

LCX ENERGY LLC

AUTHORITY FOR EXPENDITURE

LEASE & WELL NO.: 1724 Osbourn 101

COUNTY: Eddy

AFE No.: LCXD5034

Lease # 8088.001

PROSPECT:

STATE: Texas

1880' FEL & 200' FNL SL 1880' FEL & 660' FSL BHL Sec 10 T17S & R24E

TOTAL DEPTH: 9000'

WELL TYPE: Gas

INTANGIBLE DRILLING COST

Survey, Permits & Professional Fees					6.43	3,000		3,000
Surface Damages					6.06	5,000		5,000
Road & Location Dirtwork					6.07; 7.08	65,000		65,000
Drilling Footage		Ft @ \$		per ft	6.11			
Drilling Daywork	31.0	day @ \$	13,500	per day	6.13	418,500		418,500
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	45,000		45,000
Mud, Wash Oil & Chemicals					6.12	65,000		65,000
Bits, Stablizers & Reamers					6.08	30,000		30,000
Directional Service					6.53	132,000		132,000
Casing Crews & Equipment					6.01; 7.03	10,000	10,000	20,000
Equipment Rental					6.20; 7.12	80,000	50,000	130,000
Waterwell, Pump & Line					6.47; 7.56	15,000	5,000	20,000
Water Transport					6.46; 7.17	35,000	15,000	50,000
Cement Service					6.02, 7.43	55,000	60,000	115,000
Drill Stem Testing		@ \$		per test	6.54			
Coring & Core Analysis		ft @ \$		per ft	6.05			
Geological Services					6.24			
Mud Logging	15	day @ \$	900	per day	6.33	13,500		13,500
Open Hole Log Service					6.34	15,000		15,000
Cased Hole Log Service					7.36		8,000	8,000
Wireline & Perforating	TCP				6.35; 7.35		75,000	75,000
Acid Stimulation					7.01		26,000	26,000
Frac Stimulation					7.16		420,000	420,000
Pump Truck & Nitrogen Service					7.19	1,000	1,000	2,000
Transportation					6.32; 7.32	15,000	8,000	23,000
Contract Labor & Welding					6.04; 7.07; 6.29, 7.22	1,500	1,000	2,500
Roustabout / Installation					6.42; 7.28	1,000	8,000	9,000
Tubular Inspection					6.45; 7.34	5,500	2,000	7,500
Well Testing					7.44		21,000	
Engineering & Wellsite Supervision	Drig Days	32	Comp Days	10 \$/Day	\$1,000 6.22; 7.38	32,000	10,000	42,000
Abandonment					6.55			
Environmental, Disposal & Restoration					7.08		50,000	50,000
Contingencies @ 5 %					6.98, 7.98	54,200	39,400	93,600
Subtotal:						1,137,200	827,000	1,964,200

LEASE & WELL EQUIPMENT

Tubulars:	Size/Wt./Grade/Thd	Footage	Price					
Conductor Pipe			ft @ \$	per ft	3.03			
Surface Casing	13 3/8" 48# H40	400	ft @ \$ 35.00	per ft	3.08	14,000		14,000
Intermediate Casing	9 5/8" 36# J55	1,300	ft @ \$ 26.00	per ft	3.04	33,800		33,800
Protection Liner			ft @ \$	per ft	4.40			
Production Casing	5 1/2" 17# N80	9,000	ft @ \$ 17.50	per ft	4.21	157,500		157,500
Production Liner			ft @ \$	per ft	4.21			
Production Tubing	2 3/8" 4.6# J55	4,800	ft @ \$ 4.50	per ft	4.33	21,600		21,600
Wellhead Equipment/Flowing/Pumping				4.36; 4.36	12,000	7,000		19,000
Liner Hanger, Packer & Tubing Anchor				4.17; 4.20		15,000		15,000
Cementing & Float equipment				4.41; 4.41	2,500	1,500		4,000
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		16,500		16,500
Heater-Treater				4.13				
Dehydrator/Line Heater				4.38				
Meters, Valves & Connections				4.34		5,000		5,000
Flowline & Connections/ Pipeline				4.34; 4.10		4,000		4,000
Gas Pipeline, Meter & Installation				4.18		35,000		35,000
Subtotal:					62,300	267,900		330,200
Grand Total:						1,199,500	1,094,900	2,294,400

ENDEAVOR ENERGY RESOURCES LP

Prepared By: Larry Gillette

DATE: 8-Feb-07

Approved By:

DATE: 2/8/07

Title:

WORKING INTEREST PARTNER

agrees to participate for _____ % W. I.

NMOCD CASE NO. 13873

MAY 10, 2007

LCX ENERGY, LLC

EXHIBIT NO. 3

DATE: