

NMOCD CASE NO. 13735
AUGUST 17, 2006
LCX ENERGY, LLC
EXHIBIT NO. 7

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

CASE NO. _____


2006 MAY 19 PM 4:05

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 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.

7161 8863 9710 0000 4663

RETURN RECEIPT SERVICE	POSTAGE	\$0.63	POSTMARK OR DATE
	RESTRICTED DELIVERY FEE	\$0.00	
	CERTIFIED FEE	\$2.40	
	RETURN RECEIPT FEE	\$1.85	
SENT TO:		TOTAL POSTAGE AND FEE'S	\$4.88
<p>Jennifer Roady c/o Mark Alan Roady 9044 E. Sands Drive Scottsdale, AZ 85255</p> <p>7/26/2006 9:54 AM</p> 			

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NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
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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
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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

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

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Susan Johnson, being first duly sworn, on oath says:

That she is the Account Clerk 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:

July 30	2006
_____	2006
_____	2006
_____	2006

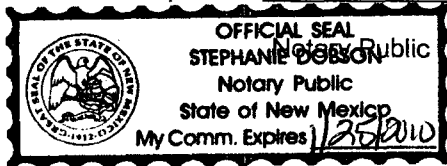
That the cost of publication is \$78.23 and that payment thereof has been made and will be assessed as court costs.

Susan Johnson

Subscribed and sworn to before me this

8 day of August, 2006
Stephanie Dobson

My commission Expires on _____



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 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 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 mineral interests in the lands referenced above. The last known address for each of the owners of the interests to be pooled is:

1.5 miles west of Artesia, New Mexico. This application will be set for hearing before a Division Examiner on August 17, 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.

July 30, 2006

LCX Energy, LLC has made application to the New Mexico Oil Conservation Division for relief in the following matter:
Case 13735: 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

George Curtis Roady, Deceased
(Address unknown)

Jennifer Roady
c/o Mark Alan Roady
9044 E. Sands Dr.
Scottsdale, AZ 85255

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

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EXHIBIT NO. 7-B