

EXHIBIT "A"

Attached to and made a part of that certain Operating Agreement dated December 1, 2005 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 Osbourne No. 101

1. DESCRIPTION OF LANDS SUBJECT TO THIS AGREEMENT:

All of the E/2 of Section 10, T-17-S, R-24-E, NMPM, Eddy County, New Mexico, containing 320.0 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

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

David H. Arrington Oil & Gas, Inc.
P.O. Box 2071
Midland, Texas 79702
Telephone: 432-684-8435

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

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

EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
Telephone: 432-682-8553

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

OWNER	Working Interest
LCX ENERGY, LLC	65.9765626%
CAPSTONE OIL & GAS COMPANY, L.P.	5.5664062%
CMW INTERESTS, INC.	0.5566406%
ELGER EXPLORATION, INC.	0.5566406%
EOG RESOURCES, INC.	14.84375000%
DAVID H. ARRINGTON OIL & GAS, INC.	12.50000000%
TOTAL	100.000000%

5. OIL AND GAS LEASES AND/OR OIL AND GAS INTERESTS:

TRACT NO. 1: NE/4 NE/4

Unleased Interest: William W. King – 100% mineral ownership
Legal Description: NE/4 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico
No. of Acres: 40.0 acres

TRACT NO. 2: NW/4 NE/4, S/2 NE/4

1) Lessor: Virginia Simmons, Trustee of the Carroll J. Simmons Revocable Trust
Original Lessee: Gary W. Stoltz
Lessee of Record: LCX Energy, LLC, et al
Date of Lease: November 7, 2006
Recorded: Book 680, Page 520, Eddy County R

Description of Lands Committed:

Subdivisions:

Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico

No. of Acres:

10.0 acres

2) Lessor:

Anna McKinney

Original Lessee:

M. Craig Clark

Lessee of Record:

EOG Resources, Inc., et al

Date of Lease:

October 29, 2002

Recorded:

Book 480, Page 723, Eddy County Records

Description of Lands Committed:

Subdivisions:

Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico

No. of Acres:

6.0 acres

3) Lessor:

Mary R. McKinney Smith

Original Lessee:

M. Craig Clark

Lessee of Record:

EOG Resources, Inc., et al

Date of Lease:

October 29, 2002

Recorded:

Book 480, Page 719, Eddy County Records

Description of Lands Committed:

Subdivisions:

Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico

No. of Acres:

6.0 acres

4) Lessor:

Scott B. Ford, ssp

Original Lessee:

David H. Arrington Oil & Gas, Inc.

Date of Lease:

October 17, 2006

Recorded:

Book 673, Page 825, Eddy County Records

Description of Lands Committed:

Subdivisions:

Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico

No. of Acres:

20.0 acres

5) Lessor:

G.A. McKee, Jr. & Delora Mae McKee, husband & wife

Original Lessee:

David H. Arrington Oil & Gas, Inc.

Date of Lease:

October 17, 2006

Recorded:

Book 673, Page 823, Eddy County Records

Description of Lands Committed:

Subdivisions:

Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico

No. of Acres:

5.0 acres

6) Lessor:

Gregory A. McKee, ssp

Original Lessee:

David H. Arrington Oil & Gas, Inc.

Date of Lease:

October 17, 2006

Recorded:

Book 673, Page 827, Eddy County Records

Description of Lands Committed:

Subdivisions:

Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico

No. of Acres:

3.75 acres

7) Lessor:

Marjorie L. McKee, a/k/a Marjorie L. McKee Davis, ssp

Original Lessee:

David H. Arrington Oil & Gas, Inc.

Date of Lease:

October 17, 2006

Recorded:

Book 673, Page 821, Eddy County Records

Description of Lands Committed:

Subdivisions:

Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico

No. of Acres:

3.75 acres

8) Lessor:

Evelyn L. Ashworth, ssp

Original Lessee:

David H. Arrington Oil & Gas, Inc.

Date of Lease:

October 17, 2006

Recorded:

Book 673, Page 817, Eddy County Records

Description of Lands Committed:

Subdivisions:

Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico

No. of Acres:

3.75 acres

9) Lessor: Steven E. McKee, ssp
Original Lessee: David H. Arrington Oil & Gas, Inc.
Date of Lease: October 17, 2006
Recorded: Book 673, Page 819, Eddy County Records
Description of Lands Committed:
Subdivisions: Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico
No. of Acres: 3.75 acres

10) Lessor: Irene R. McKinney
Original Lessee: M. Craig Clark
Lessee of Record: EOG Resources, Inc., et al
Date of Lease: October 29, 2002
Recorded: Book 485, Page 278, Eddy County Records
Description of Lands Committed:
Subdivisions: Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico
No. of Acres: 6.0 acres

12) Lessor: Lawrence D. McKinney
Original Lessee: M. Craig Clark
Lessee of Record: EOG Resources, Inc., et al
Date of Lease: October 29, 2002
Recorded: Book 485, Page 288, Eddy County Records
Description of Lands Committed:
Subdivisions: Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico
No. of Acres: 6.0 acres

13) Lessor: Flora B. Allison
Original Lessee: M. Craig Clark
Lessee of Record: EOG Resources, Inc., et al
Date of Lease: October 29, 2002
Recorded: Book 480, Page 721, Eddy County Records
Description of Lands Committed:
Subdivisions: Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico
No. of Acres: 6.0 acres

14) Unleased Interest: Ray B. Eller & Teresa M. Eller, husband & wife*
Legal Description: NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico
No. of Acres: 30.0 acres
*Lessor has serious debt issues.

15) Unleased Interest: William Darryl Murphy*
Legal Description: NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico
No. of Acres: 10.0 acres
*Lessor location is unknown.

Tract 3: SE/4

1) Lessor: Commerce Bank of Kansas City, NA (f/k/a Commerce Trust Company) and John C. Moulton, as Co-Trustees u/w/o Cleveland F. Moulton, Sr., dec.
Original Lessee: M. Craig Clark
Lessee of Record: EOG Resources, Inc., et al
Date of Lease: November 12, 2002
Recorded: Book 492, Page 316, Eddy County Records
Description of Lands Committed:
Subdivisions: Insofar and only insofar as said lease covers the NW/4 NE/4 and S/2 NE/4 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico
No. of Acres: 160.0 acres

6. BURDENS ON PRODUCTION:

LEASE ROYALTY: To be determined by Division Order Title Opinion.

OVERRIDING ROYALTY: To be determined by Division Order Title Opinion.

ACCEPTED AND AGREED TO:

LCX ENERGY, LLC

By: LCX ACQUISITIONS, LLC
Its Sole Member

By: _____
Name: Autry C. Stephens
Title: Sole Member

DATE: _____

CAPSTONE OIL & GAS COMPANY, LP

BY: CAPSTONE INVESTMENTS, INC., GP

BY: _____
Dale Douglas, President

DATE: _____

ELGER EXPLORATION, INC.

BY: _____
Jerry B. Elger, President

DATE: _____

DAVID H. ARRINGTON OIL & GAS, INC.

BY: _____

NAME: _____

TITLE: _____

DATE: _____

CMW INTERESTS, INC.

BY: _____
C. MARK WHEELER, President

DATE: _____

EOG RESOURCES, INC.

BY: _____

NAME: _____

TITLE: _____

DATE: _____