

SURFACE USE AND OPERATING PLAN

SDX RESOURCES, INC.

DUNN B FEDERAL #37

1550' FNL & 660' FWL

UNIT E SEC. 10 T18S, R28E

EDDY COUNTY, NEW MEXICO

1. Existing Roads:

- A. The well site and elevation plat for the proposed well is shown in Exhibit #2. It was taken from the plat of the Hondo Oil & Gas Co. Fed. 10 #1 staked by John West Nov. 10, 1979.
- 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 onsite inspection.
- C. Directions to location: Go east 14 miles from Artesia, New Mexico on Hwy 62/180, turn south on Hwy 360, go to MP22 1/4 and turn west at SDX DUNN B sign. Take right fork and go approximately 1/4 mile. Take right again and follow road to DUNN B Battery. Follow road past Battery approximately 1/2 mile 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. Proposed Access Road:

Exhibit #3 shows the existing road. No new road are necessary.

3. Location and Type of Water Supply:

The well will be drilled with 10# brine. 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 access roads shown in Exhibit #3. No water will be drilled on location.