

1 2 2006

LCX ENERGY, LLC
Law Department
110 N. Marienfeld, Suite 200
Midland, Texas 79701

LCX ACQUISITIONS, LLC – Sole Member
Autry C. Stephens – Sole Member

432-687-1575
Fax 432-687-2521

Michael A. Short
General Counsel
432-848-0202 (Direct)
432-682-3088 (Fax)

May 5, 2006

WORKING INTEREST OWNERS

**Re: LCX 1625 Fed Com #211
Township 16 South, Range 25 East, N.M.P.M.
Section 21: S/2
Eddy County, New Mexico**

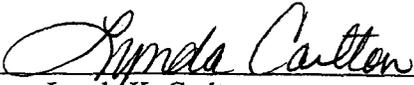
Dear Working Interest Owner:

Enclosed is an AFE for the captioned well. Please execute and return one copy of the AFE to the following address:

LCX ENERGY, LLC
Attention Ms. Betty Hart, Land Department
110 N. Marienfeld, Suite 200
Midland, Texas 79701

If you have any questions, please contact Mike Short at 432-848-0202.

Very truly yours,

By: 
Lynda K. Carlton
Administrative Assistant
432-848-0294
432-682-3088 (Fax)

Enclosures
C: Betty Hart

LCX ENERGY, LLC

AUTHORITY FOR EXPENDITURE

LEASE & WELL NO.: 1625 Fed Com # 211

COUNTY: Eddy

AFE No.: LCXD5037

Lease # 8094.001

PROSPECT:

STATE: New Mexico

Sec 21, 16S-25E, 760' FSL & 660' FEL SL, 760' FSL & 660' FWL BHL

TOTAL DEPTH: MD 9000'

WELL TYPE: Horizontal

INTANGIBLE DRILLING COST

			IDC; ICC	DRY HOLE	COMPLETE	TOTAL
Survey, Permits & Professional Fees			6.43	5,000		5,000
Surface Damages			6.06	10,000		10,000
Road & Location Dirtwork			6.07	55,000	3,000	58,000
Drilling Footage			6.11			
Drilling Daywork	32.0	Ft @ \$ 13,500	6.13	432,000		432,000
Rig Mobilization			6.40	40,000		40,000
Pulling Unit	10	day @ \$ 2,200	6.60, 7.39		22,000	22,000
Swab Rig		day @ \$ 1,000	7.30			
Fuel & Lubricants			6.39	40,000		40,000
Mud, Wash Oil & Chemicals			6.12	45,000		45,000
Bits, Stabilizers & Reamers			6.08	45,000		45,000
Directional Service	MWD, motor, directional package, 13 days @ \$15000/d		6.53	200,000		200,000
Casing Crews & Equipment			6.01; 7.03	7,000	6,000	13,000
Equipment Rental			6.20; 7.12	100,000	50,000	150,000
Waterwell, Pump & Line			6.47	15,000	5,000	20,000
Water Transport			6.46; 7.17	40,000	5,000	45,000
Cement Service	Kick off plug		6.02, 7.43	60,000	60,000	120,000
Drill Stem Testing		@ \$	6.54			
Coring & Core Analysis		ft @ \$	6.05			
Geological Services			6.24			
Mud Logging	25	day @ \$ 1,000	6.33	25,000		25,000
Open Hole Log Service			6.34	17,000		17,000
Cased Hole Log Service			7.36		10,000	10,000
Perforating	TCP + Tractor		6.35; 7.35		75,000	75,000
Acid Stimulation			7.01			
Frac Stimulation			7.16		550,000	550,000
Pump Truck & Nitrogen Service			7.19		6,000	6,000
Transportation			6.32; 7.32	45,000	5,000	50,000
Contract Labor & Welding			6.04; 7.07	3,500	3,500	7,000
Tubular Inspection			6.45; 7.34			
Engineering & Wellsite Supervision	Days	@ \$900/day	6.18; 7.10	33,000	10,000	43,000
Abandonment			6.55			
Environmental, Disposal & Restoration			6.56		25,000	25,000
Contingencies @ 5 %			6.98, 7.98	60,900	41,800	102,700
Subtotal:				1,278,400	877,300	2,155,700

LEASE & WELL EQUIPMENT

	Size/Wt./Grade/Thd	Footage	Price			
Tubulars:						
Conductor Pipe			ft @ \$	per ft	3.03	
Surface Casing	13 3/8" 48# H40	385	ft @ \$ 32.00	per ft	3.08	12,400
Intermediate Casing	9 5/8" 36# J55	1,300	ft @ \$ 30.00	per ft	3.04	39,000
Protection Liner			ft @ \$	per ft	4.40	
Production Casing			ft @ \$	per ft	4.21	
Production Liner	5 1/2" 17# N80	9,000	ft @ \$ 17.00	per ft	4.21	153,000
Production Tubing	2 3/8" 4.6# L80	4,800	ft @ \$ 4.50	per ft	4.33	21,600
Wellhead Equipment					3.09; 4.36	14,000
Flowing Tree					3.09; 4.36	10,000
Pumping Hookup					3.09; 4.36	
Liner Hanger, Packer & Tubing Anchor					4.17; 4.20	9,000
Cementing & Float equipment					3.01; 4.41	15,000
Pumping Unit w/ Base & Prime Mover					4.22	8,000
Electrical Installation					4.15	
Rods, Subsurface Pump & Accessories					4.24; 4.28; 4.06	
Compressor & Accessories					4.05	
SWD Equipment					4.14	
Oil Storage Tanks					4.27	
SW Fiberglass Tanks					4.35	4,800
Separator					4.26	7,500
Heater-Treater					4.13	
Dehydrator/Line Heater					4.38	
Meters, Valves & Connections					4.34	3,000
Installation					4.25	3,000
Flowline & Connections					4.34; 4.10	1,000
Gas Pipeline, Meter & Installation					4.18	10,000
Subtotal:					80,400	230,900
Grand Total:					1,358,800	1,108,200
						2,467,000

LCX ENERGY, LLC

Prepared By: Larry Gillette

DATE: 5-May-06

Approved By:

Larry Gillette
Title: Operations Manager

DATE: 5/5/06

WORKING INTEREST PARTNER

agrees to participate for _____ % W. I.

Approved By:

Douglas H. Christensen
DOUGLAS H. CHRISTENSEN, PRESIDENT
CHRISTENSEN PETROLEUM, INC.

DATE: 5/24/06

Douglas H. Christensen
Attorney-In-Fact For