BEFORE THE OIL CONSERVATION DIVISION NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

APPLICATION OF THE AMENDED 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. 13603

AFFIDAVIT

STATE OF NEW MEXICO
) ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of Devon Energy Corporation, the Applicant herein, being first duly sworn, upon oath, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "A" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.

William F. Carr

SUBSCRIBED AND SWORN to before me this 29th day of December 2005.

Notary Public

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico Case No. <u>13603 and 13628</u> Exhibit No. 5

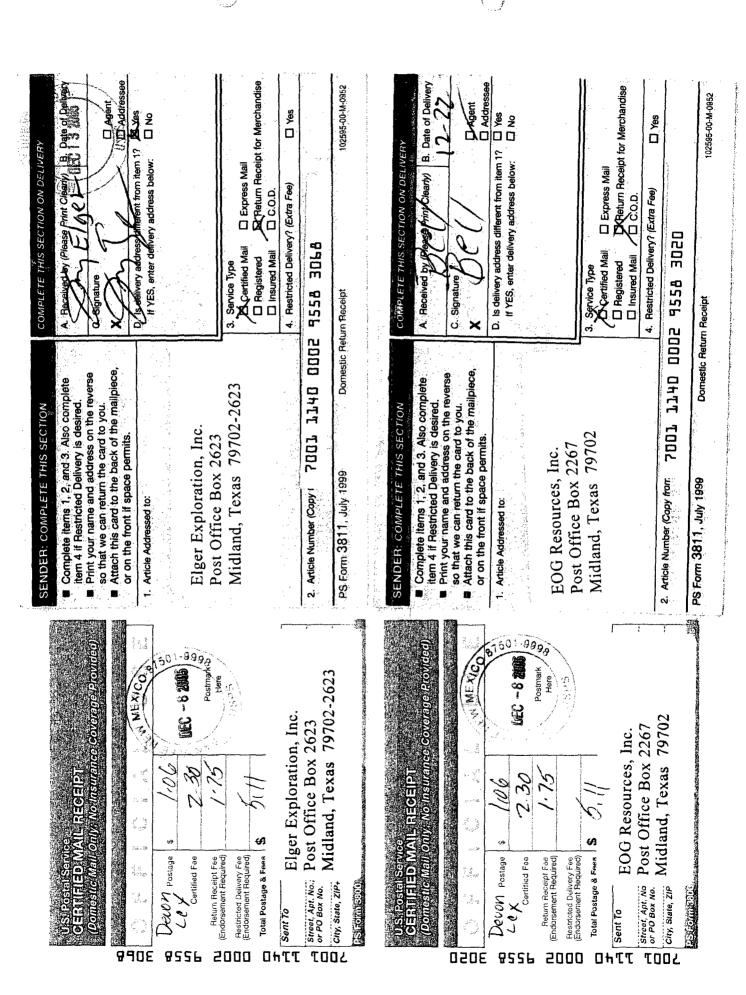
Submitted by:

DEVON ENERGY CORPORATION
Hearing Date: March 2, 2006

My Commission Expires:

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A Received by (Please Print Cleady) erse C. Signature X (COMPLETE THIS SECTION ON DELIVERY A Received by Please Print Clearly B. Date of Delivery C. Signature C. Signature D. is delivery address different from item 1? Addressee D. is delivery address different from item 1? Yes If YES, enter delivery address below: No 3. Service Type C. Registered Mail Express Mail C. Registered Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Yes 9558 3037
SENDER: COMPLETE THIS SECTION Complete items 1. 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: LCX Energy, LLC 110 North Marienfeld Suite 200 Midland, TX 79701 2. Article Number (Copy for 7001 1.140 000 0000 0000 0000 0000 0000 0	SENDER: COMPLETE THIS SECTION Complete items 1, 2: and 3. Also complete items 4 if Restricted Delivery is desired. From 4 if Restricted Delivery is desired. So that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: Parallel Petroleum Corp. 1004 N. Big Spring, Suite 400 Midland, Texas 79701 2. Article Number (Cop. 7001 1.1140 00002 45.58 PS Form 3811, July 1999 Domestic Return Receipt
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Exhibit A

Amended Application of Devon Energy Corporation for Compulsory Pooling and withdrawal of approval of an Application for Permit to Drill Eddy County, New Mexico.

(1725 Federal Com Well No. 61) Section 6: Unit Letter D

Township 17 South, Range 25 East, NMPM Eddy County, New Mexico.

LCX Energy, LLC 110 North Marienfeld Suite 200 Midland, Texas 79701

EOG Resources, Inc. Post Office Box 2267 Midland, Texas 79702

Parallel Petroleum Corp. 1004 N. Big Spring, Suite 400 Midland, Texas 79701

Capstone Oil & Gas Company, LP 203 West Wall, Suite 1201 Midland, Texas 79701

CMW Interests, Inc. 24 Smith Road, Suite 405 Midland, Texas 79705

Elger Exploration, Inc. Post office Box 2623 Midland, Texas 79702-2623





December 8, 2005

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

ALL AFFECTED INTEREST OWNERS:

Re: Application of Devon Energy Corporation for compulsory pooling and withdrawal of approval of an Application for Permit to Drill, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Devon Energy Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order withdrawing its approval of an application for permit to drill previously approved for LCX Energy, LLC and pooling all mineral interests from the surface to the base of the Wolfcamp formation in the following described acreage in Section 6, Township 17 South, Range 25 East, NMPM: the W/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 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 then 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.

This application has been set for hearing before a Division Examiner on December 15, 2005. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing, but no later than the Thursday preceding the hearing. This statement must be filed at the Division's Santa Fe office

HOLLAND&HART

at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours

William F. Carr

DEVON ENERGY CORPORATION

cc: Ms. Meg Muhlinghause

Devon Energy Corporation

20 North Broadway

Oklahoma City, Oklahoma 73102-8260

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

IN THE MATTER OF THE APPLICATION OF DEVON ENERGY CORPORATION FOR COMPULSORY POOLING AND WITHDRAWAL OF APPROVAL OF AN APPLICATION FOR PERMIT TO DRILL, EDDY COUNTY, NEW MEXICO.

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6 PM 4

CASE NO. 13693

AMENDED APPLICATION

DEVON ENERGY CORPORATION ("Devon") through its undersigned attorneys, hereby files this amended application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17(C), for an order (1) withdrawing its approval of an Application for Permit to Drill, and (2) 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, NMPM: the W/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated West Cottonwood Creek-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, and in support thereof states:

- 1. Devon is a working interest owner in the W/2 of said Section 6 and has the right to drill thereon.
- 2. By Application for Permit to Drill, dated July 21, 2005, (United States Department of the Interior Form No. 1004-0136) LCX Energy, L.L.C. ("LCX") sought authorization to drill the 1725 Federal Com Well No. 61 (API No. 30-015-34340) at a location 660 feet from the South line and 760 feet from the West line of Section 6, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico. This APD was approved by the BLM on September 14, 2005 subject to like approval by the State

of New Mexico. The ADP was received by the Oil Conservation Division on September 16, 2005.

- 3. LCX commenced the drilling of the well on October 7, 2005 from a surface location 660 feet from the North line and 760 feet from the west line of said Section 6 and then horizontally drilled in a southerly direction in the Wolfcamp formation for a sufficient distance to enable the well to drain the W/2 of Section 6 and test all formations from the surface to the base of the Wolfcamp formation.
- 4. On October 28, 2005, three weeks after the well was spud, LCX first contacted Devon and advised that it wanted to drill a horizontal Wolfcamp well in the W/2 of Section 6. Devon requested a well proposal and an AFE for the well. Nothing was received from LCX until, November 23, 2005, after the well had been drilled. Thereafter LCX has delayed in providing data that Devon has requested concerning the well.
- 5. Devon has advised LCX that because of the way the well has been proposed and drilled that Devon desires to assume operations of the well and dedicate thereto the above-referenced spacing and proration units.
- 6. Devon has sought and been unable to obtain voluntary agreement for the development of these lands from other interest owners identified on Exhibit A to this application.
- 7. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
- 8. In order to permit Devon the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Devon Energy Corporation should be designated the operator of the well.

WHEREFORE, Devon Energy Corporation requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on December 15, 2005 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing units,
- B. withdrawing its approval of the LCX Application for Permit to Drill.
- C. designating Devon Energy Corporation operator of this spacing unit and

the well thereon,

- D. authorizing Devon to recover its costs, if any, of drilling, equipping and completing the well,
- E. approving the operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- F. imposing 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 such owner that does not voluntarily participate in the well.

Respectfully submitted,

HOLLAND & HART LLP

William F. Carr

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR DEVON ENERGY CORPORATION

CERTIFICATE OF SERVICE

; 1

I certify that on December 6, 2005 I served a copy of the foregoing Amended Application by Facsimile to:

J. Scott Hall Esq. Miller Stratvert PA Post Office Box 1986 Santa Fe, New Mexico 87504-1986 FAX NO. (505) 989-9857

William F. Carr

CASE

:Amended Application of Devon Energy Corporation for compulsory pooling and withdrawal of approval of an Application for Permit to Drill, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division (1) withdrawing its approval of an Application for Permit to Drill, and (2) 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, NMPM: the W/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 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 Said area is located approximately 7 miles west of Artesia, New Mexico.

Affidavit of Publication

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County of Eddy:

Gary	D.	Scott	t

being duly

sworn, says: That he is the

Publisher

of The

Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 Consequitive week/dove on the same

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day as follows:

First Publication

December

2005

Second Publication

Third Publication

Fourth Publication

Subscribed and sworn to before me this

9th

Day

December

2005

Notary Public, Eddy County, New Mexico

My Commission expires

September : 23, 2007

Copy of Publicat

NOTICE OF **PUBLICATION** STATE OF NEW MEXICO EMERGY, MINERALS AND NATURAL DEPARTMENT NSERVATION DIVISION SANTA FE NEW MEXICO The State of Ne Mexico through its Oil Conservation Divis hereby gives notice pur suant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on January 5, 2008, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe. New Mexico, before an examiner duty appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, quified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay 1-800-659-1779 by December 26, 2005. Public documents including the agenda and minutes. be provided in various. accessible forms. Please contact Florene Davidson if a summary or other type of accessi STATE OF NEW MEXICO TO: d parti ving any

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Meridian whether or not o stated.)

(NOTE: All land de scriptions herein refer to the New Mexico Principal:

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and

LEGAL NOTICE

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Stat kico Oli Conserv Com at this 7th day of De-

DIL CONSERVATION DIVISION Inrk E. Fa nire, P.E ished in the Artesia Daily Press, Arte

Legal 19098

M. December 9, 2005.

Affidavit of Publication

NO

19074

being duly

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott

sworn,says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general
circulation, published in English at Artesia, said county
and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said
Artesia Daily Press,a daily newspaper duly qualified
for that purpose within the meaning of Chapter 167 of
the 1937 Session Laws of the state of New Mexico for

1 Consecutiv week/days on the same

Second Publication
Third Publication

day as follows:

First Publication

....

Fourth Publication

Subscribed and sworn to before me this

28th

Day

November

November

2005

2005

Notary Public, Eddy County, New Mexico

My Commission expires

September : 23, 2007

Copy of Publication:

LEGAL NOTICE

NOTICE OF
PUBLICATION
STATE OF NEW
MEXICO
ENERGY, MINERALS
AND NATURAL
RESOURCES
DEPARTMENT
OIL CONSERVATION
DIVISION
SANTA FE,
NEW MEXICO

The State of No Mexico through its Oil **Conservation Division** hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be d at 8:15 A.M. on De cember 15, 2005, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, quilfied sign tanguage in terpreter, or any oth form of auxiliary aid or service to attend or participate in the hearing. please contact. Florene Davidson at 505-476-3458 or through the New Mexico Relay

LEGAL NOTICE

Network, 1-800-659-1779 by December 5, 2005. Public documents including the agenda and minutes, canbe provided in various

be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

All land de scriptions herein refer to the New Mexico Principal Meridian whether or not so stated.) CASE 13603: Application of Devon Energy Corporation for ice. Applicant in the above-styled cause 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,

LEGAL NOTICE

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LEGAL NOTICE

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Given under the Seal of the State of New Mexico Oll Conservation Commission at Santa Fe, New Mexico on this 18th day of November 2005

STATE OF NEW
MEXICO
OIL CONSERVATION
DIVISION
Mark E. Fesmire, P.E.,
Director

Published in the Artesia Daily Press, Artesia, N.M. November 17, 2005

Legal 19074