HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

SDX Resources, Inc.
Meyers Federal #8
330' FNL & 1400' FEL
Unit B Sec. 22, T24S, R36E
Lea County, New Mexico

I. Hydrogen Sulfide Training

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.


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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 EQUIPMENT AND SYSTEMS

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

1. Well Control Equipment:

   A. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

   B. Auxiliary equipment to include: annular preventer.

2. Protective equipment for essential personnel:

   A. Mark II Surviveair 30-minute units located in the dog house.

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.


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SURFACE USE AND OPERATING PLAN
SDX RESOURCES, INC.
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Unit B Sec. 22, T24S R36E
Lea County, New Mexico

1. Existing Roads:

A. The well site and elevation plat for the proposed well is shown in Exhibit #1. It was staked by Dan Reddy, Carlsbad, New Mexico.

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 on-site inspection.

C. Directions to location: See Exhibit #3

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.

Exhibit #5 shows the new access road to be constructed. The road will be constructed as follows:

A. The maximum width of the running surface will be 15'. The road will be crowned and ditched and constructed of 6" of rolled and compacted caliche. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the on-site inspection.

B. The average grade will be less than 1%.

C. No turnouts are planned.

D. No fences will be cut.