LCX Energy, LLC

OCD-ARTESIA

Letter of Violation Notice, On the Ross 1724 No. 121 RE: Pit Closure LOV NO. 0217207

30-015-34835

Artesia OCD District Office 1301 W. Grand Artesia, NM 88210

Dear Sirs:

We received the violation letter regarding the Drilling Pit on the Ross 1724 No. 121 and fully intend to address the problem immediately. Allstate Environmental is to submit the proper permit, and as soon as the permit is approved they will start the pit closure and comply with all State and Local regulations.

LCX Energy, LLC apologizes for the violation and intends to stay on top of the matter until it is resolved. For any additional problems or questions you can contact me Alin Richardson Environmental Manager at 432-570-0312 any time.

Sincerely,

LCX Energy, LLC

ACCEPTED FOR RECORD

AUG 16 2007

Gerry Guye, Deputy Field Inspector NMOCD-District II ARTESIA