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**

NOV 0 5 2007

Form C-101 May 27, 2004

OCD-ARTESIASubmit to appropriate District Office

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

 \square AMENDED REPORT

APP:	LICAT	ION	FOI				L,RE-	ENTE	R, DI	EEPE	- 1		<u>CK,</u>	OR Al	DD A ZONE
MYCO IN	DUSTR	IES, I	NC.	¹ OperatorNam	e and Addre	ess					0	15445			
P.O. BOX	-	TESL	A, N	M 88211							3	0-015-	^A	PI Numbe	906
•	ertyCode			D. A. M. I.	11 PPP (⁵ Property	Name						٧١	CH NO
36102 Rio Pen	26.60		9 7		11 FEE (COM						10 D	osedP	#1	<u>H</u>
ICIO Lea	WOLF	CAM		ProposedPool 1 AS								- Proj	osear	0012	
						⁷ S	Surface	Locati	on						,
UL or lot no	Section 11	Town	nship	Range 23E	Lot		Feet fro	om the		outh line 'H	Fee 660'	et from the	Eas EAS	st/Westline ST	County EDDY
				⁸ Prop	osed Bott	tom H	ole Loca	tion If D	ifferer	nt From	Surfa	ce			
UL or lot no	Section	Town		Range	Lot		Feet fre		North/S	outh line	Fe	et from the		st/Westline	County
M	11	18S		23E	<u> </u>		660'		SOUT		660'		WE	ST	EDDY
II Work	Type Code			12 Well Type Co		dditic	nal We	ell Into e/Rotary	rmati		14 Lease	Type Code		15 G:	round Level Elevation
N	Type Code		G	well Type Co	ode	R	Cabii	Critotaly		P	Cease	Type Code		3894'	ound Level Elevation
	Iultiple			17 Proposed De	pth			mation			19 Co	ntractor			20 Spud Date
D 41. C	1		5200		I B		LFCAM nearestfres		-11		+	Distance from			01/2008 ,
Depth to Gro			· 300'					sn water we	1000'			Distance from	meare	estsurface	> 1000'
Pit. Liner	Synthetic	X 12	mı	Isthick Clay [☐ Pit Vol	lume I	0100 _{bbls}			ng <u>Metho</u>		_		_	
Close	xd-Loop Sys	tem L		2	1				Fresh V	Vater X	Brine	Diesel/0)1-base	ed L Gas	s/Air 🔲
		1			¹ Propo	sed C	asing a	nd Cer	ment]	Progra	ım			-	
Hole S	Size		Casi	ng Sıze	Casın	g weigh	ıt/foot	S	etting D	epth		Sacks of C	ement		Estimated TOC
12-1/4"		8-5/3	8"		32# / J-5	55		1200'			400) SXS		CIR	CULATE
7-7/8"		5-1/2	2"		17# / N-	·80		9250'			120	00 SXS		CIR	CULATE
NOTE: SE	T 40' OF	20"	CON	DUCTOR P	IPE & C	'IRCI	II ATE	CEME	NT				_		
					<u>' </u>					on the pre	sent pro	oductive zon	e and p	roposed n	ew productive zone
NOTIFY N	· IMOCD (Γ DAILY	OF SF . DR	PUD A	am, 1f any Use AND WITN PILOT HOLI	ESS CM	Г SUR	RFACE (CASINO							
ATTACHE C-144 (FR				RMATION, (C PIT).	C-102, G	ENEF	RAL PIT	PERM	IT, H2	S CON	ITINC	GENCY P	LAN,		
*NOTE: D	ETAILEI	O WE	LL S	URVEY PR	OFILE T	O FO	LLOW.					OTIFY			WITNESS INGS
											_				
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							OIL	CON	SERVA	ΓΙΟΝ	NDIVI	SION			
	according	to NM	OCD g	guidelines 🖳 2				Approv	ed by		BR	YAN G.	ARI	RANT	
Printed name	HANN	IAH F	PALC	MIN X	Muas	P.	loni	Title				STRICT			GIST
Title				ECHNICIAN		C VIII	<u> 2011U</u>	Н	al Date	unv 0	E 20	10°58 I	(vnirot	ion Dota	NOV 0 5 2008
E-mail Addre					·	_		дрргоч	ai Daig	WUV (5 20	<i>!U()</i>	Apirat	ion Date	
		шшу	COIII												
Date 11/	05/2007			Phone	(505)740	1200		I Conditi	onsof A	pproval A	ttached	1 🗀			

State of New Mexico

DISTRICT I 1625 N. PRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NW 68210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

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

DISTRICT IV 1220 S. ST. FRANCIS DR., SANTA FE, NM 87505	WELL LOCATION AND ACREAGE DEDICATION PLAT	□ AMENDED REPORT
API Number	Pool Code Rio Ponasce Pool Name	
30-015-35188	Pool Code Rio Penasco Pool Name; Wolfcamp	
Property Code	Property Name	Well Number
36102	DANU 11 FEE COM	1H
OGRID No.	Operator Name	Elevation
015445	MYCO INDUSTRIES, INC.	3894'

Surface Location

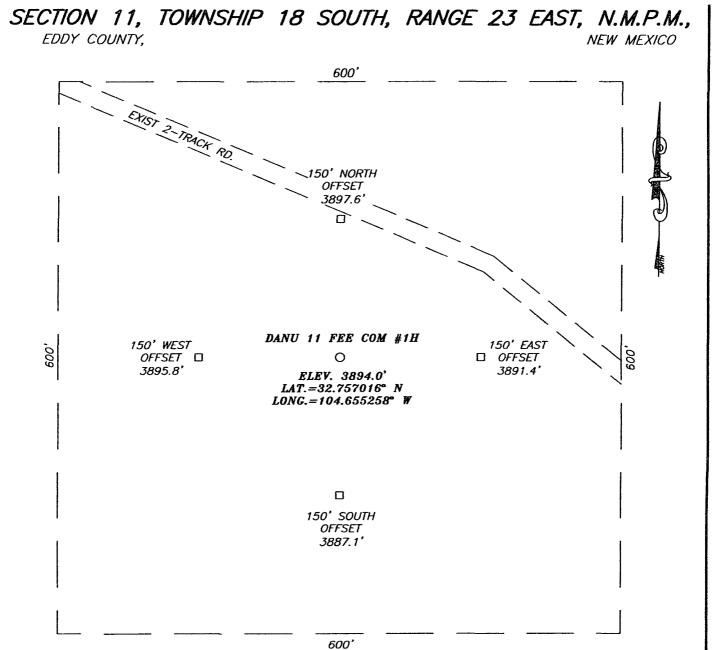
[UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
١	Р	11	18-S	23-E		660	SOUTH	660	EAST	EDDY

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
М	11	18-S	23-E		660	SOUTH	660	WEST	EDDY
Dedicated Acres	s Joint o	r Infill Co	nsolidation (Code Or	der No.				
320									

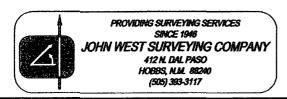
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

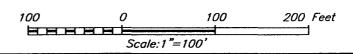
OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unlessed mineral interest in the land including the proposed bottom hole location or has a right to drill this 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.
Hannah Palomin 11.5.07 Signature Date Hannah Palomin Printed Name
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.
SEPTEMBER 29, 2006 Date Surveyed REV. 10/11/06 JR Signature & Seal of Some
Certificate No. GARY EIDSON 12641 ROFE BONALRY EIDSON 3239



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. #10 (BRAID RD.) AND CO. RD. #8 (SANTA RD.) GO EAST ON CO. RD. #8 APPROX. 1.5 MILES, BEND NORTH AND GO APPROX. 200 FEET. TURN RIGHT AND GO EAST/SE APPROX. 0.8 MILES. TURN RIGHT AND GO SOUTH APPROX. 2.0 MILES TO AN LCX ENERGY WELL, CONTINUE SOUTH ON 2-TRACK RD. APPROX. 0.5 MILES, BEND SE AND GO APPROX. 1.0 MILES. THIS LOCATION IS APPROX. 180 FEET SOUTH.



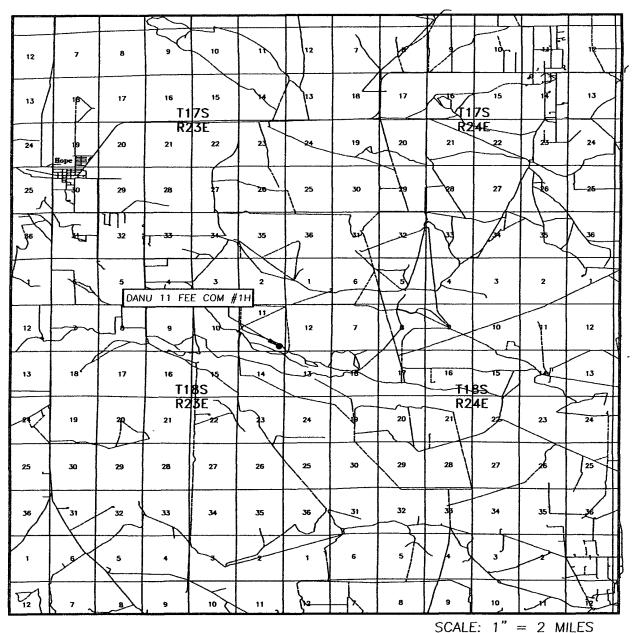


MYCO INDUSTRIES, INC.

DANU 11 FEE COM #1H LOCATED 660 FEET FROM THE SOUTH LINE AND 660 FEET FROM THE EAST LINE OF SECTION 11, TOWNSHIP 18 SOUTH, RANGE 23 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date:	09/27/06		Sheet	1	of	1	Sheets
W.O. Number: (06.11.1526	Dr	By: J.R.		Re	ev 1:	10/09/06
Date: 10/04/00	Disk: CD	<i>46</i>	0611	1526		Scal	e:1"=100'

VICINITY MAP



SEC. 11 TWP. 18—S RGE. 23—E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 660' FSL & 660' FEL

ELEVATION 3894'

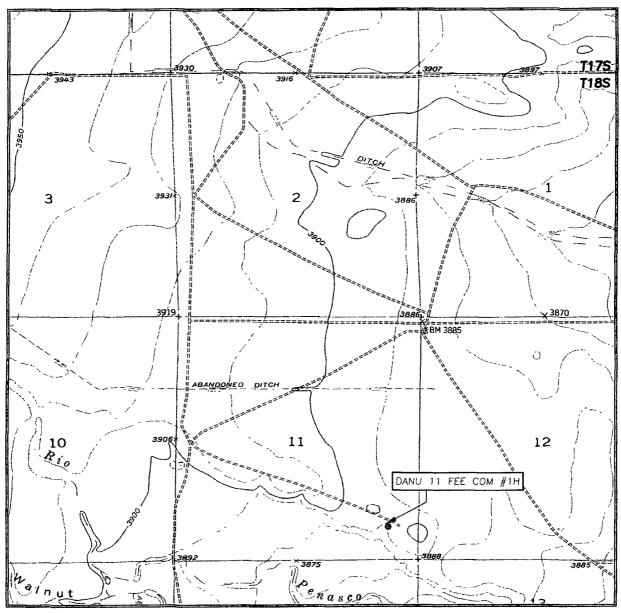
OPERATOR MYCO INDUSTRIES, INC.

LEASE DANU 11 FEE COM





LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEU	1WP 10	<u>5-5</u>	KGE	· <u> </u>	<u> </u>	
SURVEY		N.M.P	.М.			
COUNTYE						
DESCRIPTION						
ELEVATION_		38	394			
OPERATOR_	мүсо	INDU	STR	IES,	. IN	۱C.
LEASE						
U.S.G.S. TOI HOPE, N.M	POGRAI	PHIC	MAF)		



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: Danu 11 Fee Com #1H

Location:

SL 660' FSL & 660' FEL, Section 11, T-18-S, R-23-E, Eddy Co, NM

BHL 660' FSL & 660' FWL, Section 11, T-18-S, R-23-E, Eddy Co, NM

Casing Program:

Casing	Setting	Hole	Casing	Casing	Casing	Desired
	Depth	Size	Size	Weight	Grade	TOC
Surface	1200'	12-1/4"	8-5/8"	32#	J-55	Surface
Production	9250'	7-7/8"	5-1/2"	17#	N-80	Surface

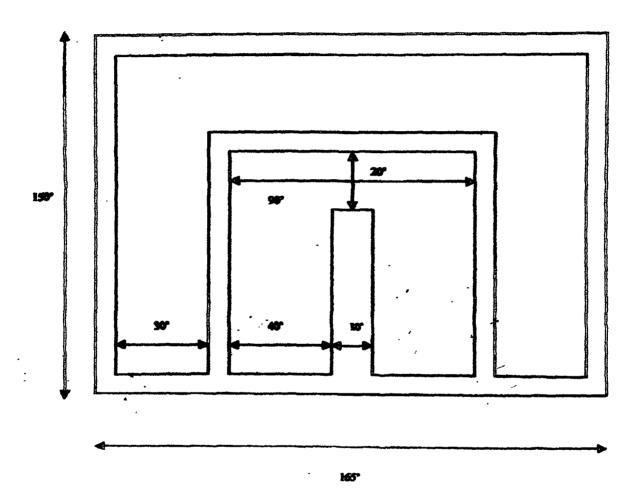
Cement Program:

Depth	No. Sacks	Slurries:
1200'	150	Lead: Premium Plus + 2% CaCl ₂ + 3% Econolite + ¼ pps Flocele
	250	Tail: Premium Plus + 2% CaCl ₂ + ½ pps Flocele
9250'	500	Lead: Interfill C + 1/4 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
0-1200'	Fresh-Gel	8.6-8.8	28-34	N/c
1200-4400'	Cut Brine	8.8-9.2	28-34	N/c
4400-5200'	Cut Brine	8.8-9.2	28-34	10-15
4468-9250'	Polymer (Lateral)	9.0-9.4	40-45	10-20

Double Horseshoe Reserve Pit Design



Approximate Imide Reserve Volume: 4500 bbls
Approximate Outside Reserve Volume: 5000 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.

Van Barton Field Rep. II MARTIN YATES, III 1912 - 1985 FRANK W YATES 1936 - 1986



S P YATES
CHAIRMAN OF THE BOAR
JOHN A YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDE
RANDY G PATTERSI
SECRETARY
DENNIS G KINSEY
TREASURER

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (505) 748-1471

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:

- l 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.

Jan 1

Sincerel

Yates Petroleum Corp. et al

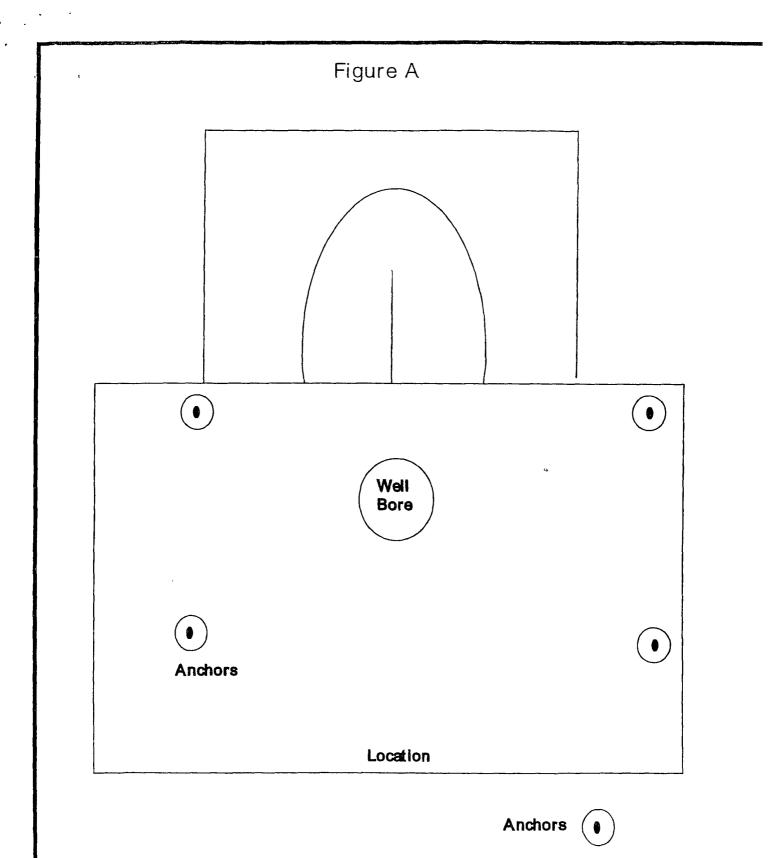
General Plan Pit Permitting, Construction and Closure December 7, 2004

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.
 - 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. <u>Pit Closure</u>—Pits will be closed based on site specific conditions pursuant to Part IV of Guidelines by one of the following methods:
 - a <u>Excavation and removal</u> Wastes will be excavated and disposed of at an off-site OCD-approved facility or location.
 - b. <u>Below Grade Encapsulation</u> Encapsulation will be pursuant to Part IV.B.2 of Guidelines
 - c <u>Capping and Encapsulation Insitu</u> Capping and encapsulation will be pursuant to Part IV B.3(a) of Guidelines
 - d. <u>Deep Trench Burial and Capping</u>. 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 <u>Exemption</u> 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.

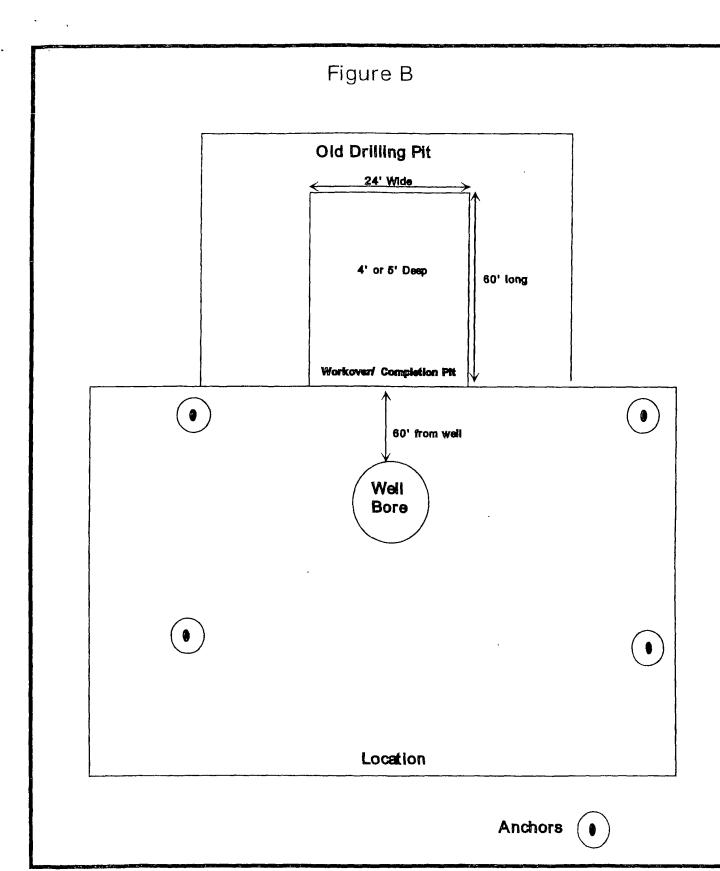
If, due to site specific conditions encountered during the course of operations, Yates proposes to change the method of closure, a request outlining the new plan will be submitted on a C-144 for OCD approval prior to closure.



Yates Petroleum Standard Reserve Pit

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

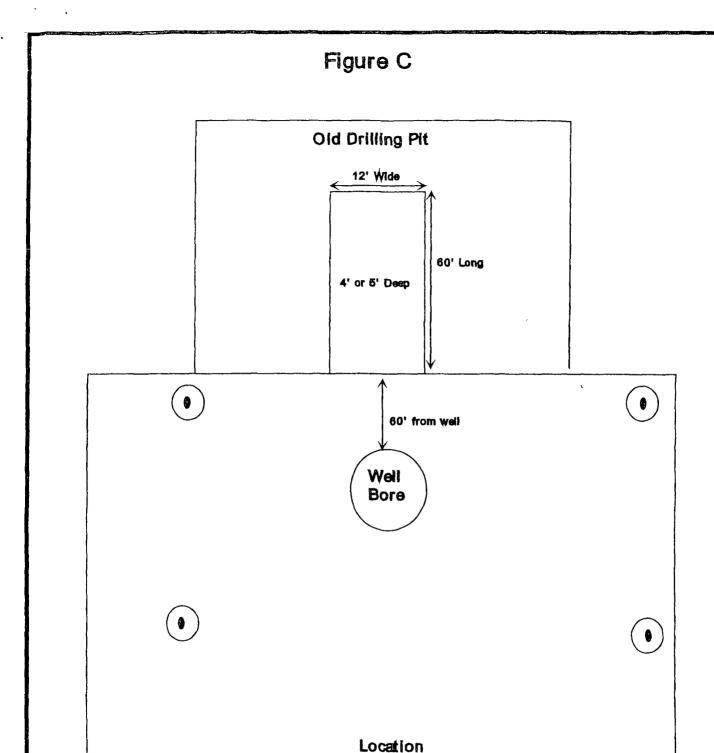




Yates Petroleum Workover/ Completion Pit Design

Built with Dozer



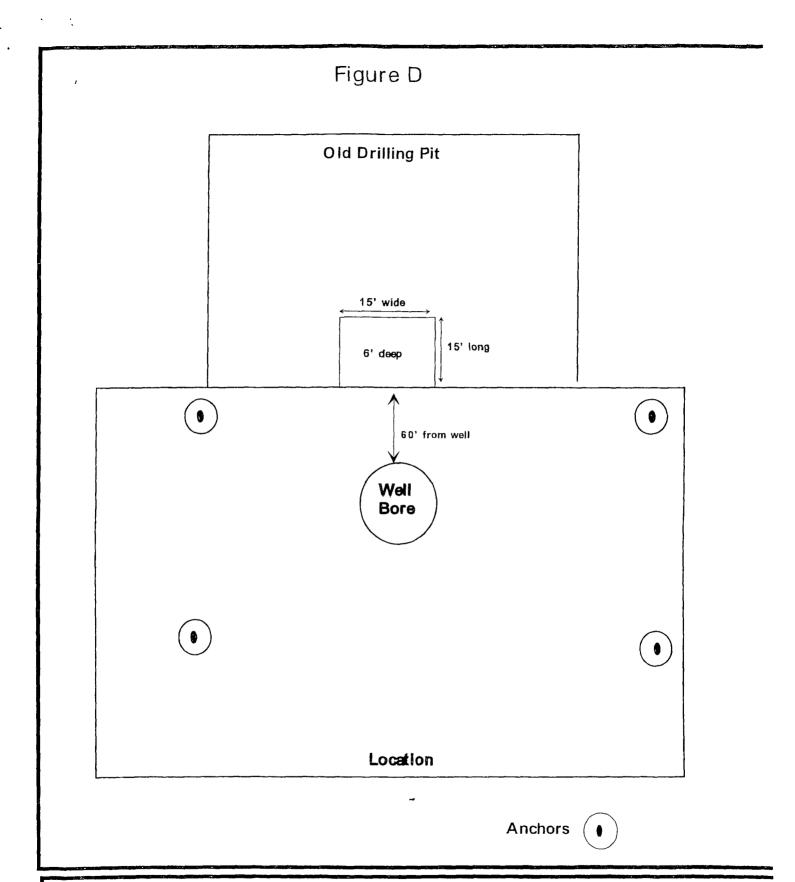


Anchors (

Yates Petroleum Workover/ Completion Pit Design

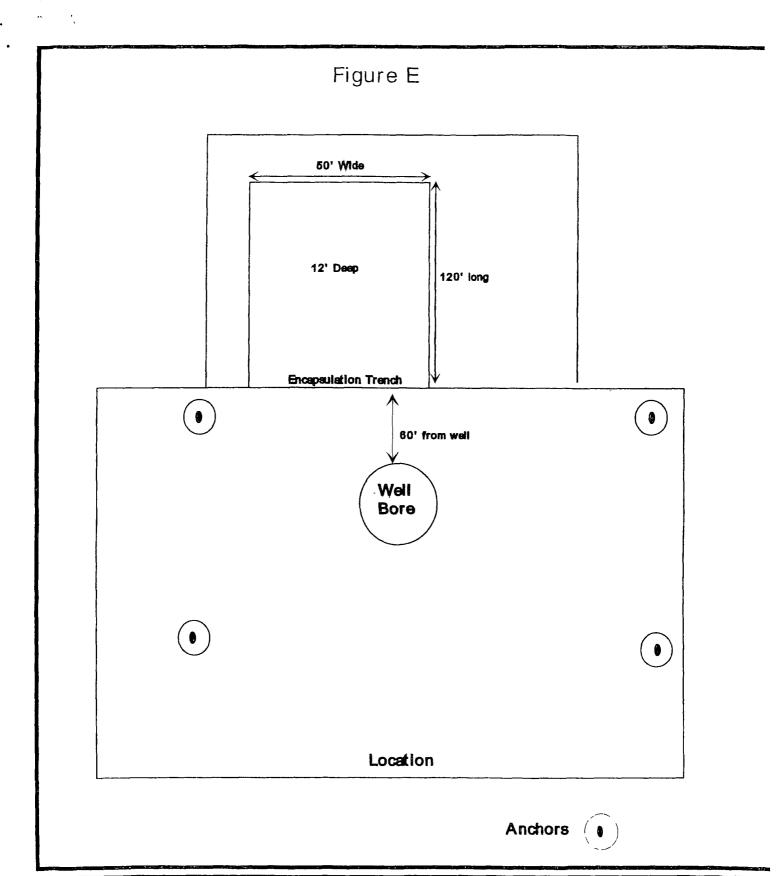
Built with Backhoe 12/8/04





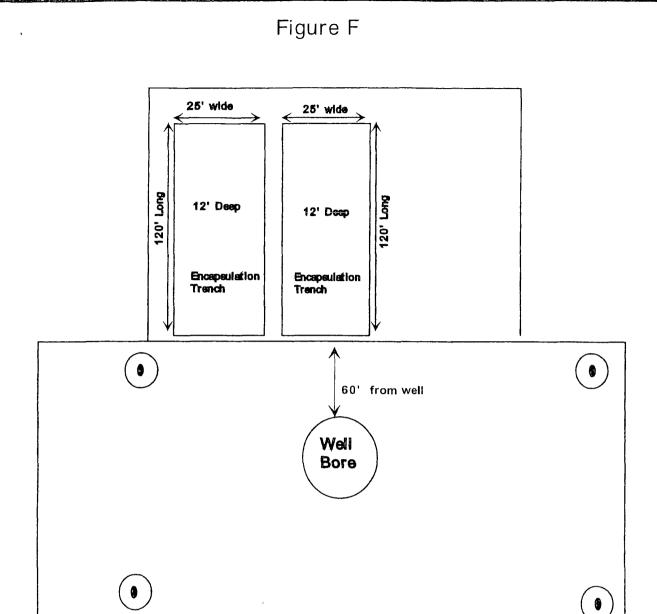
Yates Petroleum Workover/ Completion Pit Design
Built with Backhoe





Yates Petroleum Deep Trench Encapsulation





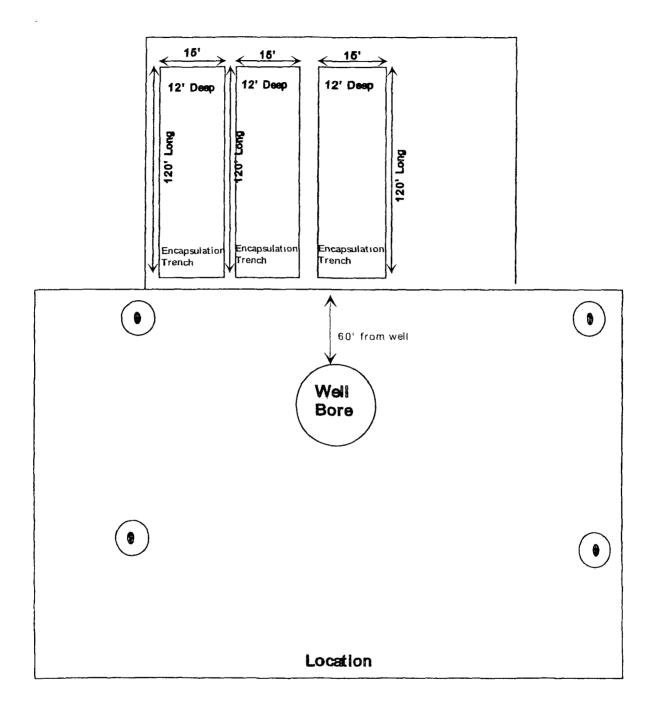
Anchors

Yates Petroleum Deep Trench Encapsulation Built with Backhoe

Location



Figure G





Yates Petroleum Deep Trench Encapsulation





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



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

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (505) 748-1471

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

DEC 30 2004

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

November 5, 2007

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

Re:

Myco Industries, Inc.

Danu 11 Fee Com #1H 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. Muney A.N. Muney, PELS

Operations/Engineering Manager

ANM:hp Enclosure

Myco Industries, Inc.

423 W. Main Street Artesia, NM 88210

Hydrogen Sulfide (H₂S) Contingency Plan

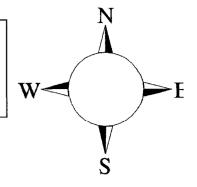
For

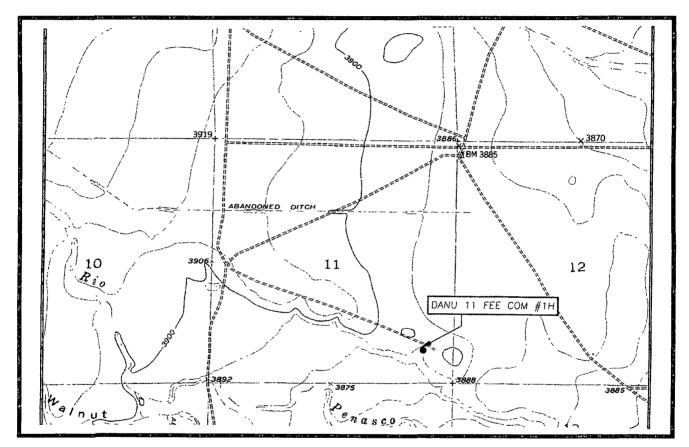
Danu 11 Fee Com #1H

660' FSL & 660' FEL (Surface) 660' FSL & 660' FWL (Bottom-Hole) Sec-11, T-18S, R-23E Eddy County NM

Danu 11 Fee Com #1H 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.





Assumed 100 ppm $\mathbb{R} = 3000^\circ$ 100 ppm H2S concentration shall trigger activation of this plan.

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 H_2S , measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H_2S 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 Concentr- ation
Hydrogen Sulfide	H ₂ \$	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	\$O 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	
Carlos Guerrero/Field Supervisor	(505) 746-7318
	(505) 513.2492
Artesia Answering Service	
(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)	
NMOCD	
Carlsbad	
State Police	
City Police	
Sheriff's Office	
Ambulance	
Fire Department	
LEPC (Local Emergency Planning Committee)	
US Bureau of Land Management	887-6544
New Mexico Emergency Response Commission (Santa Fe)	` '
24 HR	(505) 827-9126
New Mexico State Emergency Operations Center	(505) 476-9635
National Emergency Response Center (Washington, DC)	(800) 424-8802
Other	
D. A.G. HWG. 1.000.074.0400 (000)	
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_0011
Aerocare -Rr 3 Box 49f, Lubbock, TX	(806) 747-9711 (806) 747-8022
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM	
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM	
S D All Ividu Svc 2303 Clark Carl Loop SE, Aloud, NIVI	JUJJ 042 -4949