

# Confirmation Report - Memory Send

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Job number : 550  
Date : Nov-23 03:36pm  
To : 14055528113--999  
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Start time : Nov-23 03:36pm  
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\*\*\* SEND SUCCESSFUL \*\*\*

LCX Energy, LLC  
Attn: Frank G. Nix  
110 N. Marionfield, Suite 200  
Midland, Texas 79701  
Phone: 432-687-1675  
Fax: 432-687-5874

LCX ENERGY, LLC

# Fax

To:	Meg Muhlinghaus	From:	Frank G. Nix 432-648-0221
Fax:	405-552-8113	Pages:	Cover + 3
Phone:	405-228-4416	Date:	11/23/2005
Re:	1725 Fed Com #81	CC:	

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

## Comments:

Meg,

I apologize for the delay in getting you a written response, as we discussed by phone and by phone messages, I was waiting on a response from our outside counsel, two and a half weeks have gone by and no response, so we have now found someone else.

Herewith, please find our AFE and offer to participate in the 1725 Fed Com #81. I hope your management will want to join us in this well.

Thanks  
Frank

NMOCD CASE NO. 13628  
MARCH 2, 2006  
LCX ENERGY, LLC  
EXHIBIT NO. 5

LCX Energy, LLC  
Attn: Frank G. Nix  
110 N. Marienfeld, Suite 200  
Midland, Texas 79701  
Phone: 432-687-1575  
Fax: 432-687-5874

**LCX ENERGY, LLC**

# Fax

**To:** Meg Muhlinghouse

**From:** Frank G. Nix 432-848-0221

**Fax:** 405-552-8113

**Pages:** Cover + 3

**Phone:** 405-228-4416

**Date:** 11/23/2005

**Re:** 1725 Fed Com #61

**CC:**

☐ **Urgent**    ☐ **For Review**    ☐ **Please Comment**    ☐ **Please Reply**    ☐ **Please Recycle**

● **Comments:**

Meg,

I apologize for the delay in getting you a written response, as we discussed by phone and by phone messages, I was waiting on a response from our outside counsel, two and a half weeks have gone by and no response, so we have now found someone else.

Herewith, please find our AFE and offer to participate in the 1725 Fed Com #61. I hope your management will want to join us in this well.

Thanks  
Frank

# LCX Energy, LLC

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November 23, 2005

VIA FACSIMILE AND CERTIFIED MAIL

Devon Energy Production Company, L.P.  
Attn: Meg Muhlinghouse  
20 N. Broadway St. 1500  
Oklahoma City, OK 73102

RE: Participation  
LCX Energy, LLC – 1725 Fed Com #61  
W/2 Section 6, T17S, R25E  
Eddy County, New Mexico

Dear Ms. Muhlinghouse:

Per our conversation, LCX Energy, LLC is the operator under the LCX Energy, LLC – 1625 State Com #201 well captioned above. This is a horizontal Wolfcamp well located in the W/2 W/2 of Section 20, T16S, R25E, Eddy County, New Mexico as more specifically described on the AFE. Devon owns a 120.0 net acre leasehold interest in Lot 3 and the E/2 SW/4 of Section 6, which falls within the spacing unit for our 1625 Fed Com #61. LCX Energy, LLC proposes Devon join us in the drilling of this well.

Enclosed for your review and further handling, please find duplicate copies of an Authorization for Expenditure for drilling, completing and equipping the captioned well. Should you decide to join in the drilling of this well, then please sign and return one copy of this letter and the enclosed AFE. We will then prepare a Joint Operating Agreement for your review.

In the alternative, should you not wish to participate, we propose (1) a term assignment of your interest for \$75.00 per net acre for a 75% net revenue interest one-year term assignment or (2) a farmout of your leasehold interest with Devon retaining the difference between existing leasehold burdens and 25% as an overriding royalty interest with the option to convert the retained override to a 25% working interest at payout of the well, proportionately reduced to Devon's leasehold interest in the 320 acre unit.

Please fax the signed letter and AFE to my attention at 432-687-2521 and mail the original document to my attention at the letterhead address.

Thank you in advance for time and consideration in this matter.

Very truly yours,

LCX Energy, LLC



Frank G. Nix  
Encl.

RE: Participation  
LCX Energy, LLC – 1725 Fed Com #61  
W/2 Section 6, T17S, R25E  
Eddy County, New Mexico

- ☐ The undersigned elects to **PARTICIPATE** in drilling the captioned well.
- ☐ The undersigned elects **NOT TO PARTICIPATE** in drilling the captioned well.

*In the alternative to participation:*

- ☐ The undersigned elects to take the term assignment alternative option (1) set out above.
- ☐ The undersigned elects to take the farmout alternative option (2) set out above.

Devon Energy Production Company, L.P.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

# LCX ENERGY, LLC

## AUTHORITY FOR EXPENDITURE

LEASE & WELL NO.: 1725 Fed Com # 61  
COUNTY: Eddy  
AFE No.: LCXD5023

Lease # 8085.001

PROSPECT:  
STATE: New Mexico  
SEC 6, 17S-25E, 760' FWL & 660' FNL SL, 760' FWL & 660' FSL 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	day @ \$ 12,500 per day	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		17,800	17,800
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		@ \$ 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" 38# 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	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	2,000
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	7,500	7,500
Heater-Treater				4.13		
Dehydrator/Line Heater				4.38		
Meters, Valves & Connections				4.34	3,000	3,000
Installation				4.25	3,000	3,000
Flowline & Connections				4.34; 4.10	1,000	1,000
Gas Pipeline, Meter & Installation				4.18	10,000	10,000
Subtotal:					54,200	235,900
Grand Total:					1,003,700	1,749,200

LCX ENERGY, LLC

Prepared By: Larry Gillette

DATE: 23-Sep-05

WORKING INTEREST PARTNER

agrees to participate for % W. I.

Approved By: *[Signature]*

DATE: 10/3/05

Approved By: \_\_\_\_\_

DATE: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_