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William F. Carr wcarr@hollandhart.com

February 13, 2006FVIA HAND DELIVERYGMark E. Fesmire, P.E.GDirectorGOil Conservation DivisionGNew Mexico Department of Energy,<br/>Minerals and Natural ResourcesG1220 South Saint Francis DriveG

Santa Fe, New Mexico 87505

Re: <u>Oil Conservation Division Cases 1360:</u> Application of Devon Energy Corporation for compulsory pooling, Eddy County, New Mexico.

<u>Oil Conservation Division Case No. 13628</u>: Application of LCX Energy, LLC for compulsory pooling, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is Devon Energy Corporation's Motion for Continuance in which it seeks a continuance of each of the above-referenced pooling cases from the February 16, 2006 examiner hearing docket to March 2, 2006. Devon has obtained a subpoena from the Division seeking information on the well that is the subject of these cases. LCX Energy, LLC has moved to Quash the subpoena and Devon has Responded.

Until there is a ruling on the Motion to Quash and Devon has had an opportunity to review the data it seeks, it cannot be prepared to go to hearing.

If it is agreeable to J. Scott Hall, Attorney for LCX Energy, LLC, Devon requests that the LCX Motion to Quash be argued at the February 16th Examiner hearing.

Sincerely,

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William F. Carr

Enclosure

Holland & Hart LLP

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Mark E. Fesmire, P.E. February 13, 2006 Page 2

 cc: David K. Brooks, Esq.
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505
By Hand Delivery

> J. Scott Hall, Esq. Miller Stratvert P.A. Post Office Box 1986 Santa Fe, New Mexico 87504 Attorney for LCX Energy, LLC **By Facsimile: (505) 989-9857**

Michael A. Short, Esq. LCX Energy, LLC 110 North Marienfeld, Suite 200 Midland, Texas 79701 Attorney for LCX Energy, LLC By Facsimile: (423) 682-3088

James Bruce, Esq. Post Office Box 1056 Santa Fe, New Mexico 87504 Attorney for Parallel Petroleum Corporation and Capstone Oil & Gas Company, LP By Facsimile: (505) 982-2151

Meg Muhlinghause Devon Energy Corporation 20 North Broadway, Suite 1500 Oklahoma City, Oklahoma 73102-8260 **By Facsimile (405) 552-8113** 

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

#### APPLICATION OF DEVON ENERGY CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

#### APPLICATION LCX ENERGY, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 1360 FEB 13 CASE NO. 13628

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#### DEVON ENERGY CORPORATION'S MOTION FOR CONTINUANCE

DEVON ENERGY CORPORATION ("Devon"), moves the Division to enter its order continuing the hearing in these cases from the February 16, 2006 examiner hearing docket to the examiner hearing scheduled for March 2, 2006, and in support of it motion states:

1. LCX Energy LLC ("LCX") drilled the 1725 Federal Com Well No. 61 ("the Well") without either contacting Devon Energy Corporation, which owns 120-acres of oil and gas leases in the well spacing unit, or giving Devon the opportunity to participate in the well. 2. When Devon learned of the Well, it requested data from LCX but none was provided.

2. To obtain a well proposal and cost estimate on the Well, Devon filed a compulsory pooling application covering the lands dedicated. LCX filed a competing pooling application and on November 30, 2005, and filed its Motion for Continuance and for Consolidation of the two competing compulsory pooling applications. The cases have been continued from time to time and are now set for hearing on the February 16, 2006 examiner hearing docket.

3. On January 11, 2006, the Division issued a subpoena directing LCX to provide data on the Well to Devon. This information is needed by Devon to prepare for hearing on these applications. On January 18, 2006, LCX filed a Motion to Quash the Subpoena and Devon responded to the Motion on January 26, 2006. On January 26, 2006, Devon also requested the cases be continued to February 16 because the data it needs had not been provided and there was a pending motion to quash the subpoena. At the February 2nd Examiner hearing, LCX advised the Division that it needed time to Reply to Devon's Response. The cases were continued to the February 16, 2006 examiner hearing docket.

4. No Reply has been filed by LCX and no data has been provided. Devon still needs the data covered by the January 11, 2006 to prepare for hearing and therefore requests that the hearings on these applications be continued until the issue concerning the subpoena is resolved and the data it needs to prepare has been provided to it.

5. Devon has been advised that J. Scott Hall, attorney for LCX, will be out of town until February 15, 2006. Accordingly, due to the short time remaining before hearing, Devon has faxed a copy of this pleading to LCX Energy, LLC's in-house attorney, Michael Short, Esq.

WHEREFORE, Devon Energy Corporation requests that Oil Conservation Division Cases 13603 and 13628 be continued to the March 2, 2006 examiner hearing docket.

**RESPONSE TO MOTION FOR CONTINUANCE** PAGE 1 Respectfully submitted,

HOLLAND & HART, LLP

By: William F. Carr

Post Office Box 2088 110 North Guadalupe Street Santa Fe, New Mexico 87501

ATTORNEY FOR DEVON ENERGY CORPORATION

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#### **CERTIFICATE OF SERVICE**

I hereby certify that a copy of this Response to Motion to Quash was served upon the following counsel of record this 13th day of February 2006 by Hand Delivery and/or by Facsimile:

David K. Brooks, Esq. **Oil Conservation Division** New Mexico Department of Energy, Minerals and Natural Resources 1220 South Saint Francis Drive Santa Fe, New Mexico 87505

#### **By Hand Delivery** And Facsimile (505) 476-3462

David Catanach, Hearing Examiner **Oil Conservation Division** New Mexico Department of Energy, Minerals and Natural Resources 1220 South Saint Francis Drive Santa Fe, New Mexico 87505 **By Hand Delivery** 

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**RESPONSE TO MOTION FOR CONTINUANCE** PAGE 3

## <u>Chronology of Events</u>

Devon compulsory pooling application filed in Case No. 13603:	November 15, 2005
Devon filed amended compulsory pooling application in Case No. 13603:	December 6, 2005
LCX Energy, Inc. files compulsory pooling application in Case No. 13628:	December 8, 2005
Devon obtains a subpoena from the Division to obtain information from LCX Energy, Inc.:	January 11, 2006
LCX Energy, Inc. files Motion to Quash:	January 18, 2006
Devon files Response to Motion to Quash:	January 26, 2006
Devon files Motion to Continue:	February 13, 2006