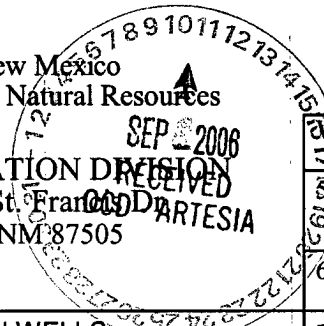


Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 87240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised May 08, 2003

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505



WELL API NO.
 30-015-34857

Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

7. Lease Name or Unit Agreement Name:
 1823 NICHOLS

8. Well Number
 21

2. Name of Operator
 LCX Energy, LLC

9. OGRID Number
 218885

3. Address of Operator
 110 N. Marienfeld, Ste. 200, Midland, TX 79701

10. Pool name or Wildcat

4. Well Location
 Unit Letter M : 760 feet from the SOUTH line and 660 feet from the WEST line
 Section 2 Township 18S Range 23E NMPM County EDDY

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3915' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK PLUG AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING MULTIPLE COMPLETION

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. PLUG AND ABANDONMENT
 CASING TEST AND CEMENT JOB

OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

7/30/06 - 8/10/06 KICK OFF WELL AT 4128' MD WITH 7 7/8" HOLE. CONTINUE TO DRILL CURVE FROM 4128' MD TO 4924' MD/ 4685' TVD.

8/11/06 - 8/26/06 DRILL HORIZONTAL SECTION OF WELL TO 7780' MD/ 4709' TVD. CIRCULATE HOLE, POOH.

8/28/06 RUN 5 1/2" CASING AS FOLLOWS: FLOAT SHOE, 1 JT 5 1/2" 17# P110 FJ CASING, FLOAT COLLAR, 187 JTS 5 1/2" 17# P110 & L80 FJ & LT & C CASING, LAND CASING AT 7780' MD. CEMENT CASING W/ 1ST STAGE: 1032 SX, 2071 CUFT, 12.93/G, 50/50 POZ H W/ 10%, 1/8 PPS, D- 130, .2% D-174, 2% D-112, .6% D-65, 6% D-65, .2% D-46, 2% S 1. DISPLACE W/ 179 BBLS WATER. BUMP PLUG TO 1280#, FLOATS HELD OK. CIRCULATED 181 SX CEMENT TO SURFACE.

8/29/06 ND BOPS AND NIPPLE UP FRAC VALVE. WO FRAC DATE.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Kanicia David TITLE Regulatory Agent DATE 9/8/06

Type or print name KANICIA DAVID Telephone No. 432-848-0214

(This space for State use)

APPROVED BY FOR RECORDS ONLY TITLE _____ DATE SEP 14 2006

Conditions of approval, if any: