

# MILLER STRATVERT

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June 19, 2006

## HAND DELIVERED

Florence Davidson  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: *Case No. 13752 :*  
*Application of LCX Energy, LLC for Approval of a Unit Agreement,*  
*Eddy County, New Mexico*

Dear Ms. Davidson:

Enclosed for filing are the original and one copy of the Application in the above-referenced matter. Also enclosed is a proposed advertisement on disk.

On behalf of the Applicant, we request this matter be set for examiner hearing on the July 20, 2006 hearing docket.

Very truly yours,



J. Scott Hall

JSH/jez  
Enclosures  
cc: Michael Short, Esq.

2006 JUN 19 PM 2 30

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

2006 JUN 19 PM 2 30

IN THE MATTER OF THE  
APPLICATION OF LCX ENERGY, LLC  
FOR APPROVAL OF A UNIT AGREEMENT,  
EDDY COUNTY, NEW MEXICO

CASE NO. 13752

**APPLICATION**

LCX ENERGY, LLC, ("LCX") by its undersigned counsel, Miller, Stratvert P.A., (J. Scott Hall) hereby makes application for an order approving the Unit Agreement for the Collins Ranch State Exploratory Unit and in support of its application, states:

1. LCX proposes to unitize all oil and gas in all formation underlying the following described 1,120 acres, more or less, of State lands comprising the Unit area situated in Eddy County, New Mexico:

Township 17 South, Range 24 East

Section 30: SE/4

Section 31: E/2

Section 32: All

2. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit area to provide effective control of Unit operations.

3. One hundred percent of the royalty interests is owned by the State of New Mexico.

4. Applicant is requesting preliminary approval for this Unit from the New Mexico State Land Office.

5. The initial well will be drilled to an approximate depth of 5,100 feet (true vertical depth) and 9,000 feet (measured depth) feet at a standard gas well location from a surface

location 660' N and 660' E to a bottom hole location 660' FSL and 660' FEL in the E/2 of Section 31, T17S, R24E, NMPM, Eddy County, New Mexico.

5. The initial well will be the Wolfcamp formation. The Applicant LCX Energy, LLC is designated as Unit Operator under the Unit Agreement and all oil and gas in all formations are unitized.


6. All of the proposed Unit acreage appears prospective for recovery of oil and gas from the target formation. Further, the boundaries of the Unit area are consistent and substantially supported by the geologic limits of the unitized formations.

7. Approval of the proposed Unit Agreement will serve to prevent waste, protect correlative rights within the lands dedicated to the Unit area and is otherwise in the interest of conservation.

WHEREFORE LCX Energy, LLC requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 20, 2006 and that after notice and hearing as required by law, the Division enter its Order approving of the Collins Ranch State Exploratory Unit and Unit Agreement.

MILLER STRATVERT P.A.

By:



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