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

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

**CASE NO. 13,735** 

#### **AFFIDAVIT**

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

J. SCOTT HALL, attorney in fact and authorized representative of LCX Energy, LLC, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1210 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1210, notice has been given at the correct addresses or last known addresses provided by such rule.

J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this 21st day of June, 2006.

Notary Public

My Commission Expires:

01-10-10

NMOCD Case No.: 13,735

JUNE 22, 2006

LCX ENERGY, LLC

EXHIBIT NO. 5

#### **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 31 | 2006 |
|--------|------|
|        | 2006 |
|        | 2006 |
|        | 2006 |

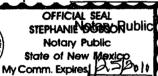
That the cost of publication is \$99.86 and that payment thereof has been made and will be assessed as court costs.

Subscribed and sworn to before me this

april. Hernand

31 day of M

My commission Expires on



#### May 31, 2006

LCX Energy, LLC has made application to the Mexico Conservation Division for relief in the followmatter: Case 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 S/2 of Section 14, Township 16 South, Range 25 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 Cottonwood Creek/Wolfcamp formation. Said units are to be dedicated to Applicant's proposed 1625 Sallee No. 141 Well drilled from a surface and bottom hole location 760' from the South line and 660' from the West line of said Section 14. This Application is brought pursuant to the provisions of 19.15.14.1210 A.(1)(b) NMAC. Applicant has been unable to locate the following owners of the operating rights referenced above. The last known address for each of the owners of the interests to be pooled is:

0000

Sharon Ann Roady Isenhart (Address unknown)

Stephen Curtis Roady Isenhart (Address unknown)

Ellen Stone Roady 1004 West Main St. Rogersville, TN 37857

Lori Ellen Roady Carey 1335 North Placentia, Apt. 90 Fullerton, CA 92631

Jeffrey David Roady c/o Tom Brush 5838 Cerritos Ave. Long Beach, CA 90805

Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, the actual operating costs and charges for supervision, designation of applicant as operator and a charge for risk involved in drilling the well. The lands that are the subject of the application are located approximately 1.5 miles west of Artesia, New Mexico. This application will be set for hearing before a Division Examiner on June 22, 2006, at the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico. Any owner of an interest that may be affected may appear and present testimony. Failure to appear at that time and become a party of record will preclude such party 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.

EXHIBIT

A



#### PROFESSIONAL ASSOCIATION

Ranne B. Miller Alice T. Lorenz Stephen M. Williams Stephan M. Vidmar Seth V. Bingham Timothy R. Briggs Rudolph Lucero Deborah A. Solove Gary L. Gordon Lawrence R. White Virginia Anderman Marte D. Lightstone J. Scott Hall\* Thomas R. Mack

Thomas M. Domme Ruth O. Pregenzer Jeffrey E. Jones James J. Widland Bradley D. Tepper\*\* Robin A. Goble James R. Wood Dana M. Kyle Kirk R. Allen Ruth Fuess H. Brook Laskey Paula G. Maynes M. Dylan O'Reilly Jennifer D. Hall

Todd A. Schwarz Nell Graham Sale Scott P. Hatcher Ann M. Conway Randall J. McDonald Robert H. Clark Richard L. Alvidrez Kelsey D. Green Marcy Baysinger Caroline Blankenship Matthew S. Rappaport Karen E. Wootton Somer K. Chvz

Joseph L. Romero

Kelly A. Stone Deron B. Knoner Patricia A. Bradley T. Aaron Garrett Amy P. Hauser Rebecca M. Alves

Of Counsel

William K. Stratvert James B Collins Sharon P. Gross Robert D. Taichert

Reply to Santa Fe

150 Washington Ave., Suite 300 Santa Fe, NM 87501

Mailing Address: P.O. Box 1986 Santa Fe, NM 87504-1986

Telephone: (505) 989-9614 Facsimile: (505) 989-9857

Writer's Direct E-Mail: shall@mstlaw.com

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

May 22, 2006

#### CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Lori Ellen Roady Carey 1335 North Placentia, Apt. 90 Fullerton, CA 92631

Re:

NMOCD Case No. ; Application of LCX Energy, LLC for Compulsory Pooling,

Eddy County, New Mexico

Dear Ms. Carey:

This will advise that LCX Energy, LLC has filed an Application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the S/2 of Section 14, Township 16 South, Range 25 East, NMPM, Eddy County, New Mexico. These lands are to be dedicated to Applicant's proposed 1625 Sallee No. 141 Well. 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. A copy of the application is enclosed.

This application will be set for hearing before a Division Examiner at 8:15 a.m. on June 22, 2006, at the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time.

Very truly yours,

MILLER STRATVERT P.A.

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JSH/glb Enclosure

LAW OFFICES

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Lori Ellen Roady Carey 1335 North Placentia, Apt. 90 Fullerton, CA 92631 ASSES SERVICES SERVIC

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#### PROFESSIONAL ASSOCIATION

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Alice T. Lorenz
Stephen M. Williams
Stephan M. Vidmar
Seth V. Bingham
Timothy R. Briggs
Rudolph Lucero
Deborah A. Solove
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Telephone: (505) 989-9614 Facsimile: (505) 989-9857

Writer's Direct E-Mail: shall@mstlaw.com

\*\* Board Certified Specialist: Real Estate Law

May 22, 2006

#### **CERTIFIED MAIL/RETURN RECEIPT REQUESTED**

Ellen Stone Roady 1004 West Main Street Rogersville, TN 37857

Re:

NMOCD Case No. \_\_\_\_; Application of LCX Energy, LLC for Compulsory Pooling,

Eddy County, New Mexico

Dear Ms. Roady:

This will advise that LCX Energy, LLC has filed an Application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the S/2 of Section 14, Township 16 South, Range 25 East, NMPM, Eddy County, New Mexico. These lands are to be dedicated to Applicant's proposed 1625 Sallee No. 141 Well. 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. A copy of the application is enclosed.

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Very truly yours,

MILLER STRATVERT P.A.

J. Scott Hall

JSH/glb Enclosure

LAW OFFICES

<sup>\*</sup> Board Certified Specialist: Natural Resources - Oil & Gas Law

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Ellen Stone Roady 1004 West Main Street Rogersville, TN 37857

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150 WASHINGTON AVE., SUITE 300 P.O. BOX 1986 (87504-1986) SANTA FE, NM 87501





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RETURN RECEIPT RECUESTED

### **CERTIFIED MAIL**

Ellen Stone Roady 1004 West Main Street



#### PROFESSIONAL ASSOCIATION

Ranne B. Miller
Alice T. Lorenz
Stephen M. Williams
Stephan M. Vidmar
Seth V. Bingham
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Telephone: (505) 989-9614 Facsimile: (505) 989-9857

Writer's Direct E-Mail: shall@mstlaw.com

Jennifer D. Hall

May 22, 2006

#### CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Jeffrey David Roady c/o Tom Brush 5838 Cerritos Ave. Long Beach, CA 90805

Re:

NMOCD Case No. \_\_\_\_\_; Application of LCX Energy, LLC for Compulsory Pooling,

Eddy County, New Mexico

Dear Mr. Roady:

This will advise that LCX Energy, LLC has filed an Application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the S/2 of Section 14, Township 16 South, Range 25 East, NMPM, Eddy County, New Mexico. These lands are to be dedicated to Applicant's proposed 1625 Sallee No. 141 Well. 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. A copy of the application is enclosed.

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Very truly yours,

MILLER STRATVERT P.A.

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JSH/glb Enclosure

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<sup>\*</sup> Board Certified Specialist: Natural Resources - Oil & Gas Law

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Jeffrey David Roady c/o Tom Brush 5838 Cerritos Ave. Long Beach, CA 90805

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| c/o Tom Brush<br>5838 Cerritos Ave.<br>Long Beach, CA 90805 | 3: Service Type Certified  |                            |
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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 LCX ENERGY, LLC FOR COMPULSORY POOLING EDDY COUNTY, NEW MEXICO

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#### **APPLICATION**

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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 S/2 of Section 14, Township 16 South, Range 25 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 S/2 of Section 14, and has the right to drill thereon.
- 2. Applicant proposes to dedicate the above-referenced pooled unit to its 1625 Sallee No. 141 Well to be drilled from a surface location 760' from the South line and 660' from the West line to a bottom hole location 760' from the South line and 660' from the East line to a depth sufficient to test the Wolfcamp formation underlying the S/2 of Section 14, Township 16 South, Range 25 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 S/2 of said Section 14.

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 June 22, 2006 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

1.) wirdall

Post Office Box 1986

Santa Fe, New Mexico 87504-1986

(505) 989-9614