

BEFORE THE OIL CONSERVATION DIVISION  
NEW MEXICO ENERGY, MINERALS AND  
NATURAL RESOURCES DEPARTMENT

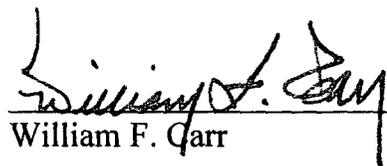
APPLICATION OF THE AMENDED APPLICATION OF  
DEVON ENERGY CORPORATION FOR COMPULSORY  
POOLING AND WITHDRAWAL OF APPROVAL OF AN  
APPLICATION FOR PERMIT TO DRILL, EDDY  
COUNTY, NEW MEXICO

CASE NO. 13603

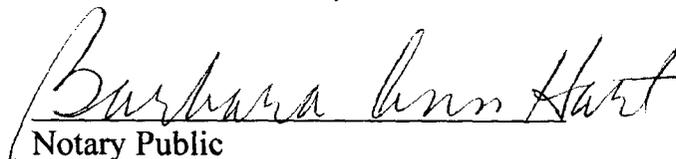
AFFIDAVIT

STATE OF NEW MEXICO        )  
  ) ss.  
COUNTY OF SANTA FE    )

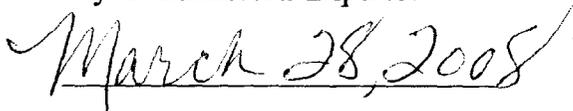
William F. Carr, attorney in fact and authorized representative of Devon Energy Corporation, the Applicant herein, being first duly sworn, upon oath, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "A" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.

  
\_\_\_\_\_  
William F. Carr

SUBSCRIBED AND SWORN to before me this 29th day of December 2005.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

  
\_\_\_\_\_  
March 28, 2008

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13603 and 13628 Exhibit No. 5  
Submitted by:  
DEVON ENERGY CORPORATION  
Hearing Date: March 2, 2006

USPS Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only, No Insurance Coverage Provided)

OFFICE OF THE ATTORNEY GENERAL  
 MEXICO CITY, MEXICO

Postage \$ 1.06  
 Certified Fee 2.30  
 Return Receipt Fee (Endorsement Required) 1.75  
 Restricted Delivery Fee (Endorsement Required)  
 Total Postage & Fees \$ 5.11

Sent To  
 Capstone Oil & Gas Co., LP  
 Street, Apt. No., or PO Box No. 203 West Wall, Suite 1201  
 City, State, ZIP+4 Midland, Texas 79701

PS Form 3800

7001 1240 0002 9558 3044

USPS Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only, No Insurance Coverage Provided)

OFFICE OF THE ATTORNEY GENERAL  
 MEXICO CITY, MEXICO

Postage \$ 1.06  
 Certified Fee 2.30  
 Return Receipt Fee (Endorsement Required) 1.75  
 Restricted Delivery Fee (Endorsement Required)  
 Total Postage & Fees \$ 5.11

Sent To  
 CMW Interests, Inc.  
 Street, Apt. No. or PO Box No. 24 Smith Road, Suite 405  
 City, State, ZIP+4 Midland, Texas 79705

PS Form 3800

7001 1240 0002 9558 3051

**SENDER: COMPLETE THIS SECTION**

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  
 Print your name and address on the reverse so that we can return the card to you.  
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Capstone Oil & Gas Co., LP  
 203 West Wall, Suite 1201  
 Midland, Texas 79701

2. Article Number (Copy) 7001 1240 0002 9558 3044  
 Domestic Return Receipt  
 PS Form 3811, July 1999 102595-00-M-0952

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) B. Date of Delivery  
 12-12-05

C. Signature *[Signature]*  Agent  Addressee

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes  No

**SENDER: COMPLETE THIS SECTION**

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  
 Print your name and address on the reverse so that we can return the card to you.  
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 CMW Interests, Inc.  
 24 Smith Road, Suite 405  
 Midland, Texas 79705

2. Article Number (Copy from) 7001 1240 0002 9558 3051  
 Domestic Return Receipt  
 PS Form 3811, July 1999 102595-00-M-0952

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) B. Date of Delivery  
 C. MARK WILKINSON 12/13

C. Signature *[Signature]*  Agent  Addressee

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes  No





**Exhibit A**

**Amended Application of Devon Energy Corporation  
for Compulsory Pooling and  
withdrawal of approval of an Application for Permit to Drill  
Eddy County, New Mexico.**

(1725 Federal Com Well No. 61)  
Section 6: Unit Letter D

**Township 17 South, Range 25 East, NMPM**  
Eddy County, New Mexico.

LCX Energy, LLC  
110 North Marienfeld  
Suite 200  
Midland, Texas 79701

EOG Resources, Inc.  
Post Office Box 2267  
Midland, Texas 79702

Parallel Petroleum Corp.  
1004 N. Big Spring, Suite 400  
Midland, Texas 79701

Capstone Oil & Gas Company, LP  
203 West Wall, Suite 1201  
Midland, Texas 79701

CMW Interests, Inc.  
24 Smith Road, Suite 405  
Midland, Texas 79705

Elger Exploration, Inc.  
Post office Box 2623  
Midland, Texas 79702-2623

December 8, 2005

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

**ALL AFFECTED INTEREST OWNERS:**

Re: Application of Devon Energy Corporation for compulsory pooling and withdrawal of approval of an Application for Permit to Drill, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Devon Energy Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order withdrawing its approval of an application for permit to drill previously approved for LCX Energy, LLC and pooling all mineral interests from the surface to 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 then 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.

This application has been set for hearing before a Division Examiner on December 15, 2005. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing, but no later than the Thursday preceding the hearing. This statement must be filed at the Division's Santa Fe office

HOLLAND & HART  LLP

at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr

DEVON ENERGY CORPORATION

cc: Ms. Meg Muhlinghause  
Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260

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

**IN THE MATTER OF THE APPLICATION  
OF DEVON ENERGY CORPORATION  
FOR COMPULSORY POOLING AND  
WITHDRAWAL OF APPROVAL OF AN  
APPLICATION FOR PERMIT TO DRILL,  
EDDY COUNTY, NEW MEXICO.**

2005 DEC 6 PM 4 13

CASE NO. 13603

**AMENDED APPLICATION**

DEVON ENERGY CORPORATION ("Devon") through its undersigned attorneys, hereby files this amended application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17(C), for an order (1) withdrawing its approval of an Application for Permit to Drill, and (2) 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. Devon is a working interest owner in the W/2 of said Section 6 and has the right to drill thereon.

2. By Application for Permit to Drill, dated July 21, 2005, (United States Department of the Interior Form No. 1004-0136) LCX Energy, L.L.C. ("LCX") sought authorization to drill the 1725 Federal Com Well No. 61 (API No. 30-015-34340) at a location 660 feet from the South line and 760 feet from the West line of Section 6, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico. This APD was approved by the BLM on September 14, 2005 subject to like approval by the State

of New Mexico. The ADP was received by the Oil Conservation Division on September 16, 2005.

3. LCX commenced the drilling of the well on October 7, 2005 from a surface location 660 feet from the North line and 760 feet from the west line of said Section 6 and then horizontally drilled in a southerly direction in the Wolfcamp formation for a sufficient distance to enable the well to drain the W/2 of Section 6 and test all formations from the surface to the base of the Wolfcamp formation.

4. On October 28, 2005, three weeks after the well was spud, LCX first contacted Devon and advised that it wanted to drill a horizontal Wolfcamp well in the W/2 of Section 6. Devon requested a well proposal and an AFE for the well. Nothing was received from LCX until, November 23, 2005, after the well had been drilled. Thereafter LCX has delayed in providing data that Devon has requested concerning the well.

5. Devon has advised LCX that because of the way the well has been proposed and drilled that Devon desires to assume operations of the well and dedicate thereto the above-referenced spacing and proration units.

6. Devon has sought and been unable to obtain voluntary agreement for the development of these lands from other interest owners identified on Exhibit A to this application.

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

8. In order to permit Devon 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 Devon Energy Corporation should be designated the operator of the well.

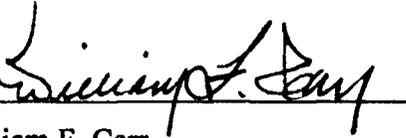
WHEREFORE, Devon Energy Corporation requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on December 15, 2005 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing units,
- B. withdrawing its approval of the LCX Application for Permit to Drill.
- C. designating Devon Energy Corporation operator of this spacing unit and

- the well thereon,
- D. authorizing Devon to recover its costs, if any, of drilling, equipping and completing the well,
  - E. 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
  - F. imposing a 200% penalty on any working interest owner's share of the costs of drilling and completing the well incurred by Devon, if any, against any such owner that does not voluntarily participate in the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

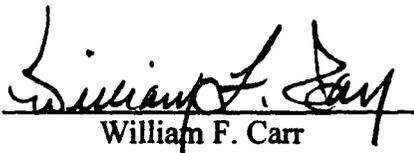
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR DEVON  
ENERGY CORPORATION

**CERTIFICATE OF SERVICE**

I certify that on December 6, 2005 I served a copy of the foregoing Amended Application by Facsimile to:

J. Scott Hall Esq.  
Miller Stratvert PA  
Post Office Box 1986  
Santa Fe, New Mexico 87504-1986  
FAX NO. (505) 989-9857

  
William F. Carr

**CASE \_\_\_\_\_: Amended Application of Devon Energy Corporation for compulsory pooling and withdrawal of approval of an Application for Permit to Drill, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order from the Division (1) withdrawing its approval of an Application for Permit to Drill, and (2) 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 and completing said well and the allocation of the cost thereof as well as operating costs and charges for supervision, designation of Devon Energy Corporation as operator of the well and imposition of a 200% penalty on any working interest owner's share of the costs of drilling and completing the well incurred by Devon, if any, against any working interest owner who does not voluntarily participate in the well. Said area is located approximately 7 miles west of Artesia, New Mexico.

# Affidavit of Publication

NO. 19098

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

### Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

1 Consecutiv week/days on the same day as follows:

First Publication December 9 2005

Second Publication \_\_\_\_\_

Third Publication \_\_\_\_\_

Fourth Publication \_\_\_\_\_

Subscribed and sworn to before me this

9th Day December 2005

Barbara Anne Beams  
Notary Public, Eddy County, New Mexico

My Commission expires September : 23, 2007

# Copy of Publicat

### NOTICE OF PUBLICATION STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on January 5, 2006, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Fiorena Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by December 26, 2005. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Fiorena Davidson if a summary or other type of accessible form is needed.

### STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

Case No. 19098:  
Recommended Application of Devon Energy Corporation for compulsory pooling and withdrawal of approval of an Application for Permit to Drill, Eddy County, New Mexico. Applicant in the above-styled case seeks an order from the Division (1) withdrawing its approval of an Application for Permit to Drill, and (2) 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. 81 (API No. 90-015-34340) 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 and completing said well and the allocation of the cost thereof as well as operating costs and

### LEGAL NOTICE

charges for supervision, designation of Devon Energy Corporation as operator of the well and imposition of a 200% penalty on any working interest owner's share of the costs of drilling and completing the well incurred by Devon, if any, against any working interest owner who does not voluntarily participate in the well. Said area is located approximately 7 miles west of Artesia, New Mexico. Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 7th day of December 2005.  
STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION  
Mark E. Fosmire, P.E., Director  
Published in the Artesia Daily Press, Artesia, N.M. December 9, 2005.  
Legal 19098

# Affidavit of Publication

NO. 19074

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

### Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 Consecutiv week/days on the same

day as follows:

First Publication November 17 2005

Second Publication \_\_\_\_\_

Third Publication \_\_\_\_\_

Fourth Publication \_\_\_\_\_

Subscribed and sworn to before me this

28th Day November 2005

Barbara Ann Boone  
Notary Public, Eddy County, New Mexico

My Commission expires September : 23, 2007

# Copy of Publication:

### LEGAL NOTICE

**NOTICE OF PUBLICATION STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO**

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on December 15, 2005, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay

### LEGAL NOTICE

Network, 1-800-659-1779 by December 5, 2005. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

### STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following cases and notice to the public:

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

### CASE 13803:

Application of Devon Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause 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,

### LEGAL NOTICE

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 Corn 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 and completing said well

### LEGAL NOTICE

and the allocation of the cost thereof as well as operating costs and charges for supervision, designation of Devon Energy Corporation as operator of the well and imposition of a 200% penalty on any working interest owner's share of the costs of drilling and completing the well incurred by Devon, if any, against any working interest owner who does not voluntarily participate in the well. Said area is located approximately 7 miles west of Artesia, New Mexico. Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 16th day of November 2005.

### STATE OF NEW MEXICO

**OIL CONSERVATION DIVISION**

**Mart E. Fesmire, P.E., Director**

Published in the Artesia Daily Press, Artesia, N.M. November 17, 2005.

Legal 19074