

**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:**

2006 JUN 12 PM 4 02  
CASE NO. 13628

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

**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 Muhlinghaus  
20 North Broadway, Suite 1500  
Oklahoma City, OK 73102-8260  
(405) 552-4633

**ATTORNEY**

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

**ATTORNEY**

William F. Carr, Esq.  
Holland & Hart LLP  
Post Office Box 2208  
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**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. It will present testimony that shows that LCX is not an experienced operator in New Mexico. In the alternative, Devon will request that if the Division grants the application of LCX that the order impose no risk penalty on any pooled interest. Prior to contacting Devon concerning this well, LCX drilled the well to total depth thereby assuming the risk associated with drilling.

**PROPOSED EVIDENCE**

**APPLICANT**

<b>WITNESSES</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
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).

  
William F. Carr  
Attorney for Devon Energy Corporation\

**CERTIFICATE OF SERVICE**

I certify that on January 12, 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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