

☐ AMENDED REPORT

Conditions of Approval Attached ☐

LCX ENERGY, LLC
110 N. Marienfeld St., Suite 200
Midland, TX 79701
April 26, 2006

**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.

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

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

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

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 97512	Pool Name WILDCAT-WOLFCAMP
Property Code	Property Name 1823 STATE	Well Number 301
OGRID No. 218885	Operator Name LCX ENERGY, LLC	Elevation 4057'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	30	18 S	23 E		760	EAST	660	SOUTH	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
A	30	18 S	23 E		760	EAST	660	NORTH	EDDY

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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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

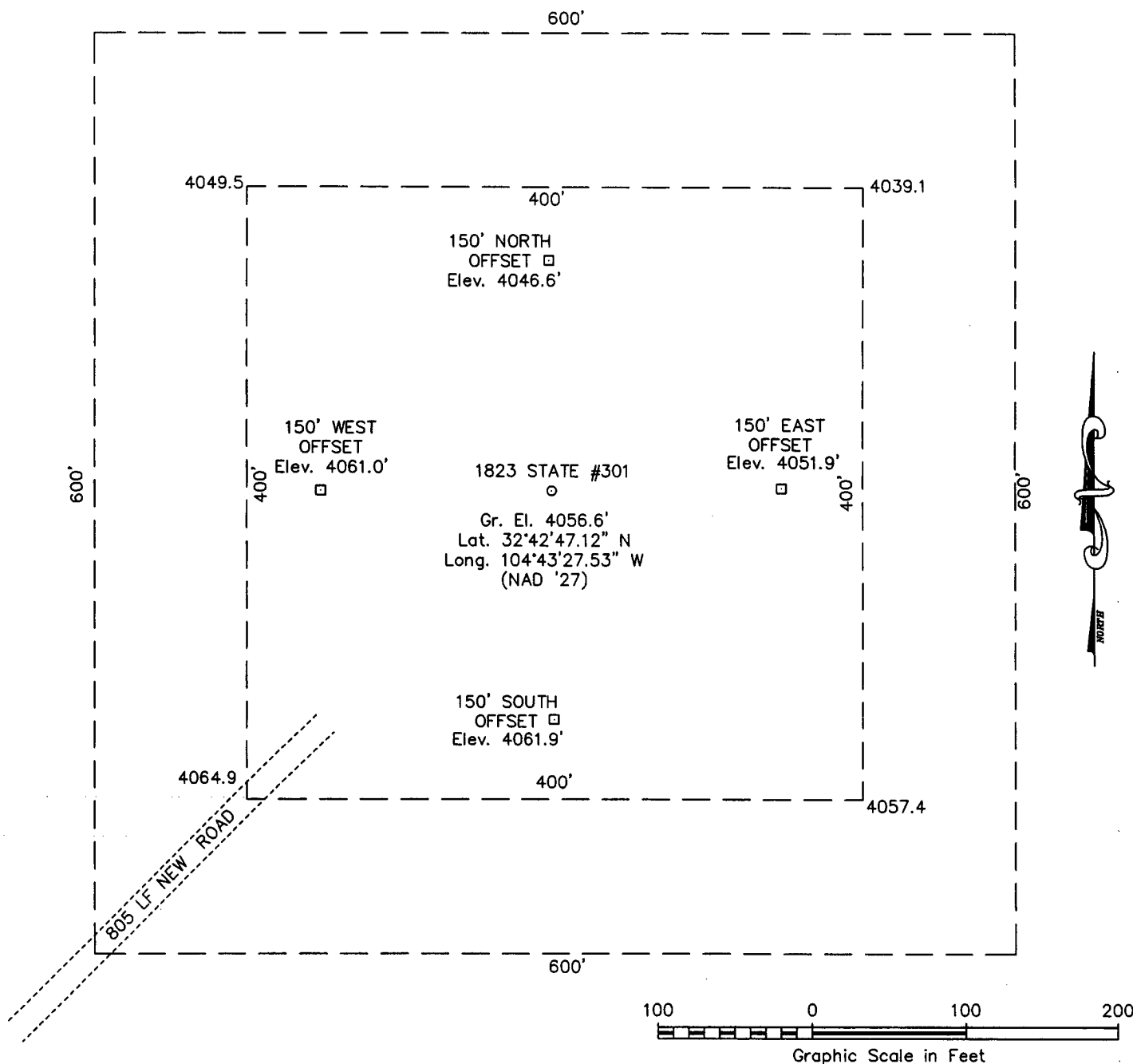
Plane Coordinate X = 627,303.1 Y = 627,303.2 PROJECT AREA → VA-2597 PRODUCING AREA → Plane Coordinate X = 627,354.0 Y = 623,354.0 NOTE: 1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.	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 undivided 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 06/07/06 Joe T. Janica 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. May 12, 2006 Date of Survey JSR Signature & Seal of Professional Surveyor W.O. Num. 2006-0424 Certificate No. MACON McDONALD 12185
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SECTION 30, TOWNSHIP 18 SOUTH, RANGE 23 EAST, N.M.P.M.

EDDY COUNTY

NEW MEXICO

L-2006-0424



DRIVING DIRECTIONS

Beginning at the intersection of US Highway 82 with County Road 12 (Armstrong Road) located in the West side of the town of Hope, New Mexico, proceed South on County Road 12 (Armstrong Road) for approximately 7.0 miles to a 2-track road extending to the east. Turn left and go East along said 2-track road approximately 0.7 miles to a point from which the well location bears North 750 feet.

LCX ENERGY, LLC

1823 STATE #301

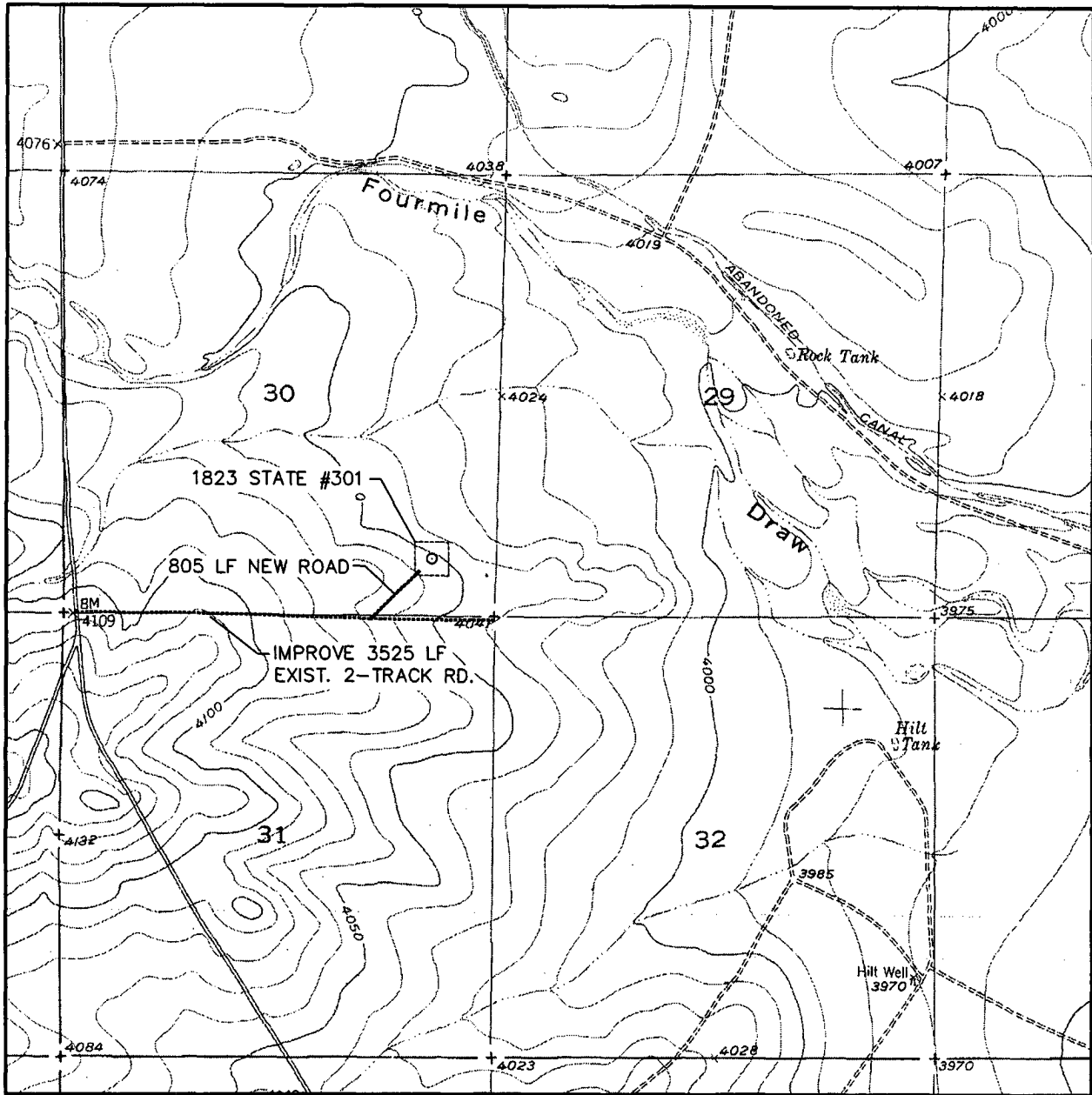
Located 660' FSL & 760' FEL, Section 30
Township 18 S, Range 23 E, N.M.P.M.
Eddy County, New Mexico

Drawn By: JSR	Date: May 12, 2006
Scale: 1"=100'	Field Book:
Revision Date:	Quadrangle: Antelope Sink, N.M.
W.O. No: 2006-0424	Dwg. No.: L-2006-0424



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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
ANTELOPE SINK, NM - 10'

SEC. 30 TWP. 18-S RGE. 23-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 760' FEL & 660' FSL

ELEVATION 4057'

OPERATOR LCX ENERGY, LLC

LEASE 1823 STATE 301

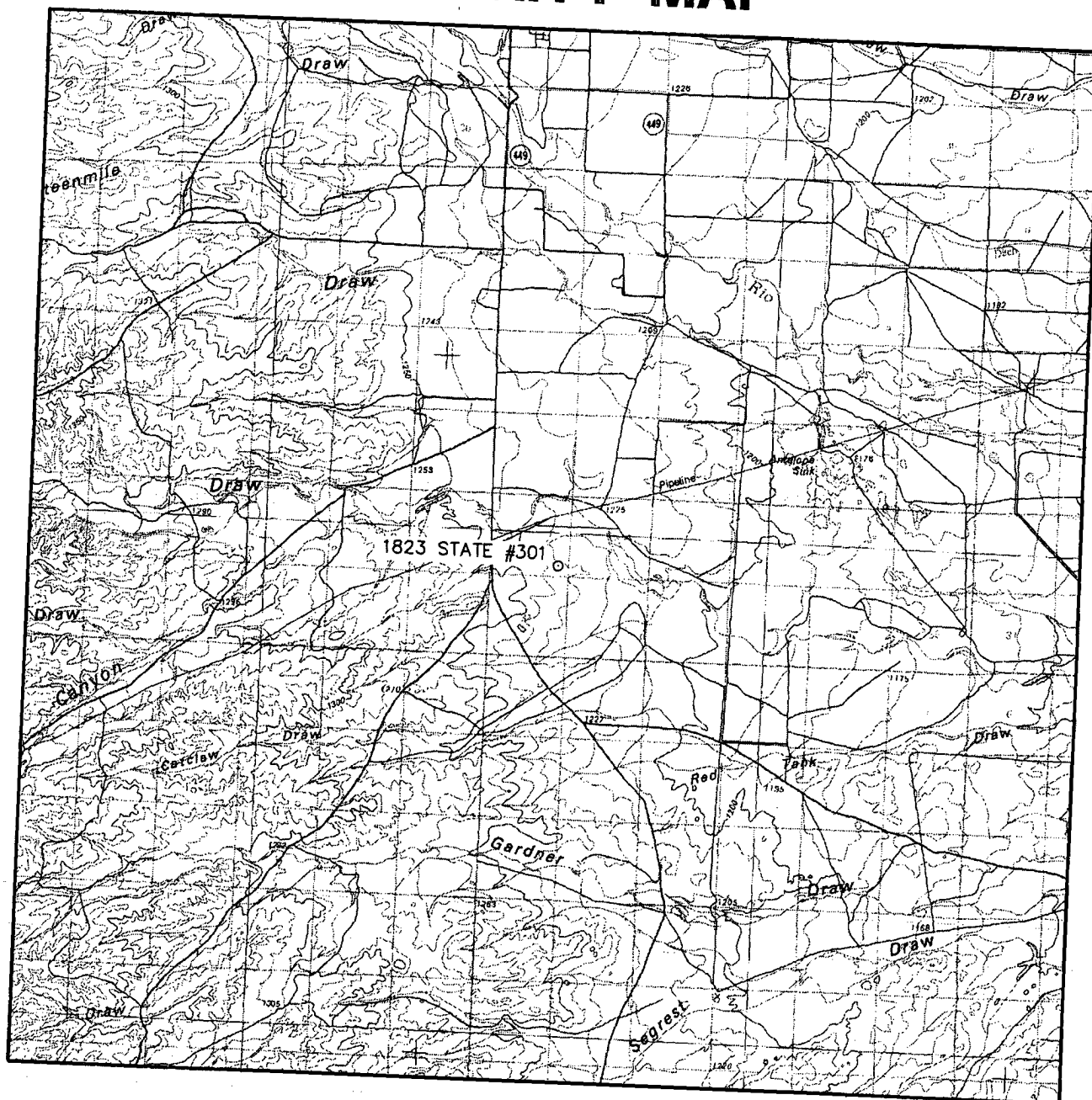
U.S.G.S. TOPOGRAPHIC MAP
ANTELOPE SINK, N.M.



**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. 30 TWP. 18-S RGE. 23-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 760' FEL & 660' FSL

ELEVATION 4057'

OPERATOR LCX ENERGY, LLC

LEASE 1823 STATE #301



**WEST
COMPANY**
of Midland, Inc.

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

Proposal

Report Date: June 1, 2006	Survey / DLS Computation Method: Minimum Curvature / Lubinski
Client: LCX Energy	Vertical Section Azimuth: 1.570°
Field: Eddy County, NM	Vertical Section Origin: N 0.000 ft, E 0.000 ft
Structure / Slot: 1823 State #301 / 1823 State #301	TVD Reference Datum: RKB
Well: 1823 State #301	TVD Reference Elevation: 0.0 ft relative to
Borehole: 1823 State #301	Sea Bed / Ground Level Elevation: 0.000 ft relative to
UWI/API#:	Magnetic Declination: 8.732°
Survey Name / Date: 1823 State #301_r1 / June 1, 2006	Total Field Strength: 49321.487 nT
Tort / AHD / DDI / ERD ratio: 90.000° / 3950.98 ft / 5.795 / 0.797	Magnetic Dip: 60.558°
Grid Coordinate System: NAD27 New Mexico State Planes, Eastern Zone, US Feet	Declination Date: June 01, 2006
Location Lat/Long: N 32 42 47.115, W 104 43 27.531	Magnetic Declination Model: IGRF 2005
Location Grid N/E Y/X: N 623354.000 ftUS, E 379745.000 ftUS	North Reference: Grid North
Grid Convergence Angle: -0.21130109°	Total Corr Mag North -> Grid North: +8.943°
Grid Scale Factor: 0.99992565	Local Coordinates Referenced To: Well Head

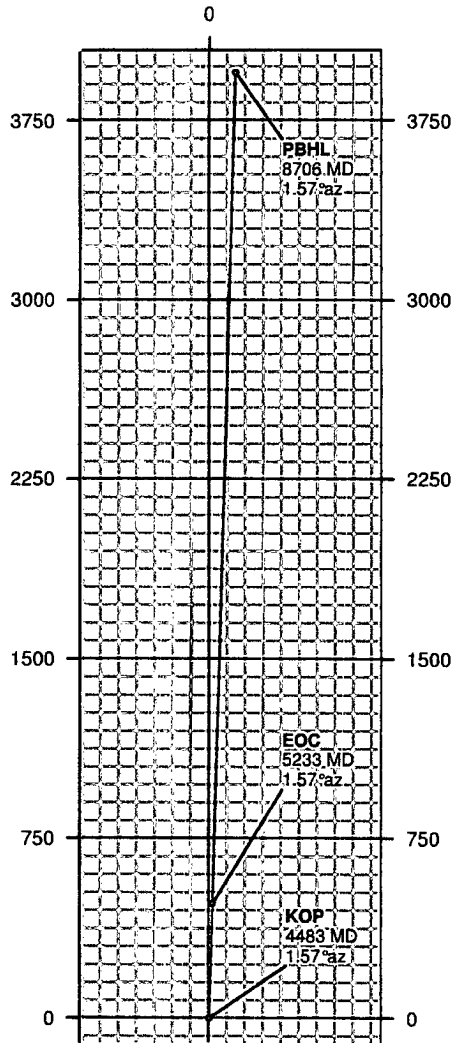
Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Tool Face (deg)
Tie-In	0.00	0.00	1.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.57M
KOP	4482.54	0.00	1.57	4482.54	0.00	0.00	0.00	0.00	0.00	0.00	1.57M
	4500.00	2.10	1.57	4500.00	0.32	0.32	0.01	0.32	1.57	12.00	1.57M
	4600.00	14.10	1.57	4598.82	14.38	14.37	0.39	14.38	1.57	12.00	0.00G
	4700.00	26.10	1.57	4692.56	48.67	48.65	1.33	48.67	1.57	12.00	0.00G
	4800.00	38.10	1.57	4777.12	101.71	101.67	2.78	101.71	1.57	12.00	0.00G
	4900.00	50.10	1.57	4848.81	171.17	171.10	4.68	171.17	1.57	12.00	0.00G
	5000.00	62.10	1.57	4904.49	254.01	253.92	6.95	254.01	1.57	12.00	0.00G
	5100.00	74.10	1.57	4941.72	346.63	346.50	9.48	346.63	1.57	12.00	0.00G
	5200.00	86.10	1.57	4958.89	444.95	444.79	12.18	444.95	1.57	12.00	0.00G
EOC	5232.54	90.00	1.57	4960.00	477.46	477.29	13.06	477.46	1.57	12.00	0.00G
	5300.00	90.00	1.57	4960.00	544.93	544.73	14.91	544.93	1.57	0.00	0.00G
	5400.00	90.00	1.57	4960.00	644.93	644.69	17.65	644.93	1.57	0.00	0.00G
	5500.00	90.00	1.57	4960.00	744.93	744.65	20.38	744.93	1.57	0.00	0.00G
	5600.00	90.00	1.57	4960.00	844.93	844.61	23.12	844.93	1.57	0.00	0.00G
	5700.00	90.00	1.57	4960.00	944.93	944.58	25.86	944.93	1.57	0.00	0.00G
	5800.00	90.00	1.57	4960.00	1044.93	1044.54	28.59	1044.93	1.57	0.00	0.00G
	5900.00	90.00	1.57	4960.00	1144.93	1144.50	31.33	1144.93	1.57	0.00	0.00G
	6000.00	90.00	1.57	4960.00	1244.93	1244.46	34.06	1244.93	1.57	0.00	0.00G
	6100.00	90.00	1.57	4960.00	1344.93	1344.43	36.80	1344.93	1.57	0.00	0.00G
	6200.00	90.00	1.57	4960.00	1444.93	1444.39	39.54	1444.93	1.57	0.00	0.00G
	6300.00	90.00	1.57	4960.00	1544.93	1544.35	42.27	1544.93	1.57	0.00	0.00G
	6400.00	90.00	1.57	4960.00	1644.93	1644.31	45.01	1644.93	1.57	0.00	0.00G
	6500.00	90.00	1.57	4960.00	1744.93	1744.28	47.75	1744.93	1.57	0.00	0.00G
	6600.00	90.00	1.57	4960.00	1844.93	1844.24	50.48	1844.93	1.57	0.00	0.00G
	6700.00	90.00	1.57	4960.00	1944.93	1944.20	53.22	1944.93	1.57	0.00	0.00G
	6800.00	90.00	1.57	4960.00	2044.93	2044.16	55.95	2044.93	1.57	0.00	0.00G
	6900.00	90.00	1.57	4960.00	2144.93	2144.13	58.69	2144.93	1.57	0.00	0.00G
	7000.00	90.00	1.57	4960.00	2244.93	2244.09	61.43	2244.93	1.57	0.00	0.00G
	7100.00	90.00	1.57	4960.00	2344.93	2344.05	64.16	2344.93	1.57	0.00	0.00G
	7200.00	90.00	1.57	4960.00	2444.93	2444.01	66.90	2444.93	1.57	0.00	0.00G
	7300.00	90.00	1.57	4960.00	2544.93	2543.98	69.64	2544.93	1.57	0.00	0.00G
	7400.00	90.00	1.57	4960.00	2644.93	2643.94	72.37	2644.93	1.57	0.00	0.00G
	7500.00	90.00	1.57	4960.00	2744.93	2743.90	75.11	2744.93	1.57	0.00	0.00G
	7600.00	90.00	1.57	4960.00	2844.93	2843.86	77.84	2844.93	1.57	0.00	0.00G
	7700.00	90.00	1.57	4960.00	2944.93	2943.83	80.58	2944.93	1.57	0.00	0.00G
	7800.00	90.00	1.57	4960.00	3044.93	3043.79	83.32	3044.93	1.57	0.00	0.00G
	7900.00	90.00	1.57	4960.00	3144.93	3143.75	86.05	3144.93	1.57	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	1.57	4960.00	3244.93	3243.71	88.79	3244.93	1.57	0.00	0.00G
	8100.00	90.00	1.57	4960.00	3344.93	3343.68	91.53	3344.93	1.57	0.00	0.00G
	8200.00	90.00	1.57	4960.00	3444.93	3443.64	94.26	3444.93	1.57	0.00	0.00G
	8300.00	90.00	1.57	4960.00	3544.93	3543.60	97.00	3544.93	1.57	0.00	0.00G
	8400.00	90.00	1.57	4960.00	3644.93	3643.56	99.73	3644.93	1.57	0.00	0.00G
	8500.00	90.00	1.57	4960.00	3744.93	3743.53	102.47	3744.93	1.57	0.00	0.00G
	8600.00	90.00	1.57	4960.00	3844.93	3843.49	105.21	3844.93	1.57	0.00	0.00G
	8700.00	90.00	1.57	4960.00	3944.93	3943.45	107.94	3944.93	1.57	0.00	0.00G
PBHL	8706.05	90.00	1.57	4960.00	3950.98	3949.50	108.11	3950.98	1.57	0.00	0.00G

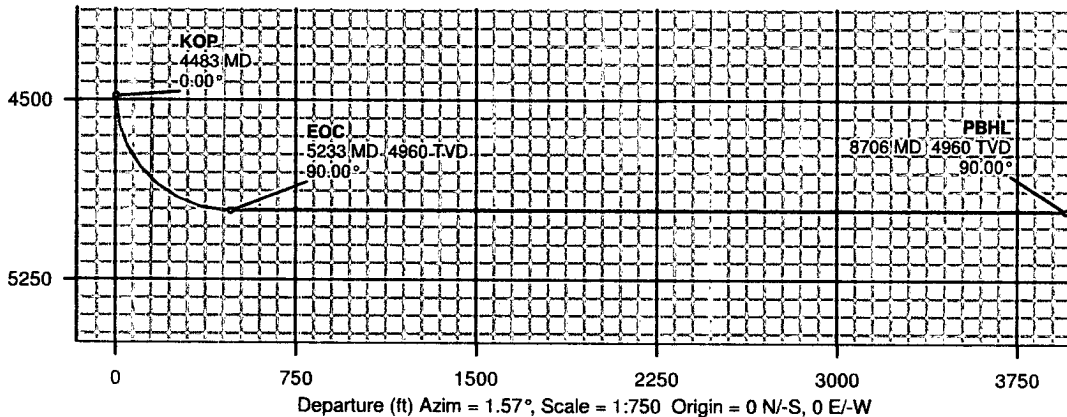
LCX Energy

WELL	1823 State #301	FIELD	Eddy County, NM	STRUCTURE	1823 State #301
Magnetic Parameters		Surface Location		Miscellaneous	
Model:	IGRF 2005	Lat:	N32 42 47.115	Site:	1823 State #301
Dip:	60.568°	Long:	W104 43 27.531	Plan:	1823 State #301_1
Mag Dec:	+8.732°	Height:	379745.00 RLUS	TVD Ref:	RKB (0.00 ft above)
Date:	June 01, 2006	Grid Conv:	-0.21130109°	Srvy Date:	Thu 01:40 PM June 01, 2006
PS:	48321.5 nT	Scale Fac:	0.999256517		

<<< W Scale = 1:750(ft) E >>>



Critical Points								
Critical Point	MD	INCL	AZIM	TVD	VSEC	N(+) / S(-)	E(+) / W(-)	DLS
Tie-In	0.00	0.00	1.57	0.00	0.00	0.00	0.00	0.00
KOP	4482.54	0.00	1.57	4482.54	0.00	0.00	0.00	0.00
EOC	5232.54	90.00	1.57	4960.00	477.46	477.29	13.06	12.00
PBHL	8706.05	90.00	1.57	4960.00	3950.98	3949.50	108.11	0.00



Departure (ft) Azim = 1.57°, Scale = 1:750 Origin = 0 N-S, 0 E-W

INTREPID
Directional Drilling Specialists

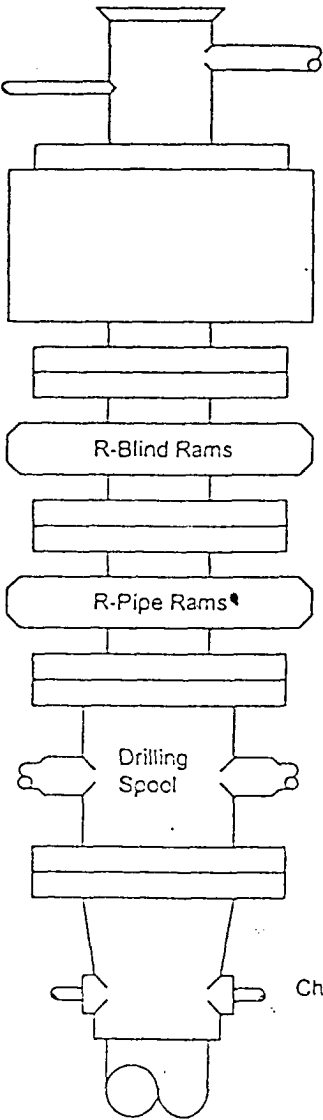


BLOWOUT PREVENTER SYSTEM

3000 PSI

Fill Line

Flow Line



900 SERIES
3000 PSI WP

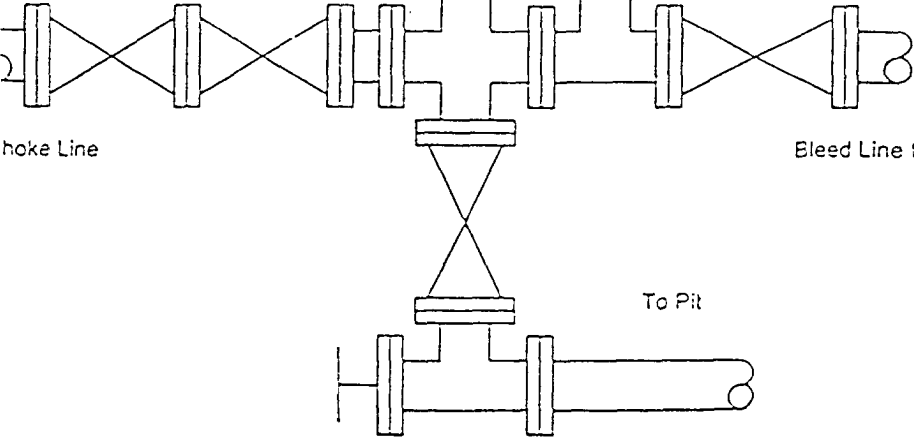
Choke Manifold Assembly for 5M WP System

To Pit and/or
Mud/Gas Separator

Adjustable
Choke

Choke Manifold

Blowout Preventer
Stack Outlet



Adjustable Choke