

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

Form C-101  
May 27, 2004

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

Submit to appropriate District Office

MAY 14 2008

☐ AMENDED REPORT

OCD-ARTESIA

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

<sup>1</sup> Operator Name and Address MYCO INDUSTRIES, INC. P.O. BOX 840, ARTESIA, NM 88211-0840		<sup>2</sup> OGRID Number 015445
<sup>3</sup> Property Code 37169	<sup>5</sup> Property Name HORTON 16 STATE	<sup>4</sup> API Number 30-015-36323
<sup>9</sup> Proposed Pool 1 CATCLAW DRAW; DELAWARE		<sup>6</sup> Well No. #1
<sup>10</sup> Proposed Pool 2		

<sup>7</sup> Surface Location

UL or lot no H	Section 16	Township 21S	Range 25E	Lot Idn	Feet from the 2280'	North/South line NORTH	Feet from the 510'	East/Westline EAST	County EDDY
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<sup>8</sup> Proposed 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/Westline	County
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Additional Well Information

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code O	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 3407'
<sup>16</sup> Multiple NO	<sup>17</sup> Proposed Depth 3700'	<sup>18</sup> Formation DELAWARE	<sup>19</sup> Contractor	<sup>20</sup> Spud Date 07/01/2008
Depth to Groundwater 100'		Distance from nearest fresh water well >1000'		Distance from nearest surface water >1000'
Pit Liner Synthetic <input type="checkbox"/> milst thick Clay <input type="checkbox"/> Pit Volume _____ bbls Drilling Method: _____				
Closed-Loop System <input checked="" type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#/H-40	300' ✓	400 SXS "C"	CIRCULATE
12-1/4"	8-5/8"	24#/J-55	1800'	600 SXS "C"	CIRCULATE
7-7/8"	5-1/2"	17#/J-55	3700'	900 SXS "C"	CIRCULATE

<sup>22</sup> 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 NMOCD OF SPUD AND WITNESS CMT SURFACE CASING. INSTALL 3000# DOUBLE-RAM B.O.P. AND TEST DAILY.

DRILL USING A CLOSED-LOOP SYSTEM. NO DRYING PAD AND ALL CUTTINGS WILL BE HAULED.

ATTACHED: C-102, PERMIT INFORMATION, H2S CONTINGENCY PLAN. ✓

**NOTE:** New Pit Rule  
NMAC 19-15-17

<sup>23</sup> 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 NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: A.N. MUNCY *A.N. Muncy-DELS*  
Title EXPLORATION/OPERATIONS MANAGER  
E-mail Address: anmuncy@mycoinc.com  
Date: 05/13/2008 Phone: (575)748-4289

OIL CONSERVATION DIVISION

Approved by

Title:

Approval Date: 5/19/08

Expiration Date: 5/19/10

Condition of Approval Attached ☐

✓ 1240  
5-20-08  
140

## DISTRICT I

1625 N. FRENCH DR., HOBBS, 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

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## OIL CONSERVATION DIVISION

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

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 10480	Pool Name CATCLAW DRAW; DELAWARE
Property Code 37169	Property Name HORTON 16 STATE	Well Number 1
OGRID No. 015445	Operator Name MYCO INDUSTRIES, INC.	Elevation 3407'

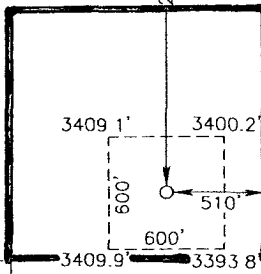
## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	16	21-S	25-E		2280	NORTH	510	EAST	EDDY

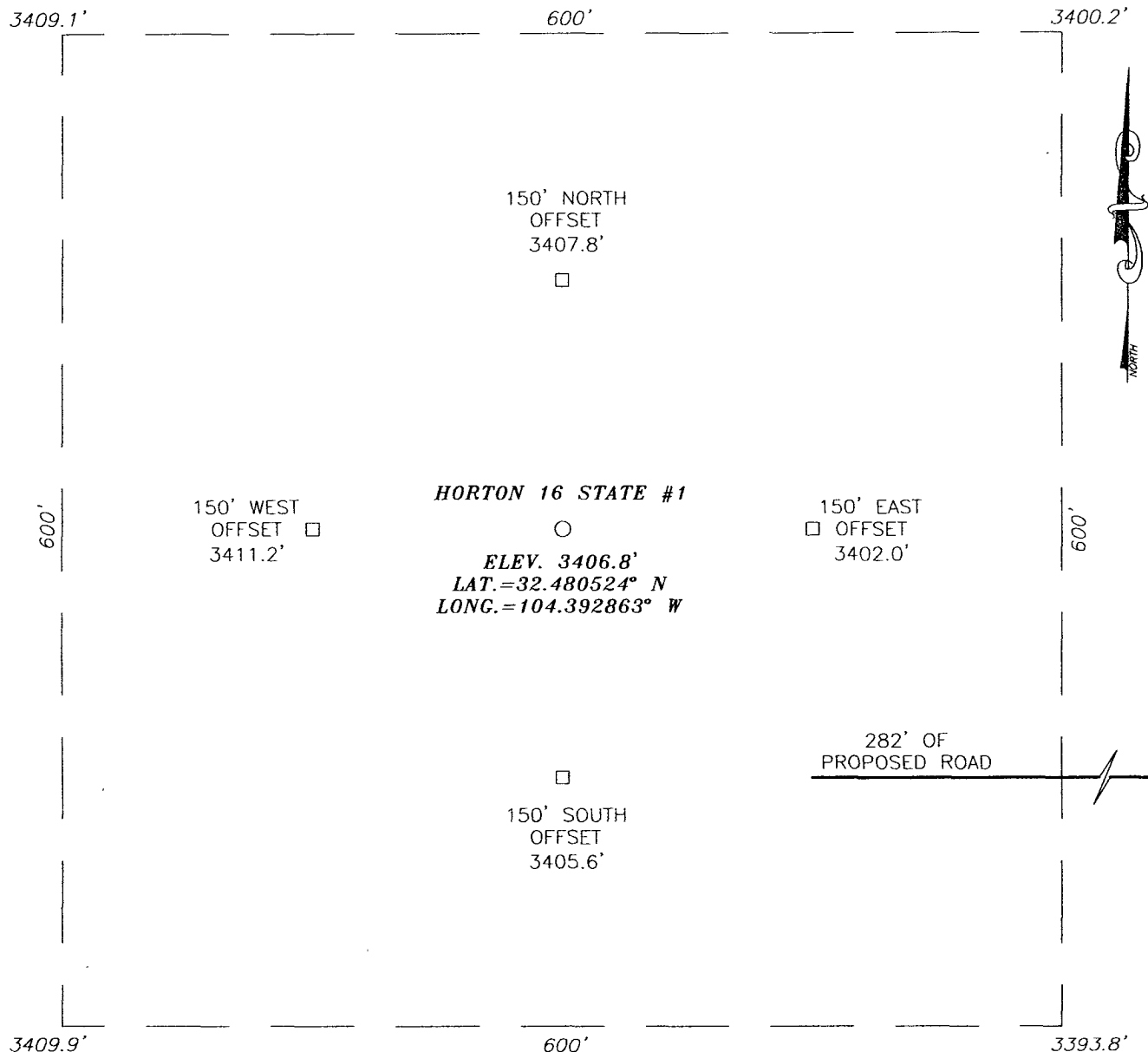
## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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

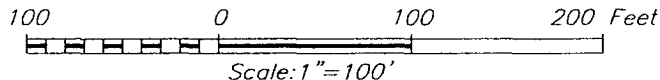
<p>GEODETIC COORDINATES NAD 27 NME Y=538532.8 N X=481642.9 E LAT.=32.480524° N LONG.=104.392863° W</p> 	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest 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.</p> <p><u>A. N. MUNKY-PELS</u> Signature <u>A. N. MUNKY</u> Printed Name Date <u>5/12/08</u></p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>MAILED 5/12/08 NEW MEXICO Professional Surveyor 3239 Date Surveyed Signature &amp; Seal of Professional Surveyor Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>
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SECTION 16, TOWNSHIP 21 SOUTH, RANGE 25 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #285 AND  
CO. RD. #406 (WATERHOLE RD.) GO SOUTHWEST  
ON CO. RD. #406 APPROX. 1.7 MILES. TURN LEFT  
AND GO SOUTH APPROX. 0.6 MILES. THIS  
LOCATION IS APPROX. 450 FEET WEST.



MYCO INDUSTRIES, INC.

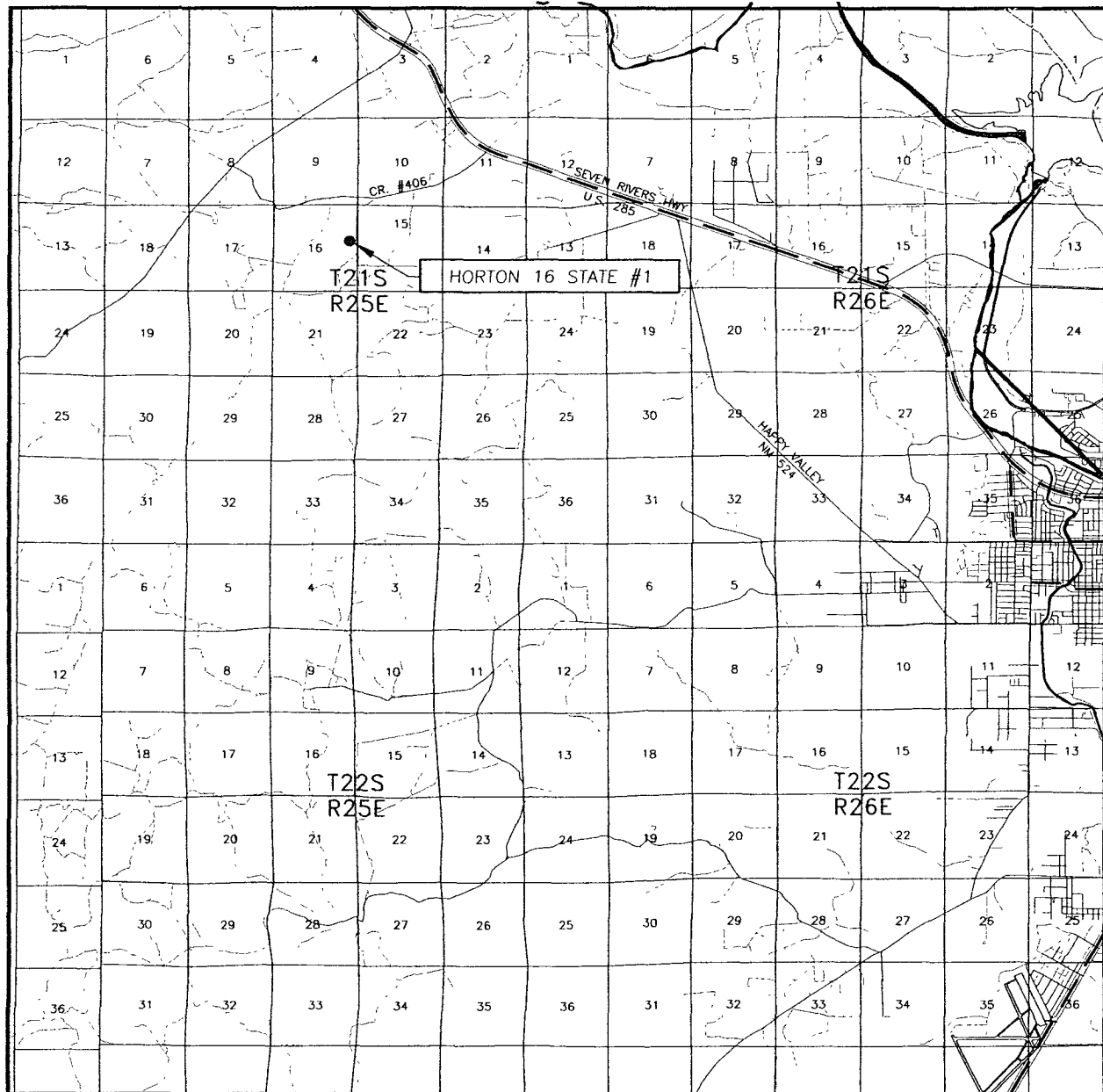
HORTON 16 STATE #1  
LOCATED 2280 FEET FROM THE NORTH LINE  
AND 510 FEET FROM THE EAST LINE OF SECTION 16,  
TOWNSHIP 21 SOUTH, RANGE 25 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

Survey Date: 5/7/083	Sheet 1 of 1 Sheets
W.O. Number: 08.11.0721	Dr By: LA
Date: 5/9/08	08110721 Scale: 1"=100'



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

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 16 TWP. 21-S RGE. 25-E

SURVEY N.M.P.M.

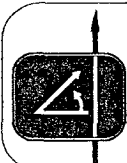
COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 2280' FNL & 510' FEL

ELEVATION 3407'

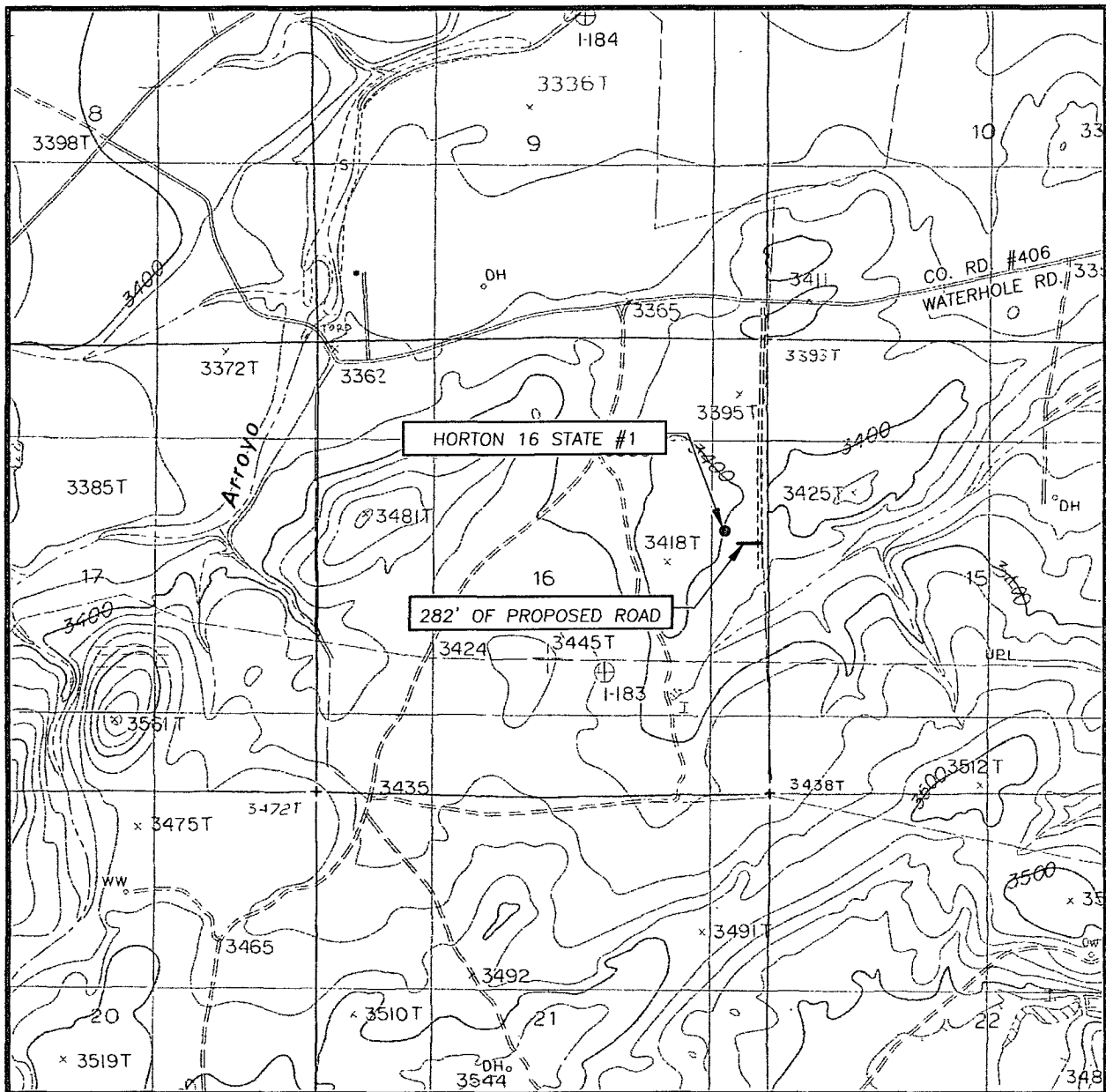
OPERATOR MYCO INDUSTRIES, INC.

LEASE HORTON 16 STATE



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:  
AZOTEA PEAK, N.M. - 20'

SEC. 16 TWP. 21-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

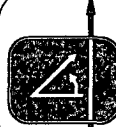
DESCRIPTION 2280' FNL & 510' FEL

ELEVATION 4407'

OPERATOR MYCO INDUSTRIES, INC.

LEASE HORTON 16 STATE

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



PROVIDING SURVEYING SERVICES  
SINCE 1946

**JOHN WEST SURVEYING COMPANY**

412 N. DAL PASO  
HOBBS, N.M. 88240  
(505) 393-3117

**MYCO INDUSTRIES, INC.**

**Location:**

2280' FNL & 510' FEL, Section 16, T-21-S, R-25-E, Eddy County, New Mexico

**Casing Program:**

Casing	Hole Size	Setting Depth	OD Casing	Weight	Grade	Desired TOC
Surface	17 ½"	300'	13 3/8"	48#	H-40	Surface
Intermediate	12 ¼"	1800'	8 5/8"	24#	J-55	Surface
Production	7 7/8"	3700'	5 1/2"	17#	J-55	Surface

**Cement Program:**

13 3/8" Surface Casing: 400 sxs "C", yield 1.32, circulate

8 5/8" Intermediate Casing: 600 sxs "C", yield 1.32, circulate

5 1/2" Production Casing: 900 sxs "C", yield 1.32, circulate

**Mud Program:**

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-300'	Fresh Water	8.5	28	N.C.
300-1800'	Fresh Water	8.5	34-36	N.C.
1800'-TD	Cut Brine	9.2	30-34	10-20

Sufficient mud materials will be kept at the well site to maintain mud properties and meet minimum lost circulation and weight increase requirements at all times.



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

May 13, 2008

New Mexico Oil Conservation Division  
Kimberly Wilson  
1301 W. Grand  
Artesia, New Mexico 88210

Re: Myco Industries, Inc.  
Horton 16 State #1  
H2S Contingency Plan

Dear Ms. Wilson:

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 Delaware 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  
Operations/Engineering Manager

ANM:hp  
Enclosure

# **Myco Industries, Inc.**

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

## **Hydrogen Sulfide (H<sub>2</sub>S) Contingency Plan**

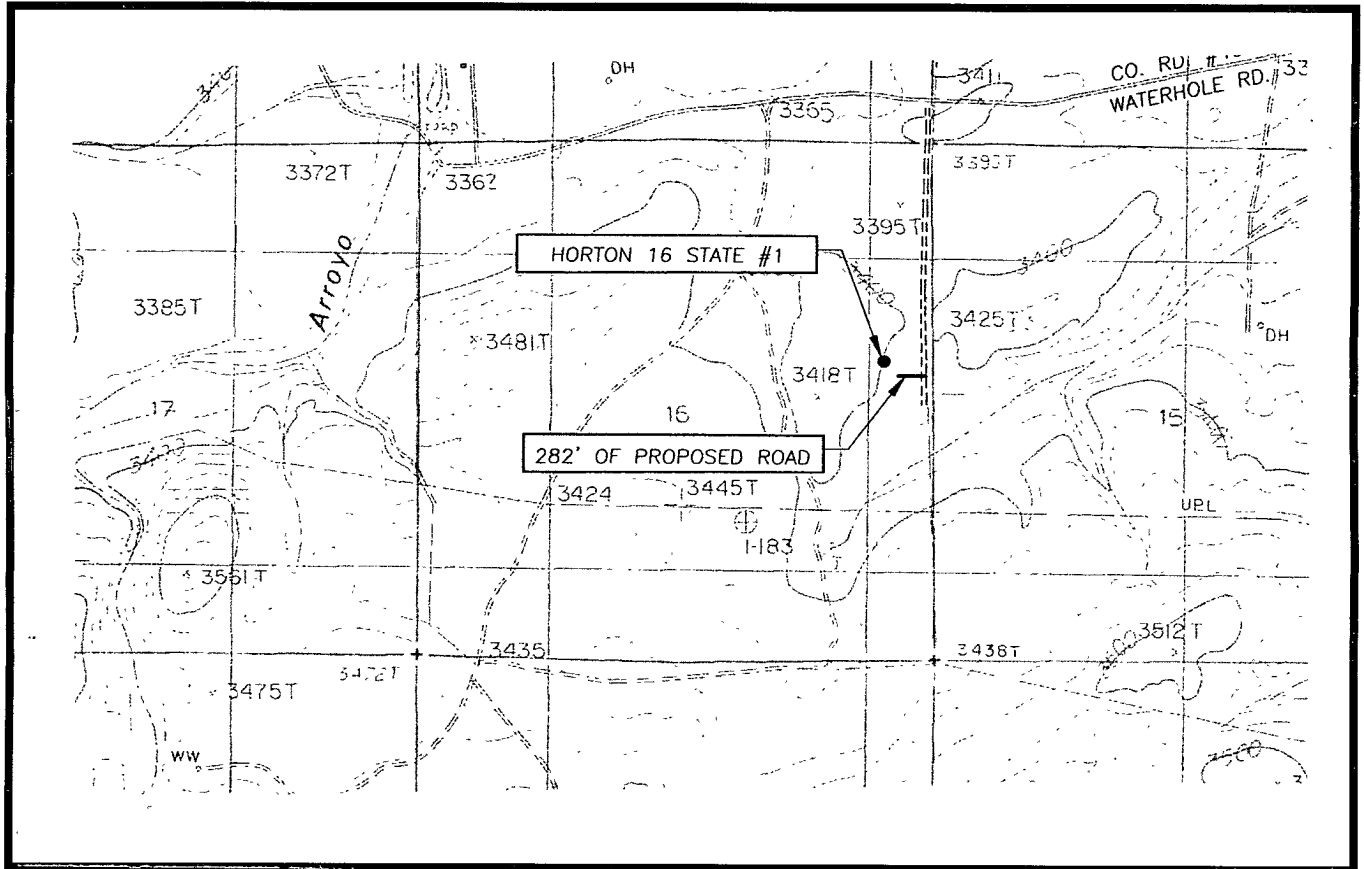
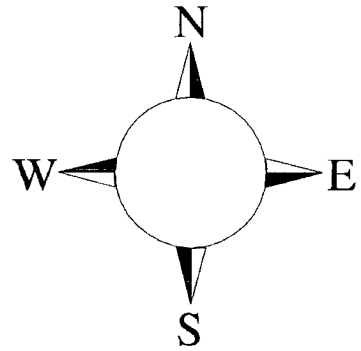
**For**

**Horton 16 State #1  
2280' FNL & 510' FEL  
Sec-16, T-21-S, R-25-E  
Eddy County NM**



## Horton 16 State #1 Location

This is an open drilling site. H<sub>2</sub>S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H<sub>2</sub>S, including warning signs, wind indicators and H<sub>2</sub>S monitor.



**Assumed 100 ppm ROE = 3000'**

**100 ppm H<sub>2</sub>S concentration shall trigger activation of this plan.**

## **Emergency Procedures**

In the case of a release of gas containing H<sub>2</sub>S, 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<sub>2</sub>S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H<sub>2</sub>S 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 (SO<sub>2</sub>). 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 H<sub>2</sub>S and SO<sub>2</sub>**

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

## **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***

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Myco Office ..... (575) 748-4280  
Nelson Muncy/Operations Engineering Manager ..... (575) 748-4289  
..... (575) 308-3502  
Carlos Guerrero/Field Supervisor ..... (575) 746-7318  
..... (575) 513-2492  
Artesia Answering Service ..... (575) 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 IWC ..... 1-800-256-9688 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



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

MAY 14 2008  
OCD-ARTESIA

May 14, 2008

**Hand Delivery / Hannah Palomin**

Oil Conservation Division  
Attn: Kimberly Wilson  
1301 West Grand  
Artesia, New Mexico 88210

Re: Horton 16 State #1  
Township 21 South, Range 25 East, NMPM  
Section 16: 2280' FNL & 510' FEL  
Eddy County, New Mexico

Dear Kimberly:

Enclosed, for your approval, please find one original and one (1) copy of the Application for Permit to Drill (Form C-101) for the captioned well. Should you need any additional information, please do not hesitate to call me at 575.748.4288 or e-mail me at [hannah@mycoinc.com](mailto:hannah@mycoinc.com).

Very truly yours,

**MYCO INDUSTRIES, INC.**

Hannah Palomin  
Land Tech

HP:me  
Enclosures