

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,
EDDY COUNTY, NEW MEXICO**

CASE NO. 13,603

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

CASE NO. 13,628

STIPULATED EMERGENCY ORDER

THIS MATTER, having come before the Division Director pursuant to the request of LCX Energy, LLC for the entry of an emergency order allowing for the immediate completion, connection and production of the LCX 1725 Federal Com Well No. 61, and the Division Director being duly advised, finds:

1. The LCX 1725 Federal Com Well No. 61 (the "subject well"), was drilled from a surface location 660' FNL and 760' FWL to a bottom hole location 660' FSL and 760" FWL in the Wolfcamp formation in Section 6, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico (API No. 30-015-34340). The W/2 of said Section 6 is dedicated to the subject well. The well was spudded on October 7, 2005 and was completed approximately two and one-half weeks ago. It has been determined that the well is capable of production in commercial quantities and that a gas sales line is immediately available for connection to the subject well.

2. Devon Energy Corporation is the Applicant in Case No. 13603 and LCX Energy, LLC is the Applicant in Case No. 13628. Both cases were consolidated for hearing before

Division Examiner Richard Ezeanyim on March 2, 2006. Both parties seek the compulsory pooling of unjoined interests and each seeks to be designated operator of the subject well.

3. During the course of the testimony in the consolidated cases on March 2, 2006, evidence was elicited establishing that because of the nature of completions in the Wolfcamp formation in this portion of Eddy County, there is a reasonable likelihood that maintaining the well in a shut-in status following completion may result in damage to the reservoir and the loss of hydrocarbon reserves that might otherwise be recovered.

4. Both LCX Energy, LLC and Devon Energy Corporation agree that it is in the best interest of all that the well be placed on production as soon as possible.

5. Division Rule 1104 does not permit the assignment of an allowable of a well until all interests dedicated to the well are consolidated by communitization or pooling. LCX Energy, LLC has requested the issuance of an order in the compulsory pooling cases on an expedited basis, but several more days may be required before a final order can be issued.

6. In these circumstances, it is reasonable and prudent for the subject well to be connected to the pipeline and for production and sales from the well to commence as soon as possible. By doing so, the interests of conservation will be served and waste will be prevented.

7. Devon Energy Corporation is the owner of approximately 37.510158% working interest in the W/2 proration unit dedicated to the subject well. LCX and Devon agree that the portion of sales proceeds attributable to Devon Energy Corporation's ownership share may be placed into suspense for the interim pending the issuance of the Division's final order in the consolidated compulsory pooling cases.

WHEREFORE, pursuant to Division Rule 1225 (Emergency Orders and Rules) it is ordered as follows:

1.) The LCX 1725 Federal Com Well No. 61 (API 30-015-34340) may be connected to the pipeline and placed into production at the earliest opportunity;

2.) LCX Energy, LLC shall place into suspense proceeds from the sale of gas from the subject well attributable to Devon Energy Corporation's proportionate share (37.510158%);

3.) This Stipulated Emergency Order shall remain in effect pending the issuance of a final order in the above reference consolidated cases, or as the Division may otherwise direct;

4.) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Aztec, New Mexico on the day and year herein above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

AGREED:



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Electronically approved March 2, 2006

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