

Attached to and made a part of that certain Operating Agreement dated October 1, 2005 by and between LCX ENERGY, LLC, as Operator and Devon Energy Production Company, L.P., et al, as Non-operators

**LCX Energy, LLC – 1725 Fed-Com No. 61**

1. DESCRIPTION OF LANDS SUBJECT TO THIS AGREEMENT:

All of the W/2 of Section 6, T-17-S, R-25-E, NMPM, Eddy County, New Mexico, containing 319.94 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.  
 24 Smith Road, Suite 405  
 Midland, Texas 79705  
 Telephone: 432-349-6267

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

EOG Resources, Inc.  
 P.O. Box 2267  
 Midland, Texas 79702  
 Telephone: 432-686-3730

Devon Energy Corporation  
 20 North Broadway  
 Oklahoma City, OK 73102-8260  
 Telephone: 405-228-4416

Dorchester Minerals Operating LP  
 3838 Oak Lawn Avenue Suite 300  
 Dallas, TX 75219-4541  
 Telephone: 214-559-0300

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

OWNER	Working Interest Before Payout	Working Interest After Payout
LCX ENERGY, LLC ***	35.287717%	35.204229%
PARALLEL PETROLEUM CORPORATION ***	3.920857%	3.911581%
CAPSTONE OIL & GAS COMPANY, L.P. ***	5.765967%	5.752325%
CMW INTERESTS, INC. ***	0.000000%	0.144149%
ELGER EXPLORATION, INC. **	0.576597%	0.575232%
EOG RESOURCES ***	15.375911%	15.339533%
DEVON ENERGY CORPORATION	37.510158%	37.510158%
DORCHESTER MINERALS OPERATING LP	1.562793%	1.562793%
<b>TOTAL</b>	<b>100.000000%</b>	<b>100.000000000%</b>

\* Parties to a Leasehold Exchange and Area of Mutual Interest Agreement dated January 15, 2004 providing for a 25% backin at payout.

Handwritten notes: 62.5, 37.5

**\*\* Parties to a Leasehold Exchange and Area of Mutual Interest Agreement  
dated January 15, 2004 naming LCX Energy, LLC as Operator.**

**5. OIL AND GAS LEASES AND/OR OIL AND GAS INTERESTS:**

**Tract No. 1**

Lease Recording Information:	Book 502, Page 453, Correction in Book 531, Page 427
Lease Date:	February 19, 2003
Lease Term:	Three (3) years
Lessor:	Sarah Lew Link Grimes
Original Lessee:	M. Craig Clark
Present Lessee:	EOG Resources, Inc., et al
Description of Land Committed:	Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico
No. of Acres:	80.00
Royalty Rate:	22.5%

Name and Percent ORRI Owners:	C. Mark Wheeler, et ux	0.7500%**
	Jerry B. Elger, et ux	0.7500%**

Name and Percent WI Owner:	LCX Energy, LLC	57.3750%
	EOG Resources, Inc.	25.0000%
	Capstone Oil & Gas Company, LP	9.3750%
	Parallel Petroleum Corporation	6.3750%
	CMW Interests, Inc.	0.9375%
	Elger Exploration, Inc.	0.9375%

Lease Recording Information:	Book 502, Page 454, Correction in Book 531, Page 428
Lease Date:	February 3, 2003
Lease Term:	Three (3) years
Lessor:	Matthews-Link Properties, Ltd.
Original Lessee:	M. Craig Clark
Present Lessee:	EOG Resources, Inc., et al
Description of Land Committed:	Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico
No. of Acres:	80.00
Royalty Rate:	22.5%

Name and Percent ORRI Owners:	C. Mark Wheeler, et ux	0.7500%**
	Jerry B. Elger, et ux	0.7500%**

Name and Percent WI Owner:	LCX Energy, LLC	57.3750%
	EOG Resources, Inc.	25.0000%
	Capstone Oil & Gas Company, LP	9.3750%
	Parallel Petroleum Corporation	6.3750%
	CMW Interests, Inc.	0.9375%
	Elger Exploration, Inc.	0.9375%

Lease Recording Information:	Book 488, Page 880
Lease Date:	November 12, 2002
Lease Term:	Three (3) years
Lessor:	Charles D. Vertrees, Jr.
Original Lessee:	M. Craig Clark
Present Lessee:	EOG Resources, Inc., et al
Description of Land Committed:	Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico
No. of Acres:	80.00
Royalty Rate:	15.625%

Name and Percent ORRI Owners:	C. Mark Wheeler, et ux	0.7500%**
	Jerry B. Elger, et ux	0.7500%**
	EOG Resources, Inc.	6.3750%*

Name and Percent WI Owner:	LCX Energy, LLC	57.3750%
	EOG Resources, Inc.	25.0000%
	Capstone Oil & Gas Company, LP	9.3750%
	Parallel Petroleum Corporation	6.3750%
	CMW Interests, Inc.	0.9375%
	Elger Exploration, Inc.	0.9375%

Lease Recording Information:	Book 488, Page 886	
Lease Date:	November 12, 2002	
Lease Term:	Three (3) years	
Lessor:	Ralph W. Vertrees	
Original Lessee:	M. Craig Clark	
Present Lessee:	EOG Resources, Inc., et al	
Description of Land Committed:	Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico	
No. of Acres:	80.00	
Royalty Rate:	15.625%	
Name and Percent ORRI Owners:	C. Mark Wheeler, et ux	0.7500%**
	Jerry B. Elger, et ux	0.7500%**
	EOG Resources, Inc.	6.3750%*
Name and Percent WI Owner:	LCX Energy, LLC	57.3750%
	EOG Resources, Inc.	25.0000%
	Capstone Oil & Gas Company, LP	9.3750%
	Parallel Petroleum Corporation	6.3750%
	CMW Interests, Inc.	0.9375%
	Elger Exploration, Inc.	0.9375%

Lease Recording Information:	Book 618, Page 490	
Lease Date:	October 3, 2005	
Lease Term:	Two (2) years	
Lessor:	Dorchester Minerals Operating L.P.	
Original Lessee:	LCX Energy, LLC	
Present Lessee:	LCX Energy, LLC, et al	
Description of Land Committed:	Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico	
No. of Acres:	80.00	
Royalty Rate:	25%	
Name and Percent ORRI Owners:	None	
Name and Percent WI Owner:	LCX Energy, LLC	57.3750%
	EOG Resources, Inc.	25.0000%
	Capstone Oil & Gas Company, LP	9.3750%
	Parallel Petroleum Corporation	6.3750%
	CMW Interests, Inc.	0.9375%
	Elger Exploration, Inc.	0.9375%

Lease Recording Information:	Book 480, Page 726, Amendment in Book 492, Page 360	
Lease Date:	November 1, 2002	
Lease Term:	Three (3) years	
Lessor:	E. L. Latham Co., a New Mexico partnership	
Original Lessee:	M. Craig Clark	
Present Lessee:	EOG Resources, Inc., et al	
Description of Land Committed:	Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico	
No. of Acres:	80.00	
Royalty Rate:	18.75%	
Name and Percent ORRI Owners:	C. Mark Wheeler, et ux	0.7500%**
	Jerry B. Elger, et ux	0.7500%**
	EOG Resources, Inc.	3.2500%*
Name and Percent WI Owner:	LCX Energy, LLC	57.3750%
	EOG Resources, Inc.	25.0000%
	Capstone Oil & Gas Company, LP	9.3750%
	Parallel Petroleum Corporation	6.3750%
	CMW Interests, Inc.	0.9375%
	Elger Exploration, Inc.	0.9375%

**Lease Recording Information:** Book 485, Page 309, Amendment in Book 492, Page 376  
**Lease Date:** November 1, 2002  
**Lease Term:** Three (3) years  
**Lessor:** Mumford & Company, a New Mexico partnership  
**Original Lessee:** M. Craig Clark  
**Present Lessee:** EOG Resources, Inc., et al  
**Description of Land Committed:** Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico  
**No. of Acres:** 80.00  
**Royalty Rate:** 18.75%

**Name and Percent ORRI Owners:** C. Mark Wheeler, et ux 0.7500%\*\*  
 Jerry B. Elger, et ux 0.7500%\*\*  
 EOG Resources, Inc. 3.2500%\*

**Name and Percent WI Owner:** LCX Energy, LLC 57.3750%  
 EOG Resources, Inc. 25.0000%  
 Capstone Oil & Gas Company, LP 9.3750%  
 Parallel Petroleum Corporation 6.3750%  
 CMW Interests, Inc. 0.9375%  
 Elger Exploration, Inc. 0.9375%

**Lease Recording Information:** Book 506, Page 1129  
**Lease Date:** March 17, 2003  
**Lease Term:** Three (3) years  
**Lessor:** Wells Fargo Bank New Mexico, N.A., Trustee of the CBF Company  
**Original Lessee:** EOG Resources, Inc.  
**Present Lessee:** EOG Resources, Inc., et al  
**Description of Land Committed:** Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico  
**No. of Acres:** 80.00  
**Royalty Rate:** 18.75%

**Name and Percent ORRI Owners:** C. Mark Wheeler, et ux 0.7500%\*\*  
 Jerry B. Elger, et ux 0.7500%\*\*  
 EOG Resources, Inc. 3.2500%\*

**Name and Percent WI Owner:** LCX Energy, LLC 57.3750%  
 EOG Resources, Inc. 25.0000%  
 Capstone Oil & Gas Company, LP 9.3750%  
 Parallel Petroleum Corporation 6.3750%  
 CMW Interests, Inc. 0.9375%  
 Elger Exploration, Inc. 0.9375%

**Lease Recording Information:** Book 574, Page 001  
**Lease Date:** September 23, 2004  
**Lease Term:** Three (3) years  
**Lessor:** Richard Lyons Moore, Individually and as Co-Trustee for the Stephen Scott Moore Testamentary Trust, and Michael Harrison Moore, Individually and as Co-Trustee for the Stephen Scott Moore Testamentary Trust  
**Original Lessee:** Gary W. Stoltz  
**Present Lessee:** LCX Energy, LLC, et al  
**Description of Land Committed:** Insofar and only insofar as said lease covers the Lots 1, 2 & 4 and the E/2 NW/4 of Section 31, T-16-S, R-25-E, Eddy County, New Mexico  
**No. of Acres:** 200.19 Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico  
**No. of Acres:** 80.00  
**Royalty Rate:** 25%

**Name and Percent ORRI Owners:** None

**Name and Percent WI Owner:** LCX Energy, LLC 57.3750%  
 EOG Resources, Inc. 25.0000%  
 Capstone Oil & Gas Company, LP 9.3750%  
 Parallel Petroleum Corporation 6.3750%

CMW Interests, Inc.	0.9375%
Elger Exploration, Inc.	0.9375%

Lease Recording Information:	Book 208, Page 458, Amendment in Book 502, Page 460
Lease Date:	February 10, 2003
Lease Term:	Three (3) years
Lessor:	Helen Gates Maxwell
Original Lessee:	M. Craig Clark
Present Lessee:	EOG Resources, Inc., et al
Description of Land Committed:	Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico
No. of Acres:	80.00
Royalty Rate:	18.75%

Name and Percent ORRI Owners:	C. Mark Wheeler, et ux	0.7500%**
	Jerry B. Elger, et ux	0.7500%**
	EOG Resources, Inc.	3.2500%*

Name and Percent WI Owner:	LCX Energy, LLC	57.3750%
	EOG Resources, Inc.	25.0000%
	Capstone Oil & Gas Company, LP	9.3750%
	Parallel Petroleum Corporation	6.3750%
	CMW Interests, Inc.	0.9375%
	Elger Exploration, Inc.	0.9375%

Lease Recording Information:	Book 492, Page 373
Lease Date:	January 31, 2003
Lease Term:	Three (3) years
Lessor:	Virginia Gates Irish
Original Lessee:	M. Craig Clark
Present Lessee:	EOG Resources, Inc., et al
Description of Land Committed:	Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico
No. of Acres:	80.00
Royalty Rate:	18.75%

Name and Percent ORRI Owners:	C. Mark Wheeler, et ux	0.7500%**
	Jerry B. Elger, et ux	0.7500%**
	EOG Resources, Inc.	3.2500%*

Name and Percent WI Owner:	LCX Energy, LLC	57.3750%
	EOG Resources, Inc.	25.0000%
	Capstone Oil & Gas Company, LP	9.3750%
	Parallel Petroleum Corporation	6.3750%
	CMW Interests, Inc.	0.9375%
	Elger Exploration, Inc.	0.9375%

Lease Recording Information:	Book 485, Page 281, Amendment in Book 502, Page 457
Lease Date:	October 29, 2002
Lease Term:	Three (3) years
Lessor:	Virgine Gates, Trustee of the Wallace and Vergine Family Trust u/t/a dated 4/29/87
Original Lessee:	M. Craig Clark
Present Lessee:	EOG Resources, Inc., et al
Description of Land Committed:	Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico
No. of Acres:	80.00
Royalty Rate:	18.75%

Name and Percent ORRI Owners:	C. Mark Wheeler, et ux	0.7500%**
	Jerry B. Elger, et ux	0.7500%**
	EOG Resources, Inc.	3.2500%*

Name and Percent WI Owner:	LCX Energy, LLC	57.3750%
	EOG Resources, Inc.	25.0000%
	Capstone Oil & Gas Company, LP	9.3750%
	Parallel Petroleum Corporation	6.3750%
	CMW Interests, Inc.	0.9375%
	Elger Exploration, Inc.	0.9375%

Lease Recording Information: Book 502, Page 461  
 Lease Date: February 3, 2003  
 Lease Term: Three (3) years  
 Lessor: John W. Gates, LLC  
 Original Lessee: M. Craig Clark  
 Present Lessee: EOG Resources, Inc., et al  
 Description of Land Committed: Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico  
 No. of Acres: 80.00  
 Royalty Rate: 18.75%

Name and Percent ORRI Owners: C. Mark Wheeler, et ux 0.7500%\*\*  
 Jerry B. Elger, et ux 0.7500%\*\*  
 EOG Resources, Inc. 3.2500%\*

Name and Percent WI Owner: LCX Energy, LLC 57.3750%  
 EOG Resources, Inc. 25.0000%  
 Capstone Oil & Gas Company, LP 9.3750%  
 Parallel Petroleum Corporation 6.3750%  
 CMW Interests, Inc. 0.9375%  
 Elger Exploration, Inc. 0.9375%

Lease Recording Information: Book 618, Page 498  
 Lease Date: September 27, 2005  
 Lease Term: Eighteen (18) months  
 Lessor: Gates Properties, Ltd.  
 Original Lessee: LCX Energy, LLC  
 Present Lessee: LCX Energy, LLC, et al  
 Description of Land Committed: Insofar and only insofar as said lease covers the Lots 4 & 5 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico  
 No. of Acres: 80.00  
 Royalty Rate: 25%

Name and Percent ORRI Owners: None

Name and Percent WI Owner: LCX Energy, LLC 57.3750%  
 EOG Resources, Inc. 25.0000%  
 Capstone Oil & Gas Company, LP 9.3750%  
 Parallel Petroleum Corporation 6.3750%  
 CMW Interests, Inc. 0.9375%  
 Elger Exploration, Inc. 0.9375%

**Tract No. 2**

Lease Serial Number: NM NM 93181  
 Lease Date: June 1, 1994  
 Lease Term: Ten (10) years  
 Lessor: United States of America  
 Original Lessee: Enron Oil & Gas Co.  
 Present Lessee: EOG Resources, Inc.  
 Description of Land Committed: Insofar and only insofar as said lease covers Lots 6 & 7 and the SE/4 NW/4 of Section 6, T-17-S, R-25-E, Eddy County, New Mexico  
 No. of Acres: 119.93  
 Royalty Rate: 12.5%

Name and Percent ORRI Owners: C. Mark Wheeler, et ux 0.7500%\*\*  
 Jerry B. Elger, et ux 0.7500%\*\*  
 EOG Resources, Inc. 7.1250%\*

Name and Percent WI Owner: LCX Energy, LLC 57.3750%  
 EOG Resources, Inc. 25.0000%  
 Capstone Oil & Gas Company, LP 9.3750%  
 Parallel Petroleum Corporation 6.3750%  
 CMW Interests, Inc. 0.9375%  
 Elger Exploration, Inc. 0.9375%

**Tract No. 3**

Lease Serial Number: NM NM 100832  
Lease Date: June 1, 1998  
Lease Term: Ten (10) years  
Lessor: United States of America  
Original Lessee: Perry & Perry, Inc.  
Present Lessee: Devon Energy Production Company, L . P.  
Description of Land Committed: Insofar and only insofar as said lease covers  
Lot 3 and the E/2 SW/4 of Section 6,  
T-17-S, R-25-E, Eddy County, New Mexico  
No. of Acres: 120.01  
Royalty Rate: 12.5%  
Name and Percent ORRI Owners: None  
Name and Percent WI Owner: Devon Energy Production Company, L . P. 100.000%

**6. BURDENS ON PRODUCTION:**

**LEASE ROYALTY:**

**SEE INDIVIDUAL LEASES ABOVE**

**OVERRIDING ROYALTY:**

**SEE INDIVIDUAL LEASES ABOVE**