

SDX Resources, Inc.  
Eagleclaw Federal 1H  
SHL: 190' FNL & 467' FWL  
BHL: 330' FNL & 467' FWL  
Sec. 5, T. 20 S., R. 35 E., Lea County, NM

SURFACE PLAN PAGE 1

HOBBS OCD

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Surface Use Plan

1. ROAD DIRECTIONS & DESCRIPTIONS (See MAPS 1 - 4)

From the Hobbs Airport....

Go West 18-1/2 miles on US 62/180 to County Road 27A (aka, Marathon Road)  
Then turn left and go South 1.9 miles on paved County Road 27A  
Then turn left and go East 0.85 mile on a caliche road to a T-junction  
Then turn left and go North 150' on a caliche road  
Then turn right and go East 0.5 mile on a caliche road to SW corner of a COG  
Continue East 2200' South of COG pad and cross-country to proposed SDX pad

Roads will be maintained to a standard at least equal to or better than their present condition.

2. ROAD TO BE BUILT OR UPGRADED (MAPS 3 & 4)

Approximately 2,200' of new road will be built. The new road will be crowned, have a 14' wide driving surface, and be surfaced with caliche. Maximum disturbed width = 20'. Maximum grade = 2%. Maximum cut or fill = 3'. One cattle guard, one gate beside the cattle guard, and one vehicle turn out (pull over) will be installed. No culvert is needed. Upgrading of the existing road will consist of filling potholes with caliche.

*This APD is also doubling as a BLM road right-of-way plan of development. Road right-of-way dimensions are 30' x  $\approx$ 9200' = 6.34 acres and crosses Lots 1-3 of 1-20s-34e and Lots 1-4 of 6-20s-35e, all Lea County, NM. Most ( $\approx$ 7200') of route is existing road. Remainder ( $\approx$ 2000') is proposed road.*

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### 3. EXISTING WELLS (See MAP 5)

Existing oil, disposal, water, and P & A wells are within a mile. There are no gas or injection wells within a mile radius.

### 4. PROPOSED PRODUCTION FACILITIES

A tank battery will be installed on the south side of the pad. Two 500 barrel water tanks, three 500 barrel oil tanks, heater-treater, separator, and free water knockout will be included.

### 5. WATER SUPPLY (See MAPS 2-4)

Water will be trucked from Berry's water station on private land in 2-21s-33e via NM 176, County Road 27A, and the previously cited BLM road right-of-way.

### 6. CONSTRUCTION MATERIALS & METHODS

NM One Call (1-800-321-ALERT) will be notified before construction starts. The topsoil and brush will be stockpiled south of the pad. V door will be to the east. A closed loop drilling system will be used. Caliche will be bought and hauled from an existing approved caliche pit. Dirt contractor will be responsible for caliche.

### 7. WASTE DISPOSAL

All trash will be placed in a portable trash cage. It will be hauled to a county landfill. There will be no trash burning. Contents of the mud tanks (cuttings, chemicals, salt) will be hauled to state approved disposal sites. Human waste will be disposed of in chemical toilets and hauled to an approved dump station.

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#### 8. ANCILLARY FACILITIES

There will be no airstrip or camp. Camper trailers will be on location for the company man, tool pusher, or mud logger.

#### 9. WELL SITE LAYOUT

See rig layout for depictions of the well pad, trash cage, access onto the location, parking, living facilities, and rig orientation.

#### 10. RECLAMATION

Interim reclamation will consist of removing caliche from the north, east, and west sides of the pad. That area (1.12 acre) will be contoured to a natural shape no steeper than 3:1. Soil and brush will be evenly spread over disturbed areas. Seeded areas will be ripped or harrowed. A BLM approved seed mix will be sown in a BLM approved manner. Enough stockpiled topsoil will be retained to cover the remainder of the pad when the well is plugged. This will leave half the pad in use. After the well is plugged, then the remaining 2.46 acres of the pad will be similarly reclaimed. Noxious weeds will be controlled.

#### 11. SURFACE OWNER

All pad construction and 267' of road construction is on land (W2 Section 5) owned by Klein Properties LLC, P. O. Box 541382, Grand Prairie TX 75054.

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12. OTHER INFORMATION

On site inspection was held with Trishia Bad Bear (BLM) on November 24, 2014.

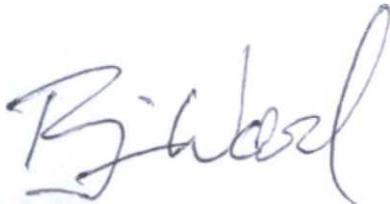
Lone Mountain filed archaeology report NMCRIS 132106 on November 12, 2014.

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CERTIFICATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U. S. C. 1001 for the filing of false statements. Executed this 11th day of May, 2015.



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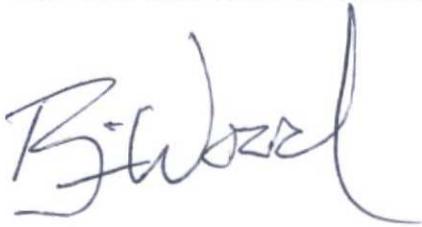
Brian Wood, Consultant  
Permits West, Inc.  
37 Verano Loop, Santa Fe, NM 87508  
(505) 466-8120      FAX: (505) 466-9682      Cellular: (505) 699-2276

Field representative will be:  
John Pool, Vice President of SDX Resources, Inc.  
(432) 685-1781

May 11, 2015

To Whom it May Concern:

SDX Resources, Inc. has a private surface owner agreement with Klein Properties LLC, P. O. Box 541382, Grand Prairie TX 75054 for the Eagleclaw Federal 1H well site and road in Section 5, T. 20 S., R. 35 E., Lea County, NM.

A handwritten signature in black ink, appearing to read "B Wood". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Brian Wood