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December 8, 2005

## **HAND-DELIVERED**

Ms. Florene Davidson  
New Mexico Oil Conservation Division  
1220 South St. Francis  
Santa Fe, New Mexico 87504

Writer's Direct E-Mail:  
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2005 DEC 8 PM 3 01

Re: In the Matter of LCX Energy, LLC for Compulsory Pooling, Eddy County, New Mexico; NMOCD Case No. 13628

Dear Florene:

Enclosed for filing is an Application in the referenced matter. Also enclosed in hard copy and on disk is a proposed advertisement for the Division's use.

Please schedule the hearing for the January 19, 2005 Examiner hearing docket. Thank you for your assistance.

Very truly yours,

MILLER STRATVERT P.A.



J. Scott Hall

JSH/glb  
Enclosures

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**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

2005 DEC 8 PM 3 01

**IN THE MATTER OF THE APPLICATION  
OF LCX ENERGY, LLC  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 13628**

**APPLICATION**

Applicant, LCX ENERGY, LLC, through its undersigned attorneys, Miller Stratvert P.A. (J. Scott Hall) hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17(C), for an order pooling all mineral interests from the surface through the base of the Wolfcamp formation in the following described acreage in Section 6, Township 17 South, Range 25 East, NMPM; the W/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated West Cottonwood Creek-Gas Pool, and the NW/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent, and in support thereof states:

1. LCX is a working interest owner in the W/2 of said Section 6 and has the right to drill thereon.
2. LCX proposes to dedicate the above-referenced spacing and proration units to the 1725 Federal Com Well No. 61 (API No. 30-015-34340) currently being drilled by LCX from a surface location on its lease 660 feet from the North line and 760 feet from the west line of said Section 6 to an appropriate depth to be horizontally drilled in a southerly direction in the Wolfcamp formation for a sufficient distance to enable the well to effectively drain the W/2 of Section 6 and test all formations from the surface to the base of the Wolfcamp formation.
3. LCX has sought and been unable to obtain voluntary agreement for the development of these lands from other interest owners in the W/2 of Section 6.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit LCX the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and LCX Energy, LLC should be designated the operator of the well.

WHEREFORE, LCX Energy, LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 19, 2006 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing units;
- B. designating LCX Energy, LLC operator of this spacing unit and the well thereon;
- C. authorizing LCX Energy, LLC to recover its costs of drilling, equipping and completing the well;
- D. approving the operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a 200% penalty, plus costs of drilling, completing and equipping the well incurred by LCX, against the share of any such owner that does not voluntarily participate in the well.

Respectfully submitted,

MILLER STRATVERT P.A.

By: 

J. Scott Hall  
Attorneys for LCX Energy, LLC  
Post Office Box 1986  
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**CASE NO. 13628 : Application of LCX Energy, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface through the base of the Wolfcamp formation in the following described acreage in Section 6, Township 17 South, Range 25 East, NMPM; the W/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated West Cottonwood Creek-Wolfcamp Gas Pool, and the NW/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent. Said spacing and proration units are to be dedicated to the 1725 Federal Com Well No. 61 (API No. 30-015-34340) currently being drilled from a surface location 660 feet from the North line and 760 feet from the west line of said Section 6 to an appropriate depth to be horizontally drilled in a southerly direction in the Wolfcamp formation for a sufficient distance to enable the well to effectively drain the W/2 of Section 6 and test all formations from the surface to the base of the Wolfcamp formation. Also to be considered will be the cost of drilling, completing and equipping said well and the allocation of the costs thereof as well as operating costs and charges for supervision, designation of LCX Energy, LLC as operator of the well and imposition of a 200% penalty plus the costs of drilling, completing and equipping the well incurred by LCX against any working interest owner who does not voluntarily participate in the well. The subject well and lands are located approximately 7 miles west of Artesia, New Mexico.

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