

HOLLAND & HART^{LLP}



William F. Carr
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December 6, 2005

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HAND-DELIVERED

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

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

Dear Mr. Fesmire:

Enclosed is the amended application of Devon Energy Corporation in the above-referenced case as well as a copy of a legal advertisement. Devon Energy Corporation requests that this matter be placed on the docket for the January 5, 2006 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Ms. Meg Muhlinghouse
J. Scott Hall, Esq.

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**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.**

2005 DEC 6 PM 4

CASE NO. 13603

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.

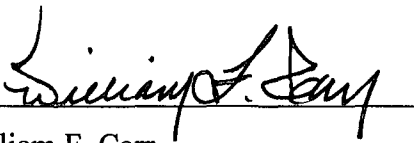
WHEREFORE, Devon Energy Corporation requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on December 15, 2005 and, after notice and hearing as required by law, the Division enter its order:

- 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

By: 

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR DEVON
ENERGY CORPORATION

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

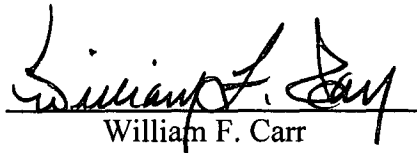
CMW Interests, Inc.
24 Smith Road, Suite 405
Midland, Texas 79705

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

CERTIFICATE OF SERVICE

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 well. Said area is located approximately 7 miles west of Artesia, New Mexico.