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- * Board Certified Specialist: Natural Resources - Oil & Gas Law
- ** Board Certified Specialist: Real Estate Law

January 5, 2007

HAND-DELIVERED

Ms. Florene Davidson
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: New Mexico Oil Conservation Case No. 13873; Application of LCX Energy, LLC For Compulsory Pooling, Eddy County, New Mexico

Dear Florene:

Enclosed is an original and two copies of the Application of LCX Energy, LLC in the above referenced matter. On behalf of the Applicant, we request this matter be set for hearing on the February 15, 2007 Division Examiner hearing docket. Also enclosed on disk and in hard copy is a proposed advertisement for the case.

Thank you for your assistance.

Very truly yours,

MILLER STRATVERT P.A.



J. Scott Hall

/glb
Enclosures

A PROFESSIONAL ASSOCIATION

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

NOT JAN 9 PM 3 08

IN THE MATTER OF THE
APPLICATION OF LCX ENERGY, LLC
FOR COMPULSORY POOLING
EDDY COUNTY, NEW MEXICO

CASE NO. 13873

APPLICATION

LCX ENERGY, LLC, by its undersigned attorneys, Miller, Stratvert P.A., (J. Scott Hall) hereby makes application pursuant to NMSA 1978 Section 70-2-17 (1995) for an order pooling all interests in all formations developed on a 320-acre basis, including the Wolfcamp formation, underlying the E/2 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico, to form a standard 320-acre spacing and proration unit. Applicant would show the Division:

1. Applicant owns certain working interests in and under the E/2 of Section 10, and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to its 1724 Osbourn No. 101 Well to be drilled from a surface location 660' from the South line and 1880' from the East line to a bottom hole location 660' from the North line and 1880' from the East line to a depth sufficient to test the Wolfcamp formation underlying the E/2 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico.
3. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formations underlying the E/2 of said Section 10.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on February 15, 2007 and that after notice and hearing as required by law, the Division enter its Order approving the unorthodox well location and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

MILLER STRATVERT P.A.

By:



J. Scott Hall
Attorneys for LCX Energy, LLC
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

Proposed Advertisement

Case No. 13873, **Application of LCX Energy, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the E/2 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico, to form a standard 320-acre gas spacing and proration unit for any and all formations and or pools developed on 320-acres, including but not necessarily limited to the Wolfcamp formation. Said units are to be dedicated to Applicant's proposed 1724 Osbourn No. 101 Well to be drilled from a surface location 660' from the South line and 1880' from the East line to a bottom hole location 660' from the North line and 1880' from the East line of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of LCX Energy, LLC or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 1.5 miles west of Artesia, New Mexico.

MILLER STRATVERT

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* Board Certified Specialist: Natural Resources - Oil & Gas Law

** Board Certified Specialist: Real Estate Law

May 23, 2007

HAND-DELIVERY

Mr. Will Jones
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: New Mexico Oil Conservation Case No. 13873, Application of LCX Energy, LLC
For Compulsory Pooling, Eddy County, New Mexico

Dear Mr. Jones:

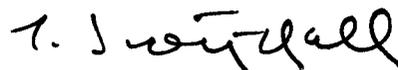
The above-referenced compulsory pooling case was continued from the May 10, 2007 Examiner hearing docket to the May 24, 2007 docket in order to provide additional notice by publication to the record title owner of an unleased mineral interest, Mr. Ray B. Eller.

As reflected by the attached copy of the Affidavit of Publication from the Carlsbad Current-Argus, notice by publication was accomplished. Correspondingly, on behalf of the Applicant, I request that the copy of the Affidavit be made part of the record in this matter and that the case be taken under advisement. Once the original Affidavit of Publication is received, I will make sure that it is placed in the Division's case file.

Thank you for your cooperation.

Very truly yours,

MILLER STRATVERT PA



J. Scott Hall

JSH/glb
cc (w/encl.): Larry Schulz

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Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

April Hernandez, being first duly sworn,
on oath says:

That she is HR/Administrative Assistant of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

May 20 2007

That the cost of publication is \$91.48 that Payment Thereof has been made and will be assessed as court costs.

April Hernandez

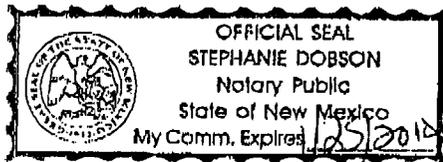
Subscribed and sworn to before me this

21 day of May 2007

Stephanie Dobson

My commission Expires on 1/25/2010

Notary Public



May 20, 2007

NOTICE

TO: Ray B. Eller, or his successors and assigns.

LCX Energy LLC has made application to the New Mexico Oil Conservation Division as follows:

Case No. 13873; Amended Application of LCX Energy, LLC for compulsory pooling and unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the E/2 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico, to form a standard 320-acre gas spacing and production unit for any and all formations and or pools devel-

oped on 320-acres, including but not necessarily limited to the Wolfcamp formation. Said units are to be dedicated to Applicant's proposed 1724 Osbourn No. 101 Well to be drilled from an unorthodox surface location 200' from the North line and 1880' from the East line of Section 10, penetrating the Wolfcamp formation 661.15' from the North line and 1880' from the East line, to a bottom hole location 660' from the South line and 1880' from the East line of the section. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of LCX Energy, LLC or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 1.5 miles west of Artesia, New Mexico. Applicant has been unable to locate the following owners of interests in the lands referenced above. The last known address is:

Ray B. Eller
151 North
Sundown Trail
Artesia, NM 88210

The application is scheduled to be heard at 8:15 a.m. on Thursday, May 24, 2007 at the Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As the owner of an interest that may be affected, you have the right to appear and present testimony. Failure to appear and become a party of record will preclude you from challenging this application at a later time.

For further information, contact the applicant's attorney, J. Scott Hall, Miller Stratvert, P.A., 150 Washington Ave., Suite 300, Santa Fe, New Mexico 87501, (505) 989-9614.