

LCX ENERGY, LLC

AUTHORITY FOR EXPENDITURE

LEASE & WELL NO.: 1625 Sallee 141
 COUNTY: Eddy
 AFE No.: LCXD5065

Lease # 8109.001

PROSPECT:
 STATE: New Mexico
 760' FSL & 660' FWL SL, 760' FSL & 660' FEL BHL
 Sec 14 T-16-S, R- 25-E

TOTAL DEPTH: MD 9000'
 WELL TYPE: Horizontal

INTANGIBLE DRILLING COST

		IDC; ICC	DRY HOLE	COMPLETE	TOTAL
Survey, Permits & Professional Fees		6.43	2,000		2,000
Surface Damages		6.06	10,000		10,000
Road & Location Dirtwork		6.07	35,000	3,000	38,000
Drilling Footage	<input type="text"/> Ft @ \$ <input type="text"/> per ft	6.11			
Drilling Daywork	32.0 day @ \$ 12,500 per day	6.13	400,000		400,000
Rig Mobilization		6.40	40,000		40,000
Pulling Unit	8 day @ \$ 2,200 per day	6.60; 7.39		17,600	17,600
Swab Rig	day @ \$ 1,000 per day	7.30			
Fuel & Lubricants		6.39	40,000		40,000
Mud, Wash Oil & Chemicals		6.12	50,000		50,000
Bits, Stabilizers & Reamers		6.08	65,000		65,000
Directional Service	MWD, motor, directional package, 12 days @ \$10000/d	6.53	120,000		120,000
Casing Crews & Equipment		6.01; 7.03	7,000	5,000	12,000
Equipment Rental		6.20; 7.12	40,000	10,000	50,000
Waterwell, Pump & Line		6.47	10,000	5,000	15,000
Water Transport		6.46; 7.17	10,000	5,000	15,000
Cement Service	Kick off plug	6.02; 7.43	51,000	35,000	86,000
Drill Stem Testing	@ \$ <input type="text"/> per test	6.54			
Coring & Core Analysis	ft @ \$ <input type="text"/> per ft	6.05			
Geological Services		6.24			
Mud Logging	15 day @ \$ 650 per day	6.33	9,800		9,800
Open Hole Log Service		6.34	16,000		16,000
Cased Hole Log Service		7.36		10,000	10,000
Perforating	TCP + Tractor	6.35; 7.35		70,000	70,000
Acid Stimulation		7.01			
Frac Stimulation		7.16		300,000	300,000
Pump Truck & Nitrogen Service		7.19		3,000	3,000
Transportation		6.32; 7.32	5,000	3,000	8,000
Contract Labor & Welding		6.04; 7.07	1,500	1,500	3,000
Tubular Inspection		6.45; 7.34			
Engineering & Wellsite Supervision	Days @ \$900/day	6.18; 7.10	28,800	7,200	36,000
Abandonment		6.55			
Environmental, Disposal & Restoration		6.56		10,000	10,000
Contingencies @ 5 %		6.98; 7.98	47,100	24,300	71,400
Subtotal:			988,200	509,600	1,497,800

LEASE & WELL EQUIPMENT

	Size/Wt./Grade/Thd	Footage	Price			
Tubulars:						
Conductor Pipe		ft @ \$ <input type="text"/> per ft	3.03			
Surface Casing	13 3/8" 48# H40	385 ft @ \$ 32.00	per ft 3.08	12,400		12,400
Intermediate Casing	9 5/8" 36# J55	1,300 ft @ \$ 26.00	per ft 3.04	33,800		33,800
Protection Liner		ft @ \$ <input type="text"/> per ft	4.40			
Production Casing		ft @ \$ <input type="text"/> per ft	4.21			
Production Liner	5 1/2" 17# N80	9,300 ft @ \$ 15.00	per ft 4.21		139,500	139,500
Production Tubing	2 3/8" 4.6# L80	4,800 ft @ \$ 4.50	per ft 4.33		21,600	21,600
Wellhead Equipment			3.09; 4.36	4,000		4,000
Flowing Tree			3.09; 4.36		3,500	3,500
Pumping Hookup			3.09; 4.36			
Liner Hanger, Packer & Tubing Anchor			4.17; 4.20		40,000	40,000
Cementing & Float equipment			3.01; 4.41	4,000	2,000	6,000
Pumping Unit w/ Base & Prime Mover			4.22			
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	4,800
Separator			4.26		8,000	8,000
Heater-Treater			4.13			
Dehydrator/Line Heater			4.38			
Meters, Valves & Connections			4.34		3,000	3,000
Installation			4.25		3,000	3,000
Flowline & Connections			4.34; 4.10		1,000	1,000
Gas Pipeline, Meter & Installation			4.18		10,000	10,000
Subtotal:				54,200	236,400	290,600
Grand Total:				1,042,400	746,000	1,788,400

LCX ENERGY, LLC

WORKING INTEREST PARTNER

Prepared By: Larry Gillette

DATE: 7-Apr-06

agrees to participate for _____ % W. I.

Approved By: _____

DATE: NMOCD CASE NO.: 13,735

DATE: _____

Title: _____

JUNE 22, 2006
 LCX ENERGY, LLC
 EXHIBIT NO. 2