

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

**IN THE MATTER OF THE PROCEEDING CALLED
BY THE OIL CONSERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING PRE-HEARING MOTIONS
RELATING TO: 1) THE APPLICATION OF DEVON
ENERGY CORPORATION IN CASE NO. 13603 FOR
COMPULSORY POOLING, EDDY COUNTY, NEW
MEXICO; AND 2) THE APPLICATION OF LCX
ENERGY, LLC IN CASE NO. 13628 FOR
COMPULSORY POOLING, EDDY COUNTY, NEW
MEXICO**

**CASE NO. 13603
CASE NO. 13628
ORDER NO. R-12511**

ORDER ON PRE-HEARING MOTIONS

BY THE DIVISION:

This matter came before Examiner David R. Catanach on February 16, 2006 for the purpose of hearing oral arguments regarding the following pre-hearing motions filed by Devon Energy Corporation ("Devon") and LCX Energy, LLC ("LCX Energy") in Cases No. 13603 and 13628: 1) Subpoena Duces Tecum issued by the Division on January 11, 2006 on behalf of Devon, and subsequently served on LCX Energy; 2) LCX Energy's Motion to Quash Devon's Subpoena Duces Tecum dated January 18, 2006; and 3) Devon's Response to LCX Energy's Motion to Quash dated January 26, 2006.

NOW, on this 20th day of February, 2006, the Division Director, having considered the pleadings of the parties and the recommendations of the Examiner,

FINDS THAT:

(1) This matter is before the Division pursuant to: 1) the application of Devon in Case No. 13603 to compulsory pool all mineral interests from the surface to the base of the Wolfcamp formation underlying the W/2 and the NW/4 of Section 6, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico, to form standard 320-acre and 160-acre, respectively, spacing and proration units for all formations and/or pools spaced on 320 and 160 acres within this vertical extent. These units are to be dedicated to the 1725 Federal Com Well No. 61 (API No. 30-015-34340) which has been drilled by LCX Energy as a horizontal well from a surface location 660 feet from the North line and

760 feet from the West line (Unit D) to a bottomhole location approximately 660 feet from the South line and 760 feet from the West line (Unit M) of Section 6; and 2) the application of LCX Energy in Case No. 13628 to compulsory pool all mineral interests from the surface to the base of the Wolfcamp formation underlying the W/2 and the NW/4 of Section 6, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico, to form standard 320-acre and 160-acre, respectively, spacing and proration units for all formations and/or pools spaced on 320 and 160 acres within this vertical extent. These units are to be dedicated to the aforesaid 1725 Federal Com Well No. 61.

(2) Cases No. 13603 and 13628 are currently scheduled to be heard by the Division on March 2, 2006.

(3) LCX Energy applied to the United States Bureau of Land Management ("BLM") for a drilling permit for the 1725 Federal Com Well No. 61 on July 21, 2005. The permit to drill was approved by the BLM on September 14, 2005.

(4) LCX Energy spudded the 1725 Federal Com Well No. 61 on October 7, 2005, and as of this date, has completed drilling operations.

(5) LCX Energy and Devon own 65% and 35%, respectively, of the interest within the W/2 of Section 6.

(6) Prior to commencing drilling operations on the 1725 Federal Com Well No. 61, LCX Energy made no well proposals nor attempted to consolidate the interest within the W/2 of Section 6 for the purpose of drilling the subject well.

(7) LCX Energy contends that due to lease expirations within the W/2 of Section 6, it was necessary to commence drilling the subject well prior to initiating negotiations with Devon.

(8) Negotiations have ceased between LCX Energy and Devon with regards to Devon's participation in the drilling of the subject well.

(9) Devon contends that the information it seeks from LCX Energy is necessary in order to effectively prepare for the presentation of Case No. 13603.

(10) LCX Energy contends that much of the information Devon is seeking is either: 1) unavailable; 2) available from public or Division records; or, 3) proprietary in nature.

(11) LCX Energy further contends that the well information may be kept confidential for a period of 90 days from the date of completion of the well pursuant to Division Rule 19.15.13.1105(C).

(12) Division Rule 19.15.13.1105(C) is intended to restrict general public access to certain data, but does not limit the power of the Division to require production of data by subpoena in an appropriate case.

(13) Devon's request to obtain drilling and completion information from LXC Energy regarding the 1725 Federal Com Well No. 61 is justified and should therefore be approved. Accordingly, Requests No. 2 and 3, which relate to well logs, completion reports, reservoir pressure information, bottomhole pressure tests, buildup tests, current well rates, flowing tubing pressures and choke sizes, should be provided to Devon by LXC Energy. ✓

(14) The remainder of information Devon seeks (Requests No. 1 and 4 through 10) is deemed by the Division to be either unavailable or not necessary to Devon to prepare its Case No. 13603 for presentation. Accordingly, LCX Energy's Motion to Quash Devon's Subpoena Duces Tecum with regards to Requests No. 1 and 4 through 10, is hereby granted.

IT IS THEREFORE ORDERED THAT:

(1) LCX Energy, LLC's Motion to Quash Devon's Subpoena Duces Tecum is hereby granted as to Requests No. 1 and 4 through 10.

(2) LCX Energy, LLC's Motion to Quash Devon's Subpoena Duces Tecum is hereby denied as to Requests No. 2 and 3.

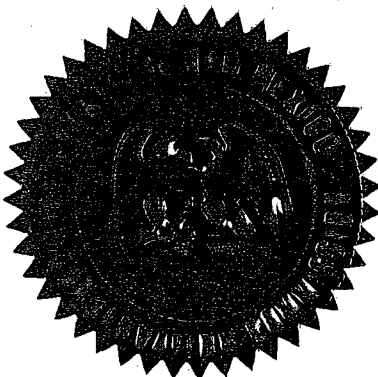
(3) LCX Energy, LLC shall furnish Devon Energy Corporation with all information required by Requests No. 2 and 3 by 5:00 p.m. on February 24, 2006.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK E. FESMIRE, P.E.
Director



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