

EXHIBIT "A-1"

Attached to and made a part of that certain Operating Agreement dated January 15, 2004 by and between LCX ENERGY, LLC successor by merger and name change from PERENCO LLC, as Operator and Capstone Oil & Gas Company LP., et al, as Non-operators

LCX Energy, LLC – 1625 Sallee No. 141

1. DESCRIPTION OF LANDS SUBJECT TO THIS AGREEMENT:

All of the S/2 of Section 14, T-16-S, R-25-E, NMPM, Eddy County, New Mexico, containing 320 acres, more or less, and limited to the depths described in paragraph 2, next below.

2. RESTRICTIONS, IF ANY, AS TO DEPTHS, FORMATIONS OR SUBSTANCES:

All depths from the surface down to the stratigraphic equivalent of the base of the Horizontal Target Objective. The Horizontal Target Objective is the Abo/Wolfcamp formation, being found at that interval from a subsurface depth of 3,725 feet down to 4,918 feet as identified by the Schlumberger Compensated Neutron Formation Density Log for the Mesa Petroleum Co. Catclaw State No. 1 well located 1,980 feet FNL and 1,980 feet FEL of Section 31, T-17-S, R-24-E, NMPM, Eddy County, New Mexico.

3. PARTIES TO THE AGREEMENT:

LCX ENERGY, LLC
110 N. Marienfeld, Suite 200
Midland, Texas 79701
Telephone : 432-687-1575

Capstone Oil & Gas Company, L.P.
P.O. Box 10187 (79702)
203 W. Wall Street, Suite 1201
Midland, Texas 79701
Telephone: 432-682-5565

Parallel Petroleum Corporation
1004 N. Big Spring, Suite 400
Midland, Texas 79701
Telephone: 432-684-3727

CMW Interests, Inc.
3001 Northtown Place
Midland, Texas 79705
Telephone: 432-689-0382

Elger Exploration, Inc.
P.O. Box 2623
Midland, Texas 79702
Telephone: 432-687-0344

4. PERCENTAGES OR FRACTIONAL INTERESTS OF THE PARTIES TO THIS AGREEMENT:

OWNER	Working Interest Before Payout	Working Interest After 100% Payout	Working Interest After 300% Payout
LCX ENERGY, LLC *	77.468356%	77.223203%	74.287113%
PARALLEL PETROLEUM CORPORATION *	8.607595%	8.580355%	8.254123%
CAPSTONE OIL & GAS COMPANY, L.P. *	12.658226%	12.618169%	12.138415%
CMW INTERESTS, INC. *	0.000000%	0.316456%	0.304424%
ELGER EXPLORATION, INC. *	1.265823%	1.261817%	1.213842%
UNLEASED (FORCE POOLED)	0.000000%	0.000000%	3.802083%
TOTAL	100.00000%	100.000000%	100.000000%

* Parties to a farmout agreement providing for a 25% backin at payout. These parties will determine payout. Payout determination in this matter is not the responsibility of Operator.