

Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
1801 W. Grand Avenue
Albuquerque, NM 87106

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO. NM-93181

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO. 35706
1725 FEDERAL COM. # 61

9. AP WELL NO. 30-015-34340

10. FIELD AND POOL, OR WILDCAT COTTONWOOD CREEK-WLFC.

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA SECTION 6 T17S-R25E

12. COUNTY OR PARISH EDDY CO. 13. STATE NEW MEXICO

18. TYPE OF WORK DRILL DEEPEN

b. TYPE OF WELL OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR LCX ENERGY, LLC. 218885 (FRANK NIX 432-682-8553)

3. ADDRESS AND TELEPHONE NO. 110 NORTH MARIENFELD SUITE 200 MIDLAND, TEXAS 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 660' FNL & 760' FWL SECTION 6 T17S-R25E EDDY CO. NM
At proposed prod. zone 660' FSL & 760' FWL SECTION 6 T17S-R25E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 7 miles Northwest of Artesia New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 660'

16. NO. OF ACRES IN LEASE 320

17. NO. OF ACRES ASSIGNED TO THIS WELL 320

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. NA

19. PROPOSED DEPTH MD 8790' TVD-4940'

20. ROTARY OR CABLE TOOLS ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3633' GR.

22. APPROX. DATE WORK WILL START* WHEN APPROVED

RECEIVED

SEP 16 2005

OCU-ARTESIA

75250

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	Conductor	NA	40'	Redi-mix cement to surface
17 1/2"	H-40 13 3/8"	48#	350'	700 Sx. cement to surface
12 1/2"	J-55 9 5/8"	40#	1250'	700 Sx. " " "
8 3/4"	L-80 7"	26#	5000'	700 Sx. Estimate TOC 900' ES.
6 1/8"	L-80 4 1/2"	11.6#	TVD 4940' MD 8790'	425 Sx. cement to top Liner.

Roswell Controlled Water Basin

SEE ATTACHED SHEET

LCX ENERGY, LLC. ACCEPTS RESPONSIBILITY FOR OPERATION OF THIS LEASE

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

NMOCD CASE NO. 13628
FEBRUARY 16, 2006
LCX ENERGY, LLC
EXHIBIT NO. 1

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

34. SIGNED Joe G. Lara TITLE Agent DATE 07/21/05

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ Joe G. Lara ACTING FIELD MANAGER TITLE DATE SEP 14 2005

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17½" hole to 350'. Run and set 350' of 13 3/8" 48# H-40 ST&C casing. Cement with 400 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. circulate cement to surface.
3. Drill 12¼" hole to 1250'. Run and set 1250' of 9 5/8" 40# J-55 ST&C casing. Cement with 500 Sx. of Class "C" cement + 2% CaCl, + 5% NaCl, + 6% Bentonite, + ¼# Flocele/Sx, tail in with 200 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. Circulate cement to surface.
4. Drill 8 3/4" hole to 5000'. Run and set 5000' of 7" 26# L-80 LT&C casing. Cement with 500 Sx. of Class "C" cement + 6% Bentonite, + 5% Salt, + ¼# Flocele/Sx., tail in with 200 Sx. of Class "C" cement + 2% CaCl, estimate to- of cement 900' from surface.
5. Run in hole with CIBP on wireline and set at 4750'±. Run in hole with Whipstock set at 4690'± orient 360° North, Run in hole with mill and cut a window at 4690'±. Run in hole with 6 1/8" bit and bottom hole assembly to drill horizontal hole to TVD of 4940'±, MD of 8790±.
6. Run and set 4400' of 4½" 11.6# L-80 liner from 4390' to 8790'±. Cement with 425 Sx. of Class "C" Premium Plus cement + additives. Cement to top of liner.

DISTRICT I
1625 N. French Cr., Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Astea, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 75250	Pool Name COTTONWOOD CREEK-WOLFCAMP
Property Code	Property Name 1725 FED COM	Well Number 61
OGRD No. 218885	Operator Name LCX ENERGY, LLC	Elevation 3633'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	6	17 S	25 E		660	NORTH	760	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	6	17 S	25 E		660	SOUTH	760	WEST	EDDY

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Joe T Janica
Signature

Joe T Janica
Printed Name

Agent
Title

07/21/05
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my upervison and that the same is true and correct to the best of my belief.

July 8, 2005
Date Surveyed

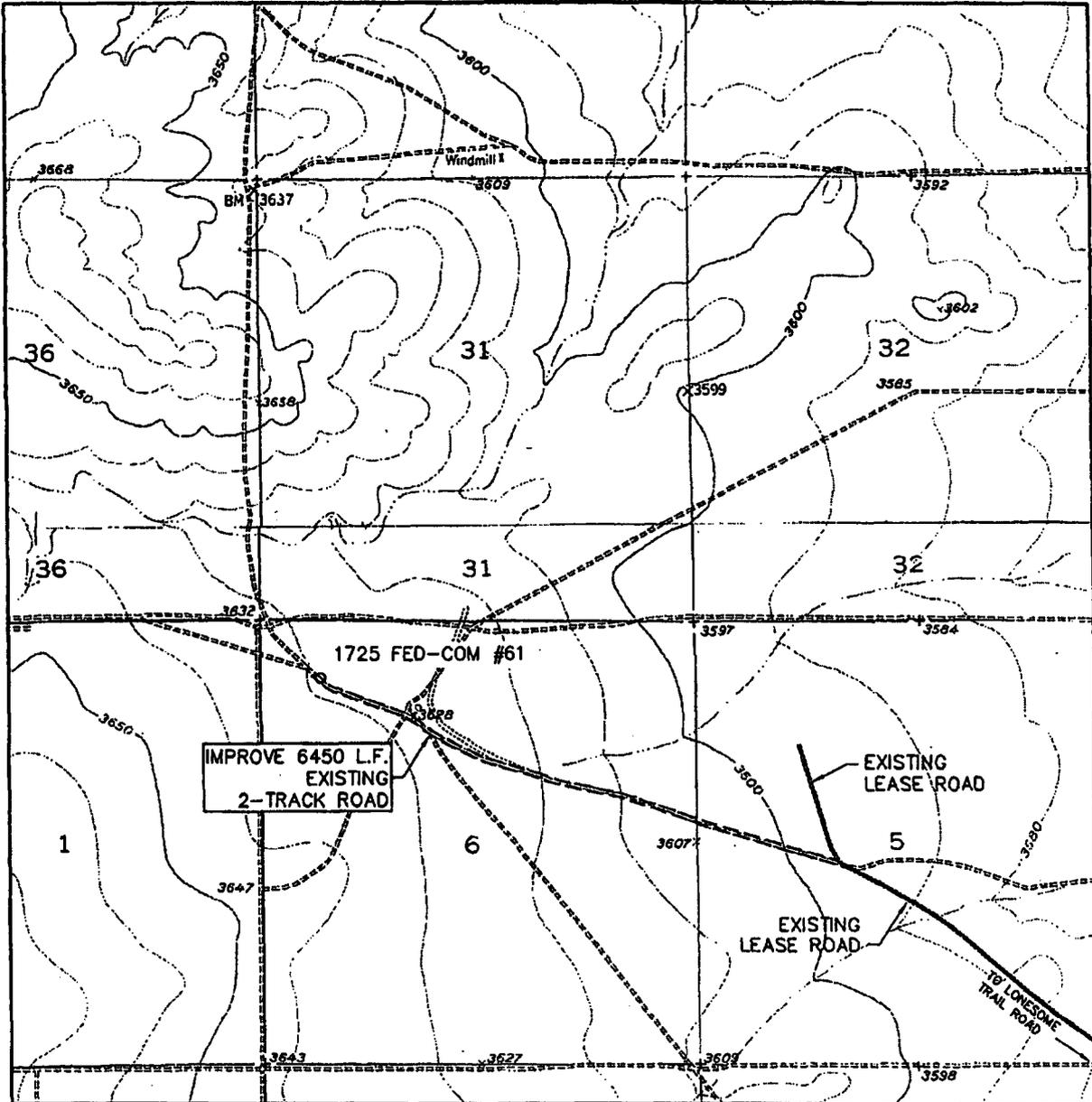
Signature & Seal of Professional Surveyor JSR

JSR

W.O. Num. 2005-0527

Certificate No. MACON McDONALD 12185

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOPE SE - 20'

SEC. 6 TWP. 17-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 760' FWL

ELEVATION 3633'

OPERATOR LCX ENERGY, LLC

LEASE 1725 FED-COM

U.S.G.S. TOPOGRAPHIC MAP
HOPE SE, N.M.



**WEST
COMPANY**
of Midland, Inc.

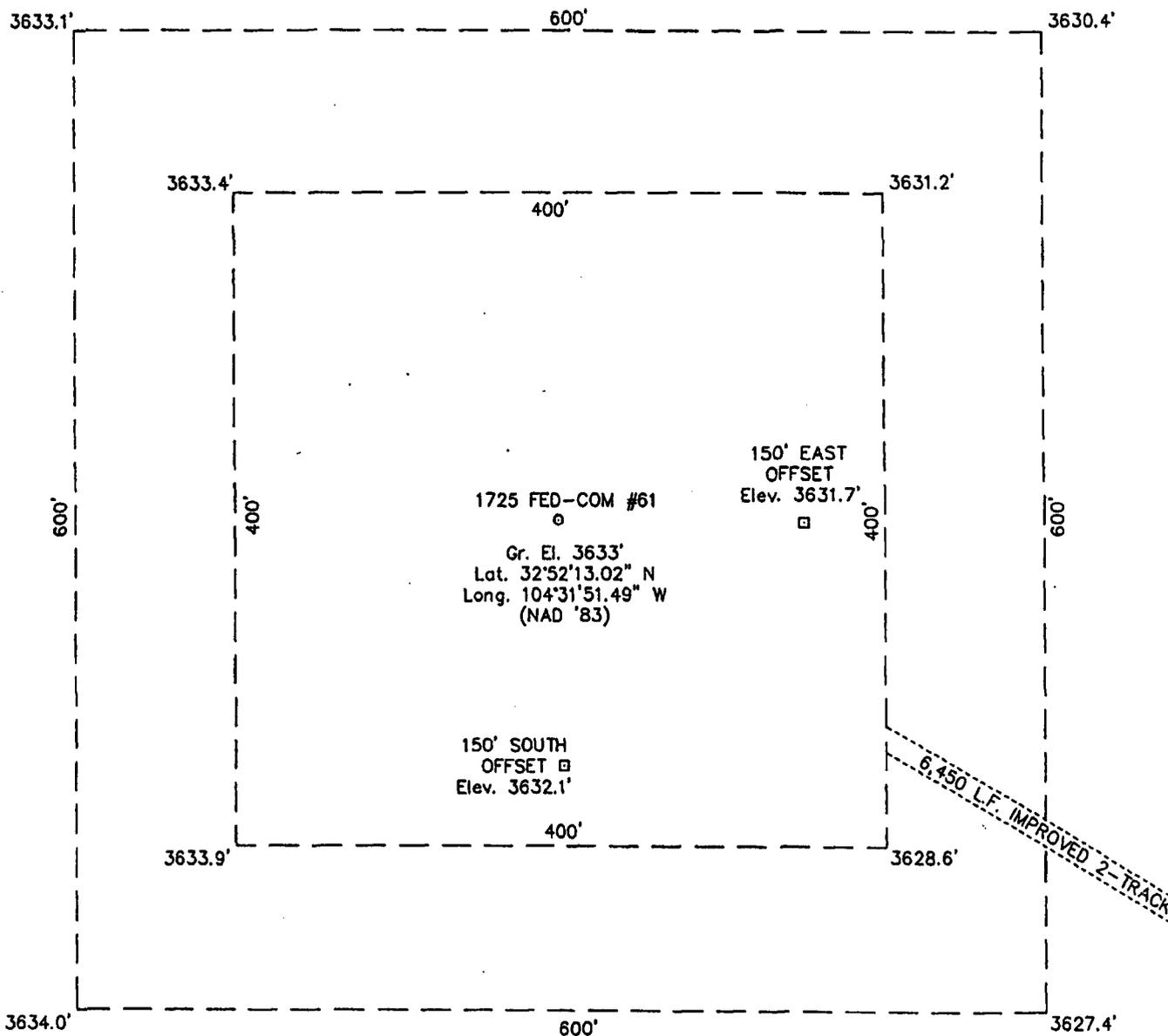
110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

SECTION 6, TOWNSHIP 17 SOUTH, RANGE 25 EAST, N.M.P.M.

EDDY COUNTY

NEW MEXICO

L-2005-0527



DRIVING DIRECTIONS

FROM HIGHWAY INTERSECTION 285 & 82 IN ARTESIA, DRIVE WEST ALONG HIGHWAY 82 ABOUT 5.9 MILES TO LONESOME TRAIL ROAD, THEN DRIVE NORTH ALONG LONESOME TRAIL ROAD ABOUT 1 MILE TO LEASE ROAD, DRIVE NORTHWEST ALONG EXISTING LEASE ROAD APPROXIMATELY 0.8 MILES TO EXISTING 2-TRACK ROAD TO THE WEST. THEN DRIVE WEST AND NORTHWEST ON EXISTING 2-TRACK ROAD APPROXIMATELY 1.2 MILES TO POINT 200 FEET SOUTHEAST OF THE WELL LOCATION FLAG.

LCX ENERGY, LLC

1725 FED-COM #61

Located 660' FNL & 760' FWL, Section 6
Township 17 S, Range 25 E, N.M.P.M.
Eddy County, New Mexico

**WEST
COMPANY
of Midland, Inc.**

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

Drawn By: JSR	Date: July 15, 2005
Scale: 1"=100'	Field Book: 303 / 19-26
Revision Date:	Quadrangle: Hope SE
W.O. No: 2005-0527	Dwg. No.: L-2005-0527

APPLICATION TO DRILL

LCX ENERGY, LLC.
 1725 FEDERAL COM # 61
 SHL UNIT "D" SECTION 6
 BHL UNIT "M" SECTION 6
 T17S-R25E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is provided for your consideration.

1. Location of well: SHL 660' FNL & 760' FWL SECTION 6 T17S-R25E EDDY CO. NM
 BHL 660' FSL & 760' FWL SECTION 6 T17S-R25E EDDY CO. NM
2. Ground Elevation above Sea Level: 3633' GR.
3. Geological age of surface formation: Quaternary Deposits:
4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.
5. Proposed drilling depth: MD 8790' TVD 4937'

6. Estimated tops of geological markers:

San Andres	577'	Abo	3872'
Glorieta	1712'	Wolfcamp	4700'
Tubb	3197'		

7. Possible mineral bearing formations:

Abo	Gas
Wolfcamp	Gas

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
26"	0-40'	20"	NA	NA	NA	Conductor
17½"	0-350'	13 3/8"	48#	8-R	ST&C	H-40
12½"	0-1250'	9 5/8"	40#	8-R	ST&C	N-80
8 3/4"	0-5000'	7"	26#	8-R	LT&C	J-55
6 1/8"	4390-8790'	4½"	11.6	BUTT.	HDL	N-80

APPLICATION TO DRILL

LCX ENERGY, LLC.
 1725 FEDERAL COM # 61
 SHL UNIT "D" SECTION 6
 BHL UNIT "M" SECTION 6
 T17S-R25E EDDY CO. NM

9. CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 350' of 13 3/8" 48# H-40 ST&C casing. Cement with 400 Sx. of Class "C" cement + additives, circulate cement.
9 5/8"	Intermediate	Set 1250' of 9 5/8" 40# N-80 ST&C casing. Cement with 700 Sx. of Class "C" cement + additives. Circulate cement to surface.
7"	2nd Intermediate	Set 5000' of 7" 26# L-80 LT&C casing. Cement with 700 Sx. of Class "C" cement + additives estimate TOC 900' FS.
4 1/2"	Production Liner	Set a 4400' 4 1/2" 11.6# L-80 HDL liner from TD back to 4390'. Cement with 425 Sx. of Class "C" cement + additives, cement back to liner hanger.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 3000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams, and bottom pipe rams. The B.O.P. will be nipped up on the 9 5/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when the drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 2" 3000 PSI choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected in this well.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE SYSTEM
40-350'	8.4-8.7	29-34	NC	Fresh water Spud Mud add paper to control seepage.
350-1250'	8.4-8.7	29-38	NC	Fresh water use Gel for viscosity control and paper for seepage control.
1250-5000'	8.4-8.7	29-40	NC	Same as above using high viscosity sweeps to clean hole.
5000-8790' MD	8.4-8.8	29-36	NC	Fresh water use high viscosity Polymer sweeps to clean hole.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, & casing the viscosity and/or water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

LCX ENERGY, LLC.
1725 FEDERAL COM # 61
SHL UNIT "D" SECTION 6
BHL UNIT "M" SECTION 6
T17S-R25E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- A. Open hole logs: Dual Laterolog, SNP. LDT, MSFL, Gamma Ray, Caliper from TD back to 9 5/8" casing shoe.
- B. Cased hole logs: Gamma Ray, Neutron from 9 5/8" casing shoe back to surface.
- C. No cores are planned at this time
- D. Mud logger may be used at the request of the Staff Geologist.
- E. No DST's are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H²S in this area. If H²S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 2500 PSI, and Estimated BHT 110°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 28 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

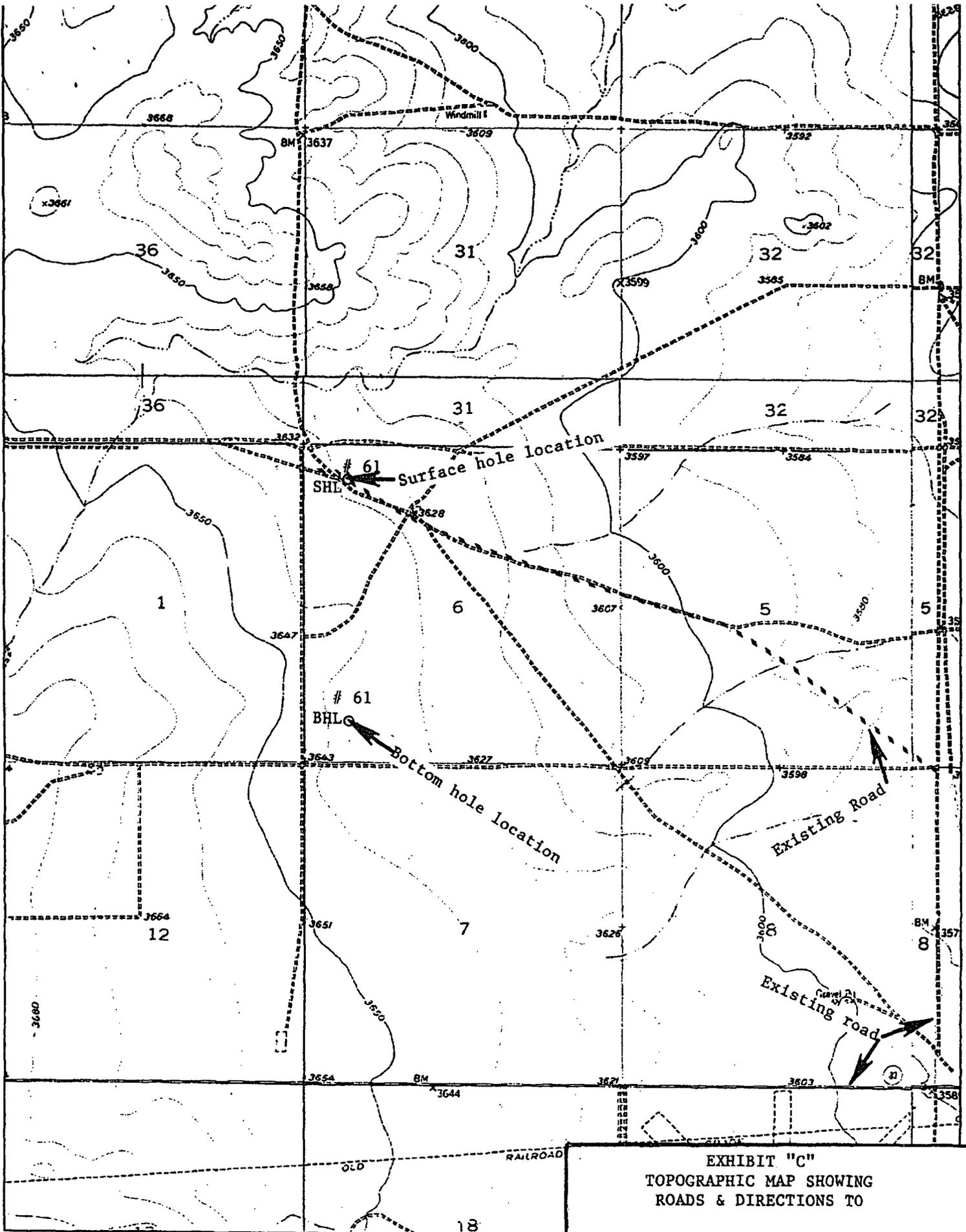
After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The WOLFCAMP formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialized as a Gas well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H₂S detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
2. H₂S Detection and Alarm Systems
 - A. H₂S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.
3. Windsack and/or wind streamers
 - A. Windsack at mudpit area should be high enough to be visible.
 - B. Windsack at briefing area should be high enough to be visible.
 - C. There should be a windsack at entrance to location.
4. Condition Flags and Signs
 - A. Warning sign on access road to location.
 - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H₂S present in dangerous concentration. Only emergency personnel admitted to location.
5. Well control equipment
 - A. See exhibit "E"
6. Communication
 - A. While working under masks chalkboards will be used for communication.
 - B. Hand signals will be used where chalk board is inappropriate.
 - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.
7. Drillstem Testing
 - A. Exhausts will be watered.
 - B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
 - C. If location is near any dwelling a closed D.S.T. will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

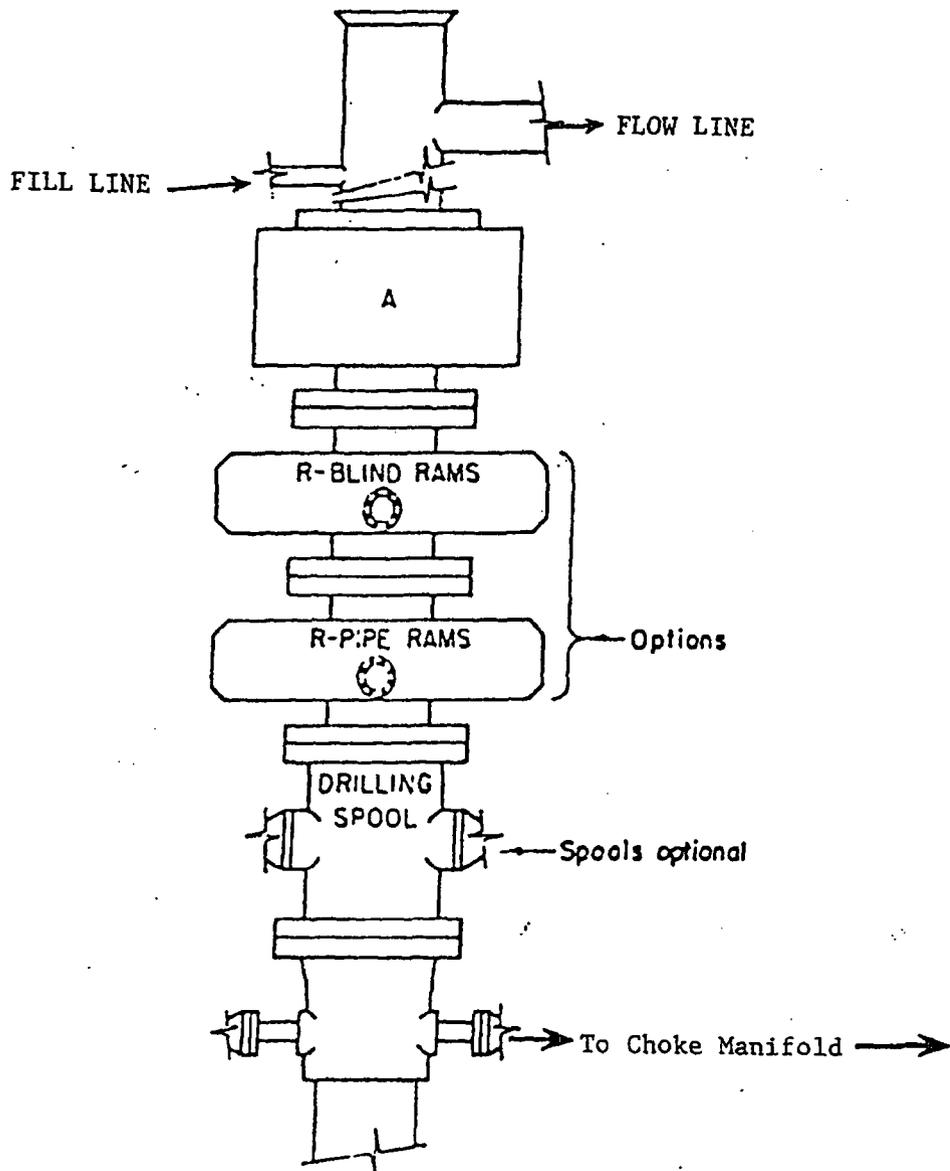
8. Drilling contractor supervisor will be required to be familiar with the effects H₂S has on tubular goods and other mechanical equipment.
9. If H₂S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H₂S scavengers if necessary.



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EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

LCX ENERGY, LLC.
 FEDERAL "1725" COM # 61
 SHL UNIT "D" SECTION 6
 BHL UNIT "M" SECTION 6
 T17S-R25E EDDY CO. NN

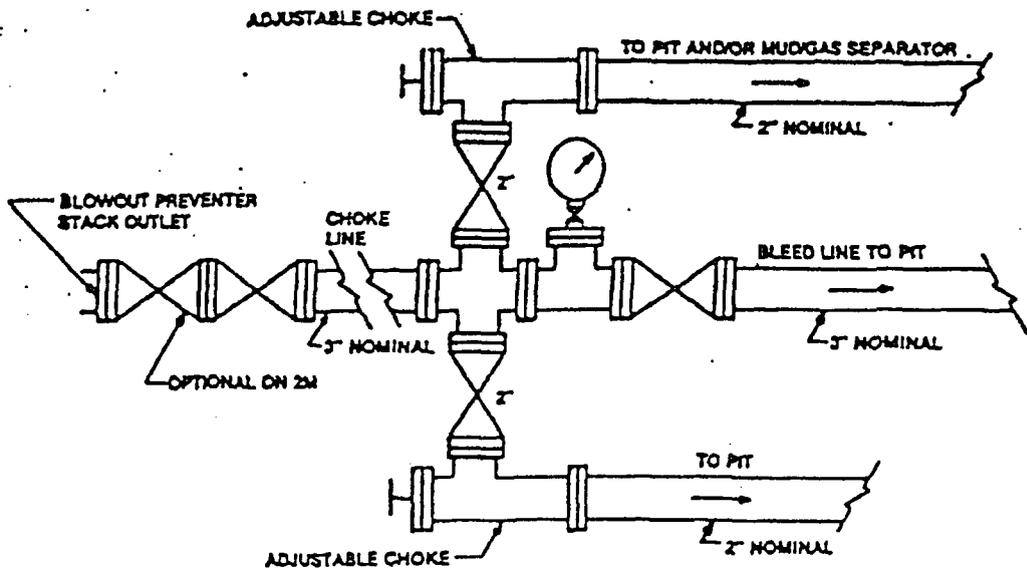


ARRANGEMENT SRRA

900 Series
3000 PSI WP

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

LCX ENERGY, LLC.
FEDERAL "1725" COM. # 61
SHL UNIT "D" SECTION 6
BHL UNIT "M" SECTION 6
T17S-R25E ENRV CO. AM



Typical choke manifold assembly for 3M WP system

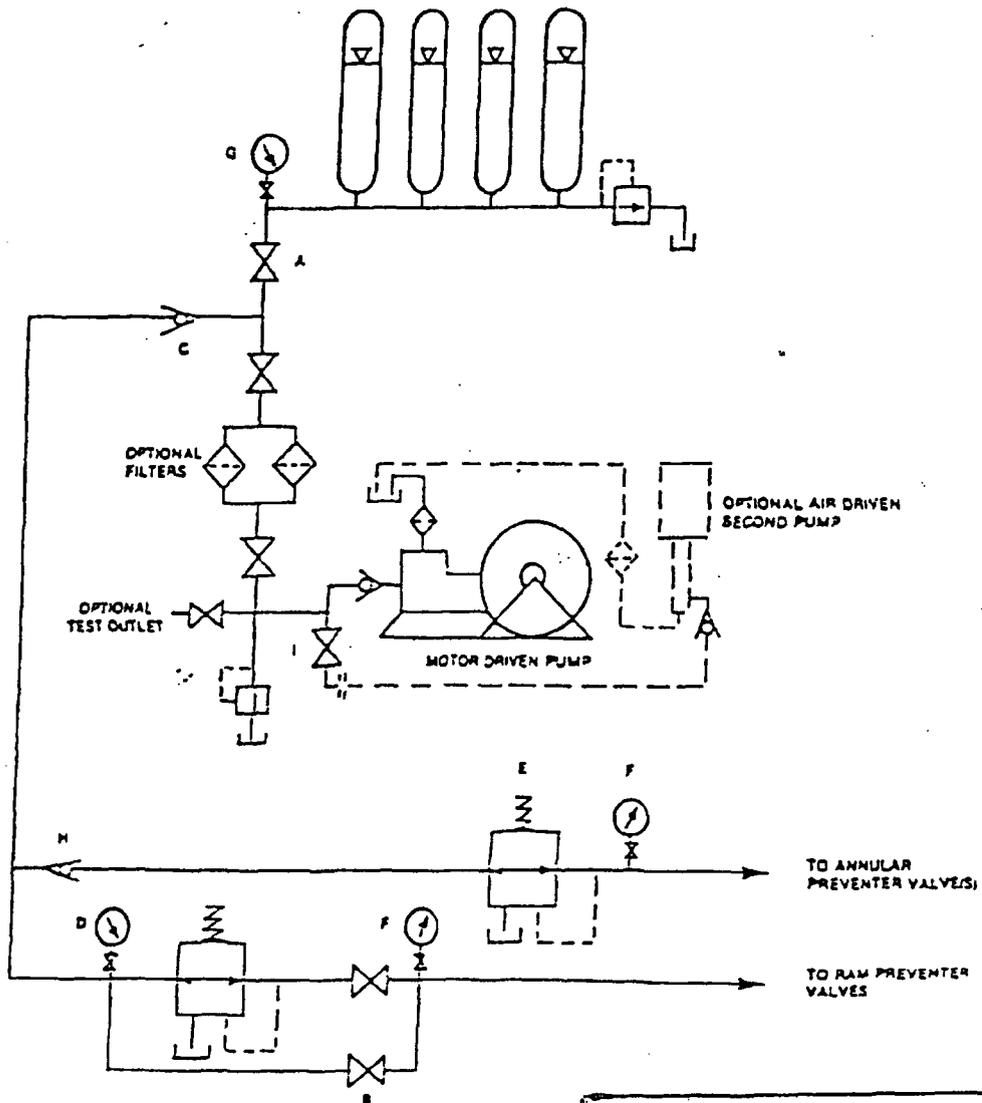


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

LCX ENERGY, LLC.
FEDERAL "1725" COM. # 61
SHL UNIT "D" SECTION 6
BHL UNIT "M" SECTION 6
T17S-R25E RDDY CO. NM

Proposal

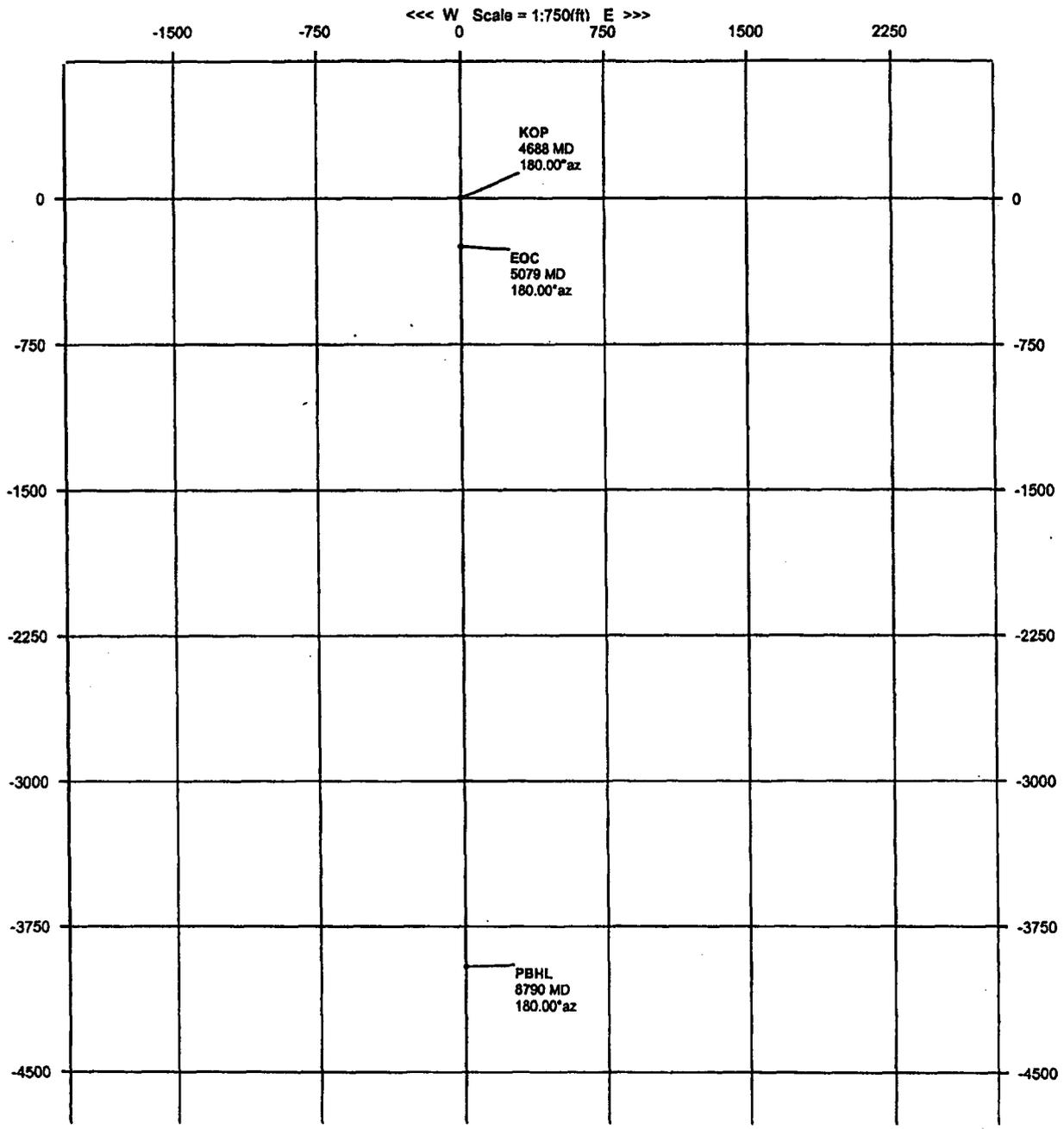
<p>Report Date: July 11, 2005 Client: Endeavor Energy Field: Eddy County, NM Nad 83 Structure / Slot: 1725 Fed Com #61 / 1725 Fed Com #61 Well: 1725 Fed Com #61 Borehole: 1725 Fed Com #61 UW/AP#: _____ Survey Name / Date: 1725 Fed Com 61_r2 / July 11, 2005 Tort / AHD / DDI / ERD ratio: 90.000° / 3960.00 ft / 5.802 / 0.802 Grid Coordinate System: NAD83 New Mexico State Planes, Eastern Zone, US Feet Location Lat/Long: N 32 27 58.536, W 104 17 54.240 Location Grid N/E Y/X: N 533358.051 RUS, E 552111.259 RUS Grid Convergence Angle: +0.01875232° Grid Scale Factor: 0.99990922</p>	<p>Survey / DLS Computation Method: Minimum Curvature / Lubinski Vertical Section Azimuth: 180.000° Vertical Section Origin: N 0.000 ft, E 0.000 ft TVD Reference Datum: RKB TVD Reference Elevation: 0.0 ft relative to Sea Bed / Ground Level Elevation: 0.000 ft relative to Magnetic Declination: 8.638° Total Field Strength: 49318.957 nT Magnetic Dip: 60.427° Declination Date: June 06, 2005 Magnetic Declination Model: IGRF 2005 North Reference: Grid North Total Corr Mag North -> Grid North: +8.619° Local Coordinates Referenced To: Well Head</p>
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Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Tool Face (deg)
Tie-In	0.00	0.00	180.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	180.00M
KOP	4687.89	0.00	180.00	4687.89	0.00	0.00	0.00	0.00	0.00	0.00	180.00M
	4700.00	2.79	180.00	4700.00	0.29	-0.29	0.00	0.29	180.00	23.00	180.00M
	4800.00	25.79	180.00	4796.25	24.80	-24.80	0.00	24.80	180.00	23.00	0.00G
	4900.00	48.79	180.00	4875.28	84.98	-84.98	0.00	84.98	180.00	23.00	0.00G
	5000.00	71.79	180.00	4924.52	171.25	-171.25	0.00	171.25	180.00	23.00	0.00G
EOC	5079.19	90.00	180.00	4937.00	249.11	-249.11	0.00	249.11	180.00	23.00	0.00G
PBHL	8790.08	90.00	180.00	4937.00	3960.00	-3960.00	0.00	3960.00	180.00	0.00	0.00G

Endeavor Energy

WELL 1725 Fed Com #61 FIELD Eddy County, NM Nad 83 STRUCTURE 1725 Fed Com #61

Magnum Parameters Model: KOP 2006 Dia: 66.43" Mag Date: 10-03-06	Date: June 06, 2006 FE: 48318.0 aT	Dr/Plan Location Lat: N32 27 56.838 Lon: W106 17 54.240	NADELS New Mexico State Plane, Eastern Zone, US Feet Working: 832584.06 RLS Grid Cont: +0.81878252" Scale Fact: 0.800002236	Miscellaneous Plot: 1725 Fed Com 01-01 Plot: 1725 Fed Com 01-01	TVD Ref: RCL (8.00 ft above) Day Date: Mon 02:28 PM July 11, 2006
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INTREPID
Directional Drilling Specialists



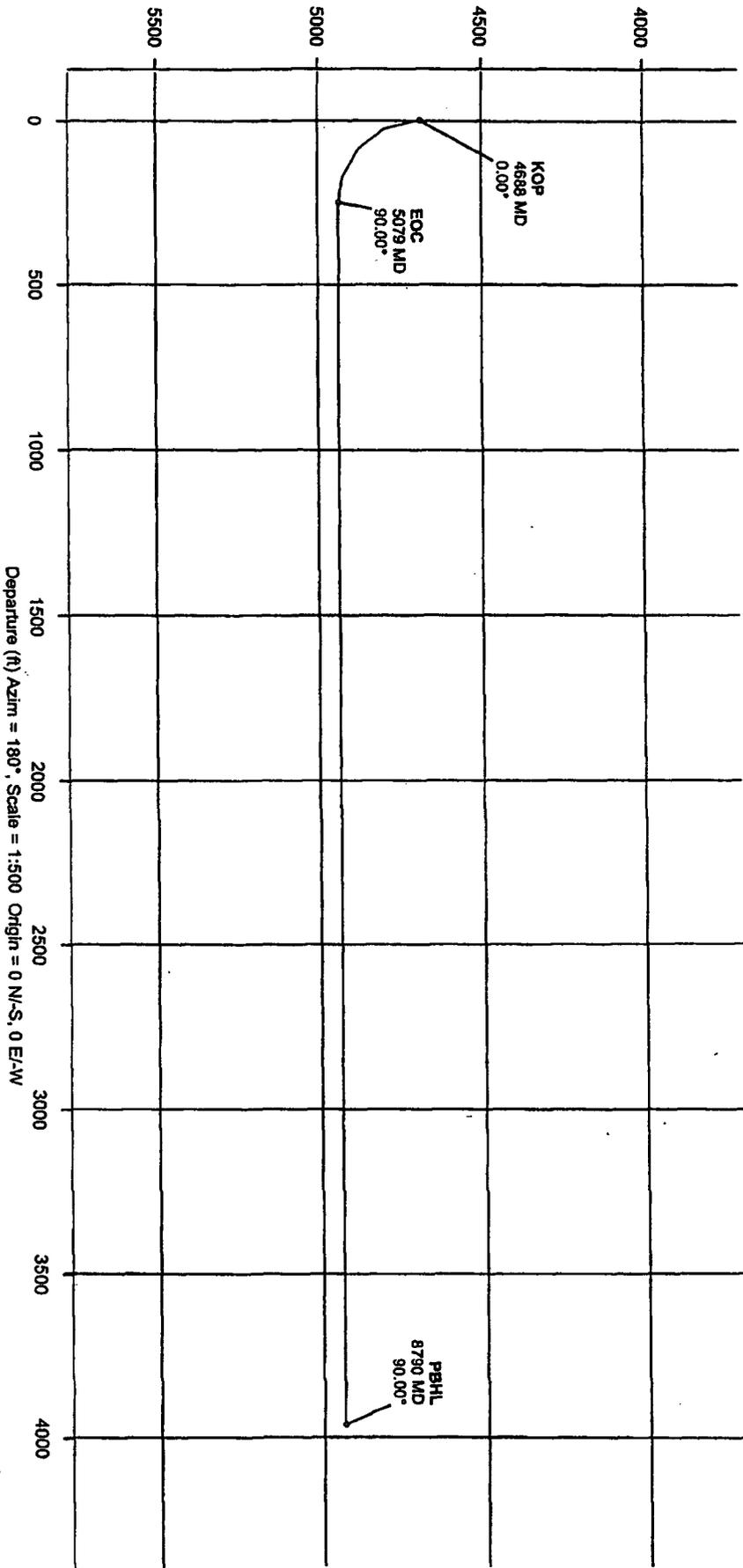
Endeavor Energy

WELL 1725 Fed Com #61

FIELD Eddy County, NM Nad 83

STRUCTURE 1725 Fed Com #61

Operator/Permittee Name: ENF 2003	Drk: 66.431'	Date: June 04, 2005	Section Location Loc: Well 1725-210	Number: 5329105 545	Old Case: +010752X	Manufacture Date: 1725 Fed Com #61
Drk Date: 14 00°	PS	42310 011	Well: Well 1725-210	Scale: 5321110 545	Scale: 0.500002254	1725 Fed Com #61
						TVB Pdc: N/A (0.00 1 above 1)
						SVY Date: 14th 02:35 PM Apr 11, 2005



WATTEP
Directional Drilling Specialists



BUREAU OF LAND MANAGEMENT
ROSWELL FIELD OFFICE
2909 WEST SECOND STREET
ROSWELL, NEW MEXICO 88201-2019

09/05/05

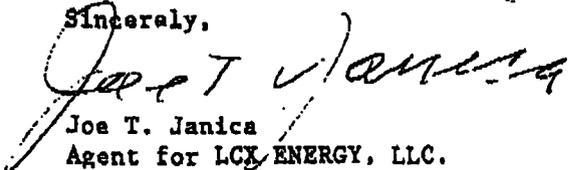
Re: Surface owner agreement.
1725 FEDERAL COM. # 61H
T17S-R25E SECTION 6

ATT: Ms. ASKWIG

Dear Ms. ASKWIG

LCX ENERGY, LLC. has made an agreement with Chase Farms Artesia New Mexico to compensate them for any damages to the surface that may occur while the drilling completing, and producing of their 1725 FEDERAL COM. # 61 located in the W/2 of section 6 T17S-R25E Eddy Co. New Mexico

Sincerely,


Joe T. Janica
Agent for LCX ENERGY, LLC.

Cc: Frank Nix
Lisa Hunt
File
Crono

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: LCX Energy LLC
Well Name & No. 1725 Federal Corn #61
Surface Location: 660' FNL, 760' FWL, Section 6, T. 17 S., R. 25 E., Eddy County, New Mexico
Bottom Location: 660' FSL, 760' FWL, Section 6, T. 17 S., R. 25 E., Eddy County, New Mexico
Lease: NM-93181

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

A. Well spud

B. Cementing casing: 13-3/8 inch 9-5/8 inch 7 inch 4-1/2 inch liner

C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

5. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

II. CASING:

1. The 13-3/8 inch surface casing shall be set at 350 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is to be circulated to the surface.

3. The minimum required fill of cement behind the 7 inch production casing is to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval.

4. The minimum required fill of cement behind the 4-1/2 inch production liner is to be circulated to the top of the liner.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13-3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - The tests shall be done by an independent service company.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

- Recording pit level indicator to indicate volume gains and losses.
- Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
- Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

7/26/2005
acs

7/26/2005
acs

N.M. Oil Cons. Div-Dist. 2
 UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT
 301 W. Grand Avenue
 Artesia, NM 88210

FORM APPROVED
 OMB NO. 1004-0135
 Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

<p>1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other</p> <p>2. Name of Operator LCX Energy, LLC</p> <p>3a. Address 110 N. Marienfeld, Ste. 200, Midland, TX 79701</p> <p>4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SL: 660' FNL & 760' FWL Sec 6, T17S, R25E</p>	<p>RECEIVED OCT 21 2005 OGD-ARTESIA</p>	<p>5. Lease Serial No. NM-93181</p> <p>6. If Indian, Allottee or Tribe Name</p> <p>7. If Unit or CA/Agreement, Name and/or No.</p> <p>8. Well Name and No. 1725 Fed Com #61</p> <p>9. API Well No. 30-015-34340</p> <p>10. Field and Pool, or Exploratory Area Cottonwood Creek; Wolfcamp</p> <p>11. County or Parish, State Eddy County, NM</p>
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12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Spud well & ran casing.</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

10/7/05 Spud well w/ 17-1/2" hole. Ran 9 jts 13-3/8" 48# H-40 ST&C casing. Casing set @ 389'. Cemented as follows: Pump 20 bbls FH20 spacer. Mix & pump 77sks-205 bbls of lead slurry & 47 sks-200 bbls tail slurry & displace 55 bbls of FH20. Bumped plug 500 psi over float. Held 30 min. No returns on cement. WOC.

Cement 1" - 1st stage - Plug @ 160'. Mix & pump down 10 bbls @ 14.8#. WOC.
 Cement 1" - 2nd stage - Plug @ 70'. Mix & pump down 20 bbls @ 14.8# & circ 10 bbls to pit. WOC.
 Install wellhead. Test to 1500 psi. Held 30 min.

10/10/05 Ran 30 jts 9-5/8" 36#, J55, ST&C csg. Tag bottom @ 1296' TVD & set csg @ 1294' TVD. Cement as follows: Mix & pump 20 bbls FW gel spacer. Mix & pump lead slurry of 188 bbls & 650 sks of Class RFC (10-2-A) + additives @ 14.2# cement. Mix & pump tail slurry of 71 bbls & 300 sks of Class "C" + additives @ 14.8# cement. Drop plug & diplace w/ 96.7 bbls of FH20. Bumped plug @ 500 psi. Float held ok. 145 bbls of lead ret'd to pit. WOC. Install wellhead & test to 1500 psi. Held 30 min. NU BOP & choke manifold. Test BOP & all surface equipment to 2000 psi. All tested ok.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Lisa Hunt	Title Regulatory Analyst
<i>Lisa Hunt</i>	Date 10/12/05
ACCEPTED FOR RECORD	

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
		OCT 20 2005
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		<i>acs</i>
		ALEXIS C. SWOBODA

N.M. Oil Cons. DIV-Dist. 2
 UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT
 1301 N. 1st Avenue

SUNDRY NOTICES AND REPORTS ON WELLS
 Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
 OMB No. 1004-0135
 Expires November 30, 2000

5. Lease Serial No.
 NM-93181

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
 1725 Fed Com #61

9. API Well No.
 30-015-34340

10. Field and Pool, or Exploratory Area
 Cottonwood Creek; Wolfcamp

11. County or Parish, State
 Eddy County, NM

SEMI-INSTALLATION OF THE INSTRUMENTS ON THESE SITES

1. Type of Well
 Oil Well Gas Well Other SL: 660' FNL & 760' FWL Sec. 6, T17S, R25E

2. Name of Operator
 LCX Energy, LLC

3a. Address
 110 N. Marienfeld Ste 200, Midland, TX 79701

3b. Phone No. (include area code)
 (432) 687-1575

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 SL: 660' FNL & 760' FWL Sec. 6, T17S, R25E

RECEIVED
 NOV 04 2005
 OCU-ANTHRIA

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Spud well & ran casing
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompletes horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

10/7/05 Spud well w/17 1/2" hole. Ran 9 jts 13 3/8" 48# H-40 ST&C casing. Casing set @ 389'. Cemented as follows: Pump 20 bbls FH20 spacer. Mix & pump 77 sks-205 bbls of lead slurry & 47 sks-200 bbls tail slurry & displace 55 bbls of FH20. Bumped plug 500 psi over float. Held 30 min. No return on cement. WOC Cement 1" - 1st stage - Plug @160'. Mix & pump down 10 bbls @ 14.8#. WOC. Cement 1" - 2nd stage - Plug @70'. Mix & pump down 20 bbls @ 14.8# & circ 10 bbls to pit. WOC. Install wellhead. Test to 1500 psi. Held 30 min. Actual time WOC 15 hrs.

10/10/05 Ran 30 jts 9 5/8" 36#, J55, ST&C csg. Tag bottom @ 1296' TVD & set csg @ 1294' TVD. Cement as follows: Mix & pump 20 bbls FW gel spacer. Mix & pump lead slurry of 188 bbls & 650 sks of Class RFC (10-2-A) + additives @ 14.2# cement. Mix & pump tail slurry of 71 bbls & 300 sks of Class "C" + additives @ 14.8# cement. Drop plug & displace w/96.7 bbls of FH20. Bumped plug @ 500 psi. Float held ok. 145 bbls of lead ret'd to pit. WOC. Install wellhead & test to 1500 psi. Held 30 min. NU BOP & choke manifold. Test BOP & choke manifold. Test BOP & all surface equipment to 2000 psi. All tested OK. Actual time WOC 7 hrs.

14. I hereby certify that the foregoing is true and correct
 Name (Printed/Typed)

Sharon Hindman

Title Regulatory Agent

Signature

Sharon Hindman

Date 11/01/2005

ACCEPTED FOR RECORD

NOV - 2 2005

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Date

Office

SUNDRY NOTICES AND REPORTS ON WELLS

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SUBMIT IN TRIPLICATE - Other instructions on reverse side

RECEIVED

NOV 04 2005

OCU-ARTESIA

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-93181
2. Name of Operator LCX Energy, LLC		6. If Indian, Allottee or Tribe Name
3a. Address 110 N. Marienfeld, Ste. 200, Midland, TX 79701	3b. Phone No. (include area code) 432 687-1575	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SL: 660' FNL & 760' FWL Sec 6, T17S, R25E		8. Well Name and No. 1725 Fed Com #61
		9. API Well No. 30-015-34340
		10. Field and Pool, or Exploratory Area Cottonwood Creek; Wolfcamp
		11. County or Parish, State Eddy County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Cement plug</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
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10/22/05 - TIH open end to depth 5020' MD to spot kop cement plug. Mix cement, circulate capacity of DP & Ann. Pumped 536 sks of Class "H" +0.9% D65 + 0.1% D13, H2O mix cement kop plug from 5020 to 3744'. WOC. Trip out 10 stands of drill pipe & reverse out 8 bbis of cement to pit. Trip out to surface, clean pits.

10/23/05 - WOC. Jet & clean pits. TIH to drlg cement. Tagged cement top @ 4091'. TOH & LD 42 jts of drill pipe. TIH W/ 13 stands of DP. Wash 60' to bottom from 4240 to 4300'. Drlg from 4300 to 4400'. Dress cement top of 4400'. Circulate bottoms up & clean hole.

ACCEPTED FOR RECORD
OCT 31 2005
LES BABYAK
PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Lisa Hunt	Title Regulatory Analyst
<i>Lisa Hunt</i>	Date 10/24/05

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office
	Accepted for record - NMOCB

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

NOV 17 2005

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
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5. Lease Serial No.
NM-93181

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
1725 Fed Com #61

9. API Well No.
30-015-34340

10. Field and Pool, or Exploratory Area
Cottonwood Creek; Wolfcamp

11. County or Parish, State
Eddy County, NM

SUBMIT IN TRIPLICATE (Other instructions on reverse side)

1. Type of Well
 Oil Well Gas Well Other SL: 660' FNL & 760' FWL Sec. 6, T17S, R25E

2. Name of Operator
LCX Energy, LLC

3a. Address
110 N. Marienfeld Ste 200, Midland, TX 79701

3b. Phone No. (include area code)
(432) 687-1575

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
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	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
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11/11/05 Ran 202 jts. of 5 1/2" 17# P 110 BTC & LTC csg. to 8618'. Cement as follows: Pump w/lead 20 bbls FW, 750 sx. 50/50 POZ H plus additives mix at 11.9 ppg. yield 2.46 mix wtr. 14.16 GPS. Tail with 300 sx. "C" plus additives mix at 14.5 ppg. yield 3.97 mix wtr. 17.44 GPS displace w/198.9 bbls FW. Bumped plug w/1480 psi @ 10:15 a.m. plug held. Circulate 43 sx. cement to pit. ND BOP set slips w/65K on slips. NU 7 1/6" tbg. head & test to 1500 psi. Clean pits RD. WO completion.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)
Sharon Hindman

Title Regulatory Agent

Signature *Sharon Hindman*

Date 11/16/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.