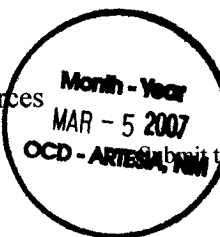


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505



Form C-101
May 27, 2004

Submit to appropriate District Office
☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address MYCO INDUSTRIES, INC. P.O. BOX 840, ARTESIA, NM 88211-0840		² OGRID Number 015445
³ Property Code 35995		⁴ Property Name ALFALFA 32 FEE
⁵ Proposed Pool 1 WILDCAT; WOLFCAMP		⁶ Well No. #2H
⁷ Surface Location		⁸ Proposed Pool 2

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Westline	County
I	32	15S	25E		1930'	SOUTH	256	EAST	CHAVES

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Westline	County
L	32	15S	25E		1930	SOUTH	660'	WEST	CHAVES

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3468'
¹⁶ Multiple NO	¹⁷ Proposed Depth 4200'-V / 9200-M	¹⁸ Formation WOLFCAMP	¹⁹ Contractor PATRIOT RIG #1	²⁰ Spud Date 03/31/2007
Depth to Groundwater 100'		Distance from nearest fresh water well > 1000'		Distance from nearest surface water > 1000'
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mil thick Clay <input type="checkbox"/> Pit Volume: 10100 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	32# / J55	1050'	400 SXS	CIRCULATE
7-7/8"	5-1/2"	17# / N80	9200'	1200 SXS	CIRCULATE
NOTE: SET 40' OF 20" CONDUCTOR PIPE & CIRCULATE CEMENT					

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

NOTIFY NMOC OF SPUD AND WITNESS CMT. SURFACE CASING. INSTALL 3000# DOUBLE-RAM B.O.P. AND TEST DAILY.

ATTACHED: PERMIT INFORMATION, C-102, GENERAL PIT PERMIT, H2S BLANKET LETTER AND CONTINGENCY PLAN.

*NOTE: DETAILED WELL SURVEY PROFILE TO FOLLOW.

A SD is required for 2 gas wells (Wolfcamp or deeper) drilled horizontally to produce in the same production unit

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines <input type="checkbox"/> , a general permit <input checked="" type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: SHARI DARR HODGES		Approved by: BRYAN G. ARANT	
Title: LAND MANAGER		Title: DISTRICT II GEOLOGIST	
E-mail Address: sharihodges@mycoinc.com		Approval Date: MAR 06 2007 Expiration Date: MAR 06 2008	
Date: 03/05/2007	Phone: (505)748-4290	Condition so	

NOTIFY OCD OF SPUD & TIME TO WITNESS CEMENTING OF SURFACE CASING

DISTRICT I
1625 N. FRENCH DR., HOBBES, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Month-Year
MAR - 5 2007
OCD - ARTESIA, NM

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 96086	Pool Name Wildcat; Wolfcamp
Property Code	Property Name ALFALFA 32 FEE	Well Number 2H
OGRID No.	Operator Name MYCO INDUSTRIES, INC.	Elevation 3468'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	32	15-S	25-E		1930	SOUTH	256	EAST	CHAVES

Bottom Hole Location If Different From Surface

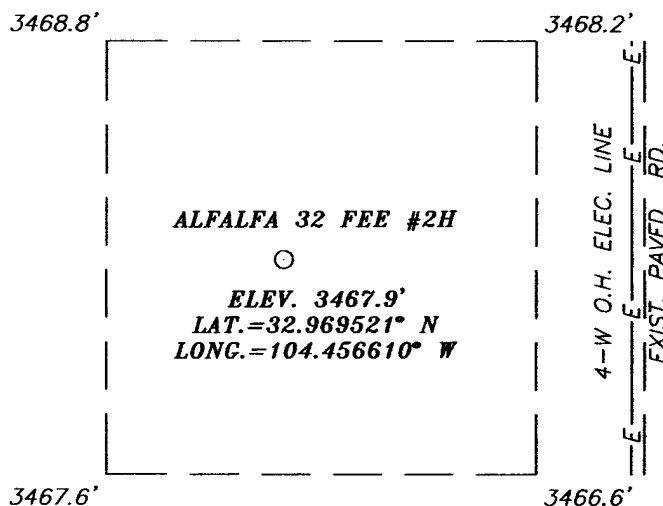
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	32	15-S	25-E		1930	SOUTH	660	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

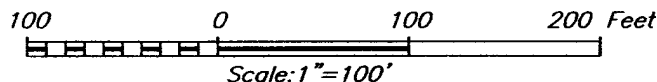
BOTTOM HOLE LOCATION Y=716440.1 N X=457816.5 E LAT.=32.969489° N LONG.=104.470878° W	PENETRATION POINT Y=716445.6 N X=461788.6 E LAT.=32.969518° N LONG.=104.457927° W	GEODETIC COORDINATES NAD 27 NME SURFACE HOLE LOCATION Y=716446.3 N X=462192.5 E LAT.=32.969521° N LONG.=104.456610° W	OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. A.N. MUNCY, PELS Signature Date A.N. MUNCY, PELS Printed Name
<p>GRID. AZ. = 269°55'11" HORZ. DIST. = 3973.2' PRODUCING AREA GRID. AZ. = 269°55'01" HORZ. DIST. = 404.0'</p>			SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. JANUARY 22, 2007 Date Surveyed REV. 2/27/07 AR Signature & Seal of Professional Surveyor Gary J. Edson 2/27/07 07.14.0096 Certificate No. GARY EDSON 12641 RONALD L. EDSON 3239

SECTION 32, TOWNSHIP 15 SOUTH, RANGE 25 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION


FROM THE INTERSECTION OF U.S. HWY. #285 AND CO. RD. #438 (PEARSON RD.), GO WEST ON CO. RD. #438 APPROX. 1.0 MILE. TURN RIGHT AND GO NORTH APPROX. 0.4 MILES. THIS LOCATION IS WEST OF ROAD APPROX. 206 FEET.



MYCO INDUSTRIES, INC.

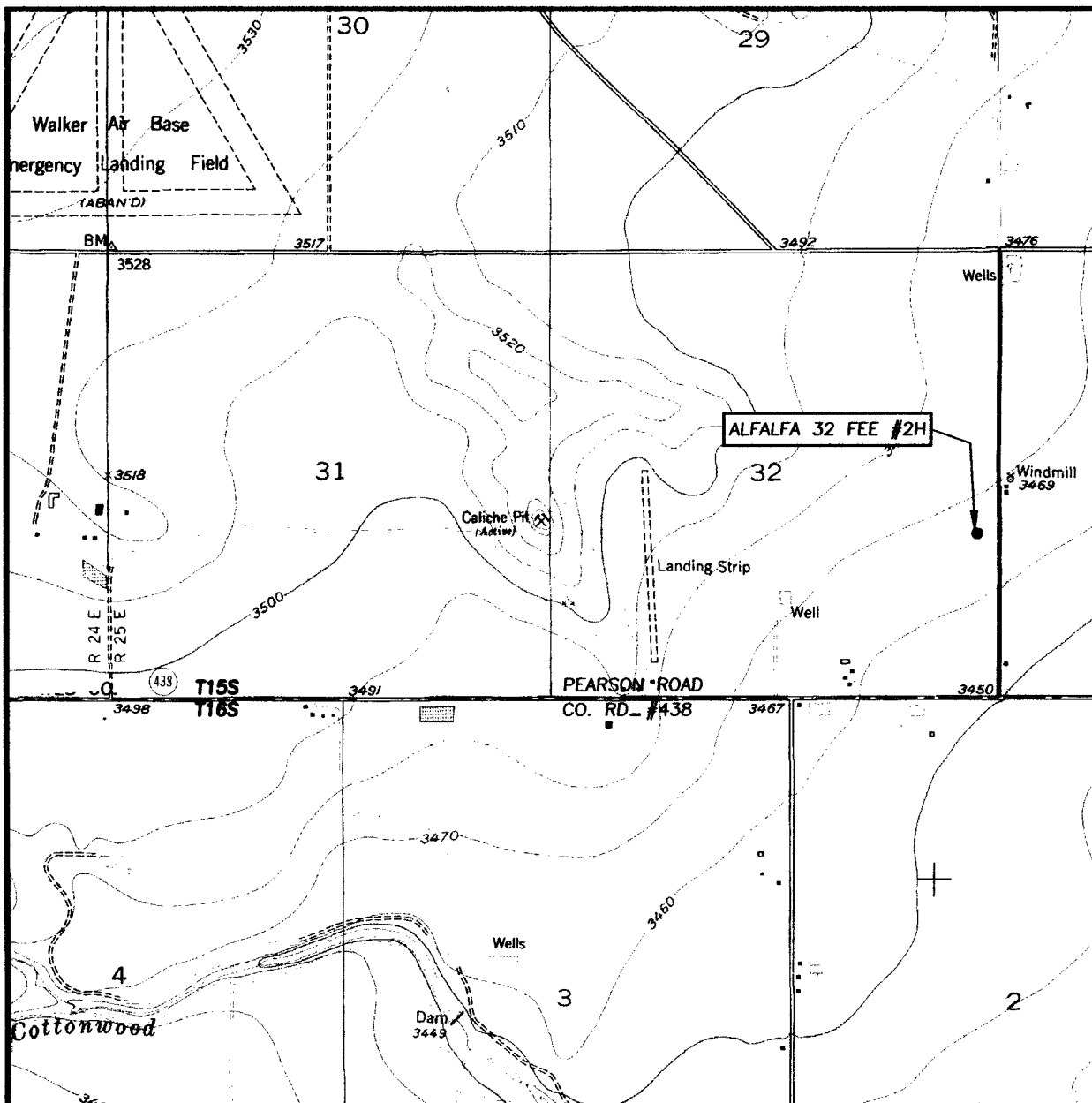
ALFALFA 32 FEE #2H WELL
 LOCATED 1930 FEET FROM THE SOUTH LINE
 AND 256 FEET FROM THE EAST LINE OF SECTION 32,
 TOWNSHIP 15 SOUTH, RANGE 25 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.

Survey Date: 01/22/07	Sheet 1 of 1 Sheets
W.O. Number: 07.11.0096	Dr By: AR
Date: 01/23/07	Disk: CD#5
07110096	Scale: 1"=100'



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
ESPUELA, N.M. - 10'

SEC. 32 TWP. 15-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

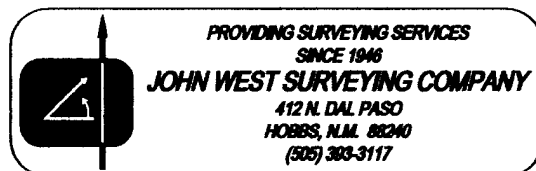
DESCRIPTION 1930' FSL & 256' FEL

ELEVATION 3468'

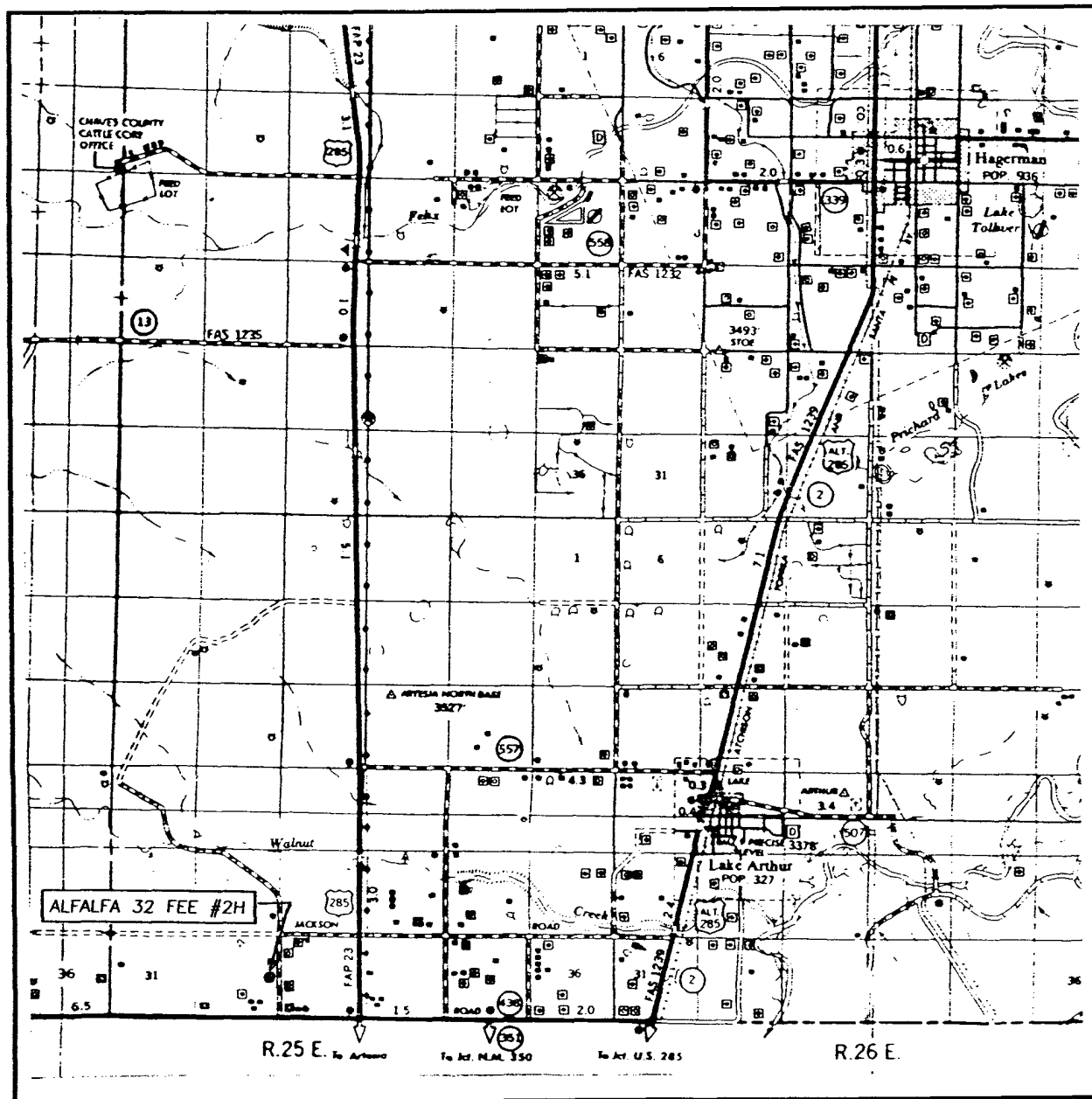
OPERATOR MYCO INDUSTRIES, INC.

LEASE ALFALFA 32 FEE

U.S.G.S. TOPOGRAPHIC MAP
ESPUELA, N.M.



VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 32 TWP. 15-S RGE. 25-E
 SURVEY N.M.P.M.
 COUNTY CHAVES STATE NEW MEXICO
 DESCRIPTION 1930' FSL & 256' FEL
 ELEVATION 3468'
 OPERATOR MYCO INDUSTRIES, INC.
 LEASE ALFALFA 32 FEE

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

MYCO INDUSTRIES, INC.

Well Name: Alfalfa 32 Fee #2H

Location:

SL 1930' FSL & 256' FEL, Section 32, T-15-S, R-25-E, Chaves Co, NM
BHL 1930' FSL & 660' FWL, Section 32, T-15-S, R-25-E, Chaves Co, NM

Casing Program:

Casing	Setting Depth	Hole Size	Casing Size	Casing Weight	Casing Grade	Desired TOC
Surface	1050'	12-1/4"	8-5/8"	32#	J-55	Surface
Production	9200'	7-7/8"	5-1/2"	17#	N-80	Surface

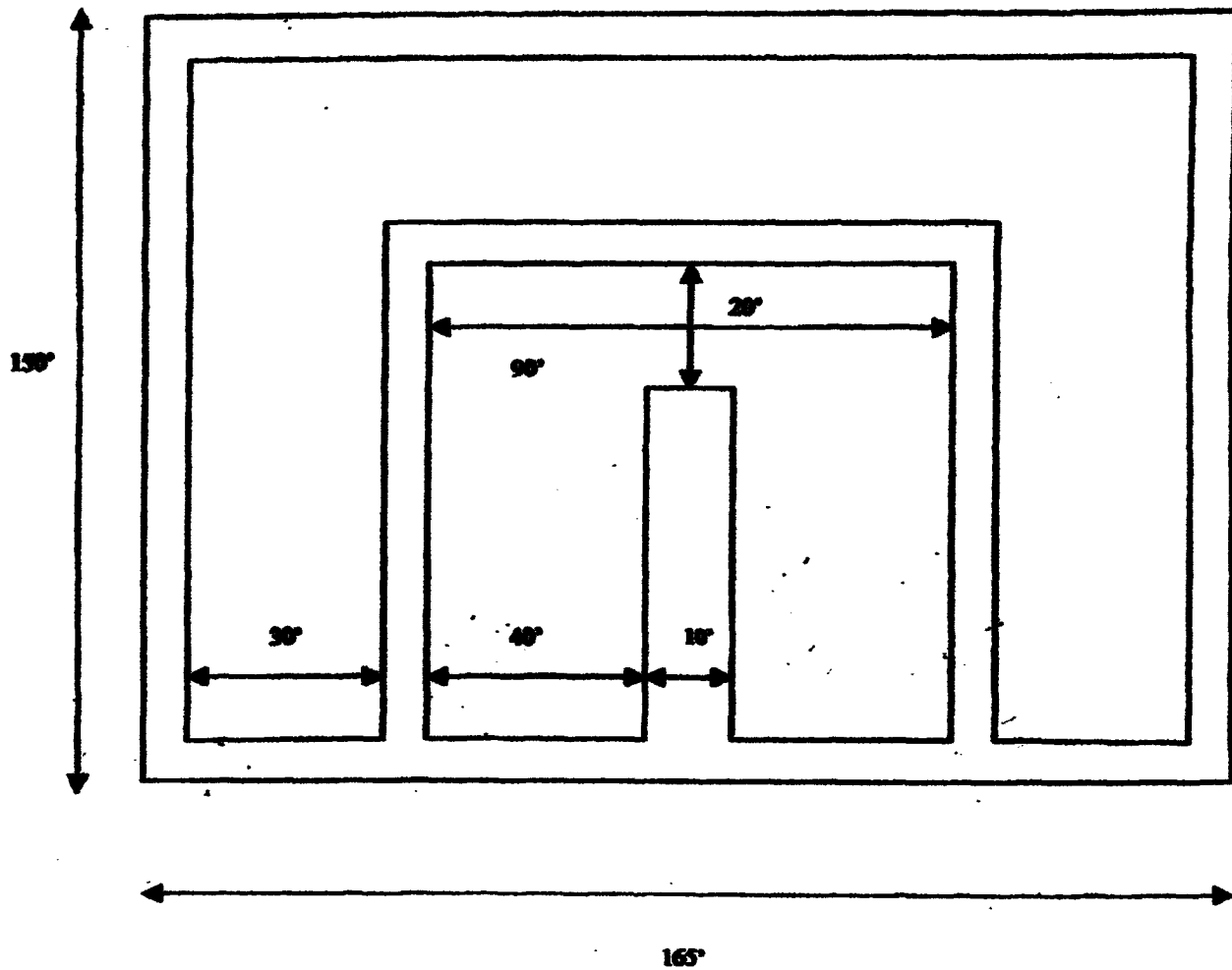
Cement Program:

Depth	No. Sacks	Slurries:
1050'	150	Lead: Premium Plus + 2% CaCl ₂ + 3% Econolite + ¼ pps Flocele
	250	Tail: Premium Plus + 2% CaCl ₂ + ¼ pps Flocele
9200'	500	Lead: Interfill C + ¼ pps Flocele
	700	Tail: Premium Cement + 100% Acid Soluable Additive + 0.6% Halad®-344 + 0.8% Econolite + 0.2% HR-55

Mud Program:

Depth	Type	Weight (ppg)	Viscosity	Water Loss
0-1050'	Fresh-Gel	8.6-8.8	28-34	N/c
1050-4400'	Cut Brine	8.8-9.2	28-34	N/c
4400-5100'	Cut Brine	8.8-9.2	28-34	10-15
4468-9200'	Polymer (Lateral)	9.0-9.4	40-45	10-20

Double Horseshoe Reserve Pit Design



Approximate Inside Reserve Volume: 4500 bbls
Approximate Outside Reserve Volume: 5800 bbls



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

20 December 2004

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

RE: General Plan

Dear Mr. Dolan:

The Artesia District of the Oil Conservation Division is in receipt of a General Plan (copy attached) submitted by Yates Petroleum Corporation dated 7 December, 2004. After review the Oil Conservation Division has accepted and approved the Plan. This plan shall be in effect as of 20 December, 2004 and will supersede the "General Plan" dated 14 April, 2004 submitted by Yates Petroleum Corporation.

A handwritten signature in black ink, appearing to read "VB", written over a horizontal line.

Van Barton
Field Rep. II

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

Mr. Tim Gum
Oil Conservation Division
State of New Mexico
1301 West Grand Ave.
Artesia, NM 88210

December 7, 2004

**Re: General Plan
Drilling, Workover, and Blowdown Pit design and closure.**

Dear Tim,

Yates Petroleum Corp. (Yates) appreciates your meeting with us on December 1, 2004 to help clarify some issues in connection with *Rule 50* and the *November 1, 2004 Pit and Below Grade Tank Guidelines*.


As you know Yates submitted and received approval of a general plan for opening and closing of drilling and workover pits on April 15, 2004. In an effort to simplify the required paperwork, we would now like to modify that plan to include more detailed information.

For purpose of this plan Yates, et al (Yates) includes:

1. Yates Petroleum Corp.
2. Yates Drilling Company
3. Abo Petroleum Corp.
4. Myco Industries, Inc.

The modified plan is attached for your review and approval. Please contact me at 505-748-4181 if you have any questions or need further information.

Sincerely,



Dan Dolan

Yates Petroleum Corp. et al
General Plan
Pit Permitting, Construction and Closure
December 7, 2004

1. Pit Permitting and Opening –

- a. Application for the pit permit shall be made on the Application for Permit to Drill (APD). The APD will include the following:
 - i. Site Ranking.
 - ii. Reference to this "General Plan" approved by NMOCD.
 - iii. Description of the proposed disposal method as outlined below.
 1. When deep trench burial is proposed, approval of the APD will constitute a permit for both the drilling pit and the encapsulation pit(s). *A separate Form C-144 will not be required.*
- b. All pits will be designed and constructed pursuant to Part II of *November 1, 2004 Pit and Below Grade Tank Guidelines (Guidelines)*. Pits shall be constructed as depicted in attached *Figures A, B, C or D* based on site specific requirements.

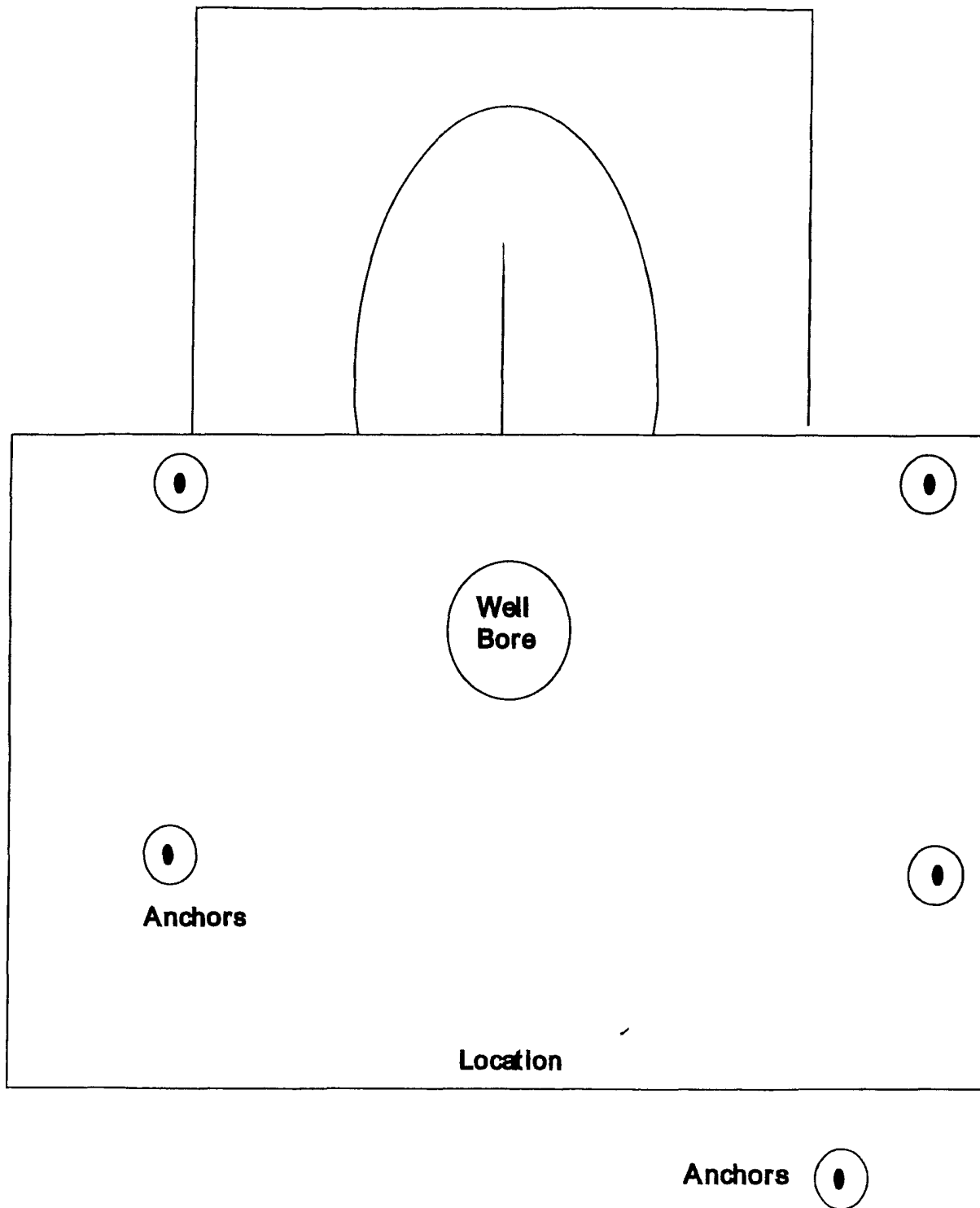
2. Pit Closure –Pits will be closed based on site specific conditions pursuant to Part IV of Guidelines by one of the following methods:

- a. Excavation and removal. Wastes will be excavated and disposed of at an off-site OCD-approved facility or location.
- b. Below Grade Encapsulation. Encapsulation will be pursuant to Part IV.B.2 of Guidelines.
- c. Capping and Encapsulation Insitu. Capping and encapsulation will be pursuant to Part IV.B.3(a) of Guidelines.
- d. Deep Trench Burial and Capping. Deep trench burial and capping will be pursuant to Part IV.B.3(b) of Guidelines. Attached *Figures E, F and G* depict standard types of encapsulation pits utilized by Yates. Each encapsulation trench type is designed to hold 2000 cubic yards of drill cuttings.
- e. Exemption: Yates may request an exemption on a site specific basis as provided for in 19.15.2.50 NMAC (Rule 50).

The proposed method for pit closure will be indicated on the APD as one of the above methods. Approval of the APD will constitute approval of the closure plan. No other closure plan will be submitted. Yates will notify OCD 48-hours prior to closure of pit and submit a C-144 when pit is closed.

If, due to site specific conditions encountered during the course of operations, Yates proposes to change the method of closure, a request outlining the new plan will be submitted on a C-144 for OCD approval prior to closure.

Figure A



**Yates Petroleum
Standard Reserve Pit**

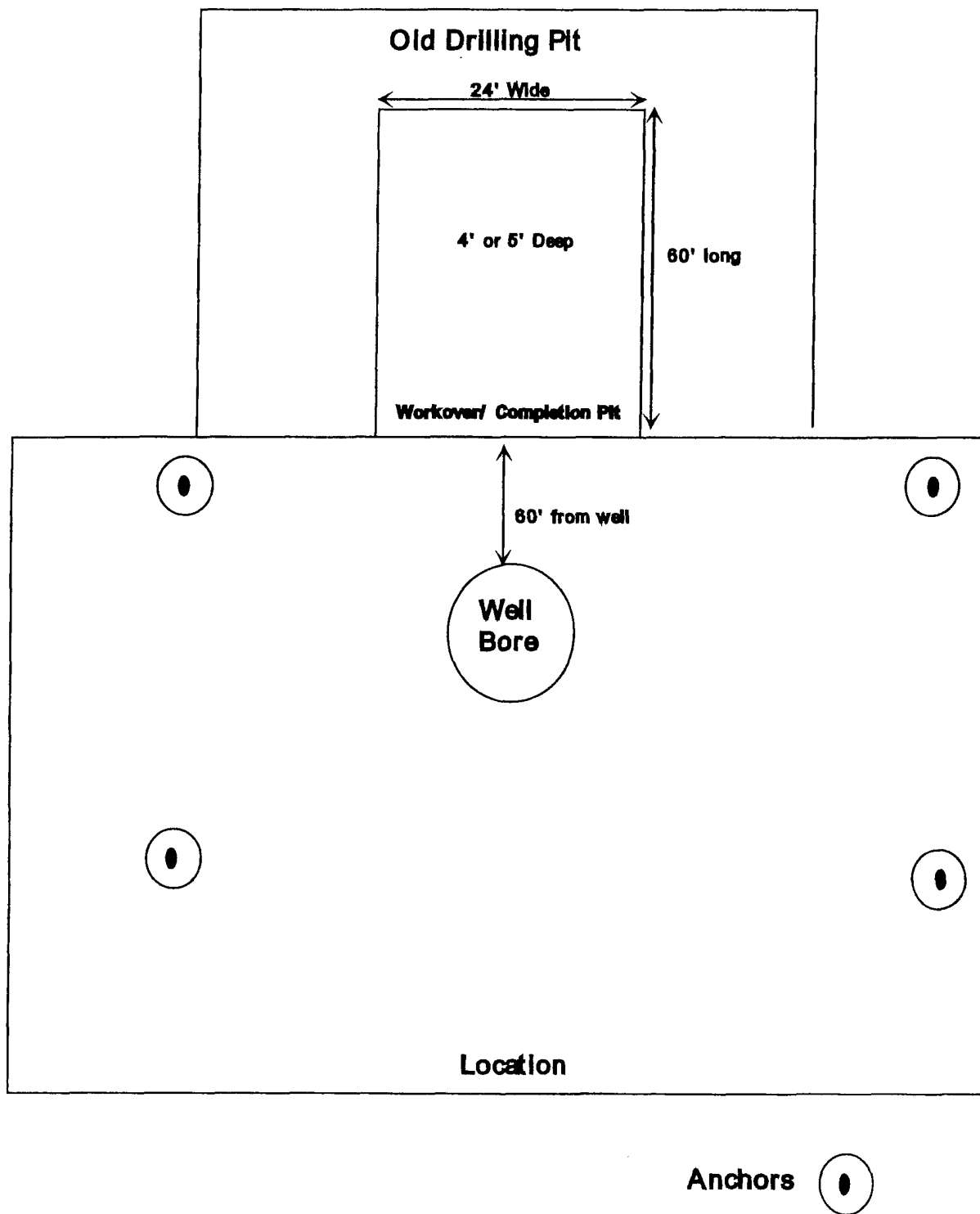
All Reserve Pits are double horse shoe.
Size varies with depth of well

12/8/04

(Not to Scale)



Figure B



Yates Petroleum
Workover/ Completion Pit Design

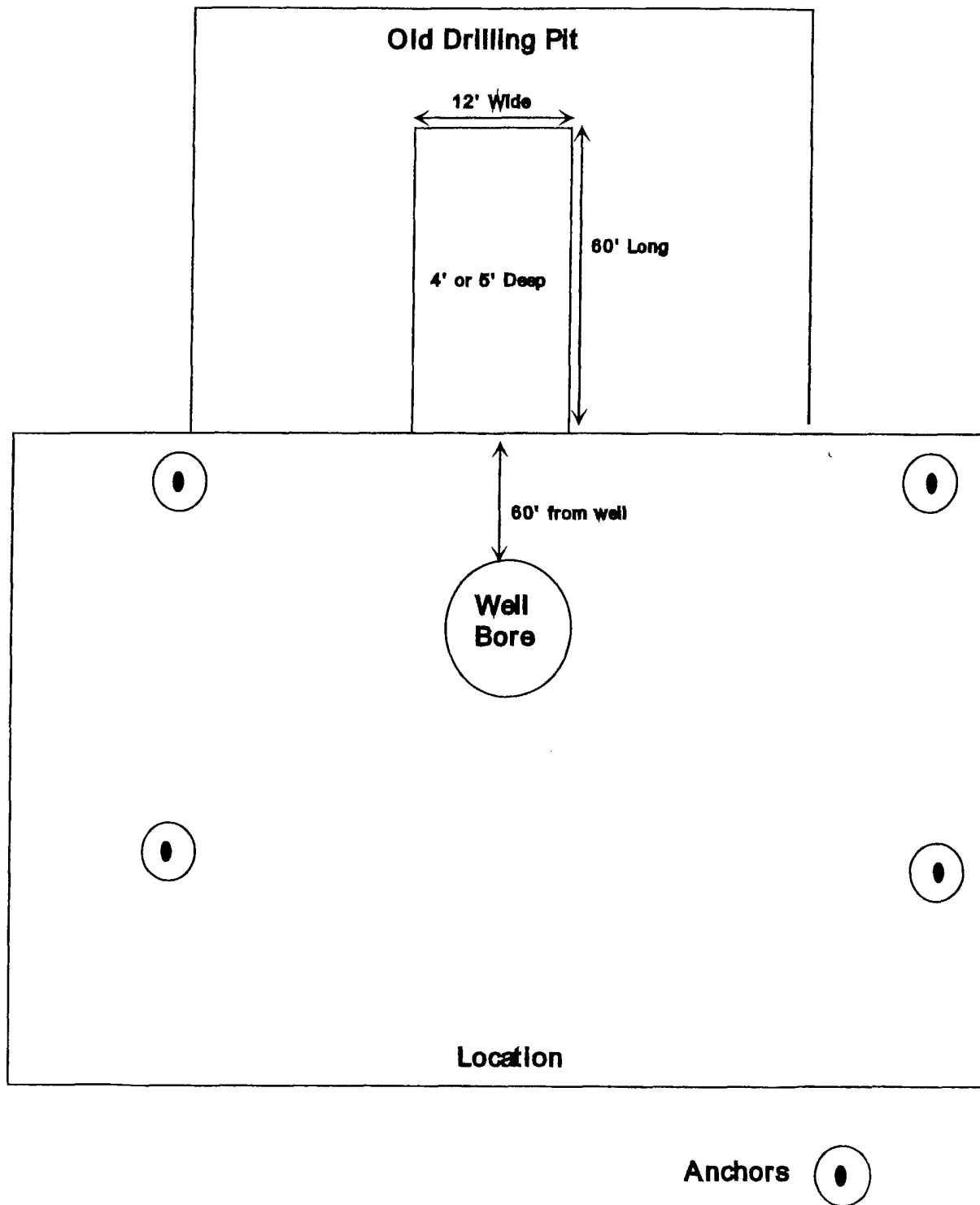
Built with Dozer

12/8/04

(Not to Scale)



Figure C



**Yates Petroleum
Workover/ Completion Pit Design**

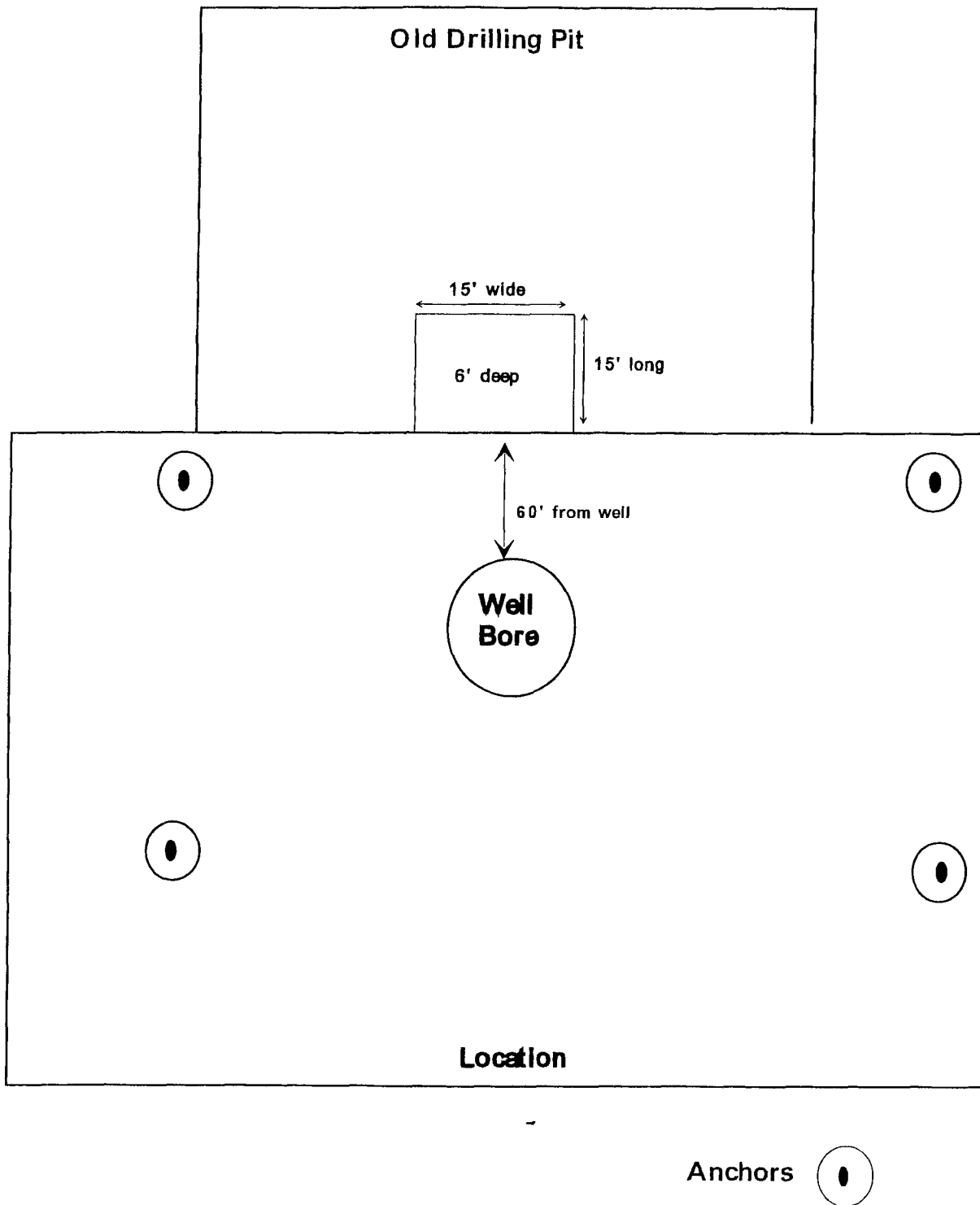
Built with Backhoe

12/ 8/ 04

(Not to Scale)



Figure D



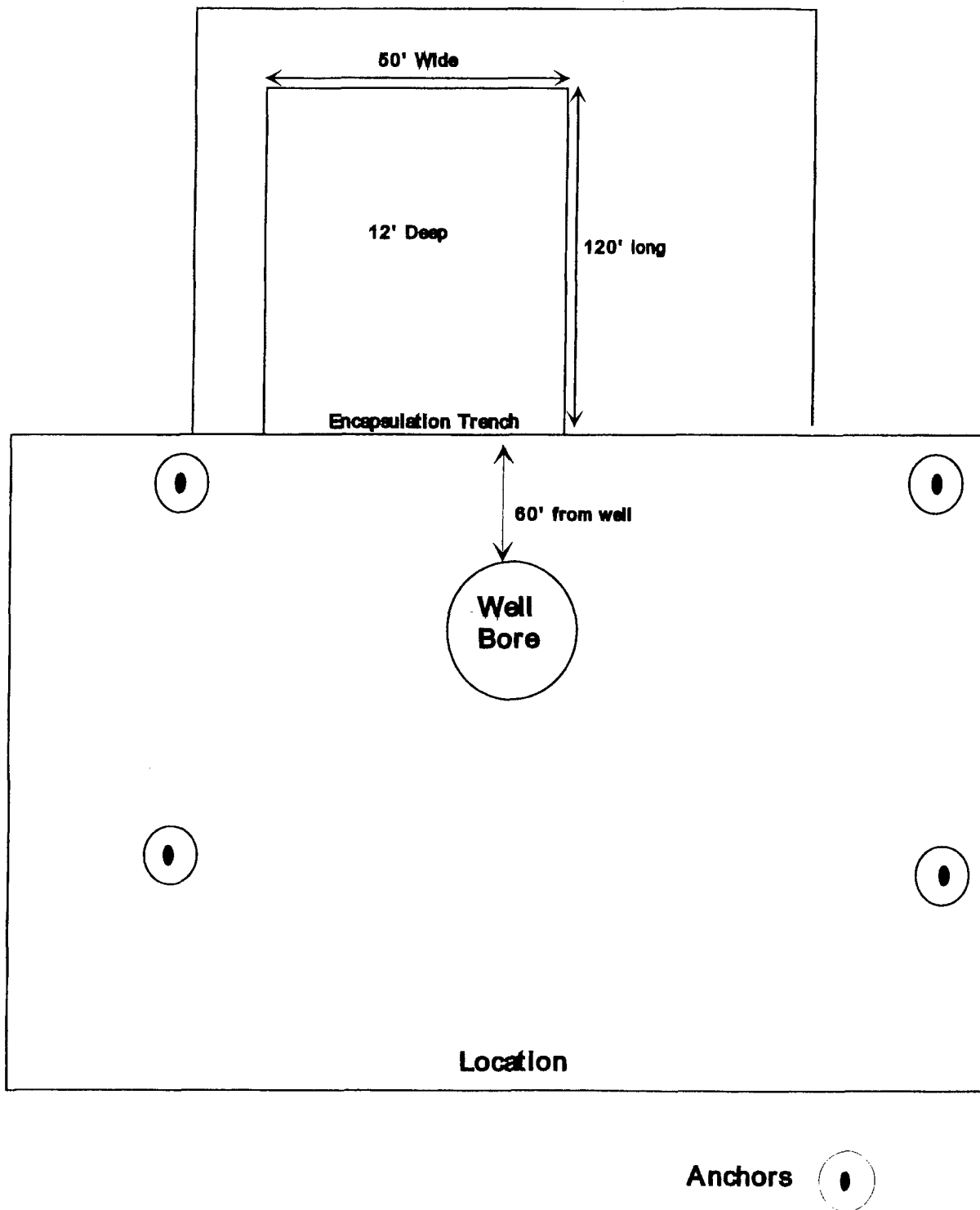
Yates Petroleum
Workover/ Completion Pit Design
Built with Backhoe

12/8/04

(Not to Scale)



Figure E



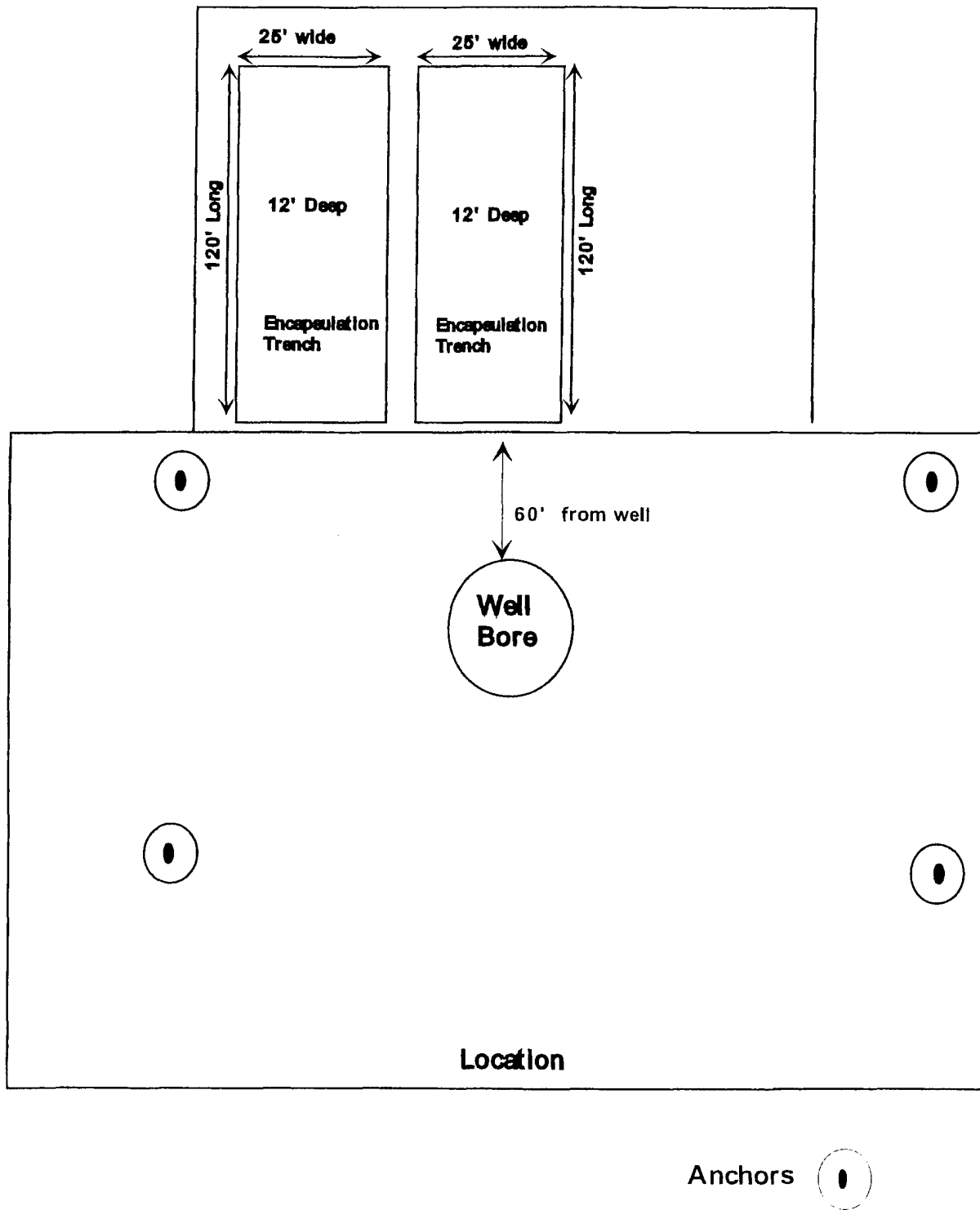
Yates Petroleum
Deep Trench Encapsulation

12/8/04

(Not to Scale)



Figure F



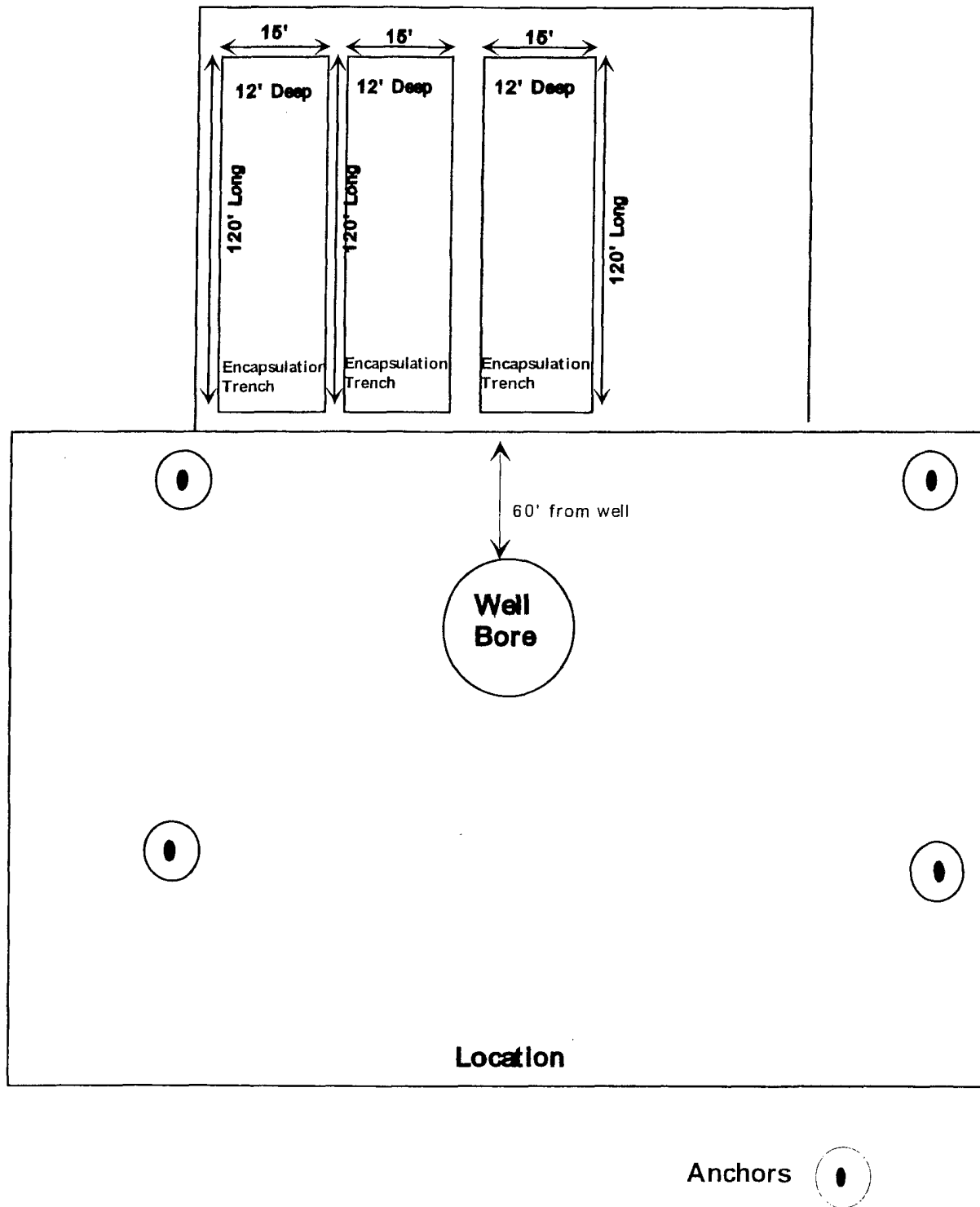
Yates Petroleum
Deep Trench Encapsulation
Built with Backhoe

12/8/04

(Not to Scale)



Figure G



Yates Petroleum
Deep Trench Encapsulation

12/8/04

(Not to Scale)





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

4 January 2005

Mr. Dan Dolan
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

RE: General Plan – John A. Yates Jr., Oil Producer

Dear Mr. Dolan:

The Artesia District of the Oil Conservation Division on 30 December, 2004 received a request for "John A. Yates Jr., Oil Producer" to be covered by the General Permit submitted by you on 20 December, 2004. This request is approved. John A. Yates Jr., Oil Producer will be added to the Yates Companies that are covered by the Plan.

Van Barton
Field Rep. II

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

Mr. Van Barton
Oil Conservation Division
State of New Mexico
1301 West Grand Ave.
Artesia, NM 88210

RECEIVED
DEC 30 2004
HPP/ARTESIA

December 30, 2004

**Re: General Plan
Drilling, Workover, and Blowdown Pit Design and closure.**

Dear Van,

As you know Yates submitted and received approval of a general plan for opening and closing of drilling and workover pits on December 20, 2004, this was an amended plan, submitted for clarification and simplification of the original plan, approved by you on April 15, 2004.

We are requesting the addition of "John A. Yates Jr., Oil Producer", to the Yates Companies on the approved plan.

Please contact me at 505-748-4181 if you have any questions or need further information.

Sincerely,

Daniel W. Dolan CWC
Environmental Regulatory Agent



MYCO INDUSTRIES, INC.
OIL PRODUCERS
POST OFFICE BOX 840
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471

February 28, 2007

New Mexico Oil Conservation Division
Bryan Arrant
1301 W. Grand
Artesia, New Mexico 88210

Re: Myco Industries, Inc.
Alfalfa 32 Fee #2H
H2S Contingency Plan

Dear Mr. Arrant:

Sources at Myco Industries, Inc. have relayed information to me that they believe there will not be enough H2S found from the surface through the Wolfcamp Formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Please note that I have enclosed our Contingency Plan for this well based on a remote chance that Rule 118 might become applicable.

Thank you,

MYCO INDUSTRIES, INC.

A.N. Muncy, PELS

A.N. Muncy, PELS
Operations/Engineering Manager

ANM:hp
Enclosure

Myco Industries, Inc.

**423 W. Main Street
Artesia, NM 88210**

Hydrogen Sulfide (H₂S) Contingency Plan

For

Alfalfa 32 Fee #2H

1930' FSL & 256' FEL (Surface)

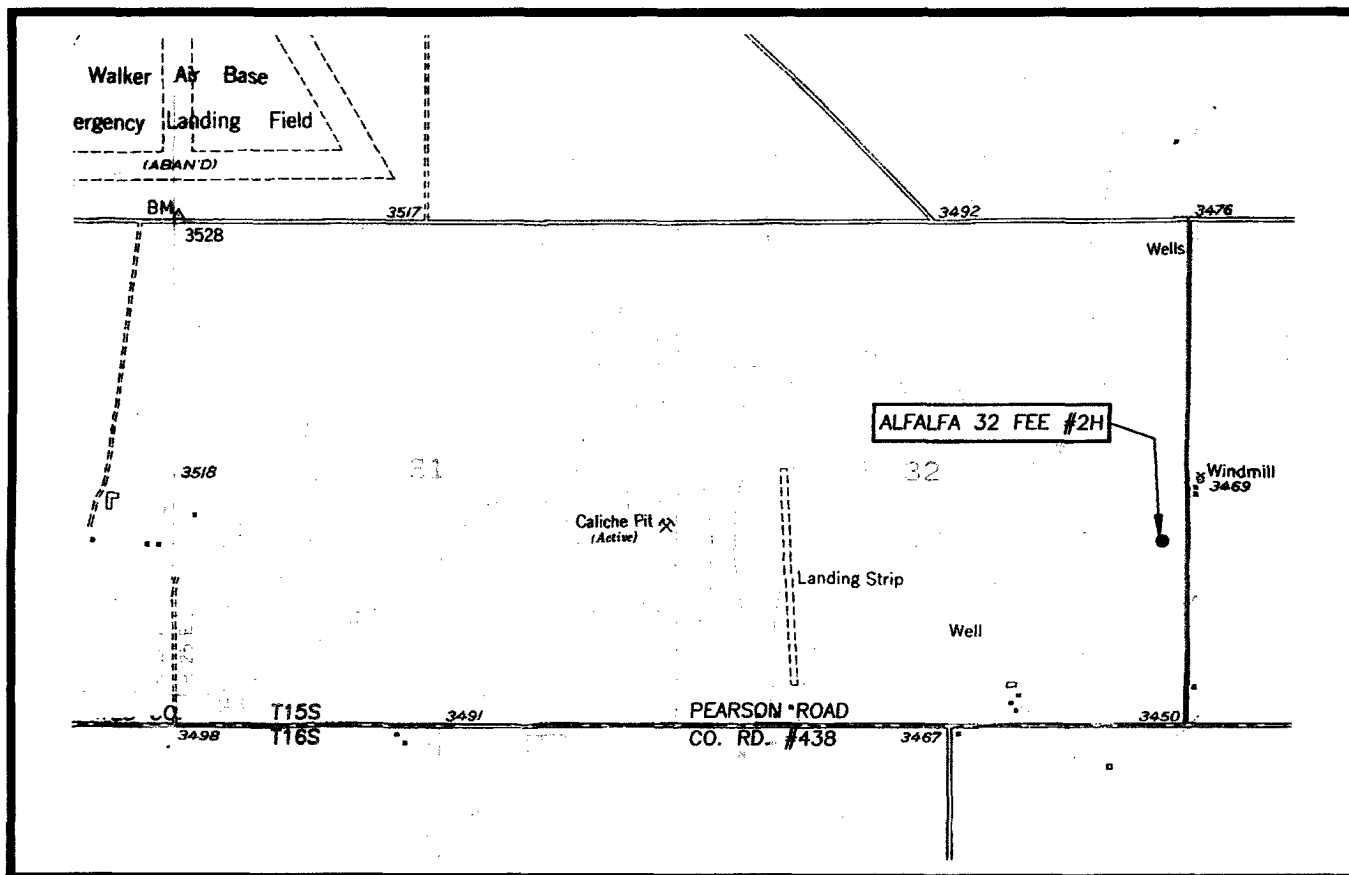
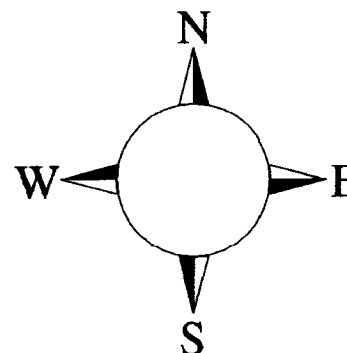
1930' FSL & 660' FWL (Bottom-Hole)

Sec-32, T-15S, R-25E

Chaves County NM

Alfalpa 32 Fee #2H Location

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Myco personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. Myco Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Myco Industries, Inc. Phone Numbers

Myco Office (505) 748-4280
Nelson Muncy/Operations Engineering Manager..... (505) 748-4289
..... (505) 308-3502
Carlos Guerrero/Field Supervisor (505) 746-7318
..... (505) 513.2492
Artesia Answering Service (505) 748-4302
(During non-office hours)

Agency Call List

Eddy County (505)

Artesia

State Police..... 746-2703
City Police..... 746-2703
Sheriff's Office 746-9888
Ambulance 911
Fire Department 746-2701
LEPC (Local Emergency Planning Committee) 746-2122
NMOCD..... 748-1283

Carlsbad

State Police..... 885-3137
City Police..... 885-2111
Sheriff's Office 887-7551
Ambulance 911
Fire Department 885-2111
LEPC (Local Emergency Planning Committee)..... 887-3798
US Bureau of Land Management..... 887-6544

New Mexico Emergency Response Commission (Santa Fe) (505)476-9600
24 HR(505) 827-9126
New Mexico State Emergency Operations Center.....(505) 476-9635
National Emergency Response Center (Washington, DC) ...(800) 424-8802

Other

Boots & Coots IWC1-800-256-9688 or (281) 931-8884
Cudd Pressure Control.....(915) 699-0139 or (915) 563-3356
Halliburton(505) 746-2757
B. J. Services.....(505) 746-3569

Flight For Life -4000 24th St, Lubbock, TX(806) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM(505) 842-4949