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October 10, 2006

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. 13803; Application of LCX Energy, LLC For Approval of a Unit Agreement, 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 November 9, 2006 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

JSH/glb
Enclosures

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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 APPROVAL OF A UNIT AGREEMENT,
EDDY COUNTY, NEW MEXICO

CASE NO. 13803

APPLICATION

LCX ENERGY, LLC, ("LCX") by its undersigned counsel, Miller, Stratvert P.A., (J. Scott Hall) hereby makes application for an order approving the Unit Agreement for the Big Dog State Exploratory Unit and in support of its application, states:

1. LCX proposes to unitize all oil and gas in all formation underlying the following described 1920 acres, more or less, of State lands comprising the Unit area situated in Eddy County, New Mexico:

Township 18 South, Range 23 East
Section 16: All
Section 20: All
Section 21: All

2. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit area to provide effective control of Unit operations.

3. One hundred percent of the royalty interests is owned by the State of New Mexico.

4. Applicant is requesting preliminary approval for this Unit from the New Mexico State Land Office.

5. The initial well will be drilled to an approximate depth of 4,700 feet (true vertical depth) and 8,700 feet (measured depth) feet at a standard gas well location from a surface

location 660 FNL and 1,880 FWL to a bottom hole location 660 FSL and 1,888' FWL in the W/2 of Section 20, T18S, R23E, NMPM, Eddy County, New Mexico.

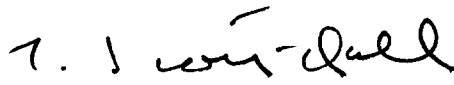
5. The initial well will be the Wolfcamp formation. The Applicant LCX Energy, LLC is designated as Unit Operator under the Unit Agreement and all oil and gas in all formations are unitized.

6. All of the proposed Unit acreage appears prospective for recovery of oil and gas from the target formation. Further, the boundaries of the Unit area are consistent and substantially supported by the geologic limits of the unitized formations.

7. Approval of the proposed Unit Agreement will serve to prevent waste, protect correlative rights within the lands dedicated to the Unit area and is otherwise in the interest of conservation.

WHEREFORE LCX Energy, LLC requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on November 9, 2006 and that after notice and hearing as required by law, the Division enter its Order approving of the Big Dog State Exploratory Unit and Unit Agreement.

MILLER STRATVERT P.A.

By: 

J. Scott Hall
Attorneys for LCX Energy, LLC
Post Office Box 1986
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Case No. 13803: Application of LCX Energy, LLC for Approval of a Unit Agreement, Eddy County, New Mexico. Applicant seeks approval of the Big Dog State Exploratory Unit comprised of 1920~~0~~ acres of State of New Mexico lands described as follows:

Township 18 South, Range 23 East, N.M.P.M

Section 16: SE/4

Section 20: E/2

Section 21: All

The proposed unit area is located approximately 2 miles east of Hope, New Mexico.