

- B. Exhibit #6 shows the planned orientation for the rig
- C. The workover 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 aesthetically 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 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 restore 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:

BLM

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 was filed by the previous operator. All operations should be conducted on the existing pad and no additional survey should be necessary.

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.  
PO Box 5061  
Midland, TX 79704  
915/685-1761 Office  
915/685-0533 Fax

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.

SDX Resources Inc.



John Pool  
Vice-President

DRILLING PROGRAM  
SDX Resources Inc.  
**Chalk Bluff Draw Federal # 1**  
2055' FSL, 1980' FWL  
Unit K, Sec. 5, T18S, R27E  
Eddy Co., NM

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Queen	540'
Grayburg	990'
San Andres	1200'

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

Water Sand	100' & 750'	Fresh Water
San Andres	1500'	Oil & Gas

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OC Csg</u>	<u>Weight Grade Jt. Cond Type</u>
17-1/2"	0- 550	13-3/8	38#, Existing
12-1/4"	0 - 3013	9-5/8"	36#, Existing

Cement Program:

13-3/8" Surface casing

Cemented to surface with 250 sxs. Circulated

9-5/8" Production Casing:

Cemented to surface with 800 sxs. Circulated.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit # 1 will consist of an double ram type preventer (3000 psi WP). Unit will be mechanically operated. BOP will be nipped up on the 9-5/8" intermediate csg and used continuously until TD is reached. BOP and accessory equipment will be tested to 3000 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>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity (sec)</u>	<u>Waterloss (cc)</u>
0 – 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 H<sub>2</sub>S detector will be continuously monitoring to TD.

8. Logging, Testing and Coring Program:

None

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

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 1000 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 H<sub>2</sub>S operation precautions will be followed (see attached H<sub>2</sub>S drilling operations plans).

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 15, 2000. 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.