



13803

PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

March 22, 2007

Miller Stratvert
P. O. Box 1986
Santa Fe, NM 87504-1986

Attn: Mr. J. Scott Hall

Re: Final Approval
Big Dog State Exploratory Unit
Eddy County, New Mexico

Dear Mr. Hall:

Thank you for your letter of March 21, 2007 wherein, on behalf of LCX Energy, LLC, you requested final approval of the Big Dog State Exploratory Unit Agreement, Eddy County, New Mexico.

It is our understanding that all tracts are committed to the unit agreement at this time.

The Commissioner of Public Lands has this date granted final approval to the Big Dog State Exploratory Unit Agreement effective March 22, 2007.

Enclosed are five (5) Certificates of Approval.

Your \$90.00 filing fee has been previously received.

Please notify this office when drilling operations are commenced.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY
Oil, Gas & Minerals Division
PL/JB/pm

pc: Reader File,
OCD-Santa Fe, Attn: Mr. David Catanach
PRD-Attn: Mr. Valdean Severson

2007 MAR 26 AM 11 51

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Salina Lands • Water Reservoirs • Western New Mexico University

UNIT NAME: BIG DOG STATE EXPLORATORY UNIT
OPERATOR: LCX ENERGY, LLC
COUNTY: EDDY

DATE APPROVED	OCD CASE NO. OCD ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 3/22/2007	CASE NO. 13803 ORDER NO. R-12688	1920	1920	0	0	STRICT	5 YEARS & SO LONG AS
APPROVALS							

SLO-3/22/2007
OCD-1/9/2007

TOWNSHIP 18 SOUTH, RANGE 23 EAST

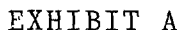
SECTION 16: ALL
SECTION 20: ALL
SECTION 21: ALL

RECEIVED

MAR 28 2007

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

EDDY COUNTY CLERK
All or parts of the
was not clearly legible for satisfactory
recording



RECEPTION NO: 0701249 STATE OF
NEW MEXICO, COUNTY OF EDDY
RECORDED 01/31/2007 3:15 PM
BOOK 0679 PAGE 1118 *re. [signature]*
DARLENE ROSPRIM, COUNTY CLERK



EXHIBIT "B". SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases

Within the BIG DOG UNIT EDDY COUNTY, NEW MEXICO

TRACT NUMBER	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER	EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST AND PERCENTAGE
1	T18S, R23E - Sec. 21: W/2, Eddy County, NM	320.00	State of New Mexico VO- 6611	04/01/07	State of New Mexico 1/6	Capstone Oil and Gas Co., LP and LOX Energy, LLC	C. Mark Wheeler, et al. 5.5%	LOX Energy, LLC 76.50% Capstone Oil and Gas Company, LP 12.50% Parallel Petroleum Corporation 8.50% CMW Interests, Inc. 1.25% Eiger Exploration, Inc. 1.25%
2	T18S, R23E - Sec. 21: E/2, Eddy County, NM	320.00	State of New Mexico VO- 6610	04/01/07	State of New Mexico 1/6	Capstone Oil and Gas Co., LP and LOX Energy, LLC	C. Mark Wheeler, et al. 5.5%	LOX Energy, LLC 76.50% Capstone Oil and Gas Company, LP 12.50% Parallel Petroleum Corporation 8.50% CMW Interests, Inc. 1.25% Eiger Exploration, Inc. 1.25%
3	T18S, R23E - Sec. 20: E/2, Eddy County, NM	320.00	State of New Mexico VA-2594	05/01/07	State of New Mexico 1/8	Capstone Oil and Gas Co., LP and LOX Energy, LLC	C. Mark Wheeler, et al. 5.5%	LOX Energy, LLC 76.50% Capstone Oil and Gas Company, LP 12.50% Parallel Petroleum Corporation 8.50% CMW Interests, Inc. 1.25% Eiger Exploration, Inc. 1.25%
4	T18S, R23E - Sec. 20: W/2, Eddy County, NM	320.00	State of New Mexico VA-2595	05/01/07	State of New Mexico 1/8	Capstone Oil and Gas Co., LP and LOX Energy, LLC	C. Mark Wheeler, et al. 5.5%	LOX Energy, LLC 76.50% Capstone Oil and Gas Company, LP 12.50% Parallel Petroleum Corporation 8.50% CMW Interests, Inc. 1.25% Eiger Exploration, Inc. 1.25%

TRACT NUMBER	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER	EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY	WORKING INTEREST AND PERCENTAGE
5	T18S, R23E - Sec. 16: E/2, Eddy County, NM	320	State of New Mexico VA-2622	06/01/07	State of New Mexico 1/8	Capstone Oil and Gas Co., LP and LCX Energy, LLC	C. Mark Wheeler, et al. 5.5% 11-6-06	LCX Energy, LLC 76.50% Capstone Oil and Gas Company, LP 12.50% Parallel Petroleum Corporation 8.50% CMW Interests, Inc. 1.25% Elger Exploration, Inc. 1.25%
6	T18S, R23E - Sec. 16: W/2, Eddy County, NM	320	State of New Mexico VA-2623	06/01/07	State of New Mexico 1/8	Capstone Oil and Gas Co., LP and LCX Energy, LLC	C. Mark Wheeler, et al. 5.5% 11-6-06	LCX Energy, LLC 76.50% Capstone Oil and Gas Company, LP 12.50% Parallel Petroleum Corporation 8.50% CMW Interests, Inc. 1.25% Elger Exploration, Inc. 1.25%