

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FEB 08 2008
OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1 Type of Well
☐ Oil Well ☐ Gas Well ☐ Other

2 Name of Operator
LCX ENERGY, LLC

3a Address
110 N. Marienfeld, Suite 200, Midland, TX 79701

3b Phone No (include area code)
432-262-4014

4 Location of Well (Footage, Sec, T, R, M, or Survey Description)

SURFACE: SL: 660 FSL AND 700 FEL, UL D, SEC 26, T16S, R25E
BOTTOM HOLE LOCATION: 683 FNL AND 765 FEL, UL A, SEC 26, T16S, R25E

5 Lease Serial No
NM-93180

6 If Indian, Allottee or Tribe Name

7 If Unit or CA/Agreement, Name and/or No

8 Well Name and No
FEDERAL COM 1625 #261

9 API Well No
30-015-33435

10 Field and Pool, or Exploratory Area
Cottonwood Creek - Wolfcamp

11 County or Parish, State
EDDY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13 Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleting horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the proposed operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

1. Set CIBP to 4900' w/ 35' cmt
2. Spot a 25' x plug 3200-3100'
3. Spot a 25' x plug 1700-1300'
4. Spot a 48' x plug 600-330
5. Spot a 25' x plug 60'-surface
6. Install Dry Hole Marker

ACCEPTED FOR RECORD

FEB 12 2008

Gerry Guye, Deputy Field Inspector
NMOCD-District II ARTESIA

14 I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Jenifer Sorley

Title Regulatory Analyst

Signature

Date

02/06/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

APPROVED

Date FEB 25 2008

WESLEY W. INGRAM
PETROLEUM ENGINEER

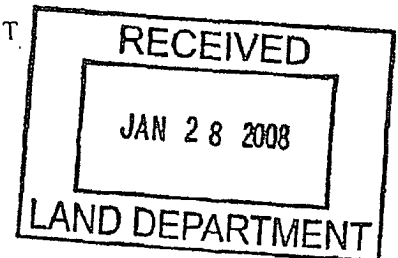
Title 18 USC Section 1001 and Title 43 USC Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287



IN REPLY REFER TO:
NM-111799
3105.2 (513)

January 24, 2008

CERTIFIED-RETURN RECEIPT REQUESTED
7001 1940 0006 3695 3453

LCX Energy LLC
110 North Marienfeld, Suite 200
Midland, TX 79701-4421

Gentlemen:

A review of our files concerning your Well No. 261-Federal Com 1625, Federal Lease NM-93180, Communitization Agreement (CA) NM-111799, SE $\frac{1}{4}$ SE $\frac{1}{4}$ sec. 26, T. 16 S., R. 25 E., Eddy County, New Mexico, shows that the well last produced during November 2004. This CA, which includes lease NM-93180, became effective August 28, 2004 for two years and so long as communitized substances are or can be produced in paying quantities. Under 43 CFR 3107.2-3 such production shall be continued unless and until suspended by the State Director, or it will expire effective the date of receipt of this letter.

Under 43 CFR 3107.2-2, you are allowed 60 days from receipt of this letter within which to commence reworking or drilling operations on the CA. The CA will remain in full force and effect if approved operations are commenced within the 60-day period and are continued with reasonable diligence until the well is placed on continuous production.

If you believe that the CA is capable of production in paying quantities, you must place the well on continuous production within 60 days of receipt of this letter to this office. If you have any further questions regarding this letter, please contact David Glass of this office at phone (575) 627-0275.

If reworking or drilling operations are not commenced or the well is not placed on continuous production within 60 days of receipt of this letter, the CA will automatically terminate. A Notice of Intention to Abandon (NIA) must be filed within 90 days of receipt of this letter. Lease NM-93180 committed to the CA is eligible for a two year extension under 43 CFR 3107.4 since this is the last production on this lease.

The aforementioned information is furnished so you may take such action as you consider appropriate. You are further reminded that no production tests or other operations should be conducted on the CA without prior approval of the Carlsbad Field Office at 620 East Greene, Carlsbad, New Mexico 88220-6292 or phone (575) 234-5972.

Sincerely,

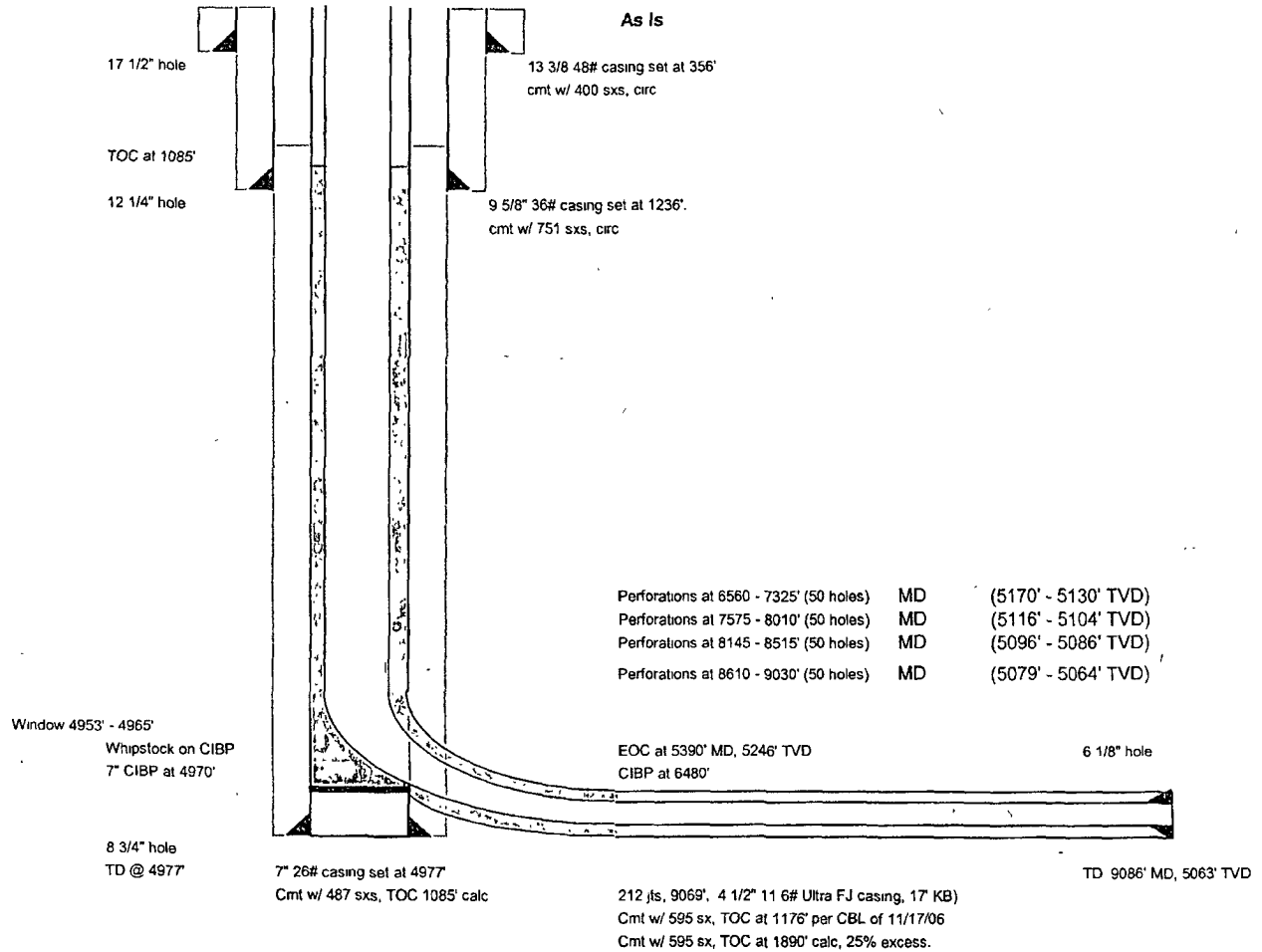
Angel Mayes
For: Assistant Field Manager,
Lands and Minerals

LCX Energy, LLC

1625 Fed Com 261

API# 30-015-33435

Surface Location 660' FSL & 700' FEL Sec 26 BLK T-16-S & R-25-E, Eddy Co., New Mex.

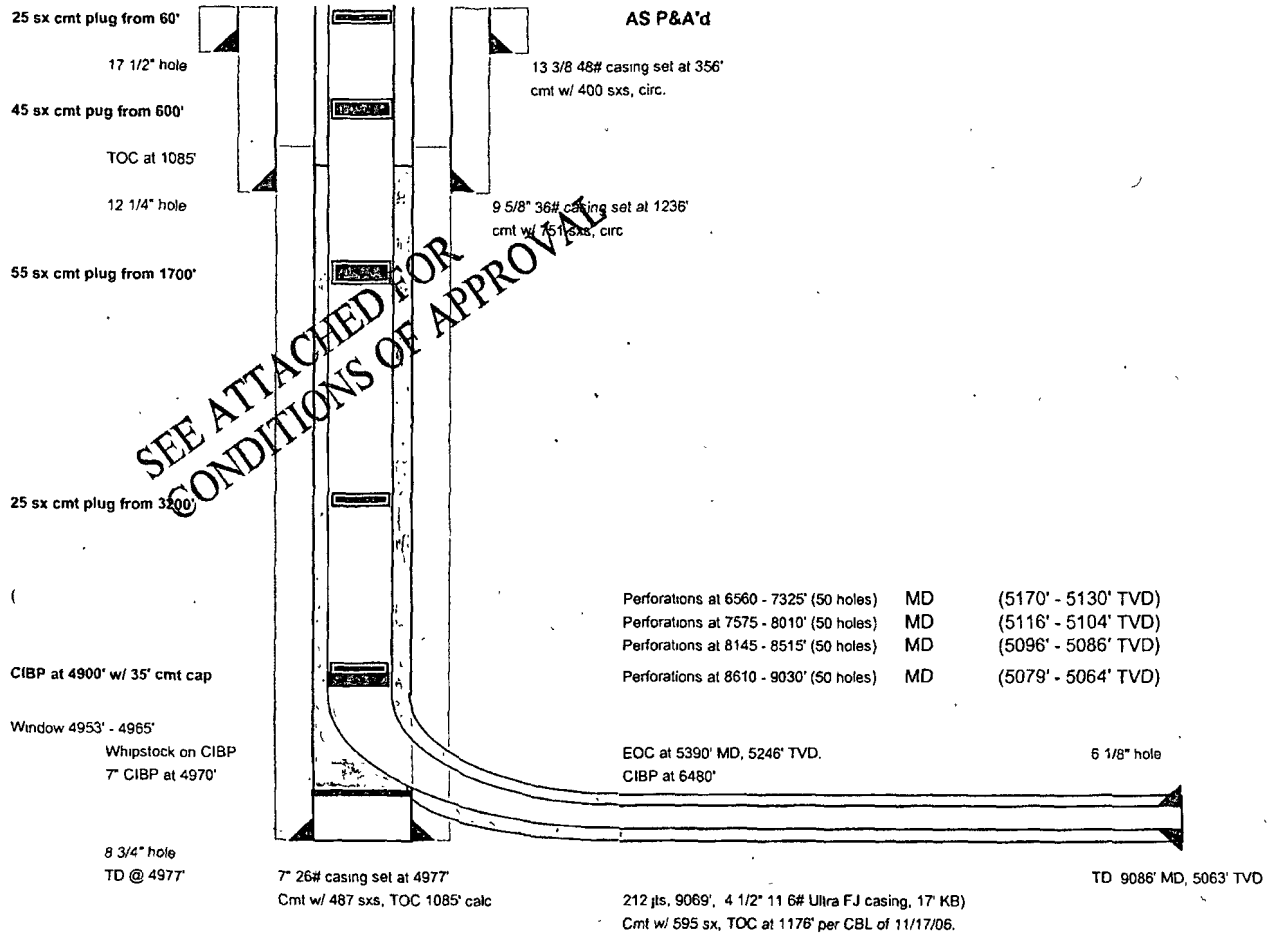


LCX Energy, LLC

1625 Fed Corn 261

API# 30-015-33435

Surface Location 660' FSL & 700' FEL Sec 26 BLK T-16-S & R-25-E, Eddy Co., New Mex.



**Federal Com 1625 #261
LCX Energy, LLC
February 25, 2008
Plug and Abandonment
Conditions of Approval**

NB! Verification required that CIBP was set at 6480'. This is required above the perforations. Pump 25 sacks of cement on top of plug.

- 1. Ok – after completing above.
 - a. Plug required at top of Abo at 4040'. Plug to be 140' in length, minimum of 25 sacks and set from 4100 – 3960'.****
- 2. Move plug to 1950' (Glorietta). Plug to be 120' in length, a minimum of 25 sacks, and set from 1950 – 1830'.**
- 3. Move plug to be casing shoe plug. Perforate at 1290' and attempt to establish rate. If rate established, squeeze sufficient cement for plug from 1290 – 1180', minimum of 25 sacks and to be tagged at 1180' or shallower. If rate not established, go 50' below perforations and set plug and tag at 1180' or shallower.**
- 4. Perforate at 410' and establish circulation up both annuli (4.5" x 7", 7" x 9.625"). If circulation established, cement both annuli to surface and fill 4.5" casing.**
- 5. If circulation cannot be established, go 70' below perforations and set 25 sack plug. Tag plug at 300' or shallower. This should leave enough depth to enable perforations at 60'. Establish circulation up annuli and fill casing to surface.**
- 6. Cut off casing, top off annuli if needed. Install dry hole marker and clean location.**

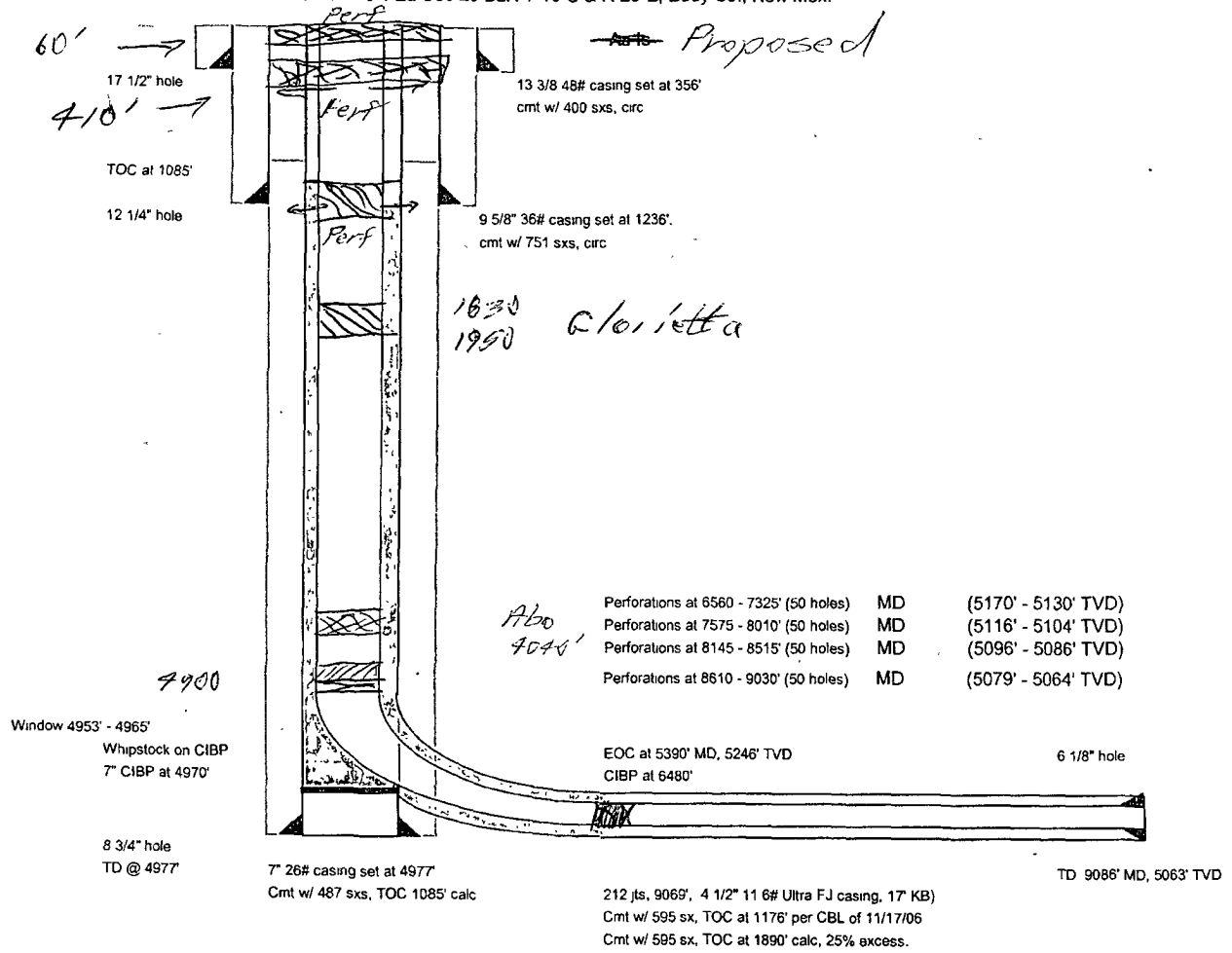
WWI 022508

LCX Energy, LLC

1625 Fed Com 261

API# 30-015-33435

Surface Location 660' FSL & 700' FEL Sec 26 BLK T-16-S & R-25-E, Eddy Co., New Mex.



BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Permanent Abandonment of Federal Wells
Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in a cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

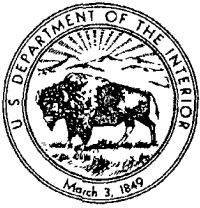
Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. **Dry Hole Marker:** All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. **Subsequent Plugging Reporting:** Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

8. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration conditions of approval will be developed and furnished to you.



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220

Interim Reclamation Procedures for Permanently Abandoned Federal Wells

1. After Subsequent Report of Abandonment, Form 3160-5, is filed and approved by the BLM the surface protection specialist (SPS) will conduct a surface inspection of the abandonment. The SPS will establish the reclamation requirements the operator will need to complete. **DO NOT START RECLAMATION UNTIL THE SPS HAS INSPECTED THE LOCATION.**

2. The reclamation requirements will be given to an environmental protection specialist (EPS). The EPS will issue the operator a Notice of Written Order outlining the reclamation requirements. **DO NOT START RECLAMATION UNTIL A NOTICE OF WRITTEN ORDER FOR RECLAMATION HAS BEEN RECEIVED.** The EPS will be responsible for all further abandonment work and inspections.

3. **Notification: CONTACT THE EPS 3 DAYS PRIOR TO RECLAMATION WORK.** This notification gives the EPS an opportunity to discuss by phone or on location the reclamation requirements, any special concerns and the timeframes. It also allows the EPS an opportunity to witness various aspects of the reclamation work to determine if an adequate seedbed has been prepared and all reclamation requirements have been completed. **CONTACT THE EPS AT LEAST 3 DAYS PRIOR TO SEEDING.** This allows the EPS to witness the seeding operation to make sure the location is seeded properly and with the appropriate seed mixture. **DO NOT START RECLAMATION UNTIL THE EPS HAS BEEN NOTIFIED.**

4. After reclamation work has been completed, submit the **I & E copy of the Notice of Written Order** to the BLM. It will need to be signed by a company representative and dated. Also submit one original and five copies of the **Final Abandonment Notice, Form 3160-5.** The report should state that all reclamation work has been completed, and the location is ready for a final abandonment inspection.

5. The BLM will continue to monitor the location to ensure the location vegetates successfully, and salts from the reserve pit do not leach to the surface. The location will be monitored until such time as vegetation (20%) is established evenly across the location (including the reserve pit and access road). Once EPS determines that vegetation (20%) is evenly spread across the location, final abandonment will be authorized.

If there are any questions please feel free to contact any of the following:

Jim Amos
Supervisory Environmental Protection Specialist
(575) 234-5909

Barry Hunt
Surface Protection Specialist
(575) 234-5965

Todd Suter
Surface Protection Specialist
(575) 234-5987

Trishia Bad Bear
Natural Resource Specialist – Lea County
(575) 393-3612

Cody Layton
Natural Resource Specialist
(575) 234-5959

Paul Evans
Environmental Protection Specialist
(575) 234-5977

Terry Gregston
Environmental Protection Specialist
(575) 234-5958

10/18/2006