

Month - Year
MAR 26 2007
OCD - ARTESIA, NMUNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of work: ☒ DRILL ☐ REENTER		5. Lease Serial No. NM-108961
1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name -----
2. Name of Operator 218885 Roswell Controlled Water Basin LCX ENERGY, LLC. (LARRY GILLETTE 432-262-4011)		7. If Unit or CA Agreement, Name and No. -----
3a. Address 110 NORTH MARIENFELD SUITE 200 MIDLAND, TEXAS 79701	3b. Phone No. (include area code) 432-262-4011	8. Lease Name and Well No. 36414 1724 FEDERAL COM. # 292
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 460' FSL & 760' FWL SECTION 29 T17S-R24E EDDY CO. NM At proposed prod. zone EOH 660' FNL & 760' FWL SEC. 29 T17S-R24E		9. API Well No. 30-015-35497
14. Distance in miles and direction from nearest town or post office* Approximately 15 miles West Southwest of Artesia, New Mexico		10. Field and Pool, or Exploratory COLLINS RANCH-WOLFCAMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drg. unit if any) UNORTHODOX LOCATION 460'	16. No. of acres in lease 320	11. Sec., T. R. M. or Blk. and Survey or Area SECTION 29 T17S-R24E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2600'	19. Proposed Depth TVD-4960' ± MD- 8919' ±	12. County or Parish EDDY CO.
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3848 GRL	22. Approximate date work will start* WHEN APPROVED	13. State NM
23. Estimated duration 45 Days ±		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

Split Estate

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Joe T. Janica</i>	Name (Printed/Typed) Joe T. Janica	Date 02/03/07
Title Agent		
Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed/Typed) <i>/s/ Don Peterson</i>	Date MAR 22 2007
Title ACTING FIELD MANAGER		Office CARLSBAD FIELD OFFICE

Application approval does not warrant or conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S. States any false, fictitious or fraudulent statement.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

rights in the subject lease which would entitle the applicant to

APPROVAL FOR 1 YEAR

and willfully to make to any department or agency of the United States.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, 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 Department

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 75010	Pool Name COLLINS RANCH-WOLFCAMP
Property Code	Property Name 1724 FEDERAL COM	Well Number 292
OGRID No. 218885	Operator Name LCX ENERGY	Elevation 3848'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	29	17 S	24 E		460	SOUTH	760	WEST	EDDY

Bottom Hole Location If Different From Surface

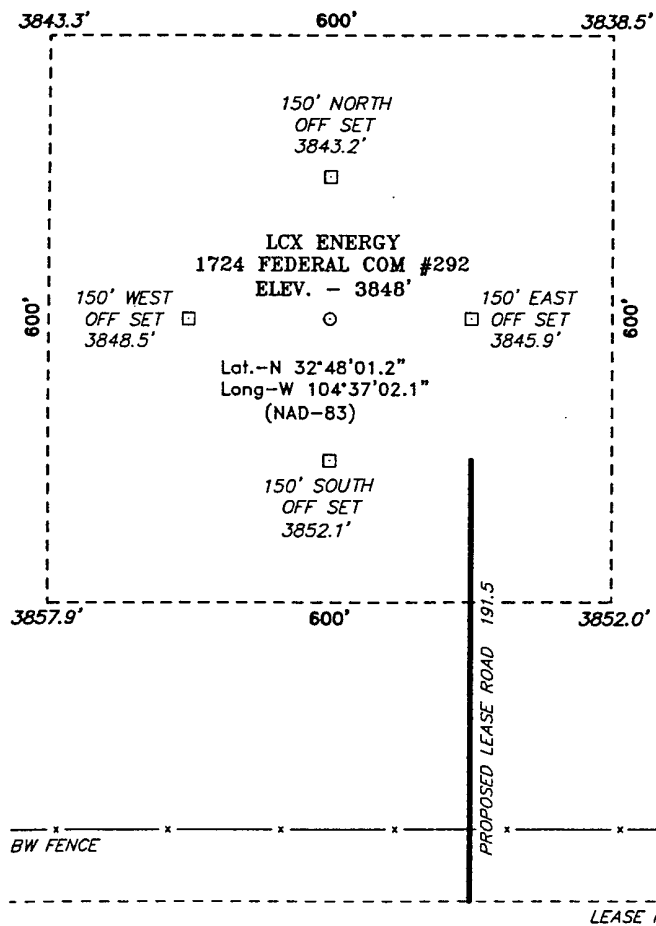
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	29	17 S	24 E		660	NORTH	760	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

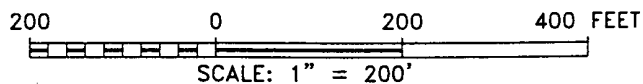
Diagram showing well location and acreage dedication. The map includes a grid with dimensions (760', 460', 660', 3843.3', 3838.5', 3857.9', 3852.0', 4160.0'). Key locations are marked: BOTTOM HOLE LOCATION (N32°48'42.4" Long - W104°37'02.4" (NAD-83)), SURFACE LOCATION (N32°48'01.2" Long - W104°37'02.1" (NAD-83)), and a Point of producing formation entry. The map also shows the PROJECT AREA, PRODUCING AREA, and FEE LEASE (NW/4 NM-108961).	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>Joe T. Janica</i> Date: 02/03/07 Printed Name: Joe T. Janica Agent SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. JANUARY 5, 2006 Date Surveyed: GARY L. JONES Signature & Seal of Professional Surveyor: <i>Gary L. Jones</i> W.O. No. 17620 Certificate No. Gary L. Jones 7977 BASIN SURVEYS
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SECTION 29, TOWNSHIP 17 SOUTH, RANGE 24 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF US. HWY. 285 AND US HWY 82, PROCEED WEST ON US. HWY 82 TO MILE MARKER 97, FROM MILE MARKER 97 PROCEED WEST 0.2 MILE TO LEASE ROAD, ON LEASE ROAD PROCEED SOUTH 1.9 MILE THENCE WEST 0.2 MILE TO A "T", FROM THE "T" PROCEED SOUTHERLY 0.9 MILE TO A PAD THENCE SOUTH 0.2 MILE TO A "T", FROM THE "T" PROCEED WEST 0.6 MILE TO A LEASE ROAD, ON LEASE ROAD PROCEED WEST 0.3 TO A FENCE, CONTINUE WEST ANOTHER 0.7 MILE TO PROPOSED LEASE ROAD.



BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 17620 Drawn By: J. M. SMALL

Date: 01-10-2007 Disk: JMS 17620W

LCX ENERGY

REF: 1724 FEDERAL COM #292 / WELL PAD TOPO

THE 1724 FEDERAL COM No. 292 LOCATED 460' FROM
THE SOUTH LINE AND 760' FROM THE WEST LINE OF
SECTION 29, TOWNSHIP 17 SOUTH, RANGE 24 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 01-05-2007 Sheet 1 of 1 Sheets

Horizontal Drilling Procedure

(Eddy Co., NM)

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17-1/2" hole to 350'.
3. Drill 12-1/4" hole to 1200'. Run and set 1200' of 9-5/8" 36# J-55 ST&C casing. Cement with 375 sx of 35/65 Poz/C + 5% NaCl + 6% Bentonite, tail in with 100 sx. of Class "C" cement + 2% CaCl, circulate cement to surface.
4. Drill 7-7/8" or 8-3/4" hole to approx. 5000'. Set cement kick-off plug from TD to approx. 4400 ft with 150 sx H + 0.5% dispersant.
5. Dress cement top to desired kick-off point. Drill 7-7/8" curve and land lateral in pay zone (approx. 4900 ft TVD). Pickup lateral drilling assembly with an 8-3/4" or 7-7/8" bit and drill a +/-4000' lateral to 660' from lease line (approx. 4000 ft vertical section).
6. Run and set 5-1/2" 17# N80 or stronger production casing. Cement 5-1/2" with acid soluble cement through the lateral and 400 sx 50/50 Poz/C + 10% gel and tail in with 200 sx C + 200% CaCO₃ (acid soluble cement) + fluid loss additive + retarder (as required), attempting to bring top of cement to 1,000'.

Contingency Strings:

If lost circulation occurs in the surface hole:

- 2a. Run and set 350' of 13-3/8" 48# H-40 ST&C casing. Cement with 200 sx 35/65 Poz/C + 6% gel and tail in with 200 sx of Class "C" cement + 2% CaCl, circulate cement to surface.

If hole conditions dictate running a 7" contingency string in the 8-3/4" hole :

- 4a. Run approx. 5100 ft 7" 26# J55 or stronger casing to TD. Cement with 700 sx class 'C' cement + add's attempting bringing TOC to approx. 1,000 ft. This may be done in the vertical pilot hole or at the end of the 8-3/4" curve section.
- 4b. Run whipstock and cut a window in the 7" casing (or drill out with 6-1/8" BHA if 7" set at end of curve). Drill to TD.
- 5a. Step 5 will be omitted.
- 6a. Run and set approximately 4400 ft 4-1/2" 11.6# N/L80 liner from TD to approximately 200' above the window/7" casing shoe. Cement with approx. 110 sx C + 200% CaCO₃ (acid soluble cement) + add's attempting to bring TOC above liner top.

FRESH WATER WILL BE USED TO DRILL THE 350' HOLE AND THE 1200' HOLE.

THERE IS NO KNOWN PRESENCE OF ANY H₂S IN THIS AREA. OTHER WELLS DRILLED HAVE NOT ENCOUNTERED ANY HYDROGEN SULFIDE WHILE DRILLING.

APPLICATION TO DRILL

LCX ENERGY, LLC.
1724 FEDERAL COM. #292
UNIT "M" SECTION 29
T17S-R24E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is provided for your consideration.

1. Location of well: 460' FSL & 760' FWL SECTION 29 T17S-R24E EDDY CO.-NM
2. Ground Elevation above Sea Level: 3848 G1
3. Geological age of surface formation: Quaternary Deposits:
4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.
5. Proposed drilling depth: TVD-4960' MD-8919'
6. Estimated tops of geological markers:

San Andres	575'	Abo	3875'
Glorietta	1715'	Wolfcamp	4700'
Tubb	3200'		
7. Possible mineral bearing formations:

Abo	Gas
Wolfcamp	Gas
8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
26"	0-40'	20"	NA	NA	NA	Conductor
17½"	0-350'	13 3/8"	48#	8-R	ST&C	H-40
12½"	0-1200'	9 5/8"	36#	8-R	ST&C	J-55
8 3/4' & 7 7/8"	0-8919'	5½"	17#	8-R Butt.	LT&C	N-80

APPLICATION TO DRILL

LCX ENERGY, LLC.
 1724 FEDERAL COM. #292
 UNIT "M" SECTION 29
 T17S-R24E EDDY CO. NM

9. CASING CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 350' of 13 3/8" 48# H-40 ST&C casing. Cement with 400 Sx. of Class "C" cement + additives, circulate cement to surface.
9 5/8"	Intermediate	Set 1200' of 9 5/8" 36# J-55 ST&C casing. Cement with 475 Sx. of Class "C" cement + additives, circulate cement to surface.
5 1/2"	Production.	Set 8919' $\pm$ 5 1/2" 17# N-80 LT&C casing. Cement with 600 Sx. of Class "C" Premium Plus cement + additives, estimate top of cement 1000' from surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 series 3000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams, and bottom pipe rams. The B.O.P. will be nipped up on the 13 3/8" casing and tested to API specifications. The B.O.P. will be operated at least once each 24 Hr. period and the blind rams will be operated when the drill pipe is out of on trips. Full opening stabbing valve and upper kelly cock will be available in case if needed. Exhibit "E-1" shows a hydraulically operated closing unit and a 3" 3000 PSI choke manifold with adjustable chokes. No abnormal pressures or temperatures are expected while drilling this well. No problems in offset wells.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-350'	8.4-8.7	29-34	NC	Fresh water use paper to control seepage.
350-1200'	8.4-8.7	30-38	NC	Fresh water use paper to control seepage.
1200-5000'±	9.0-9.2	29-34	NC	Cut brine circulate outer reserve
5000- 8919'	9.0-9.3	29-38	* 15 cc or less	Cut brine use high viscosity sweeps to clean hole

* Water loss may have to be controlled to log well and run casing.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, and casing, viscosity, and water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

LCX ENERGY, LLC.
1724 FEDERAL COM. #292
UNIT "M" SECTION 29
T17S-R24E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- A. Open hole logs: Log vertical hole with Dual Induction, SNP, MSFL, LDT, Gamma Ray, Caliper from TVD back to the 9 5/8" casing shoe.
- B. Cased hole log Gamma Ray, Neutron from 9 5/8" casing shoe back to surface.
- C. Rig up mud logger on hole at 3700'±.
- D. No cores or DST's are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H²S in this area. If H²S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 3500 PSI, and Estimated BHT 165°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 40 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Wolfcamp formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialized as a gas well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H₂S detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
2. H₂S Detection and Alarm Systems
 - A. H₂S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.
3. Windsock and/or wind streamers
 - A. Windsock at mudpit area should be high enough to be visible.
 - B. Windsock at briefing area should be high enough to be visible.
 - C. There should be a windsock at entrance to location.
4. Condition Flags and Signs
 - A. Warning sign on access road to location.
 - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H₂S present in dangerous concentration. Only emergency personnel admitted to location.
5. Well control equipment
 - A. See exhibit "E"
6. Communication
 - A. While working under masks chalkboards will be used for communication.
 - B. Hand signals will be used where chalk board is inappropriate.
 - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.
7. Drillstem Testing
 - A. Exhausts will be watered.
 - B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
 - C. If location is near any dwelling a closed D.S.T. will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.
9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

LCX ENERGY, LLC.
1724 FEDERAL COM. #292
UNIT "M" SECTION 29
T17S-R24E EDDY CO. NM

1. EXISTING AND PROPOSED ROADS:

- A. Exhibit "B" is a reproduction of a County General Hi-way map showing existing roads. Exhibit "C" is a reproduction of a USGS topographic map showing existing roads and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. All new roads will be constructed to BLM specifications.
- B. Exhibit "A" shows the proposed well site as staked.
- C. Directions to location: From the junction of US Hi-way 285 and US Hi-way 82 go West 9.75± miles, turn Right (South) go 1.9± miles bear Right (West) go .6± miles bear Left (South) go 1 mile turn Right (West) go 1.8± miles and location is on the North side of road.
- D. There are no dwellings within 1 mile of location.
- E. Exhibit "C" shows existing and proposed roads.

2. PLANNED ACCESS ROADS: Approximately 300' of new road will be constructed.

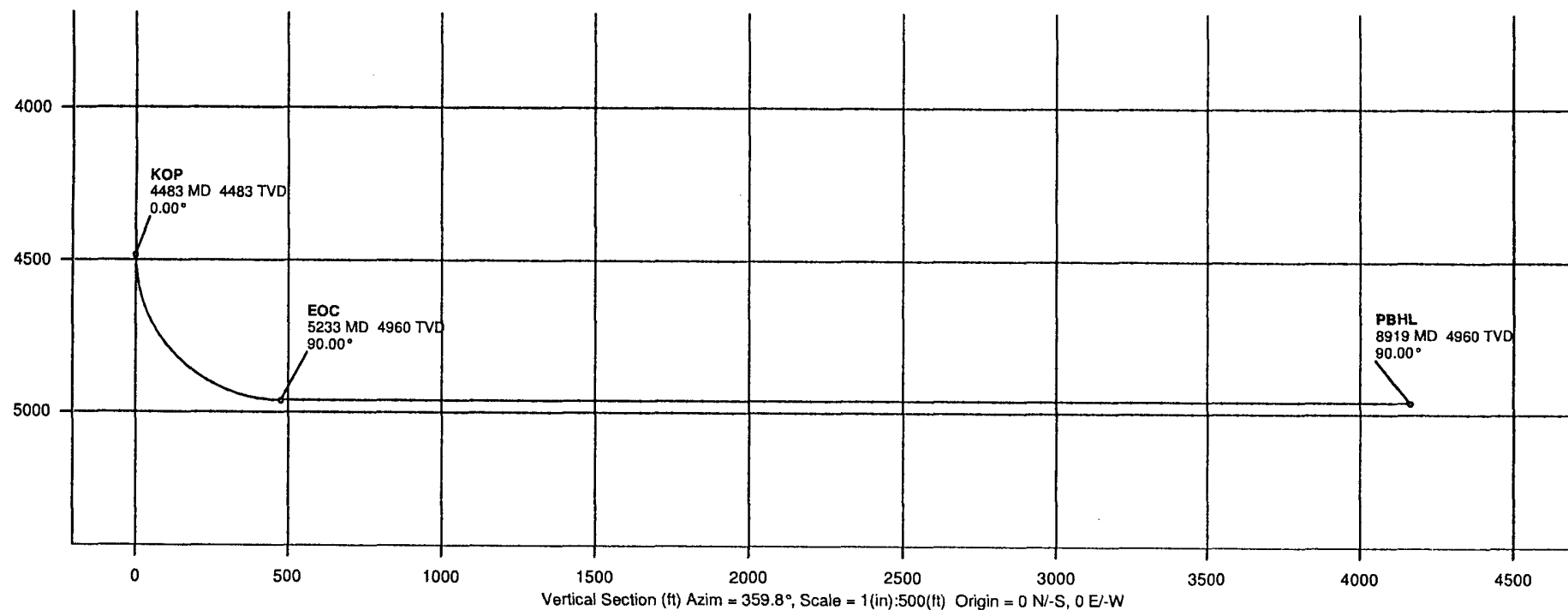
- A. The access roads will be crowned and sitched to a 14' wide travel surface, within a 30' R-O-W.
- B. Gradient of all roads will be less than 5%.
- C. Turn-outs will be constructed where necessary.
- D. If require new access roads will be surface with a minimum of 4-6" of caliche. this material will be obtained from a local source.
- E. Center line for new roads will be flagged, road construction will be done as field conditions require.
- F. Culverts will be placed in the access road as drainage conditions require. Roads will be constructed to use low water crossings for drainage as required by the topographic conditions.

3. LOCATION OF EXISTING WELLS WITHIN A ONE MILE RADIUS: EXHIBIT "A-1"

- A. Water wells - None within 1 mile of location.
- B. Disposal wells - None known
- C. Drilling wells - None known
- D. Producing wells - As shown on Exhibit "A-1"
- E. Abandoned wells - As shown on Exhibit "A-1"

LCX Energy

WELL		1724 Federal Com #292		FIELD		Eddy County, NM Nad 83		STRUCTURE		1724 Federal Com #292	
Magnetic Parameters				Surface Location				Miscellaneous			
Model: IGRF 2005		Dip: 60.848*		Date: January 26, 2007		NAD83 New Mexico State Plane, Eastern Zone, US Feet		Slot: 1724 Federal Com #292		TVD Ref: RWB (0.00 ft above)	
Mag Dec: +8.815*		FS: 46324.5 nT		Lat: N32 48 1.200		Northing: 655010.80 IUS		Grid Conv: -0.15380228*		Plan: 1724 Federal Com #292 .r1	
				Lon: W104 37 2.100		Easting: 454099.64 IUS		Scale Fact: 0.999917806		Srvy Date: January 29, 2007	



INTREPID
Directional Drilling Specialists





Report Date: January 29, 2007 Client: LCX Energy Field: Eddy County, NM Nad 83 Structure / Slot: 1724 Federal Com #292 / 1724 Federal Com #292 Well: 1724 Federal Com #292 Borehole: 1724 Federal Com #292 UWUAPI#: Survey Name / Date: 1724 Federal Com #292_r1 / January 29, 2007 Tort / AHD / DDI / ERD ratio: 90.000° / 4164.12 ft / 5.829 / 0.840 Grid Coordinate System: NAD83 New Mexico State Planes, Eastern Zone, US Feet Location Lat/Long: N 32 48 1.200, W 104 37 2.100 Location Grid N/E Y/X: N 855010.800 ftUS, E 454099.635 ftUS Grid Convergence Angle: -0.15380228° Grid Scale Factor: 0.99991781	Survey / DLS Computation Method: Minimum Curvature / Lubinski Vertical Section Azimuth: 359.800° Vertical Section Origin: N 0.000 ft, E 0.000 ft TVD Reference Datum: RKB TVD Reference Elevation: 0.0 ft relative to Sea Bed / Ground Level Elevation: 0.000 ft relative to Magnetic Declination: 8.615° Total Field Strength: 49324.509 nT Magnetic Dip: 60.646° Declination Date: January 29, 2007 Magnetic Declination Model: IGRF 2005 North Reference: Grid North Total Corr Mag North -> Grid North: +8.769° Local Coordinates Referenced To: Well Head
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Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Build Rate (deg/100 ft)	Mag / Grav Tool Face (deg)
Tie-In	0.00	0.00	359.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	20.00	0.00	359.80	20.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	40.00	0.00	359.80	40.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	60.00	0.00	359.80	60.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	80.00	0.00	359.80	80.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	100.00	0.00	359.80	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	120.00	0.00	359.80	120.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	140.00	0.00	359.80	140.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	160.00	0.00	359.80	160.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	180.00	0.00	359.80	180.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	200.00	0.00	359.80	200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	220.00	0.00	359.80	220.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	240.00	0.00	359.80	240.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	260.00	0.00	359.80	260.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	280.00	0.00	359.80	280.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	300.00	0.00	359.80	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	320.00	0.00	359.80	320.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	340.00	0.00	359.80	340.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	360.00	0.00	359.80	360.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	380.00	0.00	359.80	380.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	400.00	0.00	359.80	400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	420.00	0.00	359.80	420.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	440.00	0.00	359.80	440.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	460.00	0.00	359.80	460.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	480.00	0.00	359.80	480.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	500.00	0.00	359.80	500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	520.00	0.00	359.80	520.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	540.00	0.00	359.80	540.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	560.00	0.00	359.80	560.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	580.00	0.00	359.80	580.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
600.00	0.00	359.80	600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
620.00	0.00	359.80	620.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
640.00	0.00	359.80	640.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
660.00	0.00	359.80	660.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
680.00	0.00	359.80	680.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
700.00	0.00	359.80	700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
720.00	0.00	359.80	720.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
740.00	0.00	359.80	740.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	

Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Build Rate (deg/100 ft)	Mag / Grav Tool Face (deg)
	2920.00	0.00	359.80	2920.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	2940.00	0.00	359.80	2940.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	2960.00	0.00	359.80	2960.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	2980.00	0.00	359.80	2980.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3000.00	0.00	359.80	3000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3020.00	0.00	359.80	3020.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3040.00	0.00	359.80	3040.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3060.00	0.00	359.80	3060.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3080.00	0.00	359.80	3080.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3100.00	0.00	359.80	3100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3120.00	0.00	359.80	3120.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3140.00	0.00	359.80	3140.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3160.00	0.00	359.80	3160.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3180.00	0.00	359.80	3180.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3200.00	0.00	359.80	3200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3220.00	0.00	359.80	3220.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3240.00	0.00	359.80	3240.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3260.00	0.00	359.80	3260.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3280.00	0.00	359.80	3280.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3300.00	0.00	359.80	3300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3320.00	0.00	359.80	3320.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3340.00	0.00	359.80	3340.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3360.00	0.00	359.80	3360.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3380.00	0.00	359.80	3380.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3400.00	0.00	359.80	3400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3420.00	0.00	359.80	3420.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3440.00	0.00	359.80	3440.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3460.00	0.00	359.80	3460.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3480.00	0.00	359.80	3480.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3500.00	0.00	359.80	3500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3520.00	0.00	359.80	3520.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3540.00	0.00	359.80	3540.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3560.00	0.00	359.80	3560.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3580.00	0.00	359.80	3580.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3600.00	0.00	359.80	3600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3620.00	0.00	359.80	3620.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3640.00	0.00	359.80	3640.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3660.00	0.00	359.80	3660.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3680.00	0.00	359.80	3680.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3700.00	0.00	359.80	3700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3720.00	0.00	359.80	3720.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3740.00	0.00	359.80	3740.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3760.00	0.00	359.80	3760.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3780.00	0.00	359.80	3780.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3800.00	0.00	359.80	3800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3820.00	0.00	359.80	3820.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3840.00	0.00	359.80	3840.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3860.00	0.00	359.80	3860.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3880.00	0.00	359.80	3880.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3900.00	0.00	359.80	3900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3920.00	0.00	359.80	3920.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3940.00	0.00	359.80	3940.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3960.00	0.00	359.80	3960.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---
	3980.00	0.00	359.80	3980.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---

Comments	Measured Depth	Inclination	Azimuth	TVD	Vertical Section	NS	EW	Closure	Closure Azimuth	DLS	Build Rate	Mag / Grav Tool Face	
	(ft)	(deg)	(deg)	(ft)	(ft)	(ft)	(ft)	(ft)	(deg)	(deg/100 ft)	(deg/100 ft)	(deg)	
KOP	4000.00	0.00	359.80	4000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4020.00	0.00	359.80	4020.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4040.00	0.00	359.80	4040.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4060.00	0.00	359.80	4060.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4080.00	0.00	359.80	4080.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4100.00	0.00	359.80	4100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4120.00	0.00	359.80	4120.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4140.00	0.00	359.80	4140.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4160.00	0.00	359.80	4160.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4180.00	0.00	359.80	4180.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4200.00	0.00	359.80	4200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4220.00	0.00	359.80	4220.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4240.00	0.00	359.80	4240.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4260.00	0.00	359.80	4260.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4280.00	0.00	359.80	4280.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4300.00	0.00	359.80	4300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4320.00	0.00	359.80	4320.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4340.00	0.00	359.80	4340.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4360.00	0.00	359.80	4360.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4380.00	0.00	359.80	4380.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4400.00	0.00	359.80	4400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4420.00	0.00	359.80	4420.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4440.00	0.00	359.80	4440.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4460.00	0.00	359.80	4460.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4480.00	0.00	359.80	4480.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	
	4482.54	0.00	359.80	4482.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	359.80M
	4500.00	2.10	359.80	4500.00	0.32	0.32	0.00	0.32	359.80	12.00	12.00	12.00	359.80M
	4520.00	4.50	359.80	4519.96	1.47	1.47	-0.01	1.47	359.80	12.00	12.00	12.00	359.80M
	4540.00	6.90	359.80	4539.86	3.45	3.45	-0.01	3.45	359.80	12.00	12.00	12.00	HS
	4560.00	9.30	359.80	4559.66	6.27	6.27	-0.02	6.27	359.80	12.00	12.00	12.00	HS
	4580.00	11.70	359.80	4579.32	9.91	9.91	-0.03	9.91	359.80	12.00	12.00	12.00	HS
	4600.00	14.10	359.80	4598.82	14.38	14.38	-0.05	14.38	359.80	12.00	12.00	12.00	HS
	4620.00	16.50	359.80	4618.11	19.65	19.65	-0.07	19.65	359.80	12.00	12.00	12.00	HS
	4640.00	18.90	359.80	4637.16	25.73	25.73	-0.09	25.73	359.80	12.00	12.00	12.00	HS
	4660.00	21.30	359.80	4655.94	32.60	32.60	-0.11	32.60	359.80	12.00	12.00	12.00	HS
	4680.00	23.70	359.80	4674.42	40.25	40.25	-0.14	40.25	359.80	12.00	12.00	12.00	HS
	4700.00	26.10	359.80	4692.56	48.67	48.67	-0.17	48.67	359.80	12.00	12.00	12.00	HS
	4720.00	28.50	359.80	4710.33	57.84	57.84	-0.20	57.84	359.80	12.00	12.00	12.00	HS
	4740.00	30.90	359.80	4727.70	67.75	67.75	-0.23	67.75	359.80	12.00	12.00	12.00	HS
	4760.00	33.30	359.80	4744.64	78.38	78.38	-0.27	78.38	359.80	12.00	12.00	12.00	HS
	4780.00	35.70	359.80	4761.13	89.70	89.70	-0.31	89.70	359.80	12.00	12.00	12.00	HS
	4800.00	38.10	359.80	4777.12	101.71	101.71	-0.35	101.71	359.80	12.00	12.00	12.00	HS
	4820.00	40.50	359.80	4792.60	114.37	114.37	-0.40	114.37	359.80	12.00	12.00	12.00	HS
	4840.00	42.90	359.80	4807.53	127.68	127.68	-0.44	127.68	359.80	12.00	12.00	12.00	HS
	4860.00	45.30	359.80	4821.89	141.59	141.59	-0.49	141.59	359.80	12.00	12.00	12.00	HS
	4880.00	47.70	359.80	4835.66	156.10	156.10	-0.54	156.10	359.80	12.00	12.00	12.00	HS
	4900.00	50.10	359.80	4848.81	171.17	171.17	-0.59	171.17	359.80	12.00	12.00	12.00	HS
	4920.00	52.50	359.80	4861.31	186.77	186.77	-0.65	186.77	359.80	12.00	12.00	12.00	HS
	4940.00	54.90	359.80	4873.15	202.89	202.89	-0.70	202.89	359.80	12.00	12.00	12.00	HS
	4960.00	57.30	359.80	4884.31	219.49	219.49	-0.76	219.49	359.80	12.00	12.00	12.00	HS
4980.00	59.70	359.80	4894.76	236.54	236.54	-0.82	236.54	359.80	12.00	12.00	12.00	HS	
5000.00	62.10	359.80	4904.49	254.01	254.01	-0.88	254.01	359.80	12.00	12.00	12.00	HS	
5020.00	64.50	359.80	4913.47	271.88	271.88	-0.94	271.88	359.80	12.00	12.00	12.00	HS	
5040.00	66.90	359.80	4921.70	290.11	290.10	-1.00	290.11	359.80	12.00	12.00	12.00	HS	
5060.00	69.30	359.80	4929.16	308.66	308.66	-1.07	308.66	359.80	12.00	12.00	12.00	HS	

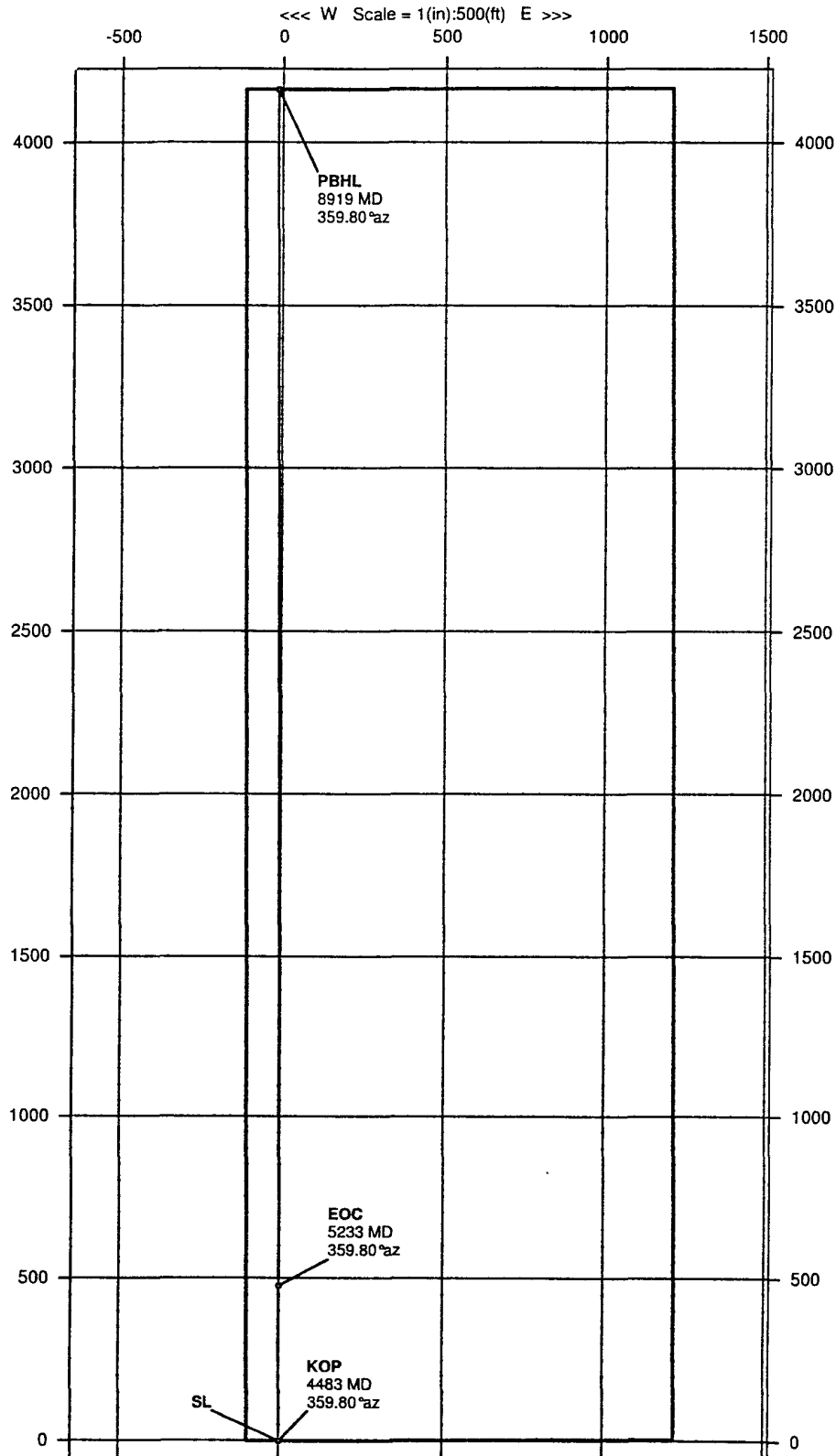
Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Build Rate (deg/100 ft)	Mag / Grav Tool Face (deg)
EOC	5080.00	71.70	359.80	4935.84	327.51	327.51	-1.13	327.51	359.80	12.00	12.00	HS
	5100.00	74.10	359.80	4941.72	346.63	346.62	-1.20	346.63	359.80	12.00	12.00	HS
	5120.00	76.50	359.80	4946.80	365.97	365.97	-1.27	365.97	359.80	12.00	12.00	HS
	5140.00	78.90	359.80	4951.06	385.51	385.51	-1.34	385.51	359.80	12.00	12.00	HS
	5160.00	81.30	359.80	4954.50	405.21	405.21	-1.40	405.21	359.80	12.00	12.00	HS
	5180.00	83.70	359.80	4957.11	425.04	425.03	-1.47	425.04	359.80	12.00	12.00	HS
	5200.00	86.10	359.80	4958.89	444.95	444.95	-1.54	444.95	359.80	12.00	12.00	HS
	5220.00	88.50	359.80	4959.84	464.93	464.93	-1.61	464.93	359.80	12.00	12.00	HS
	5232.54	90.00	359.80	4960.00	477.46	477.46	-1.65	477.46	359.80	12.00	12.00	HS
	5240.00	90.00	359.80	4960.00	484.93	484.93	-1.68	484.93	359.80	0.00	0.00	---
	5260.00	90.00	359.80	4960.00	504.93	504.93	-1.75	504.93	359.80	0.00	0.00	---
	5280.00	90.00	359.80	4960.00	524.93	524.93	-1.82	524.93	359.80	0.00	0.00	---
	5300.00	90.00	359.80	4960.00	544.93	544.93	-1.89	544.93	359.80	0.00	0.00	---
	5320.00	90.00	359.80	4960.00	564.93	564.93	-1.96	564.93	359.80	0.00	0.00	---
	5340.00	90.00	359.80	4960.00	584.93	584.93	-2.03	584.93	359.80	0.00	0.00	---
	5360.00	90.00	359.80	4960.00	604.93	604.93	-2.10	604.93	359.80	0.00	0.00	---
	5380.00	90.00	359.80	4960.00	624.93	624.93	-2.16	624.93	359.80	0.00	0.00	---
	5400.00	90.00	359.80	4960.00	644.93	644.93	-2.23	644.93	359.80	0.00	0.00	---
	5420.00	90.00	359.80	4960.00	664.93	664.93	-2.30	664.93	359.80	0.00	0.00	---
	5440.00	90.00	359.80	4960.00	684.93	684.93	-2.37	684.93	359.80	0.00	0.00	---
	5460.00	90.00	359.80	4960.00	704.93	704.93	-2.44	704.93	359.80	0.00	0.00	---
	5480.00	90.00	359.80	4960.00	724.93	724.93	-2.51	724.93	359.80	0.00	0.00	---
	5500.00	90.00	359.80	4960.00	744.93	744.93	-2.58	744.93	359.80	0.00	0.00	---
	5520.00	90.00	359.80	4960.00	764.93	764.93	-2.65	764.93	359.80	0.00	0.00	---
	5540.00	90.00	359.80	4960.00	784.93	784.92	-2.72	784.93	359.80	0.00	0.00	---
	5560.00	90.00	359.80	4960.00	804.93	804.92	-2.79	804.93	359.80	0.00	0.00	---
	5580.00	90.00	359.80	4960.00	824.93	824.92	-2.86	824.93	359.80	0.00	0.00	---
	5600.00	90.00	359.80	4960.00	844.93	844.92	-2.93	844.93	359.80	0.00	0.00	---
	5620.00	90.00	359.80	4960.00	864.93	864.92	-3.00	864.93	359.80	0.00	0.00	---
	5640.00	90.00	359.80	4960.00	884.93	884.92	-3.07	884.93	359.80	0.00	0.00	---
	5660.00	90.00	359.80	4960.00	904.93	904.92	-3.13	904.93	359.80	0.00	0.00	---
	5680.00	90.00	359.80	4960.00	924.93	924.92	-3.20	924.93	359.80	0.00	0.00	---
	5700.00	90.00	359.80	4960.00	944.93	944.92	-3.27	944.93	359.80	0.00	0.00	---
	5720.00	90.00	359.80	4960.00	964.93	964.92	-3.34	964.93	359.80	0.00	0.00	---
	5740.00	90.00	359.80	4960.00	984.93	984.92	-3.41	984.93	359.80	0.00	0.00	---
	5760.00	90.00	359.80	4960.00	1004.93	1004.92	-3.48	1004.93	359.80	0.00	0.00	---
	5780.00	90.00	359.80	4960.00	1024.93	1024.92	-3.55	1024.93	359.80	0.00	0.00	---
	5800.00	90.00	359.80	4960.00	1044.93	1044.92	-3.62	1044.93	359.80	0.00	0.00	---
	5820.00	90.00	359.80	4960.00	1064.93	1064.92	-3.69	1064.93	359.80	0.00	0.00	---
	5840.00	90.00	359.80	4960.00	1084.93	1084.92	-3.76	1084.93	359.80	0.00	0.00	---
5860.00	90.00	359.80	4960.00	1104.93	1104.92	-3.83	1104.93	359.80	0.00	0.00	---	
5880.00	90.00	359.80	4960.00	1124.93	1124.92	-3.90	1124.93	359.80	0.00	0.00	---	
5900.00	90.00	359.80	4960.00	1144.93	1144.92	-3.97	1144.93	359.80	0.00	0.00	---	
5920.00	90.00	359.80	4960.00	1164.93	1164.92	-4.04	1164.93	359.80	0.00	0.00	---	
5940.00	90.00	359.80	4960.00	1184.93	1184.92	-4.10	1184.93	359.80	0.00	0.00	---	
5960.00	90.00	359.80	4960.00	1204.93	1204.92	-4.17	1204.93	359.80	0.00	0.00	---	
5980.00	90.00	359.80	4960.00	1224.93	1224.92	-4.24	1224.93	359.80	0.00	0.00	---	
6000.00	90.00	359.80	4960.00	1244.93	1244.92	-4.31	1244.93	359.80	0.00	0.00	---	
6020.00	90.00	359.80	4960.00	1264.93	1264.92	-4.38	1264.93	359.80	0.00	0.00	---	
6040.00	90.00	359.80	4960.00	1284.93	1284.92	-4.45	1284.93	359.80	0.00	0.00	---	
6060.00	90.00	359.80	4960.00	1304.93	1304.92	-4.52	1304.93	359.80	0.00	0.00	---	
6080.00	90.00	359.80	4960.00	1324.93	1324.92	-4.59	1324.93	359.80	0.00	0.00	---	
6100.00	90.00	359.80	4960.00	1344.93	1344.92	-4.66	1344.93	359.80	0.00	0.00	---	
6120.00	90.00	359.80	4960.00	1364.93	1364.92	-4.73	1364.93	359.80	0.00	0.00	---	

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LCX Energy

WELL	1724 Federal Com #292	FIELD	Eddy County, NM Nad 83	STRUCTURE	1724 Federal Com #292
Magnetic Parameters	Dir: 60.646° Mag Dec: +8.615°	Date: January 29, 2007 FS: 48324.5 nT	Surface Location Lat: N32 48 1.200 Lon: W104 37 2.100	NAD83 New Mexico State Plane, Eastern Zone, US Feet Northing: 655010.80 NUS Easting: 454069.64 EUS Grid Conv: -0.15380228° Scale Fact: 0.999917806	Miscellaneous Site: 1724 Federal Com #292 Plan: 1724 Federal Com #292.r1 TVD Ref: RKB (0.00 ft above) Srvy Date: January 29, 2007



INTREPID
Directional Drilling Specialists



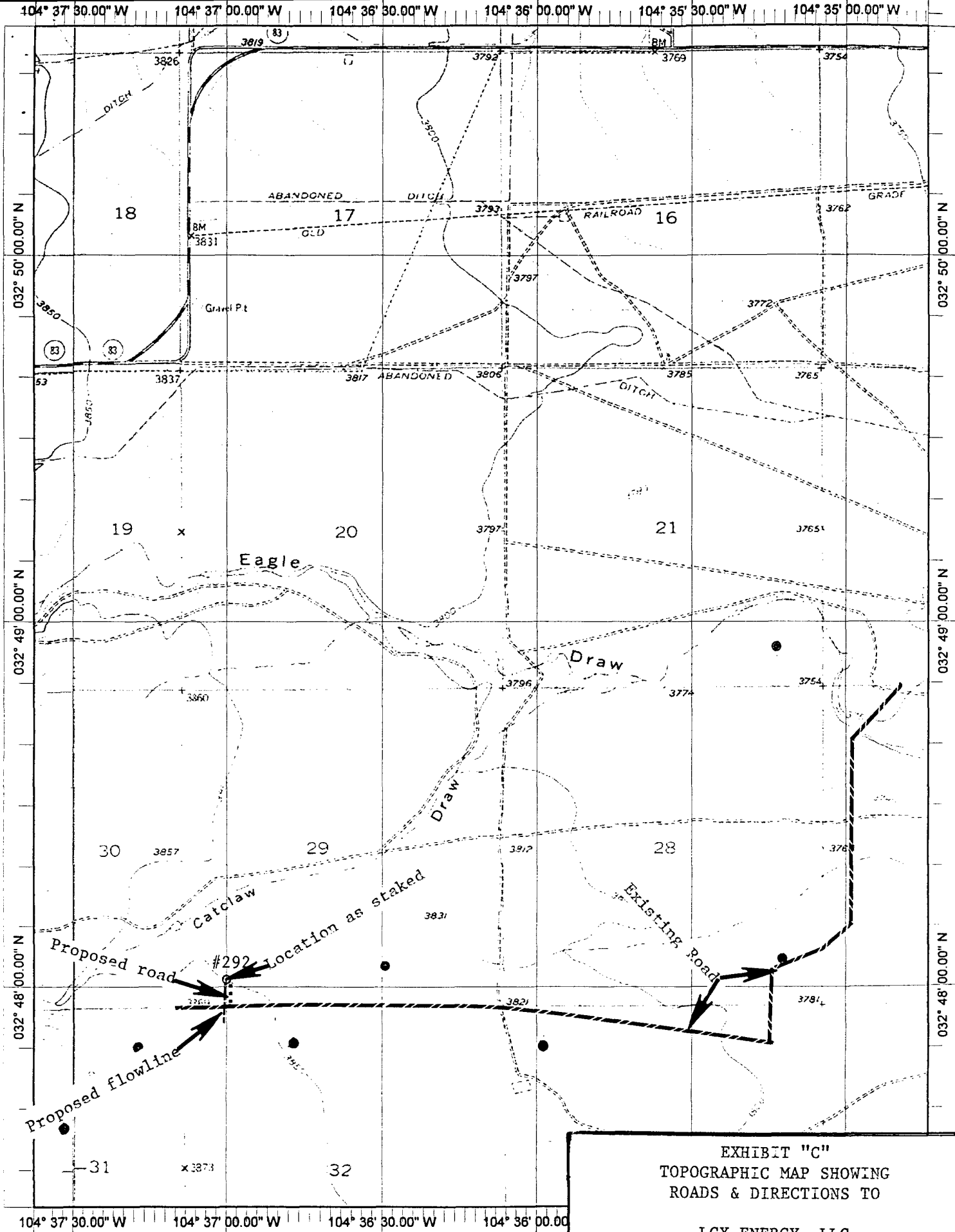
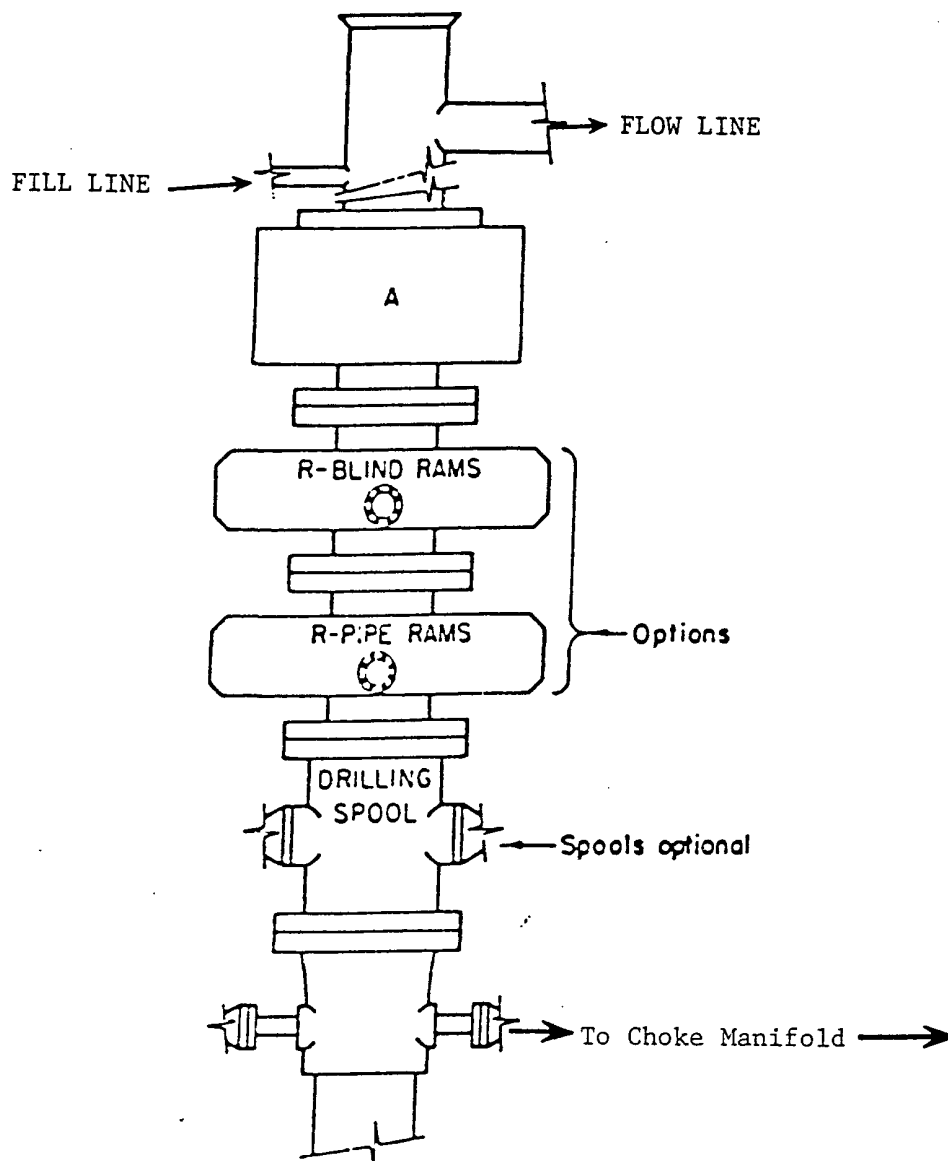


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

LCX ENERGY, LLC.
1724 FEDERAL COM. #292
UNIT "M" SECTION 29
T17S-R24E EDDY CO. NM

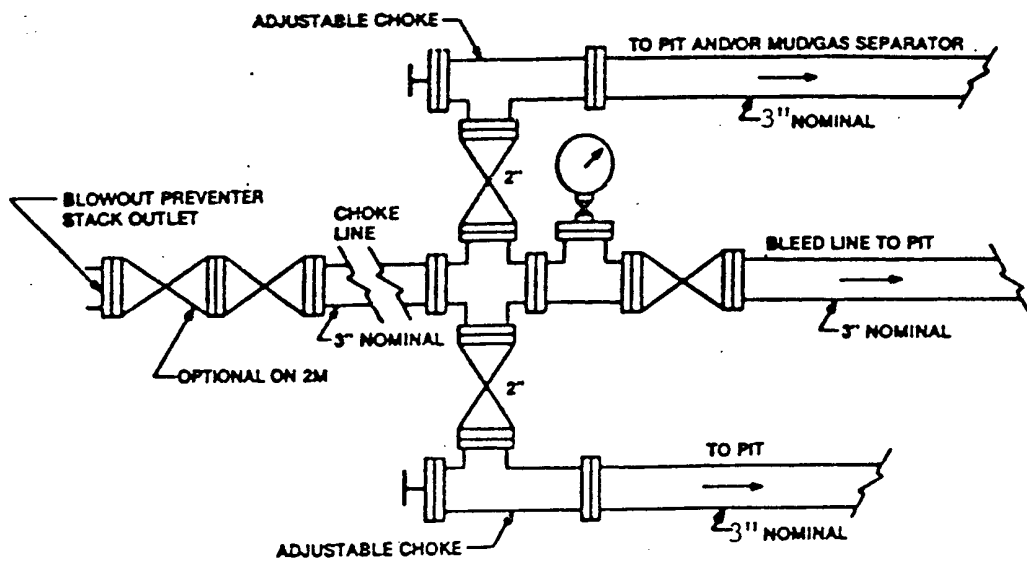


ARRANGEMENT SRRA

900 Series
3000 PSI WP

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

LCX ENERGY, LLC.
1724 FEDERAL COM. #292
UNIT "M" SECTION 29
T17S-R24E EDDY CO. NM



Typical choke manifold assembly for 3M WP system

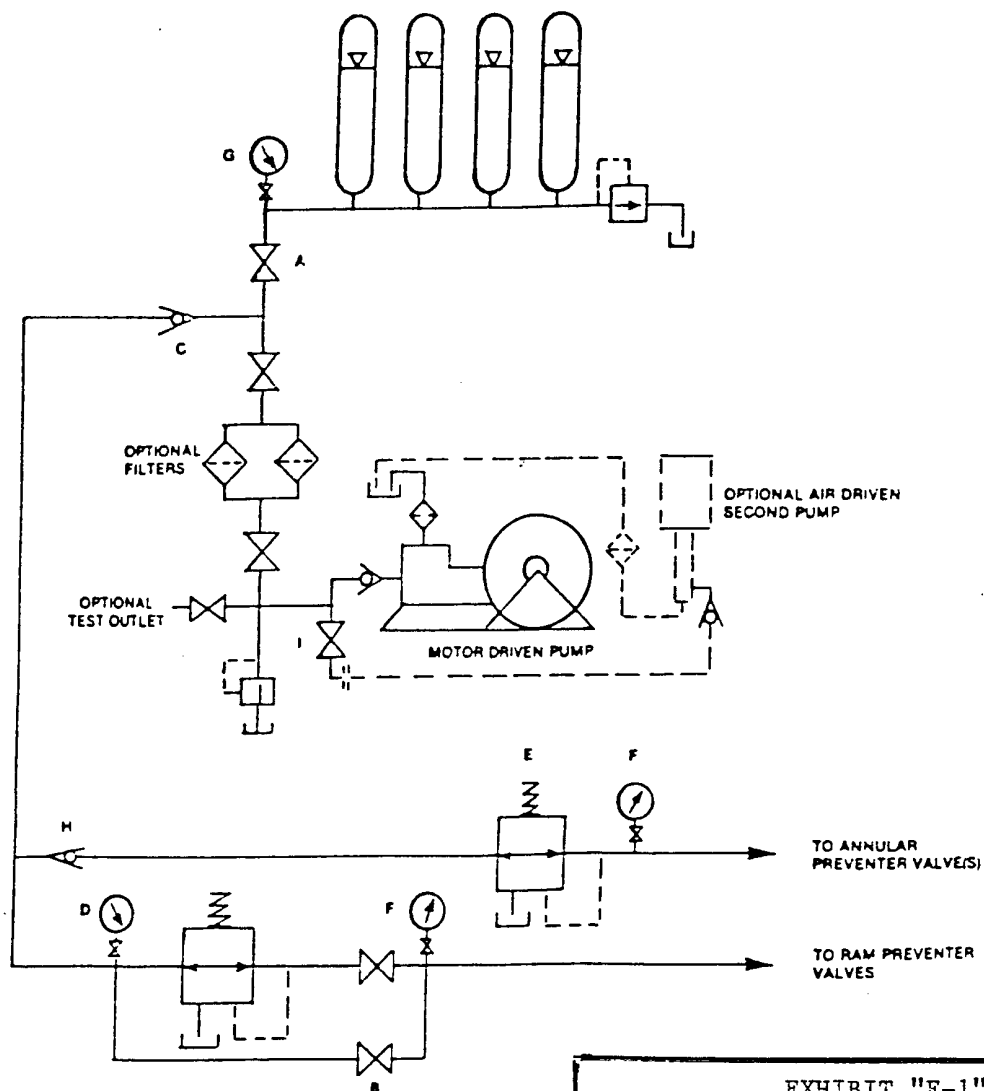


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

LCX ENERGY, LLC.
1724 FEDERAL COM. #292
UNIT "M" SECTION 29
T17S-R24E EDDY CO. NM

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 292-1724 Federal Com
Operator's Name: LCX Energy, LLC
Location SHL : 0460FSL, 0760FWL, Section 29, T-17-S, R-24-E
Location BHL: 0660FNL, 0760FWL, Section 29, T-17-S, R-24-E
Lease: NM108961

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 - for wells in Eddy County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 9-5/8 inch 5-1/2 inch
Contingency casing 13-3/8 inch 7 inch 4-1/2 inch

C. BOP tests

2. **Although no Hydrogen Sulfide has been reported in this section, it is always a possible hazard.**

3 Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 13-3/8 inch casing **will be used as surface casing if lost circulation occurs in the surface hole** and shall be set at approximately 350 feet, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. **If lost circulation does not occur in the surface hole**, the 9-5/8 inch casing shall be set at approximately 1200 feet, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

Possible lost circulation in Grayburg and San Andres formations.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall extend upward a minimum of 200 feet into the preceding casing string.**

Running contingency casing strings will be dictated by hole conditions and cemented a minimum of 200 feet into next larger casing strings. If liner is used, cement to circulate to top of liner.

If contingency strings are not used, the cement volume for the 5-1/2" casing and 4-1/2" liner may need to be increased to get the required height of cement.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13-3/8 or 9-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the surface and intermediate casing shall be 2M psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 9-5/8 inch casing shall be 2M psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - The tests shall be done by an independent service company.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.

Engineer on call phone: 505-706-2779

WWI 021507