNOWLEDGE AND SIGNATURE  Bonnie Atwater  Printed Nome Regulatory Tech Title and E-mail Address 5/25/05  Date  LAT N3248'15.2'  LON W10412'13.7' 790'  SURVEYOR CERTIFICATION I EXERTY CERTIFICATION I EX | NO ALLO       | WABLE          | WILL BE AS        | SSIGNED     | TO THIS C  | OMPLETION     | N UNTIL A        | LL INTERE     | ST HAVE                            | BEEN                                  |
| LAT N3248'15.2'  LAT N3248'15.2'  LON W10412'13.7'  790'  SURVEYOR CERTIFICATION  I ERREPT CERTIFIT THAT THE WELL MOLATION  SURVEYOR CERTIFICATION  I ERREPT CERTIFIT THAT THE WELL MOLATION  SURVEYOR SURVEYOR SURVEYOR AND THAT  WAS OR SURVEYOR AND THAT  WAS OR SURVEYOR SURVEYOR AND THAT  WAS OR SURVEYOR AND THAT  WAS OR SURVEYOR AND THAT  BEST OF AIR SURVEYOR AND THAT  BEST OF  | CONSOLIE      | DATED (        | OR A NON-         | -STANDAR    | NH TINU C  | IS BEEN A     | <u> PPROVED</u>  | BY THE        | <u>DIVISION</u>                    |                                       |
| Signature  Bonnie Atwater  Printed Norme  Regulatory Tech  Title and E-moil Address  5/25/05  Date  LAT N32'48'15.2"  LON W104'12'13.7  790'  SURVEYOR CERTIFICATION  1 ERRENT CERTIFITY THAT THE PRINTED FROM  FIELD MOTES OF ACCULA SURVEYS MADE AT THE PRINTED FROM  FIELD MOTES OF ACCULA SURVEYS MADE AT THE PRINTED FROM  FIELD MOTES OF ACCULA SURVEYS MADE AT THE PRINTED FROM  FIELD MOTES OF ACCULA SURVEYS MADE AT THE PRINTED FROM  MAY 17, 2005  Date of Suprem  Signature only 18, 18 R. E. D.  MEX.C.  MEX.C.  MEX.C.   | <b> </b>      |                |                   |             |            | į             |                  | OPERA         | TOR CERT                           | IFICATION                             |
| Signoture  Bonnie Atwater  Printed Norme  Regulatory Tech  Title and E-mail Address  5/25/05  Date  LAT N32'48'16.2'  LON W104'12'13.7'  SURVEYOR CERTIFICATION  I BERREY CERTIFIT THAT THE WILL SOLD FROM  FIELD NOTES OF ACTUAL SURVEYS MADE BY  HES OR UNDER AT SUPPLY PROPERTIES. AND THAT  THE MAN'S IS THAT AND COMPANY TO THE  BEST OF ALL SURVEYS MADE BY  MAY 17, 2005  Date of Supery  Signoture on Superior Surveyor  Signoture on Superior Surveyor  |               |                |                   | į           |            | ļ             |                  | I HEREBY (    | ERTIFY THAT TH<br>HEREIN IS TRUE   | B INFORMATION AND COMPLETE            |
| Bonnie Atwater  Printed Norme  Regulatory Tech  Title and E-mail Address  5/25/05  Date  LAT N32'48'15.2"  SURVEYOR CERTIFICATION  I HEREBY CERTIFY THAT THE WELL LOCATION SHOWN ON THIS PLAT WAS PLOTTED FROM WHELD WORSE OF ACTUAL SURVEYS MADE BY ME OR UNDER HE SURPRISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MI RINDWLADGE AND BELIEF.  MAY 17, 2005  Date of Suprey.  Signature and Bod of Recommending Surveyor  |               |                |                   | 1           |            |               |                  |               | ST OF MY KNOWL                     | EDGE AND                              |
| Bonnie Atwater  Printed Norme  Regulatory Tech  Title and E-mail Address  5/25/05  Date  LAT N32'48'15.2"  SURVEYOR CERTIFICATION  I HEREBY CERTIFY THAT THE WELL LOCATION SHOWN ON THIS PLAT WAS PLOTTED FROM WHELD WORSE OF ACTUAL SURVEYS MADE BY ME OR UNDER HE SURPRISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MI RINDWLADGE AND BELIEF.  MAY 17, 2005  Date of Suprey.  Signature and Bod of Recommending Surveyor  |               |                |                   | į           |            | į             |                  |               | . /                                | $\bigcap$                             |
| Bonnie Atwater  Printed Norme  Regulatory Tech  Title and E-mail Address  5/25/05  Date  LAT N32'48'15.2"  SURVEYOR CERTIFICATION  I HEREBY CERTIFY THAT THE WELL LOCATION SHOWN ON THIS PLAT WAS PLOTTED FROM WHELD WORSE OF ACTUAL SURVEYS MADE BY ME OR UNDER HE SURPRISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MI RINDWLADGE AND BELIEF.  MAY 17, 2005  Date of Suprey.  Signature and Bod of Recommending Surveyor  |               |                |                   |             |            |               |                  | Kar           | mix                                | thind                                 |
| Printed Name  Regulatory Tech  Title and E-mail Address  5/25/05  Date  SURVEYOR CERTIFICATION  I HERESY CERTIFY THE WELL LOCATION  SHOWN ON THIS PLAY THE WELL LOCATION  FIELD NOTES OF ACTUAL SURVEYS MADE BY  MR CHARGE AND STATE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELLEP.  MAY 17, 2005  Date of Supery  Signature only Sequences Surveyor  WELLON   |               |                |                   |             |            | į             |                  | Signature     | gias C                             | come                                  |
| Regulatory Tech Title and E-mail Address 5/25/05  Date  LAT N3248'15.2'  LON W104'12'13.7'  790'  SURVEYOR CERTIFICATION I HERRBY CERTIFI THAT THE WELL LOCATIO SHOWN ON THIS PLOTTED FROM FIELD WORSE OF ACTUL SURVEYS MADE BY MES OR UNDER HELD CORRECT TO THE BEST OF MT KNOWLEDGE AND BELLEF.  MAY 17, 2005  Date of Supery Signature on the Soil of Recogning Surveyor  WEXTCO  |               |                |                   |             |            |               |                  | Bonn          | ie Atwate                          | r                                     |
| Title and E-mail Address  5/25/05  Date  LAT N32 48'15.2'  LON W104 12'13.7'  790'  SURVEYOR CERTIFICATION I HERRBY CRRITET THE WELL DOCATION SHOWN ON THIS PLAY WAS PLOTTED FROM FIRED ON UNDER MY SUPPERISON. AND THE BEST OF MY NOWLEDGE AND BELIEF.  MAY 17, 2005  Date of Supery  Signature and logg of Acressading Surveyor  MEX.C.  MEX.C.  |               |                |                   | }           |            | !             |                  | Printed Nor   | ne                                 |                                       |
| 5/25/05  Date  SURVEYOR CERTIFICATION 1 HERRBY CERTIFY THAT THE WELL LOCATION SIPON ON THIS PLAY WAS PLOTTED FROM SPIELD NOTES OP ACTUAL SURVEYS MADE BY ME OF WHICH MY SUPPRISION, AND HANT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.  MAY 17, 2005  Date of Suprey Signature and Seq. of Decisions Supreyor  MEXICO   |               |                | Ì                 | į           |            | į             |                  | Regu          | latory Te                          | ch                                    |
| LAT N3248'15.2"  SURVEYOR CERTIFICATION  I HEREBY CERTIFY THAT THE WELL DOCATION SHOWN ON THIS PLAY WAS PLOTTED FROM PIELD NOTES OF ACTUAL SURVEYS MADE BY MAS OR CHOOSE MY SUPERVISION, AND THAT THE SAME IS THUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.  MAY 17, 2005  Date of Supery  Signature and Beal of Benjamany Surveyor  MEXICO   |               |                |                   | 1           |            |               |                  | Title and E   | -mail Address                      | · · · · · · · · · · · · · · · · · · · |
| LAT N32'48'15.2'  LON W104'12'13.7'  SURVEYOR CERTIFICATION  I HEREBY CRITIFY THAT THE WELL LOCATIO SHOWN ON THIS PLAT WAS PLOTTED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MT SUPERVISION AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MT KNOWLEDER AND BELLEF.  MAY 17, 2005  Date of Supery  Signature and Soal and Accesseding Surveyor  MEXICO  |               |                | İ                 | į           |            |               |                  | 5/25          | /05                                |                                       |
| SURVEYOR CERTIFICATION  I HERRBY CERTIFY THAT THE WELL LOCATIO SHOWN ON THIS PLAT WAS PLOTTED FROM FIELD NOTES OF ACTULI SURVEYS MADE BY ME OR UNDER MIT SUPPRISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MI KNOWLEGE AND BELLEF.  MAY 17, 2005  Date of Suprey  Signature and Beg of Accessing Surveyor  Signature and Beg of Accessing Surveyor  | 100           |                |                   |             |            | i             |                  | Date          |                                    | <del> </del>                          |
| THE SET OF MEAN THE SELL LOCATION ON THIS PLAT WAS PLOTTED FROM FIELD NOTES OF ACTULI SURVEYS MADE BY ME OR UNDER ME SURVEYS MADE BY ME SAME IS TRUE AND CORRECT TO THE BEST OF ME ROWLEDGE AND BELIEF.  MAY 17, 2005  Date of Supery  Signature and begins recogning Surveyor  MEXICO   |               |                | 1>                | į           |            | !             |                  |               |                                    |                                       |
| SEROWN ON THIS PLAT WAS PLOTTED FROM PIELD NOVES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEGGE AND BELLEF.  MAY 17, 2005  Date of Supery  Signature and Begl of Accessing Surveyor  MEXICO   | LON W104      | 72.13.7        | 7                 | <del></del> |            |               | !                | SURVE         | YOR CERT                           | IFICATION                             |
| MAY 17, 2005  MAY 17, 2005  Date of Suprey  Signature and Beginstange Surveyor  Signature and Beginstange Surveyor   | 790'          | <del>(1)</del> | b                 | į           |            | į             |                  | SHOWN ON      | THIS PLAT WAS F                    | LOTTED FROM                           |
| MAY 17, 2005  Date of Suprey  Signature and Sagl of Recogniting Surveyor  MEXICO   | 1             | Ĭ              | (                 |             |            | i             |                  | FIELD NOTE:   | S OP ACTUAL SUI<br>ER MY SUPERVISI | RVEYS MADE BY<br>ION, AND THAT        |
| Date of Suprey  Signature and Bear of Pentersonny Surveyor  Signature and Bear of Pentersonny Surveyor   | )             |                | ?                 | Ì           |            | ļ             |                  | BEST OF MI    | S TRUE AND CON<br>T KNOWLEDGE AND  | D BELIEF.                             |
| Date of Suprey  Signature and Bear of Pentersonny Surveyor  Signature and Bear of Pentersonny Surveyor   |               | 1 (            | (1                |             |            | İ             |                  |               | 1 m = = = =                        | _                                     |
| Signature and Book of Action of MEXICO   |               |                | 7                 | !           |            |               |                  |               |                                    | )                                     |
| EN MEXICO  | $\Delta$      | 7              | 4                 | ¦<br>       |            |               |                  | Date of St    | NR. RED                            |                                       |
|  | V             | 20             |                   |             |            |               |                  | Signature of  | MFY                                | auta salisation                       |
| 5412 5412 See Modern 1997  |               | 83             |                   | į           |            | į             |                  |               | SEM MICH CO                        | · / /                                 |
| San Constant of the Constant o |               |                |                   |             |            | !<br>!        |                  | 1/2/          | [ 5A12 ]                           | Ccc 1                                 |
| Son Son Son Son Son Son Son Son Son Son  |               |                |                   | į           |            | į             |                  | XZ \          | 10 3412 h                          | NE                                    |
| NIV COLOR SELECTION  |               |                |                   |             |            | <br> <br>     |                  | W.S.          | KANN FRANCE                        |                                       |
| 1 1/1 4 COLT # WITH  |               |                |                   | İ           |            |               |                  | NM            | PE&PS #5                           | 12                                    |

# STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

SDX Resources Inc. PO Box 5061 Midland, TX 79704 432/685-1761

May 25, 2005

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.: NMNM-048344

Lease Name: Williams A Federal #6

Legal Description of Land: Unit L, 2310' FSL 790' FWL

Sec. 29, T17S, R28E

Eddy Co., NM

Formation (s): Red Lake, GL-YE

Bond Coverage: Statewide Bond - State of New Mexico

BLM Bond File No.: NM2307

**Authorized Signature:** 

John Pool Vice-President