

SURFACE USE AND OPERATION PLAN
SDX RESOURCES, INC.
El Paso Wells Federal #2
660' FNL, 1980' FWL
Unit B, Sec. 4, T25S, R37E
Lea Co., NM

1. Existing Roads:

- A. The well site and elevation plat for the proposed well is shown in Exhibit #2. 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 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 3 miles East of Jal on Hwy 128. Turn North on C-13 and go 3.25 miles. Turn West on C-13 go 2 miles. Turn South on C-16 and go .4 miles. Turn left or East and follow road .3 miles 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 is necessary.

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 productive:
 - 1. A flowline of adequate size to handle the anticipated production will be laid along the existing road right-of-way to the existing production facilities on the Langlie A Federal #1 location (shown in Exhibit #3).
 - 2. Electrical power will be constructed as shown in Exhibit #3.
- B. If the well is productive, rehabilitation plans are as follows:
 - 1. The reserve 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.

5. Location and Type of Water Supply:

The well will be drilled with a combination brine and fresh water mud systems as outlined in the drilling program. The brine and fresh water will be obtained from commercial water stations in the area and hauled to roads shown in Exhibit #3. No water well will be drilled on the location.