

LCX ENERGY, LLC

AUTHORITY FOR EXPENDITURE

LEASE & WELL NO.: 1625 Fed Com 311
 COUNTY: Eddy
 AFE No.: LCXD5017

Lease # 8083.001

PROSPECT:
 STATE: New Mexico
 SEC 31, 16S-25E, 1880' FWL & 660 FSL SL, 1880' FWL & 660' FNL BHL

TOTAL DEPTH: MD 9200'
 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			6.11			
Drilling Daywork	30.0	Ft @ \$ 12,500 per ft	6.13	375,000		375,000
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, 11 days @ \$10000/d	6.53	110,000		110,000
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		@ \$ per test	6.54			
Coring & Core Analysis		ft @ \$ 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	27,000	7,200	34,200
Abandonment			6.55			
Environmental, Disposal & Restoration			6.56		10,000	10,000
Contingencies @ 5 %			6.98; 7.98	45,200	24,300	69,500
Subtotal:				949,500	509,600	1,459,100

LEASE & WELL EQUIPMENT

Tubulars:	Size/Wt./Grade/Thd	Footage	Price			
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 @ \$ 26.00	per ft	3.04	33,800
Protection Liner			ft @ \$	per ft	4.40	
Production Casing			ft @ \$	per ft	4.21	
Production Liner	5 1/2" 17# N80	9,300	ft @ \$ 15.00	per ft	4.21	139,500
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	4,000
Flowing Tree					3.09; 4.36	3,500
Pumping Hookup					3.09; 4.36	
Liner Hanger, Packer & Tubing Anchor					4.17; 4.20	40,000
Cementing & Float equipment					3.01; 4.41	4,000
Pumping Unit w/ Base & Prime Mover					4.22	2,000
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:						54,200
Grand Total:						1,003,700
						745,500
						1,749,200

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.: 13,737

DATE:

Title:

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