



January 26, 2006

VIA HAND DELIVERY

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

2006 JAN 26 PM 5 18

Re: CASE NO. 13603: Application of Devon Energy Corporation for compulsory pooling and withdrawal of approval of an Application for Permit to Drill, Eddy County, New Mexico.

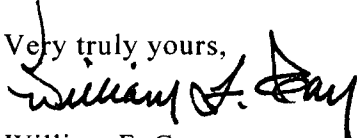
CASE No. 13628: Application of LCX Energy, LLC for compulsory pooling, Eddy County, New Mexico.

Dear Mr. Fesmire:

Devon Energy Corporation hereby requests continuance of its compulsory pooling application (Case No. 13603) scheduled for hearing on February 2, 2006 to the examiner hearing docket for February 16, 2006. This case will be consolidated with the application of LCX Energy, LLC for pooling of the same acreage. We therefore request that the LCX application also be continued to February 16th.

By Subpoena Duces Tecum dates January 11, 2006, Devon sought the production of data from LCX Energy, LLC. that Devon needs to prepare its case. LCX has filed a Motion to Quash the Subpoena and Devon has responded. Even if the data Devon seeks was provided today, Devon does not have adequate time to prepare for a hearing on February 2nd.

We request an opportunity to argue the motion to Quash at the February 2nd hearing.

Very truly yours,


William F. Carr

cc: William E. Jones
Hearing Examiner
J. Scott Hall, Esq.
James Bruce, Esq.

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

**IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:**

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

CASE NO. 13628

2006 JUN 26 PM 5 19

REVISED PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

LCX Energy, LLC.

OPPOSITION

Devon Energy Corporation
Attn: Meg Muhlinghause
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260
(405) 552-4633

ATTORNEY

J. Scott Hall
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Santa Fe, NM 87504-1986
(505) 989-9614

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
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Santa Fe, New Mexico 87504
(505) 988.4421

STATEMENT OF CASE

APPLICANT

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: the W/2 to form a standard 320-acre spacing and proration unit for all formations developed on 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.

OPPOSITION

Devon will appear and oppose the application of LCX and request that the application of LCX be denied. Devon seeks an order rescinding the Application for Permit to Drill previously approved for LCX because recent actions by LCX raise questions concerning whether or not LCX has adequate experience in operating wells in New Mexico and in compliance with the Rules and Regulations of the Oil Conservation Division and, therefore, whether or not is a prudent operator. Devon believes LCX should not be allowed to operate a well into which Devon interests are pooled. Devon intends to show that LCX has established a pattern of drilling first and contacting affected owners later. Devon therefore seeks to be designated operator of the well.

Devon will also challenge the 200% risk charge sought by LCX. Devon seeks and order declaring that the 200% risk penalty is inappropriate after LCX has unilaterally assumed the risk by drilling. Devon will request that if the Division grants the application of LCX that the order impose no risk penalty on any pooled interest. LCX seems to believe that good faith negotiations with other interest owners in a spacing unit consist of drilling first, gathering and keeping tight data on the well, and then contacting others who own interest in the affected spacing unit. Its actions are inconsistent with the Oil and Gas Act, Division policy and prior Orders of the Division and Commission.


PROPOSED EVIDENCE

APPLICANT

WITNESSES	ESTIMATED TIME	EXHIBITS
Meg Muhlinghouse (Land Advisor)	Approx. 20 Minutes	Approx. 8
Raye Miller (Practical Oilman)	Approx. 10 Minutes	Approx. 2

PROCEDURAL MATTERS

Devon Energy Corporation will request that this case be consolidated for purposes of hearing with Case No. 13603 (Application of Devon Energy Corporation for Compulsory Pooling, Eddy County, New Mexico). Furthermore, Devon has asked that the hearing on these applications be continued to the Examiner hearing scheduled on February 16, 2005.



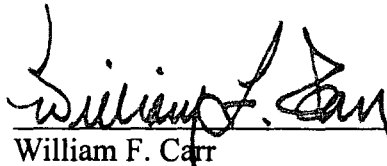
William F. Carr
Attorney for Devon Energy Corporation

CERTIFICATE OF SERVICE

I certify that on January 26, 2006 I served a copy of the foregoing document to the following
by

- ☐ U.S. Mail, postage prepaid
- ☐ Hand Delivery
- ☒ Fax
- ☐ Electronic Service by LexisNexis File & Serve

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