

EXHIBIT "A-1"

Attached to and made a part of that certain Operating Agreement dated January 15, 2004 by and between LCX ENERGY, LLC successor by merger and name change from PERENCO LLC, as Operator and Capstone Oil & Gas Company LP., et al, as Non-operators

LCX Energy, LLC – 1724 Ross No. 121

1. DESCRIPTION OF LANDS SUBJECT TO THIS AGREEMENT:

All of the E/2 of Section 12, T-17-S, R-24-E, NMPM, Eddy County, New Mexico, containing 320.00 acres, more or less, and limited to the depths described in paragraph 2, next below.

2. RESTRICTIONS, IF ANY, AS TO DEPTHS, FORMATIONS OR SUBSTANCES:

All depths from the surface down to the stratigraphic equivalent of the base of the Horizontal Target Objective. The Horizontal Target Objective is the Abo/Wolfcamp formation, being found at that interval from a subsurface depth of 3,725 feet down to 4,918 feet as identified by the Schlumberger Compensated Neutron Formation Density Log for the Mesa Petroleum Co. Catclaw State No. 1 well located 1,980 feet FNL and 1,980 feet FEL of Section 31, T-17-S, R-24-E, NMPM, Eddy County, New Mexico.

3. PARTIES TO THE AGREEMENT:

LCX ENERGY, LLC  
110 N. Marienfeld, Suite 200  
Midland, Texas 79701  
Telephone : 432-687-1575

Parallel Petroleum Corporation  
1004 N. Big Spring, Suite 400  
Midland, Texas 79701  
Telephone: 432-684-3727

Elger Exploration, Inc.  
P.O. Box 2623  
Midland, Texas 79702  
Telephone: 432-687-0344

Crown Oil Properties, LP  
P. O. Box 50820  
Midland, Texas 79710  
Telephone: 432-683-2950

Capstone Oil & Gas Company, L.P.  
P.O. Box 10187 (79702)  
203 W. Wall Street, Suite 1201  
Midland, Texas 79701  
Telephone: 432-682-5565

CMW Interests, Inc.  
24 Smith Road, Suite 405  
Midland, Texas 79705  
Telephone: 432-349-6267

EOG Resources, Inc.  
P.O. Box 2267  
Midland, Texas 79702  
Telephone: 432-686-3730

4. PERCENTAGES OR FRACTIONAL INTERESTS OF THE PARTIES TO THIS AGREEMENT:

OWNER	Working Interest Before Payout	Working Interest After 100% Payout	Working Interest After 300% Payout
LCX ENERGY, LLC *	65.450949%	65.328373%	55.644829%
PARALLEL PETROLEUM CORPORATION *	10.221520%	10.207900%	9.131950%
CAPSTONE OIL & GAS COMPANY, L.P. *	7.911392%	7.891363%	6.309085%
CMW INTERESTS, INC. *	0.000000%	0.158228%	0.158228%
ELGER EXPLORATION, INC. *	0.791139%	0.789136%	0.630908%
EOG RESOURCES, INC.	9.375000%	9.375000%	9.375000%
CROWN OIL PROPERTIES, LP	6.250000%	6.250000%	6.250000%
UNLEASED (FORCE POOLED)	<u>0.000000%</u>	<u>0.000000%</u>	<u>12.500000%</u>
TOTAL	100.000000%	100.000000%	100.000000%

\* Parties to a farmout agreement providing for a 25% backin at payout. These parties will determine payout. Payout determination in this matter is not the responsibility of Operator.