

SURFACE USE AND OPERATIONS PLAN
SDX RESOURCES, INC.

Malibu Federal # 3
330' FSL, 1797' FEL
Unit O Sec. 5, T18S, R27E
Eddy Co., NM

1. Existing Roads:

- A. The well was staked by Dan Reddy in Carlsbad, N.M. and a survey plat is shown in exhibit #2.
- B. All roads to the location are shown in Exhibit #3A & 3B. The existing roads 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 ~ 5 miles . Turn right on CR 201. Go 4.25 M on 201: turn right and follow road to Malibu # 1. South 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 #3A & 3B show the existing roads and the new access road proposed to the Location.

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 and ROW's:

- A. If the well is successful:
 - 1. The well will be tested and if commercial production is encountered a Flowline consisting of 2 or 3" poly pipe will be laid to the battery proposed at the Malibu # 1 location. ROW is shown in exhibit 3B.
 - 2. A Power line will be laid to location by Central Valley Electric.
- B. Rehabilitation plans are as follows:
 - 1. The workover 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 recontour the pit area to the original natural level, as nearly as possible, and reseeded as per BLM specifications.