Form 3160-3
(July 1992)

OCD-ARTESIA

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM-90947

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: ---

7. UNIT AGREEMENT NAME: ---

1a. TYPE OF WORK: DRILL [XX] DEEPEN [ ] 34020

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [XX] OTHER SINGLE ZONE [XX] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME, WELL NO.: 1625 FEDERAL COM. # 301

2. NAME OF OPERATOR: LCX ENERGY, LLC. (FRANK NIX 432-848-0221) 218885

9. API WELL NO.: 30-015-34779

3. ADDRESS AND TELEPHONE NO.: 101 NORTH MARIENFELD SUITE 200 MIDLAND, TEXAS 79701

10. FIELD AND POOL, OR WILDCAT: COTTONWOOD CREEK WOLFCAMP

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 660' FNL & 760' FEL SECTION 30 T16S-R25E EDDY CO. NM
At proposed prod. zone: 660' FSL & 760' FEL SECTION 30 T16S-R25E
Subject to Like Approval By State 75250

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 30 T16S-R25E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 7 miles West of Artesia New Mexico

12. COUNTY OR PARISH: EDDY CO.

13. STATE: NEW MEXICO

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660'	560	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
1320'	TVD-4960' MD-8760'	ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3571' GR.

22. APPROX. DATE WORK WILL START*: WHEN APPROVED

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	Conductor 20"	NA	40'	Cement to surface W/Redi-mix
17½"	H-40 13 3/8"	48# WITNESS	350'	400 Sx. circulate to surface
12¼"	J-55 9 5/8"	36# WITNESS	1200'	475 Sx. " " "
* 8 3/4"-7 7/8"	N-80 5½"	15.5#	MD-8760'TVD4960'	600 Sx. TOC 1000' Est.

RECEIVED
APR 14 2006
OCD-ARTESIA

* See attached sheet for more detailed information.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Roswell Controlled Water Basin

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Jack T Garcia TITLE Agent DATE 01/25/06

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ Tony J. Herrell TITLE FIELD MANAGER DATE APR 12 2006

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make

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'. 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.

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 8-3/4" hole to approx. 5100'. Set cement kick-off plug from TD to approx. 4800 ft with 150 sx H + 0.7% dispersant.

5. Dress cement top to desired kick-off point. Drill 8-3/4" 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" 15.5# 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 String:

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' and the 1200' hole.

There is no known presence of H_2S in this area. Other wells drilled in this area have not encountered any H_2S.

Joel Janicki

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
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	Pool Name
	75250	COTTONWOOD CREEK-WOLFCAMP

Property Code	Property Name	Well Number
	1625 FED COM	301

OGRID No.	Operator Name	Elevation
218885	LCX ENERGY, LLC	3571'

Surface Location

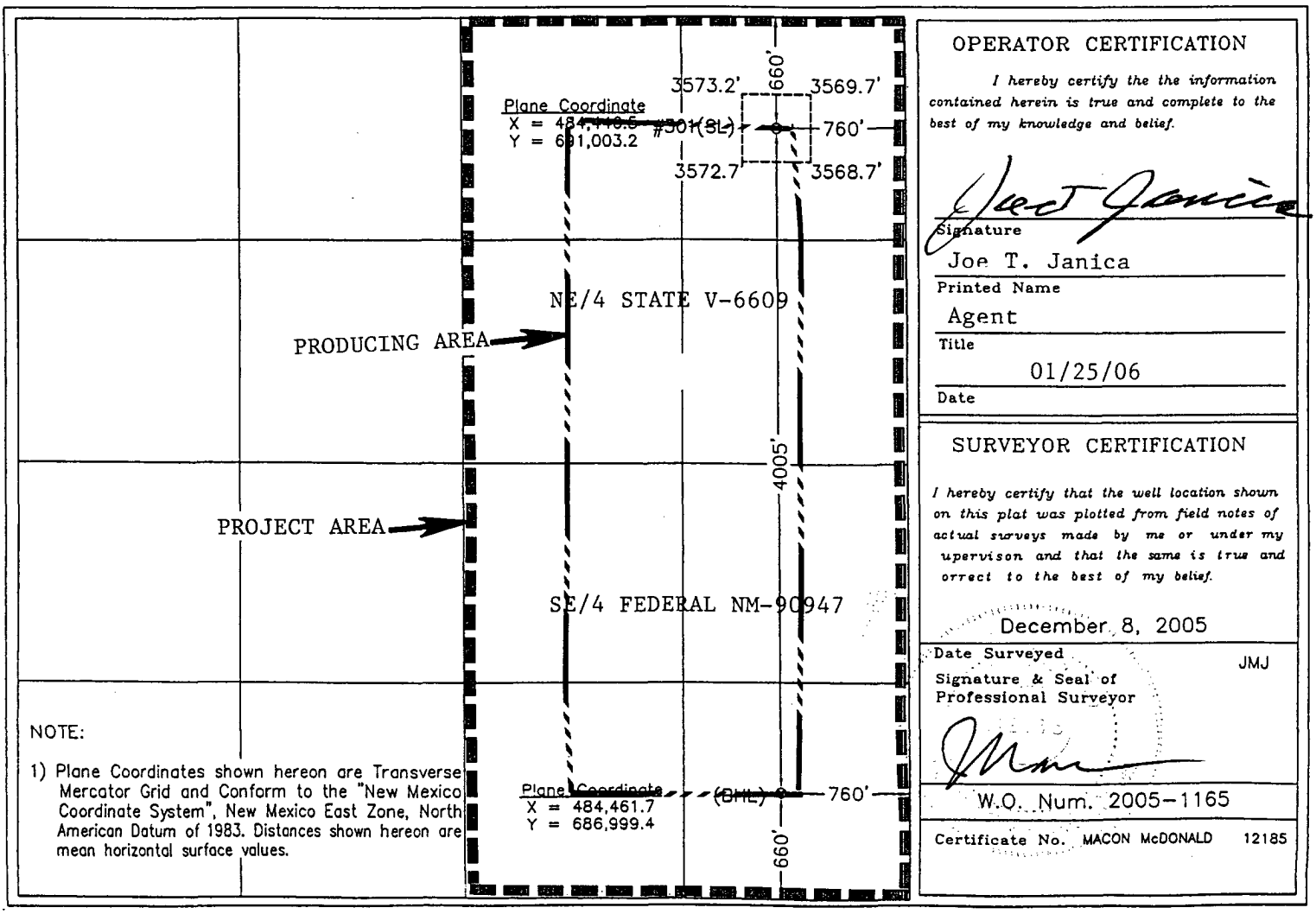
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	30	16 S	25 E		660	NORTH	760	EAST	EDDY

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
P	30	16 S	25 E		660	SOUTH	760	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Joe T. Janica
Printed Name

Agent
Title

01/25/06
Date

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 supervison and that the same is true and correct to the best of my belief.

December 8, 2005
Date Surveyed JMJ

Signature & Seal of Professional Surveyor

W.O. Num. 2005-1165

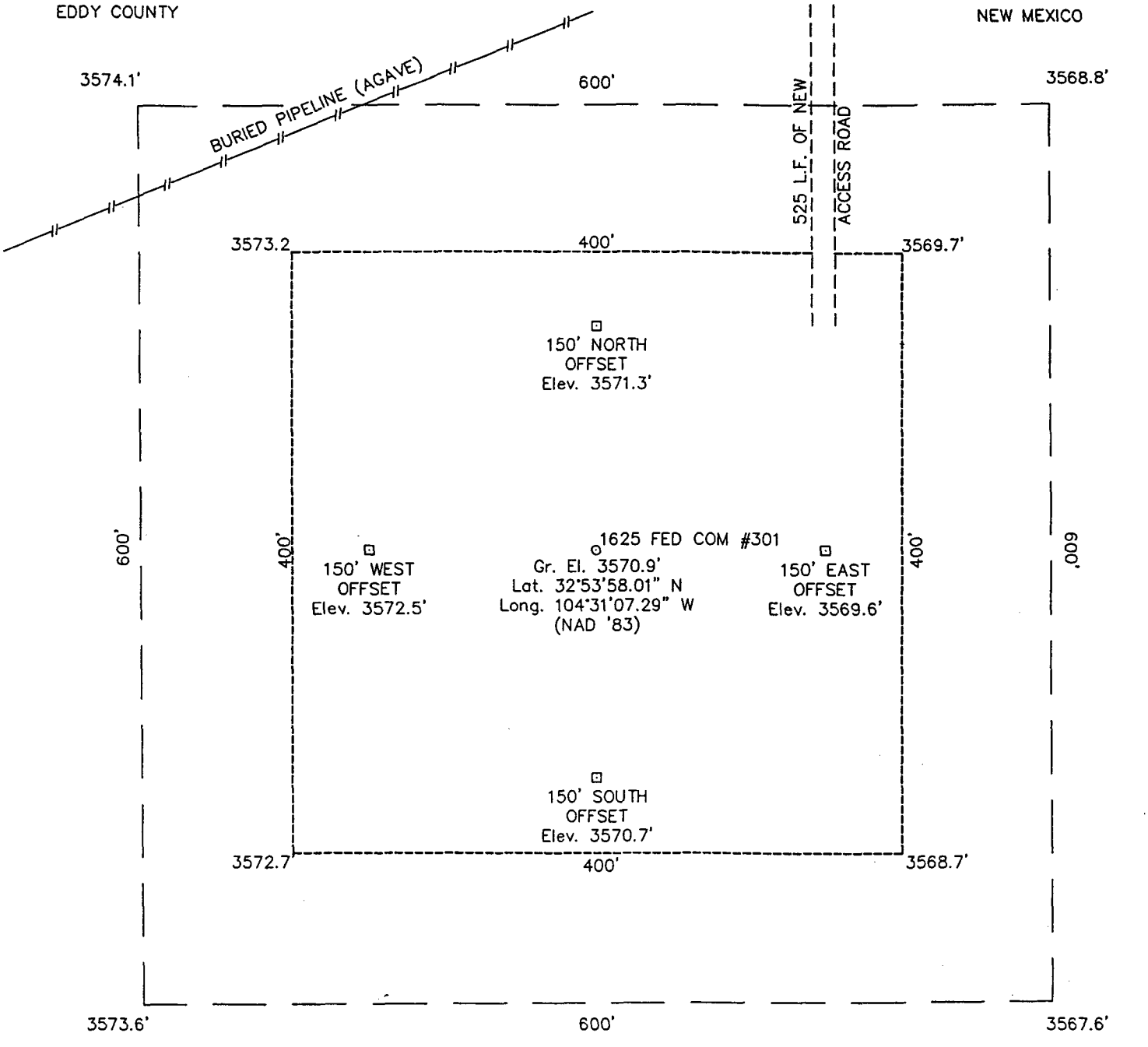
Certificate No. MACON McDONALD 12185

EXHIBIT "A"

SECTION 30, TOWNSHIP 16 SOUTH, RANGE 25 EAST, N.M.P.M.

EDDY COUNTY NEW MEXICO

L-2005-1165



DRIVING DIRECTIONS

FROM INTERSECTION OF HWY 285 & HWY 82 IN ARTESIA,GO WEST ALONG HWY 82 5.9 MILES: THEN GO WEST ALONG HWY 82 5.9 MILES; THEN GO NORTH ALONG LONESOME TRAIL ROAD 4.0 MILES; THEN GO WEST ALONG LEASE ROAD 1.1 MILES; LOCATION IS SOUTH 660 FEET.

LCX ENERGY, LLC

1625 FED COM #301

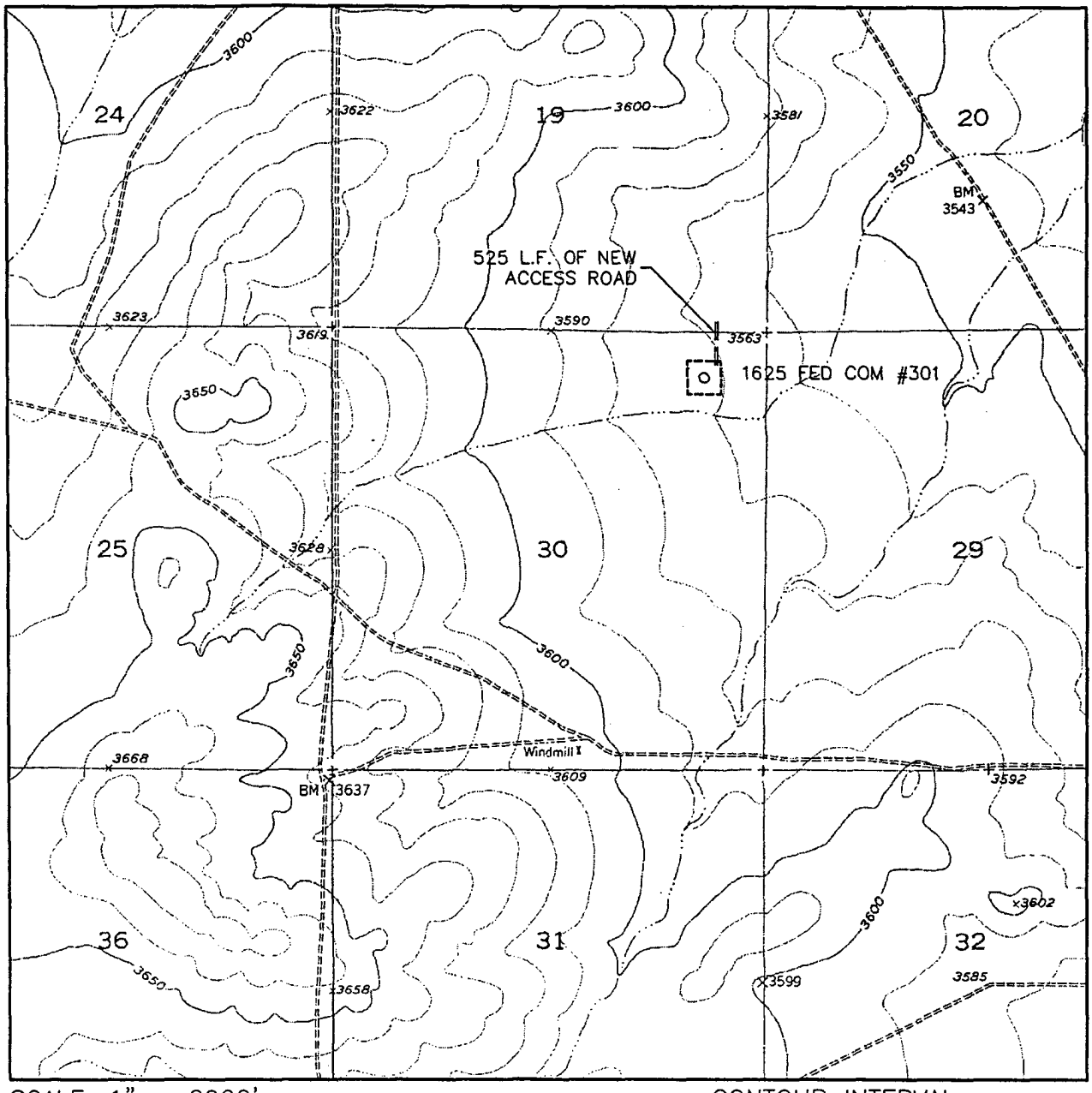
Located 660' FNL & 760' FEL, Section 30
Township 16 South, Range 25 East, N.M.P.M.
Eddy County, New Mexico

Drawn By: JMJ	Date: December 15, 2005
Scale: 1"=100'	Field Book: 326 / 1-3
Revision Date:	Quadrangle:
W.O. No: 2005-1165	Dwg. No.: L-2005-1165

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 NE - 10'

SEC. 30 TWP. 16-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 760' FEL

ELEVATION 3571'

OPERATOR LCX ENERGY, LLC

LEASE 1625 FED COM

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

NORTH

WEST COMPANY of Midland, Inc.

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

Proposal

Report Date:	December 28, 2005	**Survey / DLS Computation Method:**	Minimum Curvature / Lubinski
Client:	LCX Energy LLC.	**Vertical Section Azimuth:**	179.780°
Field:	Eddy County, NM Nad 83	**Vertical Section Origin:**	N 0.000 ft, E 0.000 ft
Structure / Slot:	1625 Fed Com #301 / 1625 Fed Com #301	**TVD Reference Datum:**	RKB
Well:	1625 Fed Com #301	**TVD Reference Elevation:**	0.0 ft relative to
Borehole:	1625 Fed Com #301	**Sea Bed / Ground Level Elevation:**	0.000 ft relative to
UWI/API#:		**Magnetic Declination:**	8.709°
Survey Name / Date:	1625 Fed com #301_r1 / December 28, 2005	**Total Field Strength:**	49501.060 nT
Tort / AHD / DDI / ERD ratio:	90.000° / 4004.19 ft / 5.804 / 0.807	**Magnetic Dip:**	60.778°
Grid Coordinate System:	NAD83 New Mexico State Planes, Eastern Zone, US Feet	**Declination Date:**	December 28, 2005
Location Lat/Long:	N 32 53 58.012, W 104 31 7.291	**Magnetic Declination Model:**	IGRF 2005
Location Grid N/E Y/X:	N 691003.200 ftUS, E 484446.500 ftUS	**North Reference:**	Grid North
Grid Convergence Angle:	-0.10068078°	**Total Corr Mag North -> Grid North:**	+8.810°
Grid Scale Factor:	0.99991280	**Local Coordinates Referenced To:**	Well Head

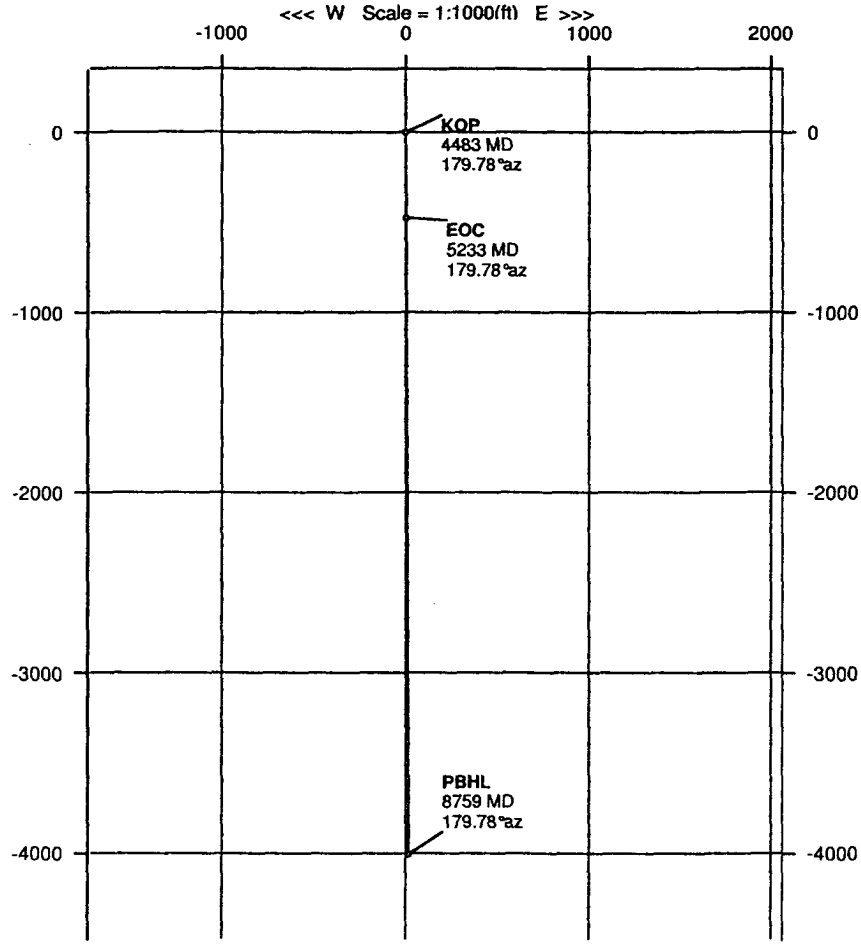
Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Tool Face (deg)
Tie-In	0.00	0.00	179.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	179.78M
KOP	4482.53	0.00	179.78	4482.53	0.00	0.00	0.00	0.00	0.00	0.00	179.78M
	4500.00	2.10	179.78	4500.00	0.32	-0.32	0.00	0.32	179.78	12.00	179.78M
	4600.00	14.10	179.78	4598.82	14.38	-14.38	0.05	14.38	179.78	12.00	0.00G
	4700.00	26.10	179.78	4692.56	48.67	-48.67	0.18	48.67	179.78	12.00	0.00G
	4800.00	38.10	179.78	4777.12	101.71	-101.71	0.39	101.71	179.78	12.00	0.00G
	4900.00	50.10	179.78	4848.81	171.17	-171.17	0.65	171.17	179.78	12.00	0.00G
	5000.00	62.10	179.78	4904.49	254.01	-254.01	0.96	254.01	179.78	12.00	0.00G
	5100.00	74.10	179.78	4941.72	346.63	-346.62	1.32	346.63	179.78	12.00	0.00G
	5200.00	86.10	179.78	4958.89	444.96	-444.95	1.69	444.96	179.78	12.00	0.00G
EOC	5232.53	90.00	179.78	4960.00	477.46	-477.46	1.81	477.46	179.78	12.00	180.00G
PBHL	8759.26	90.00	179.78	4960.00	4004.19	-4004.16	15.20	4004.19	179.78	0.00	0.00G

LCX Energy LLC.

WELL	FIELD	STRUCTURE
1625 Fed Com #301	Eddy County, NM	1625 Fed Com #301

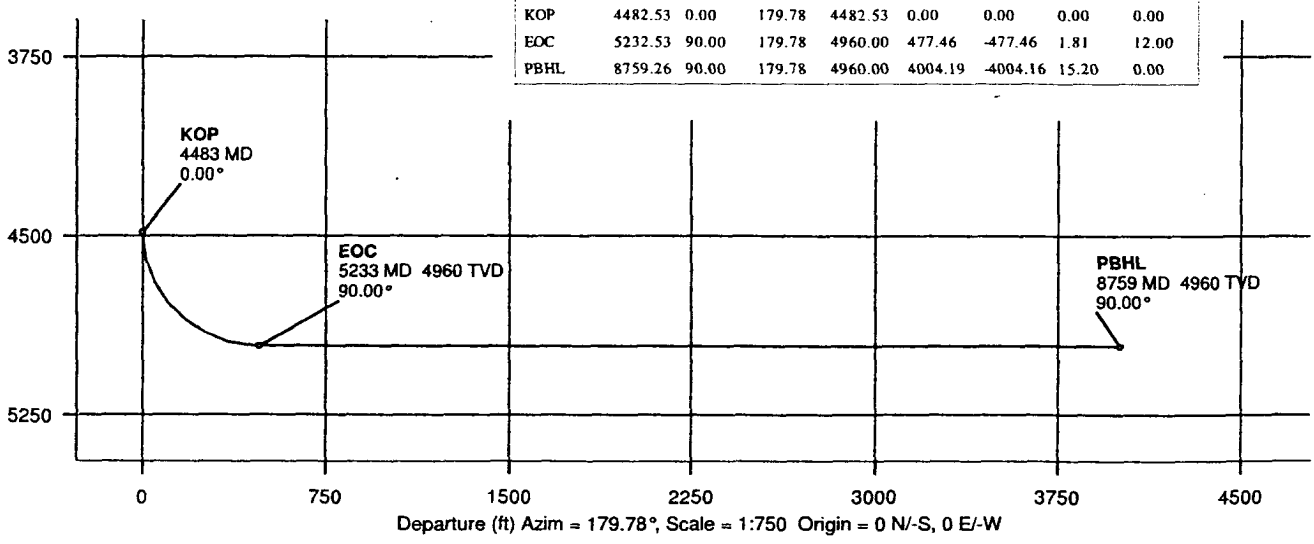
Magnetic Parameters				Surface Location				Miscellaneous			
Model: IGRF 2005	Dip: 60.778°	Date: December 28, 2005		Lat: N32 53 58.012	Northing: 591003.20 fUS	NAD83 New Mexico State Planes, Eastern Zone, US Feet	Grid Conv: -0.100658078°	Slot: 1625 Fed Com #301	TVD Ref: RKB (0.00 ft above)		
	Mag Dec: +8.709°	FS: 48501.1 nT		Lon: W104 31 7.291	Easting: 464448.50 fUS		Scale Fact: 0.999912787	Plan: 1625 Fed com #301 r1	Srvy Date: Wed 11:07 AM December 28, 2005		

INTREPID
Directional Drilling Specialists



Critical Points

Critical Point	MD	INCL	AZIM	TVD	VSEC	N(+) / S(-)	E(+) / W (-)	DLS
Tie-In	0.00	0.00	179.78	0.00	0.00	0.00	0.00	0.00
KOP	4482.53	0.00	179.78	4482.53	0.00	0.00	0.00	0.00
EOC	5232.53	90.00	179.78	4960.00	477.46	-477.46	1.81	12.00
PBHL	8759.26	90.00	179.78	4960.00	4004.19	-4004.16	15.20	0.00



APPLICATION TO DRILL

LCX ENERGY, LLC.
1625 FEDERAL COM. # 301
UNIT "A" SECTION 30
T16S-R25E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is providedfor your consideration.

1. Location of well: 660' FNL & 760' FEL SECTION 30 T16S-R25E EDDY CO. NM

2. Ground Elevation above Sea Level: 3571' GR.

3. Geological age of surface formation: Quaternary Deposits:

4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.

5. Proposed drilling depth: MD-8760' TVD-4960'

6. Estimated tops of geological markers:

San Andres	575'	Abo	3900'
Glorietta	1675'	Wolfcamp	4900'
Tubb	3175'		

7. Possible mineral bearing formations:

Wolfcamp	Gas

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
26"	0-40	20"	NA	NA	NA	Conductor
17½"	0-350	13 3/8"	48#	8-R	ST&C	H-40
12¼"	0-1200'	9 5/8"	36#	8-R	ST&C	J-55
8 3/4" 7 7/8"	0-8760'	5½"	15.5#	8-R	LT&C	N-80

APPLICATION TO DRILL

LCX ENERGY, LLC.
1625 FEDERAL COM. # 301
UNIT "A" SECTION 30
T16S-R25E EDDY CO. NM

9. CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Run and set 350' of 13 3/8" 48# H-40 ST&C casing. Cement with 200 Sx. of 35/65 POZ +5% NACL + 6% Gel, tail in with 200 Sx. of Class "C" + 2% CaCl, circulate cement to surface
9 5/8"	Intermediate	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" + 2% CaCL, circulate cement.
5½"	Production	Run and set 8760' of 5½" 15.5# N-80 LT&C casing. Cement with 400 Sx. of 50/50 POZ/C cement + 10% Gel, tail in with 200 Sx. of Class "C" + 200% CaCO3 (acid soluble cement) + fluid loss additive, + retarder as required.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 3000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams, and bottom pipe rams. The B.O.P. will be nipplied up on the 9 5/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when the drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 2" 3000 PSI choke manifold.with dual adjustable chokes. No abnormal pressures or temperatures are expected in this well.

11. PROPOSED MUD CIRCULATING SYSTEM:

Depth	Hole	MW	Visc.	WL	Synopsis
0 - 375	17-1/2"	8.4	28	N/A	Fresh water (outer) reserve. Fresh gel sweeps, paper & cotton seed hulls for losses.
375 - 1300	12-1/4"	8.4 – 9.2	28	N/A	FRESH WATER mud only above 1250 ft. Severe loss potential. Circulate inner reserve. LCM: paper, fiber, cotton seed hulls.
1300 – 4800	8-3/4"	9.0	28	N/A	Circ outer reserve with cut brine
4800 – 5200	8-3/4"	9.0 – 9.2	30 – 32	15 – 20	Steel pits. Open hole log at TD. Cut brine.
KOP - TD	8-3/4" 7-7/8"	9.0 – 9.2	28 - 34	15 - 20	Cut brine with viscous sweeps. Add XC polymer as req'd for hole cleaning. Lubricants.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, & casing the viscosity and/or water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

LCX ENERGY, LLC.
1625 FEDERAL COM. # 301
UNIT "A" SECTION 30
T16S-R25E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

A. OPen hole logs: Dual Induction, Density , SNP MSFL, Gamma Ray, Caliper in in vertical hole to 9 5/8" casing shoe. Gamma Ray Neutron from 9 5/8" casing shoe to surface.

B. Mud logger on hole at 3700' and remain on hole to TD.

C. No DST's or cores are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 2500 PSI, and Estimated BHT 140°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 38 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Wolfcamp formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as a gas well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S detectors, warning system and briefing areas.
   E. Evacuation procedure, routes and first aid.
   F. Proper use of 30 minute pressure demand air pack.

2. H_2S Detection and Alarm Systems

   A. H_2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.

3. Windsock and/or wind streamers

   A. Windsock at mudpit area should be high enough to be visible.
   B. Windsock at briefing area should be high enough to be visible.
   C. There should be a windsock at entrance to location.

4. Condition Flags and Signs

   A. Warning sign on access road to location.
   B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H_2S present in dangerous concentration. Only emergency personnel admitted to location.

5. Well control equipment

   A. See exhibit "E"

6. Communication

   A. While working under masks chalkboards will be used for communication.
   B. Hand signals will be used where chalk board is inappropriate.
   C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.

7. Drillstem Testing

   A. Exhausts will be watered.
   B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
   C. If location is near any dwelling a closed D.S.T. will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.

9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

LCX ENERGY, LLC.
1625 FEDERAL COM. # 301
UNIT "A" SECTION 30
T16S-R25E EDDY CO. NM

1. EXISTING ROADS: Area maps, Exhibit "B" is a reproduction of a County General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing roads and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.

   A. Exhibit "A" shows the proposed well site as staked.

   B. From Artesia New Mexico take U.S. Hi-way 82 West for 5.9 miles to Lonesome Trail Road, turn Right (North) go for 4 miles, turn Left (West) go 1.1 miles along lease road and location is on the South side of road.

   C. Exhibit "C" shows existing roads and proposed roads, and possible routes of pipelines.

2. PLANNED ACCESS ROADS: Approximately 600' of new road will be constructed.

   A. The access road will be crowned and ditched to a 12'00" wide travel surface with a 40' right-of-way.

   B. Gradient on all roads will be less than 5.00%.

   C. Turn outs will be constructed where necessary.

   D. If needed, road will be surfaced with a minimum of 4" of caliche. This material will be obtained from a local source.

   E. Centerline for the new access road has been flagged. Earthwork will be as required by field conditions.

   F. Culverts in the access road will not be used. The road will be constructed to utilize low water crossings for drainage as required by the Topography.

3. LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS EXHIBIT "A-1"

A.	Water wells	-	One approximately 1 mile Southwest.
B.	Disposal wells	-	None known
C.	Drilling wells	-	None Known
D.	Producing wells	-	As shown on Exhibit "A-1"
E.	Abandoned wells	-	As shown on Exhibit "A-1"

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Exhibit "C" shows proposed routes of roads, flowlines and powerlines.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped to location in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the excavation of drill site, if additional material is needed it will be obtained from a local source and transported over the access roads as shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

A. Drill cuttings will be disposed of in the reserve pits.

B. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in a approved sanitary land fill.

C. Salts remaining after completion of well will be picked up by the supplier, including broken sacks.

D. Waste water from living quaters will be drained into holes with a minium of 10'. These holes will be covered during drilling and will be back filled when the well is completed. A Porto-John will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.

E. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for furthed drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approve disposal site. Later pips will be broken out to speed drying. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in storage tanks and sold.

8. ANCILLARY FACILITIES:

A. No camps or air strips will be constructed on location.

9. WELL SITE LAYOUT:

A. Exhibit "D" shows the proposed well site layout.

B. This Exhibit shows the location of reserve pit, sump pits, and living facilities.

C. Mud pits in the active circulating system will be steel pits and the reserve pits will be unlined unless subsurface conditions encontered during pit construction indicate that a plastic liner is required to contain lateral migration.

D. If needed the reserve pits will be lined with polyethelene. The pit liner will be no less than 6 mils thick and the liner will be extended at least 3 feet over the top of the dikes and secured in place to keep edge of liner in place.

E. The reserve pit will be fenced on three sides and fenced with four strands of barbed wire during drilling and completionphases. The 4th side will be fenced after drilling operations are complete and the drilling rig has moved out.If the well is a producer the mud pits will remain fenced in until the mud has dried up enough to break out the pits and reclaimed according to BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the location and reserve pits will be allowed to dry properly, fluids may be moved and disposed of in accordance with article 7-E as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any will be reshaped to the original configuration with provisions made to alleviate furture erosion. In case of the well completed as a producer the drilling pad will be necessary to construct production facilities. After the area has been shaped and contoured top soil from the spoil pile will be placed over the disturbed area to the extent possible so that revegetation procedures can be accomplished to comply with the BLM specifications.

If the well is a dry hole the pad and road area will be contoured to match the existing terrain. Top soil will be spread to the extent possible and revegetation will be carried out according to the BLM specifications.

Should the well be a producer the previously noted procedures will apply to those areas which are not required for production facilities.

SURFACE USE PLAN

LCX ENERGY, LLC.
1625 FEDERAL COM. # 301
UNIT "A" SECTION 30
T16S-R25E EDDY CO. NM

11. OTHER INFORMATION:

A. The project area is located on open rolling plain, relatively flat with drainage to the Northeast. Soils are tan-brown to grey, lloamy sand silty with minor amounts of caliche. Vegetation consists of various native grasses, loco weed, broom snakeweed, yucca, prickley pear, cholla, and scorpion weed.

B. Surface and minerals are owned by The U.S. Department of Interior and is administered by The Bureau of Land Management. The surface is leased to ranchers for the purpose of grazing livestock.

C. An archaeological survey will be conducted on the access roads and drilling pad, the results will be filed with The Bureau of Land Management in the Carlsbad Field Office.

D. There are no dwellings in the near vicinity of the location.

12. OPERATORS REPRESENTIVE:

Before Construction:

TIERRA EXPLORATION, INC
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
JOE T. JANICA
OFFICE PHONE 505-391-8503
CELL PHONE 505-390-1598

During and after construction:

LCX ENERGY, LLC.
110 NORTH MARIENFELD
SUITE 200
MIDLAND, TEXAS 79701
FRANK NIX 432-848-0221
LARRY GILLETTE 432-848-0218

13. CERTIFICATION: I hereby certify that I or persons under my direct supervision have inspected the proposed drill site and access route, that I am fimiliar with the conditions which currently exist, that the statements made in this plan are to the best of my knowledge are true, and correct, and that the work associated with the operations proposed herein will be performed by LCX ENERGY, LLC. it's contractors/subcontractors is in the conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME : Joe T. Janica Joe T Janica

DATE : 01/25/06

TITLE : Agent

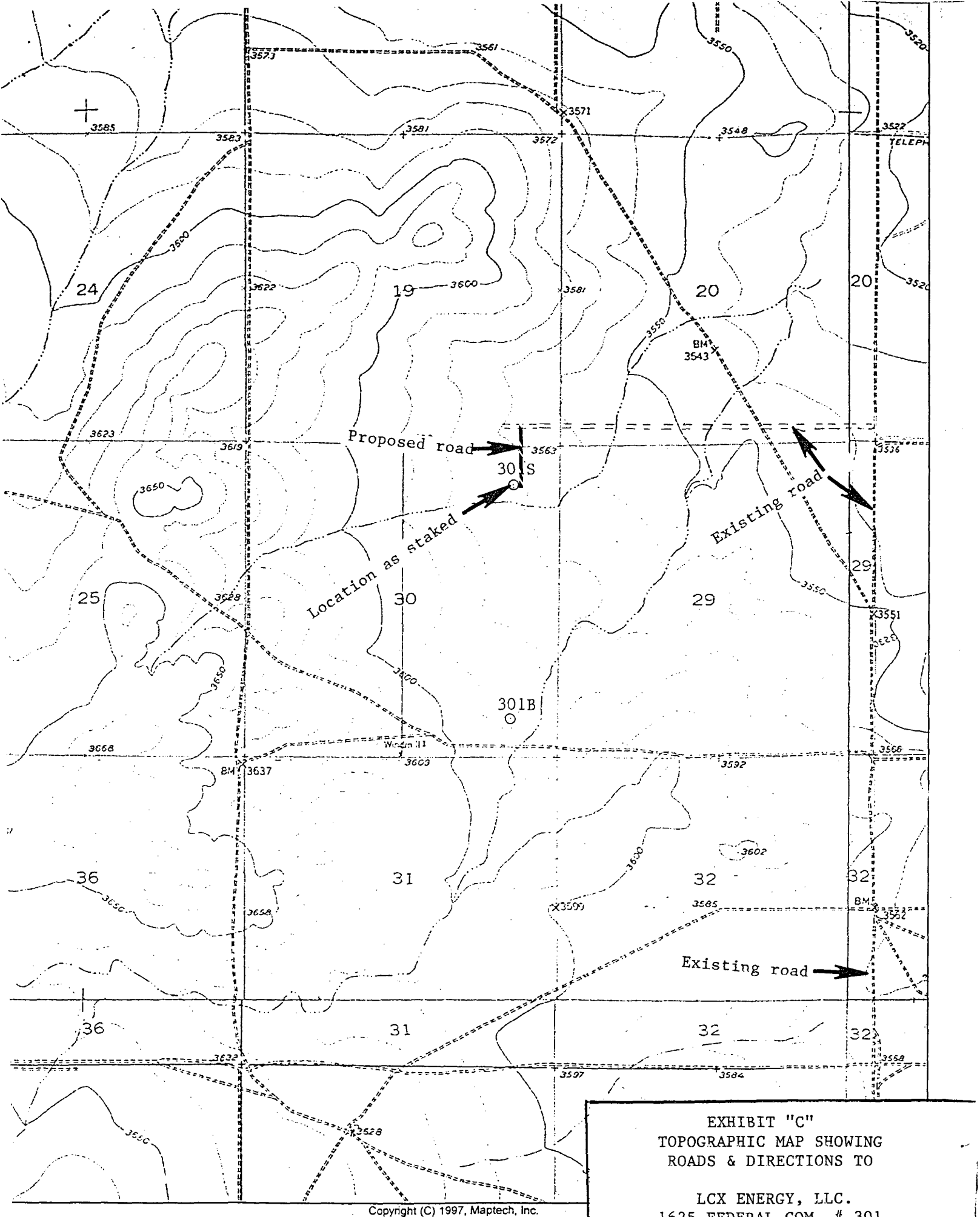
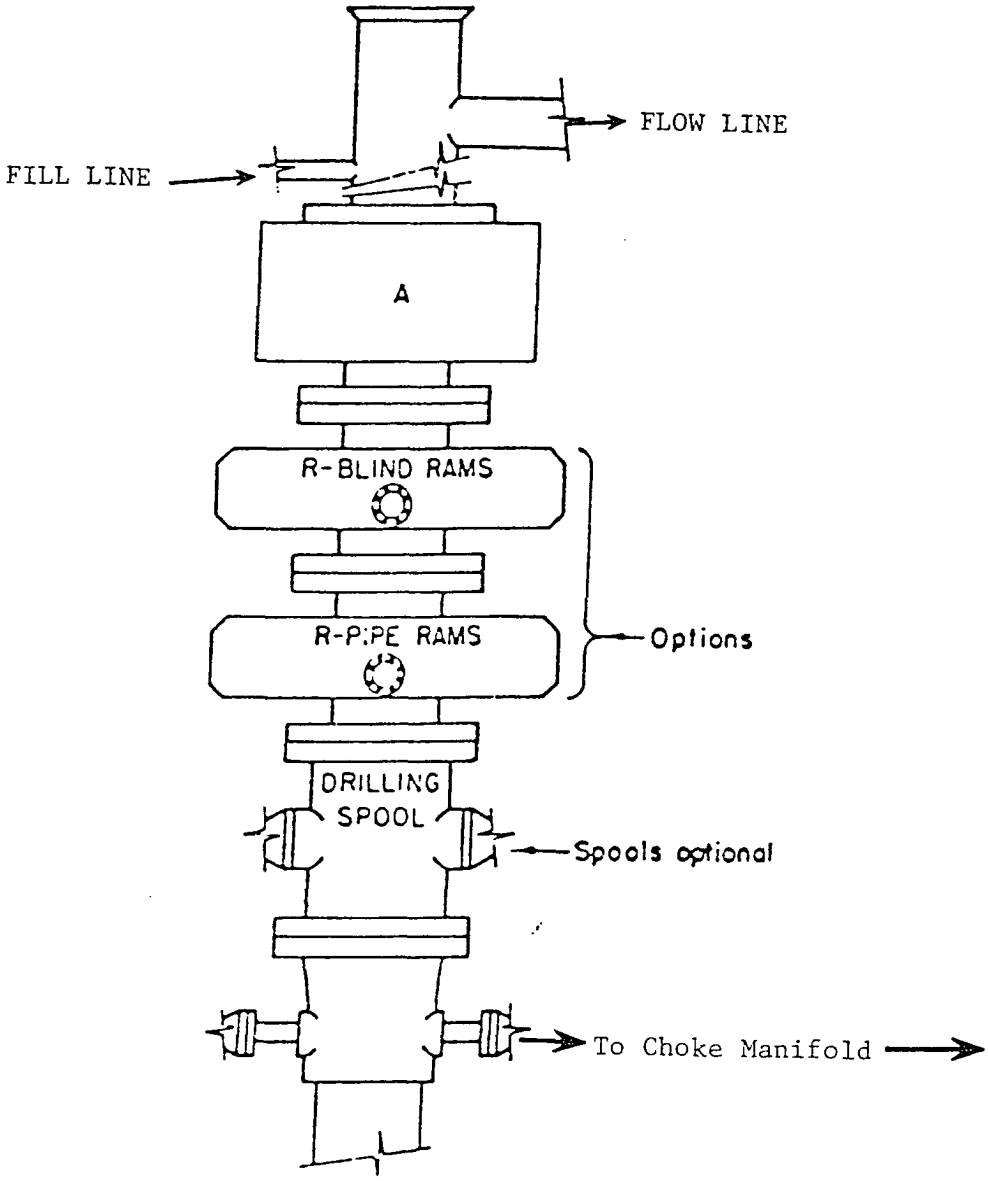


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

LCX ENERGY, LLC.
1625 FEDERAL COM. # 301
UNIT "A" SECTION 30
T16S-R25E EDDY CO., NM

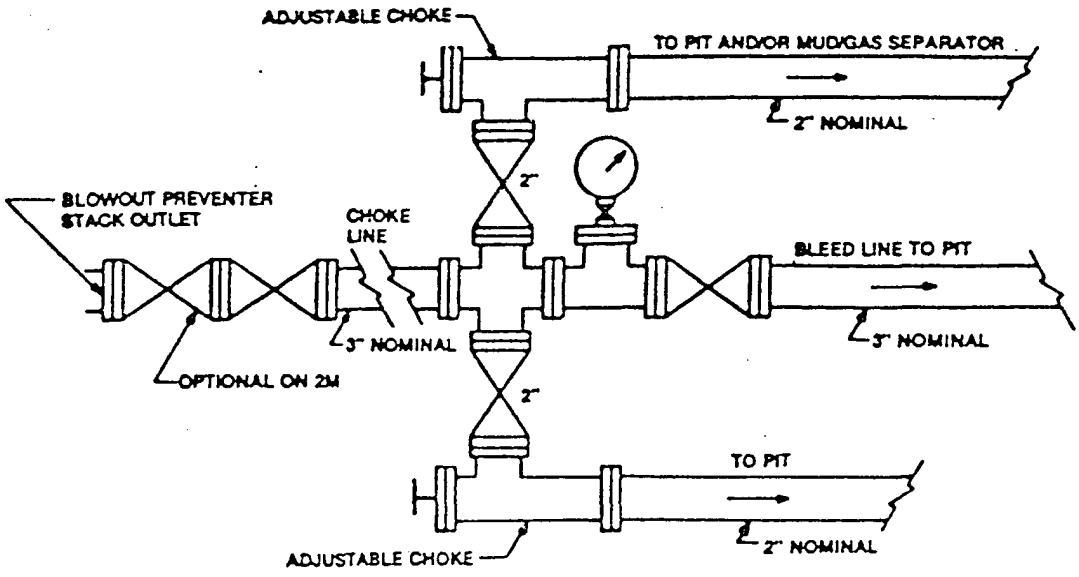


ARRANGEMENT SRRA

900 Series
3000 PSI WP

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

LCX ENERGY, LLC.
1625 FEDERAL COM. # 301
UNIT "A" SECTION 30
T16S-R25E EDDY CO. NM



Typical choke manifold assembly for 3M WP system

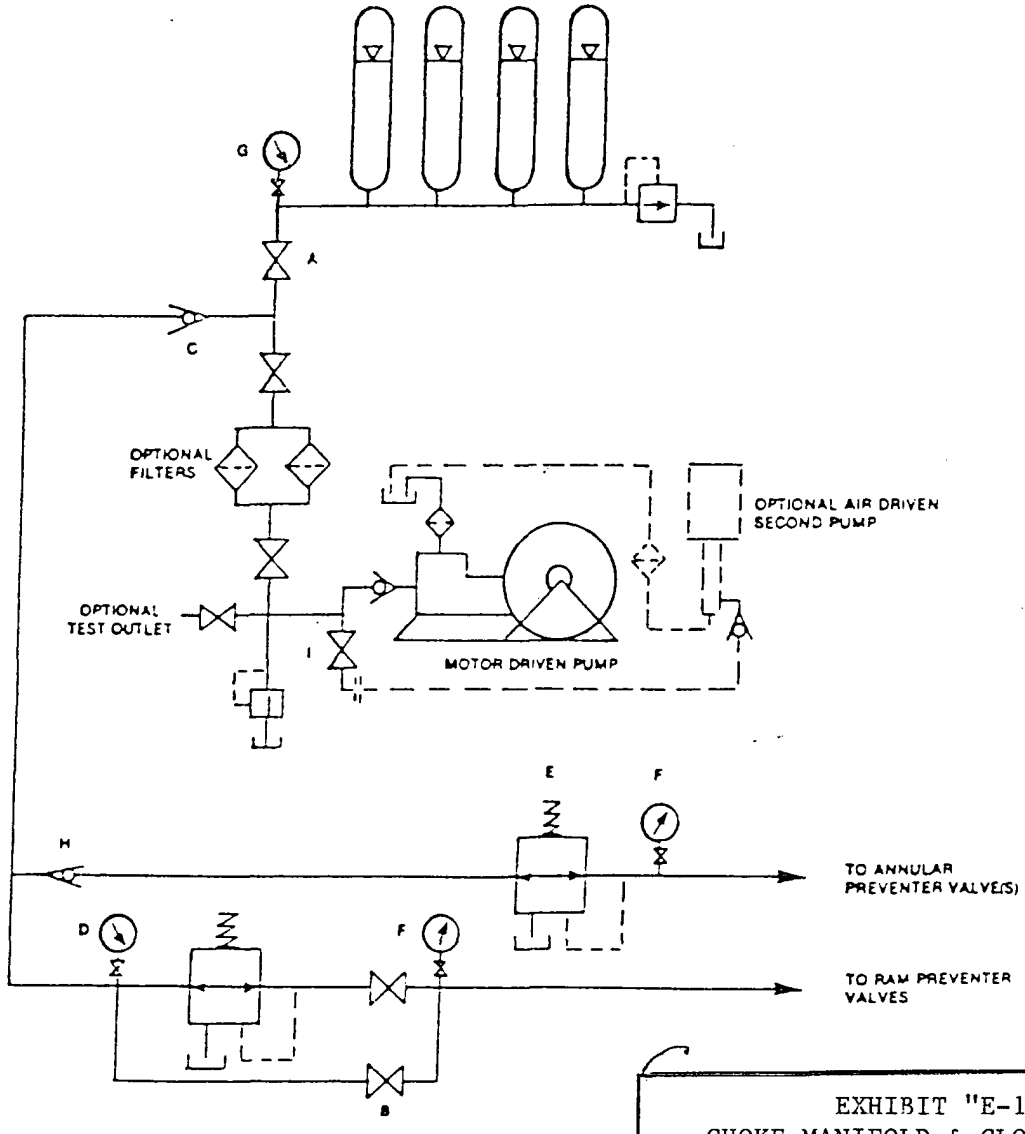


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

LCX ENERGY, LLC.
1625 FEDERAL COM. # 301
UNIT "A" SECTION 30
T16S-R25E EDDY CO. NM

CONDITIONS OF APPROVAL - DRILLING

Operator's Name:	**LCX Energy LLC**
Well Name & No.	**1625 Federal Com #301**
Surface Location:	**660' FNL, 760' FEL, Section 30, T. 16 S., R. 25 E., Eddy County, New Mexico**
Bottom Location:	**660' FSL, 760' FEL, Section 30, T. 16 S., R. 25 E., Eddy County, New Mexico**
Lease:	**NM-90947**

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

   A. Well spud

   B. Cementing casing: **13-3/8** inch **9-5/8** inch **5-1/2** inch

   C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

5. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

II. CASING:

1. The **13-3/8** inch surface casing shall be set at **350 feet** and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/9** inch intermediate casing is **to be circulated to the surface**.

3. The minimum required fill of cement behind the **7** inch production casing is **to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval**.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the **13-3/8** inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

3/27/2006
acs

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

3/27/06
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