

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address LCX ENERGY, LLC. 110 NORTH MARIENFELD SUITE 200 MIDLAND, TEXAS 79701		OGRID Number 218885
Property Code 33040	Property Name 1724 STATE	Well No. 261
Proposed Pool 1 COLLINS RANCH-WOLFCAMP (75010)		Proposed Pool 2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	26	17S	24E		660'	SOUTH	1880	WEST	EDDY CO.

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	17S	24E		660'	SOUTH	1880'	WEST	EDDY CO.

Additional Well Information

Work Type Code N	Well Type Code G	Cable/Rotary ROTARY	Lease Type Code S	Ground Level Elevation
Multiple NO	Proposed Depth MD-8717, TVD-4960'	Formation WOLFCAMP	Contractor BIG DOG DRILLING	Spud Date WHEN APPROVED
Depth to Groundwater 100'+		Distance from nearest fresh water well 1 Mi East		Distance from nearest surface water Eagle Draw 1 Mi North
Pit: Liner: Synthetic ☒ 12 mils thick Clay ☐ Pit Volume: 18M bbls		Drilling Method:		
Closed-Loop System ☐		Fresh Water ☒ Brine ☒ Diesel/Oil-based ☐ Gas/Air ☐		

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
26"	20"	NA	40'	Redi-mix	Surface
17 1/2"	13 3/8"	48#	350'	400 Sx.	Surface
12 1/2"	9 5/8"	36#	1200'	475 Sx.	Surface
8 3/4 - 7 7/8"	5 1/2"	15.5#	MD-8717 TVD-4960'	600 Sx.	Est. TOC 1000' FS

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

* Verify by comp survey or CBL

RECEIVED

MAY 11 2006

ODD-ARTESIA

SEE ATTACHED SHEET FOR DETAIL

NOTIFY OCD OF SPUD &
TIME TO WITNESS
CEMENTING OF SURFACE &
INTERMEDIATE CASING

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: Joe T. Janica

Title: Agent

E-mail Address: joejanica@valornet.com

Date: 05/10/06

Phone: 505-391-8503

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARANT

DISTRICT II GEOLOGIST

Approval Date: MAY 12 2006

Expiration Date: MAY 12 2007

Conditions of Approval Attached ☐

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1625 N. French Dr., Hobbs, NM 88240

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State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Frances Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 75010	Pool Name COLLINS RANCH-WOLFCAMP
Property Code	Property Name 1724 STATE	Well Number 261
OGRID No. 218885	Operator Name LCX ENERGY, LLC	Elevation 3724'

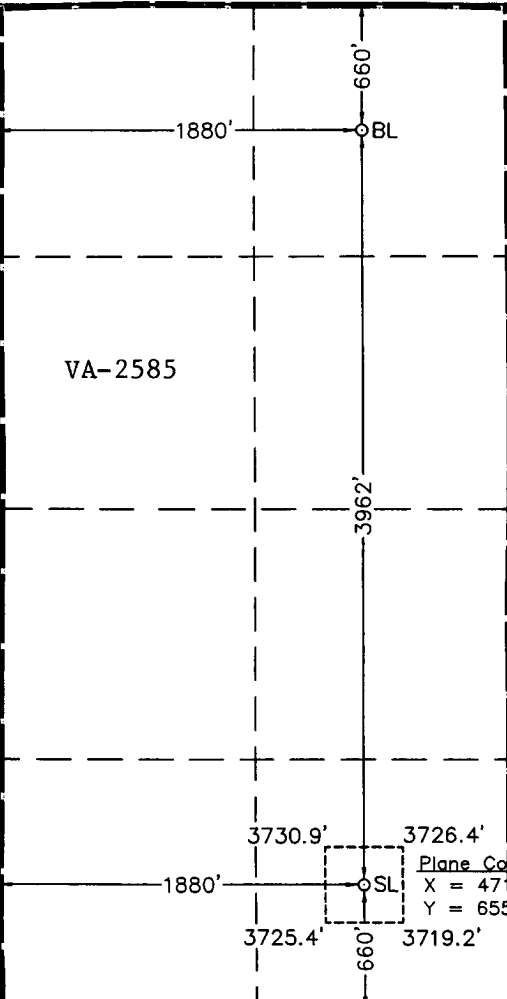
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	26	17 S	24 E		660	SOUTH	1880	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	17 S	24 E		660	NORTH	1880	WEST	EDDY
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	NOTE: 1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1983. Distances shown hereon are mean horizontal surface values. VA-2585	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Joe T. Janica</i> Signature Date Joe T. Janica 05/10/06 Printed Name Agent SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief. April 20, 2006 Date of Survey Signature & Seal of Professional Surveyor LVA W.O. Num. 2006-0290 Certificate No. MACON McDONALD 12185
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LCX ENERGY, LLC.

1724 STATE # 261

SL-660' FNL & 1880' FWL

BHL 660' FSL 7 1880' FWL

SECTION 26 T17S-R24E

EDDY CO. NEW MEXICO

Horizontal Drilling Procedure Abo Wildcat Horizontals (Eddy Co., NM)

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17-1/2" hole to 350'.
3. Drill 12-1/4 hole to 1200'. Run and set 1200' of 9-5/8" 36# J-55 ST&C casing. Cement with 375 sx of 35/65 Poz/C + 5% NaCl + 6% Bentonite, tail in with 100 sx. of Class "C" cement + 2% CaCl, circulate cement to surface.
4. Drill 7-7/8" or 8-3/4" hole to approx. 5000'. Set cement kick-off plug from TD to approx. 4400 ft with 150 sx H + 0.5% dispersant.
5. Dress cement top to desired kick-off point. Drill 7-7/8" curve and land lateral in pay zone (approx. 4900 ft TVD). Pickup lateral drilling assembly with an 8-3/4" or 7-7/8" bit and drill a +/-4000' lateral to 660' from lease line (approx. 4000 ft vertical section).
6. Run and set 5-1/2" 17# N80 or stronger production casing. Cement 5-1/2" with acid soluble cement through the lateral and 400 sx 50/50 Poz/C + 10% gel and tail in with 200 sx C + 200% CaCO₃ (acid soluble cement) + fluid loss additive + retarder (as required), attempting to bring top of cement to 1,000'.

Contingency Strings:

If lost circulation occurs in the surface hole:

- 2a. Run and set 350' of 13-3/8" 48# H-40 ST&C casing. Cement with 200 sx 35/65 Poz/C + 6% gel and tail in with 200 sx of Class "C" cement + 2% CaCl, circulate cement to surface.

If hole conditions dictate running a 7" contingency string in the 8-3/4" hole :

- 4a. Run approx. 5100 ft 7" 26# J55 or stronger casing to TD. Cement with 700 sx class 'C' cement + add's attempting bringing TOC to approx. 1,000 ft. This may be done in the vertical pilot hole or at the end of the 8-3/4" curve section.
- 4b. Run whipstock and cut a window in the 7" casing (or drill out with 6-1/8" BHA if 7" set at end of curve). Drill to TD.
- 5a. Step 5 will be omitted.
- 6a. Run and set approximately 4400 ft 4-1/2" 11.6# N/L80 liner from TD to approximately 200' above the window/7" casing shoe. Cement with approx. 110 sx C + 200% CaCO₃ (acid soluble cement) + add's attempting to bring TOC above liner top.

FRESH WATER WILL BE USED TO DRILL THE 350' HOLE AND THE 1200' HOLE.

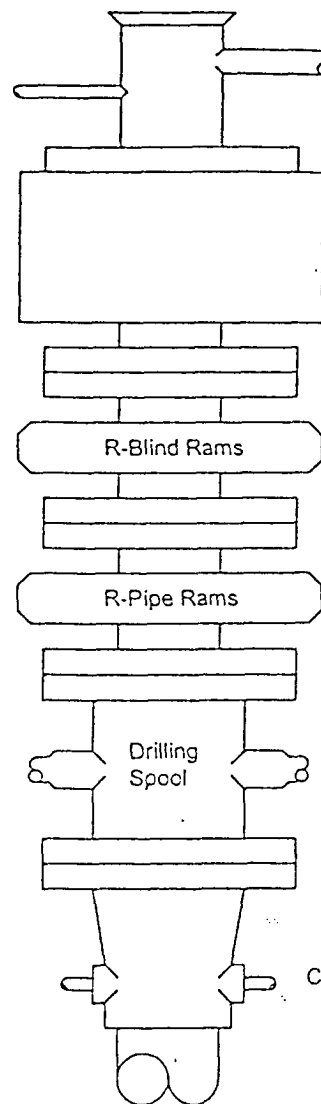
THERE IS NO KNOWN PRESENCE OF ANY H₂S IN THIS AREA. OTHER WELLS DRILLED HAVE NOT ENCOUNTERED ANY HYDROGEN SULFIDE WHILE DRILLING.

BLOWOUT PREVENTER SYSTEM

3000 PSI

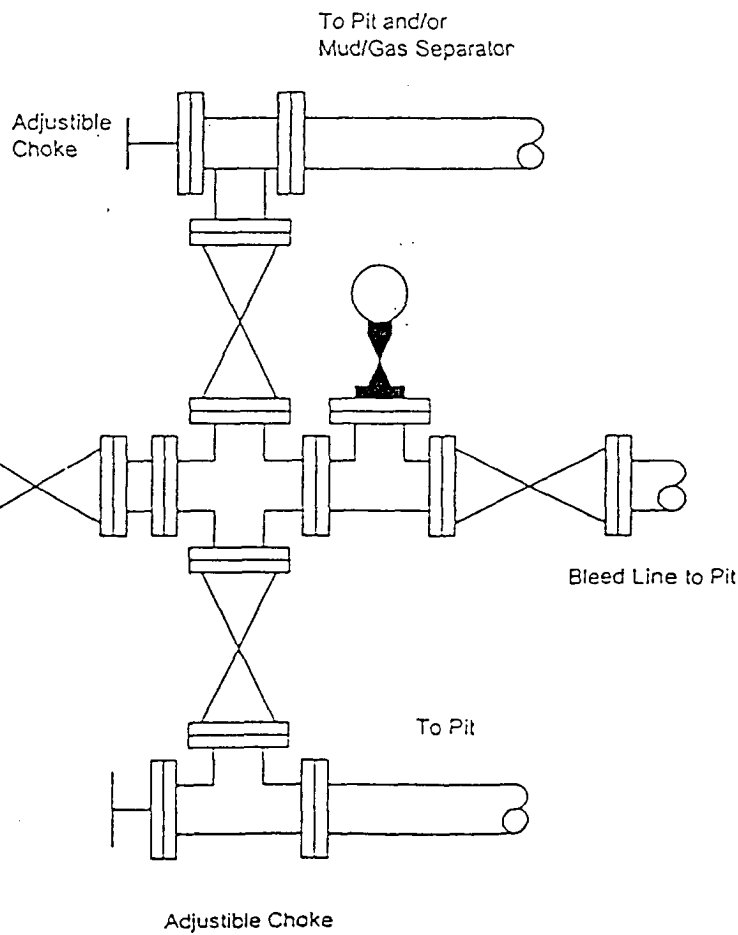
Fill Line

Flow Line



900 SERIES
3000 PSI WP

Choke Manifold Assembly for 5M WP System

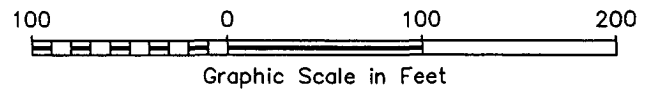
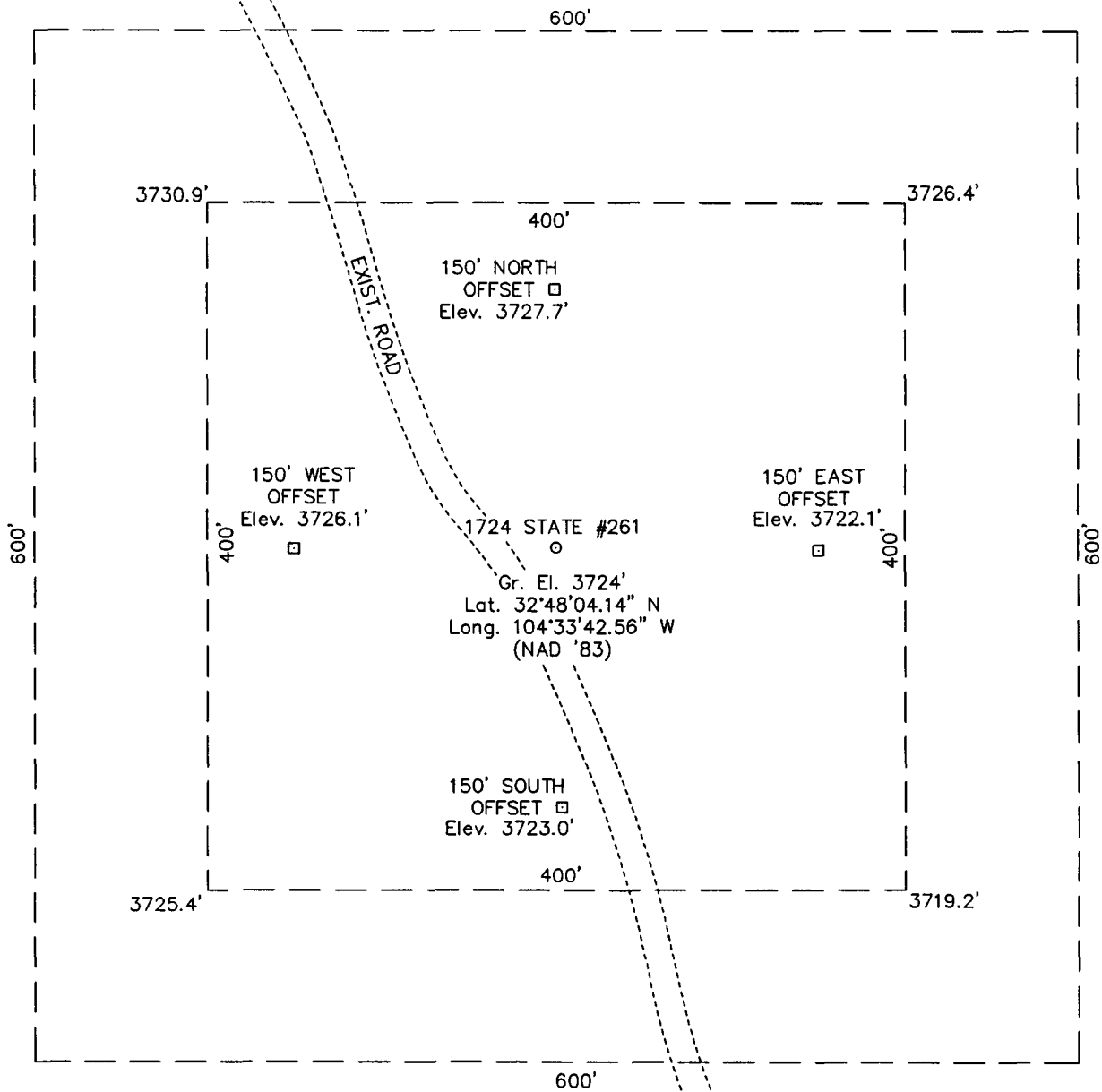


SECTION 26, TOWNSHIP 17 SOUTH, RANGE 24 EAST, N.M.P.M.

EDDY COUNTY

NEW MEXICO

L-2006-0290



LCX ENERGY, LLC

1724 STATE #261

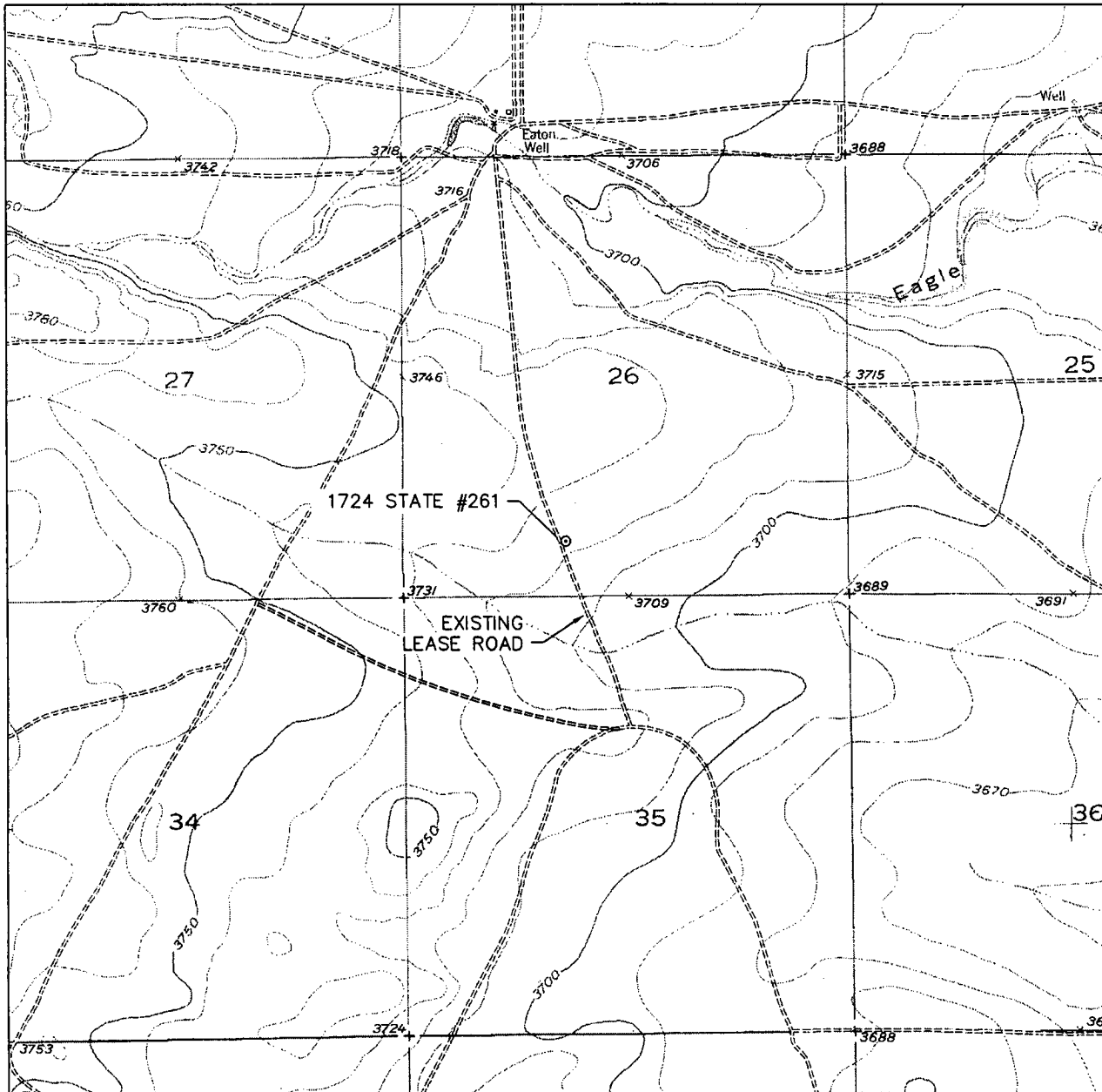
Located 660' FSL & 1880' FWL, Section 26
Township 17 S, Range 24 E, N.M.P.M.
Eddy County, New Mexico

Drawn By: JSR	Date: April 28, 2006
Scale: 1"=100'	Field Book: 326 / 58-68
Revision Date:	Quadrangle: Hope SE
W.O. No: 2006-0290	Dwg. No.: L-2006-0290

**WEST
COMPANY**
of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOPE SE - 10'

SEC. 26 TWP. 17-S RGE. 24-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FSL & 1880' FWL

ELEVATION 3724'

OPERATOR LCX ENERGY, LLC

LEASE 1724 STATE

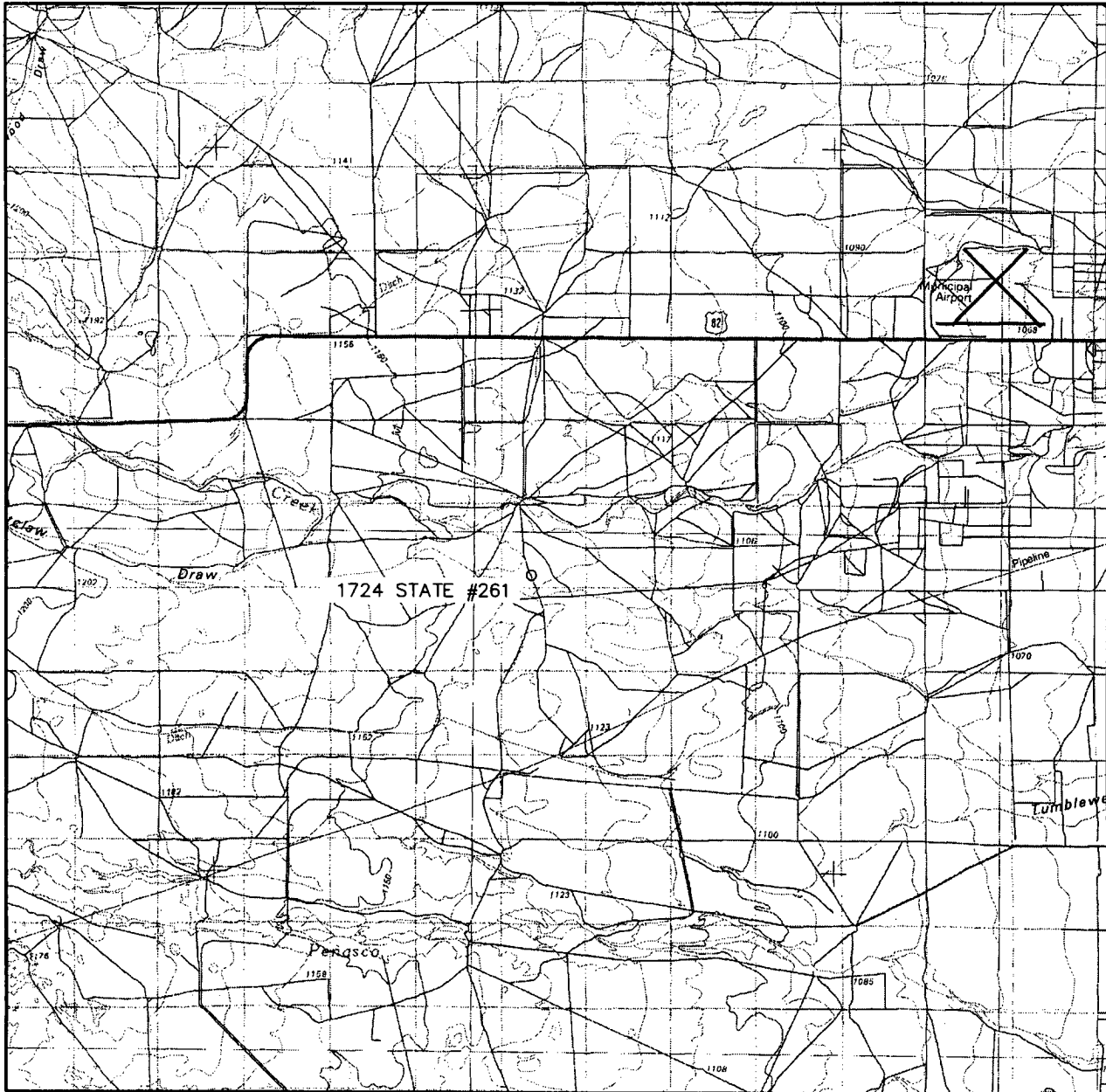
U.S.G.S. TOPOGRAPHIC MAP
HOPE SE, N.M.



WEST
COMPANY
of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 26 TWP. 17-S RGE. 24-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FSL & 1880' FWL

ELEVATION 3724'

OPERATOR LCX ENERGY, LLC

LEASE 1724 STATE



**WEST
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of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

Proposal

Report Date: May 8, 2006	Survey / DLS Computation Method: Minimum Curvature / Lubinski
Client: LCX Energy	Vertical Section Azimuth: 0.110°
Field: Eddy County, NM Nad 83	Vertical Section Origin: N 0.000 ft, E 0.000 ft
Structure / Slot: 1724 State #261 / 1724 State #261	TVD Reference Datum: RKB
Well: 1724 State #261	TVD Reference Elevation: 0.0 ft relative to
Borehole: 1724 State #261	Sea Bed / Ground Level Elevation: 0.000 ft relative to
UWI/API#:	Magnetic Declination: 8.677°
Survey Name / Date: 1724 State #261_r1 / May 8, 2006	Total Field Strength: 49401.666 nT
Tort / AHD / DDI / ERD ratio: 90.000° / 3962.35 ft / 5.797 / 0.799	Magnetic Dip: 60.672°
Grid Coordinate System: NAD83 New Mexico State Planes, Eastern Zone, US Feet	Declination Date: May 08, 2006
Location Lat/Long: N 32 48 4.138, W 104 33 42.562	Magnetic Declination Model: IGRF 2005
Location Grid N/E Y/X: N 655266.500 ftUS, E 471131.200 ftUS	North Reference: Grid North
Grid Convergence Angle: -0.12377894°	Total Corr Mag North -> Grid North: +8.801°
Grid Scale Factor: 0.99991474	Local Coordinates Referenced To: Well Head

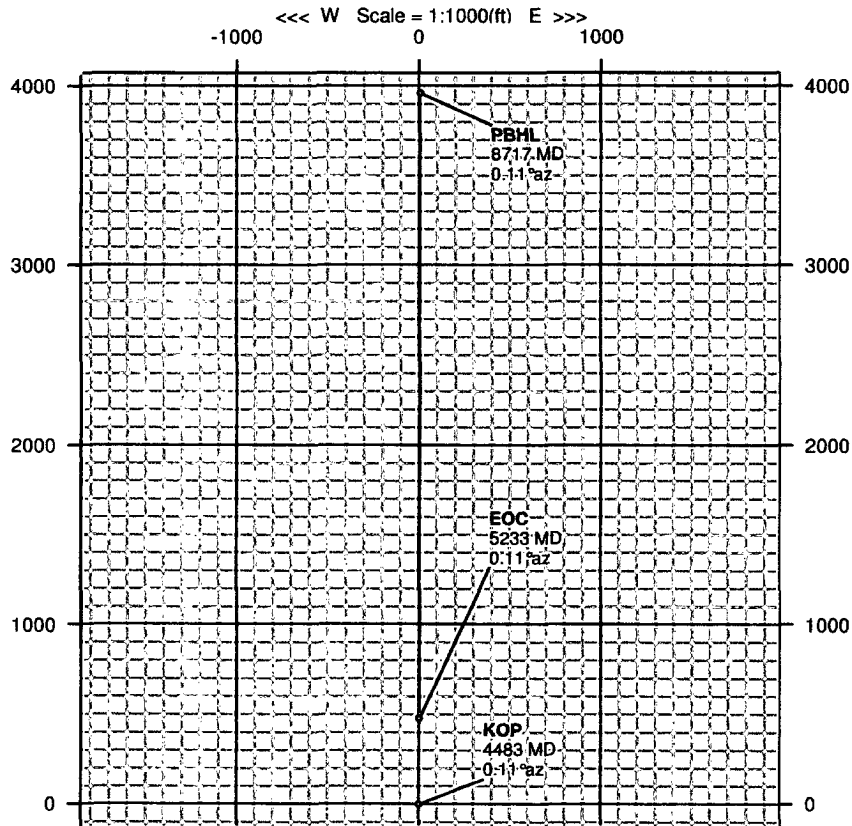
Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Tool Face (deg)
Tie-In	0.00	0.00	0.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11M
KOP	4482.54	0.00	0.11	4482.54	0.00	0.00	0.00	0.00	0.00	0.00	0.11M
	4500.00	2.10	0.11	4500.00	0.32	0.32	0.00	0.32	0.11	12.00	0.11M
	4600.00	14.10	0.11	4598.82	14.38	14.38	0.03	14.38	0.11	12.00	0.00G
	4700.00	26.10	0.11	4692.56	48.67	48.67	0.09	48.67	0.11	12.00	0.00G
	4800.00	38.10	0.11	4777.12	101.71	101.71	0.19	101.71	0.11	12.00	0.00G
	4900.00	50.10	0.11	4848.81	171.17	171.17	0.32	171.17	0.11	12.00	0.00G
	5000.00	62.10	0.11	4904.49	254.01	254.01	0.47	254.01	0.11	12.00	0.00G
	5100.00	74.10	0.11	4941.72	346.63	346.62	0.65	346.63	0.11	12.00	0.00G
	5200.00	86.10	0.11	4958.89	444.95	444.95	0.83	444.95	0.11	12.00	0.00G
EOC	5232.54	90.00	0.11	4960.00	477.46	477.46	0.89	477.46	0.11	12.00	0.00G
	5300.00	90.00	0.11	4960.00	544.93	544.93	1.02	544.93	0.11	0.00	0.00G
	5400.00	90.00	0.11	4960.00	644.93	644.93	1.20	644.93	0.11	0.00	0.00G
	5500.00	90.00	0.11	4960.00	744.93	744.93	1.39	744.93	0.11	0.00	0.00G
	5600.00	90.00	0.11	4960.00	844.93	844.93	1.58	844.93	0.11	0.00	0.00G
	5700.00	90.00	0.11	4960.00	944.93	944.93	1.76	944.93	0.11	0.00	0.00G
	5800.00	90.00	0.11	4960.00	1044.93	1044.93	1.95	1044.93	0.11	0.00	0.00G
	5900.00	90.00	0.11	4960.00	1144.93	1144.93	2.14	1144.93	0.11	0.00	0.00G
	6000.00	90.00	0.11	4960.00	1244.93	1244.93	2.33	1244.93	0.11	0.00	0.00G
	6100.00	90.00	0.11	4960.00	1344.93	1344.93	2.51	1344.93	0.11	0.00	0.00G
	6200.00	90.00	0.11	4960.00	1444.93	1444.93	2.70	1444.93	0.11	0.00	0.00G
	6300.00	90.00	0.11	4960.00	1544.93	1544.93	2.89	1544.93	0.11	0.00	0.00G
	6400.00	90.00	0.11	4960.00	1644.93	1644.93	3.07	1644.93	0.11	0.00	0.00G
	6500.00	90.00	0.11	4960.00	1744.93	1744.93	3.26	1744.93	0.11	0.00	0.00G
	6600.00	90.00	0.11	4960.00	1844.93	1844.93	3.45	1844.93	0.11	0.00	0.00G
	6700.00	90.00	0.11	4960.00	1944.93	1944.93	3.63	1944.93	0.11	0.00	0.00G
	6800.00	90.00	0.11	4960.00	2044.93	2044.93	3.82	2044.93	0.11	0.00	0.00G
	6900.00	90.00	0.11	4960.00	2144.93	2144.93	4.01	2144.93	0.11	0.00	0.00G
	7000.00	90.00	0.11	4960.00	2244.93	2244.93	4.19	2244.93	0.11	0.00	0.00G
	7100.00	90.00	0.11	4960.00	2344.93	2344.93	4.38	2344.93	0.11	0.00	0.00G
	7200.00	90.00	0.11	4960.00	2444.93	2444.93	4.57	2444.93	0.11	0.00	0.00G
	7300.00	90.00	0.11	4960.00	2544.93	2544.93	4.75	2544.93	0.11	0.00	0.00G
	7400.00	90.00	0.11	4960.00	2644.93	2644.93	4.94	2644.93	0.11	0.00	0.00G
	7500.00	90.00	0.11	4960.00	2744.93	2744.92	5.13	2744.93	0.11	0.00	0.00G
	7600.00	90.00	0.11	4960.00	2844.93	2844.92	5.31	2844.93	0.11	0.00	0.00G
	7700.00	90.00	0.11	4960.00	2944.93	2944.92	5.50	2944.93	0.11	0.00	0.00G
	7800.00	90.00	0.11	4960.00	3044.93	3044.92	5.69	3044.93	0.11	0.00	0.00G
	7900.00	90.00	0.11	4960.00	3144.93	3144.92	5.87	3144.93	0.11	0.00	0.00G

Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Tool Face (deg)
	8000.00	90.00	0.11	4960.00	3244.93	3244.92	6.06	3244.93	0.11	0.00	0.00G
	8100.00	90.00	0.11	4960.00	3344.93	3344.92	6.25	3344.93	0.11	0.00	0.00G
	8200.00	90.00	0.11	4960.00	3444.93	3444.92	6.43	3444.93	0.11	0.00	0.00G
	8300.00	90.00	0.11	4960.00	3544.93	3544.92	6.62	3544.93	0.11	0.00	0.00G
	8400.00	90.00	0.11	4960.00	3644.93	3644.92	6.81	3644.93	0.11	0.00	0.00G
	8500.00	90.00	0.11	4960.00	3744.93	3744.92	6.99	3744.93	0.11	0.00	0.00G
	8600.00	90.00	0.11	4960.00	3844.93	3844.92	7.18	3844.93	0.11	0.00	0.00G
	8700.00	90.00	0.11	4960.00	3944.93	3944.92	7.37	3944.93	0.11	0.00	0.00G
PBHL	8717.42	90.00	0.11	4960.00	3962.35	3962.35	7.40	3962.35	0.11	0.00	0.00G

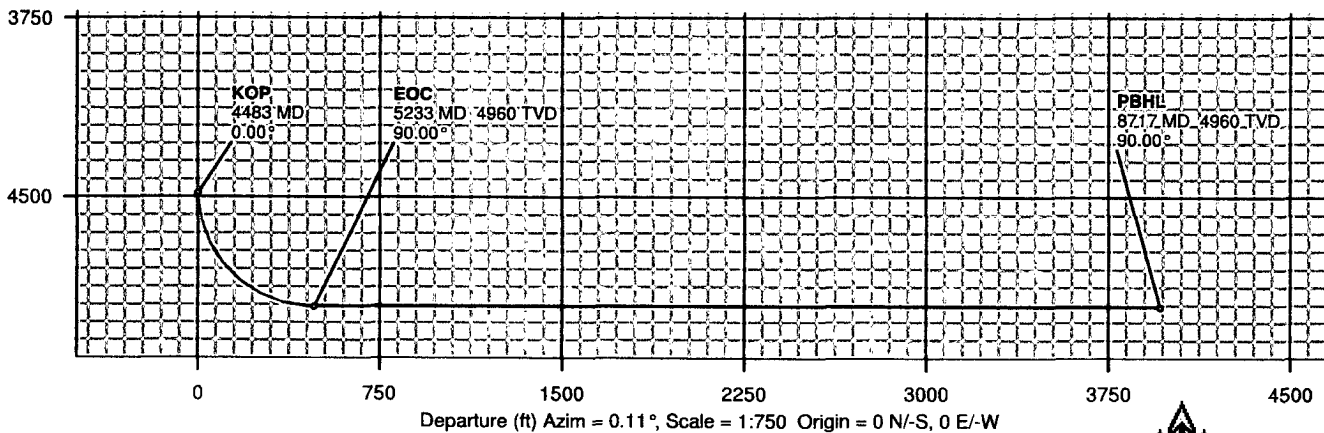
LCX Energy

WELL 1724 State #261 FIELD Eddy County, NM STRUCTURE 1724 State #261

Magnetic Parameters Model: IGRF 2005 Dip: 60.672° Date: May 08, 2006 FS: 48401.7 nT Surface Location Lat: N32 46 4.138 Lon: W104 33 42.562 Northing: 655266.50 ftUS Easting: 471131.20 ftUS NAD83 New Mexico State Planes, Eastern Zone, US Feet Grid Conv: -0.12377894 Scale Fact: 0.9999147353 Miscellaneous Slot: 1724 State #261 Plan: 1724 State #261 - 1 TVD Ref: RKB (0.00 ft above) Srvy Date: Mon 03-17 PM May 08, 2006



Critical Points								
Critical Point	MD	INCL	AZIM	TVD	YSEC	N(+) / S(-)	E(+) / W(-)	DLS
Tie-In	0.00	0.00	0.11	0.00	0.00	0.00	0.00	0.00
KOP	4482.54	0.00	0.11	4482.54	0.00	0.00	0.00	0.00
EOC	5232.54	90.00	0.11	4960.00	477.46	477.46	0.89	12.00
PBHL	8717.42	90.00	0.11	4960.00	3962.35	3962.35	7.40	0.00



INTREPID
Directional Drilling Specialists

