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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED

Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT----" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well:

Oil Well Gas Well Other

2. Name of Operator

MYCO INDUSTRIES, INC.

3. Address and Telephone No.

P.O. BOX 840, Artesia, NM 88210 (505)748-4274

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SEC. 7 (ALL) T23S-R32E

5. Lease Designation and Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

9. API Well No.

10. Field and Pool, Or Exploratory Area

11. County or Parish, State

LEA CO, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other SURFACE COMMINGLING	<input type="checkbox"/> Dispose Water
	<input checked="" type="checkbox"/> OFF LEASE STORAGE MEASUREMENT	

(Note: Report results of multiple completion on Well Completion of Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) *

MYCO INDUSTRIES, INC., RESPECTFULLY REQUESTS APPROVAL FOR SURFACE COMMINGLING, OFF-LEASE STORAGE AND MEASUREMENT PER THE ATTACHED APPLICATION.

OCT 23 2000

CERTIFIED RETURN: 7000 0520 0017 1084 8348

14. I hereby certify that the foregoing is true and correct

Signed

ANNUNCIY, PELS

Title

OPERATIONS MANAGER

Date

10/ 8/00

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

* See Instruction on Reverse Side



MYCO INDUSTRIES, INC.
OIL PRODUCERS
P.O. BOX 840 / 331 WEST MAIN, SUITE C
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471

October 04, 2000

New Mexico Oil Conservation Division
P.O. Box 6429
Santa Fe, NM 87505-6429

Attention: Lori Wrotenbury, Director

Re: Surface commingling, off lease storage and measurement approval from the Bone Springs and Delaware formations Section 7 (All) T23S-R32E NMPM, Lea Co. NM ("Section 7"). Pooled all depths, Operating Agreement dated: 06/19/95, Myco Industries, Inc. as Operator. Comprised of three (3) Federal leases: NM-62223, NM-86151 and NM-86923 (663.92 acres-total).

Dear Mrs. Wortenbury:

Myco Industries, Inc., ("MYCO") respectfully requests administrative approval for surface commingling, off lease storage and measurement approval for Bone springs and Delaware production from the wells in the above referenced pooled ("Section 7"). The first three wells drilled by "MYCO" in "Section 7" after pooling were completed in the Bone Springs and are listed as follows:

SHARBRO FEDERAL #1

(API # 30-025-33054)

660' FSL & 660' FEL NM-62223

SPUD: 08/30/95

COMP: 12/12/95

DTD: 10,630'

PBTD: 10,529'

PERFS: 8674'-9208' (Bone Springs)

CURRENT PRODUCTION: 14-BOPD, 1-BWPD, 35-MCFD

DATE SHUT-IN: 08/26/00 (Waiting on surface commingling approval)

BLUE QUAIL FEDERAL #1

(API # 30-025-33222)

660' FSL & 1980' FEL NM-86151

SPUD: 12/27/95

COMP: 01/26/96

DTD: 8850'

PBTD: 8810'

PERFS: 8620'-8676' (Bone Springs)

CURRENT PRODUCTION: 9-BOPD, 1-BWPD, 22-MCFD

DATE SHUT-IN: 08/26/00 (Waiting on surface commingling approval)

BITSY FEDERAL #1

(API # 30-025-33398)

1980' FNL & 660' FEL NM-86923

SPUD: 05/04/96

COMP: 06/13/96

DTD: 9442'

PBTD: 9386'

PERFS: 8978'-9137' (Bone Springs)

CURRENT PRODUCTION: 7-BOPD, 2-BWPD, 25-MCFD

DATE SHUT-IN: 08/26/00 (Waiting on surface commingling approval)

No additional wells were drilled in "Section 7" after the Bitsy Federal #1 (Spudded: 05/04/96) until this year when four (4) Delaware wells were drilled as follows:

BLUE QUAIL FEDERAL #2

(API # 30-025-35047)

660' FSL & 660' FWL NM-86151

SPUD: 06/09/00

COMP: 08/25/00

DTD: 9400'

PBTD: 8210' (CIBP)

PERFS: 6710'-7585' (Delaware)

CURRENT PRODUCTION: 61-BOPD, 327-BWPD, 60-MCFD

STATUS: Producing

Handwritten notes:
L25
52817

SHARBRO FEDERAL #6

(API # 30-025-35048)

990' FNL & 660' FWL NM-62223

SPUD: 08/09/00

COMP: Test allowable – well not finaled

DTD: 8522'

PBTD: 8424'

PERFS: 7396'-8364' (Delaware)

CURRENT PRODUCTION: 71-BOPD, 365-BWPD, 65-MCFD

STATUS: Producing

SHARBRO FEDERAL #7

(API # 30-025-35144)

1980' FSL & 660' FWL NM-62223

SPUD: 08/29/00

COMP: Completion in progress

DTD: 8510'

PBTD: 8442'

PERFS: 8239'-8416' (Delaware)

CURRENT PRODUCTION: 14-BOPD, 365-BWPD, 15-MCFD

STATUS: First oil 10/05/00

SHARBRO FEDERAL #8

(API # 30-025-35154)

990' FNL & 710' FWL NM-62223

SPUD: 09/20/00

COMP: Waiting for drilling rig to move

DTD: 8600'

PBTD: Not known at this date

PERFS: None as of this date (Delaware)

CURRENT PRODUCTION: No first oil as of this date.

STATUS: Completion not commenced

MYCO has filed APD's with BLM to drill four (4) additional Delaware wells in "Section 7".

(1)	Blue Quail Federal #3 – N	NM-86151	Delaware Test (8700')
(2)	Sharbro Federal #9 – K	NM-62223	Delaware Test (8700')
(3)	Bitsy Federal #2 – F	NM-86923	Delaware Test (8700')
(4)	Bitsy Federal #3 – C	NM-86923	Delaware Test (8700')

Please note the following attachments:

- (A) Ownership map depicting all wells and respective lease numbers. (Drilled and proposed).
- (B) Facility site diagram depicting the Common Tank Battery for "Section 7" which is located in S7-T23S-R32E (Unit P).
- (C) Working interest owner list for "Section 7" with notices.
- (D) Royalty owner list for "Section 7" with notices.
- (E) BLM application (Form 3160-3 and attachment BLM application for surface commingling, off lease storage and measurement approval.)
- (F) Working interest (WI) owner & overriding royalty interest (ORI) owner lists.

The common tank battery for all wells in "Section 7" is located in S7-T23S-R32E (Unit P) and is located adjacent to the Sharbro Federal #1 (660' FSL & 660' FEL) Lea County, NM.

The request is made in order to reduce the costs for storage and treating, thus extending the economic life of each well. This request is in the interest of conservation and will not result in reduced royalty or improper production measurement.

Please contact me for any additional information or queries at (505)748-4274.

Sincerely,



A.N. Muncy, PELS
Operations Manager

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING,
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88221-1778

MYCO INDUSTRIES, INC. ("MYCO") is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No. NM-62223 ; Lease Name: SHARBRO FED.
NM-86151
NM-86923 BLUE QUAIL FED.
BITSY FED.

<u>WELL & No.</u>	<u>UNIT Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>SHARBRO FED #6,7,8,9</u>	<u>E,L,D,K</u>	<u>7</u>	<u>23S</u>	<u>32E</u>	<u>DELAWARE</u>
<u>BLUE QUAIL FED #2,3</u>	<u>M,N</u>	<u>7</u>	<u>23S</u>	<u>32E</u>	<u>DELAWARE</u>
<u>BITSY FED #2,3</u>	<u>G,F</u>	<u>7</u>	<u>23S</u>	<u>32E</u>	<u>DELAWARE</u>

with hydrocarbon production from the following formation(s) and well(s) on Federal lease No. NM-62223 ; Lease Name: SHARBRO FED
NM-86151
NM-86923 BLUE QUAIL FED
BITSY FED

<u>WELL & No.</u>	<u>UNIT Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>	<u>FED LSE. #</u>
<u>SHARBRO FED #1</u>	<u>P</u>	<u>7</u>	<u>23S</u>	<u>32E</u>	<u>BONE SPRINGS</u>	<u>NM-62223</u>
<u>BLUE QUAIL FED #1</u>	<u>O</u>	<u>7</u>	<u>23S</u>	<u>32E</u>	<u>BONE SPRINGS</u>	<u>NM-86151</u>
<u>BITSY FED #1</u>	<u>H</u>	<u>7</u>	<u>23S</u>	<u>32E</u>	<u>BONE SPRINGS</u>	<u>NM-86923</u>

Production from the wells involved is as follows: SHUT-IN WAITING ON COMMINGLING APPROVAL

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>COMMENTS:</u>
<u>SHARBRO FED #1</u>	<u>14</u>	<u>42°</u>	<u>-</u>	<input checked="" type="checkbox"/> SHUT-IN- BONE SPRINGS.
<u>SHARBRO FED #6</u>	<u>71</u>	<u>40°</u>	<u>-</u>	<u>PRODUCING</u>
<u>SHARBRO FED #8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>DRILLED - NOT COMP.</u>
<u>SHARBRO FED #9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>APD FILED-DELAWARE</u>
<u>BLUE QUAIL FED #1</u>	<u>9</u>	<u>42°</u>	<u>-</u>	<input checked="" type="checkbox"/> SHUT-IN- BONE SPRINGS.
<u>BLUE QUAIL FED #2</u>	<u>61</u>	<u>40°</u>	<u>-</u>	<u>PRODUCING</u>
<u>BLUE QUAIL FED #3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>APD FILED-DELAWARE</u>
<u>BITSY FED #1</u>	<u>7</u>	<u>42°</u>	<u>-</u>	<input checked="" type="checkbox"/> SHUT-IN- BONE SPRINGS.
<u>BITSY FED #2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>APD FILED-DELAWARE</u>
<u>BITSY FED #3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>APD FILED-DELAWARE</u>
<u>SHARBRO FED #7</u>	<u>14</u>	<u>40°</u>	<u>20</u>	<u>TEST ALLOW., PRODUCING</u>

NOTE: SEC 7 (ALL) T 23S- R32E, LEA CO., NM IS POOLED TO ALL DEPTHS (NM-62223, NM-86151 & NM-86923) 6/19/95 DATE OPER. AGREE. "MYCO" OPERATOR.

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at SE -1/4, Sec. 1, (UNIT P)
T29S, R32E, on lease No. NM 62223, LEA County, New Mexico. BLM
will be notified if there is any future change in the facility
location.

Details of the proposed method for allocating production to contributing sources is as follows:

CALIBRATED "NATCO" PORTA-CHECK TEST RUN ON EACH
WELL FOR 24-HRS. ONE TIME PER MONTH, AND
MORE FREQUENTLY IF WARRANTED.
NOTE: "SEC 1" ALL WORK-INT. AND ROYALTY IS THE SAME.

The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Additional wells require additional commingling approvals.

Signature: A. Nelson Muncy, PELS

Name: A. NELSON MUNCY

Title: OPERATIONS MANAGER

Date: OCT. 4' 2000

ANM
10/3/00

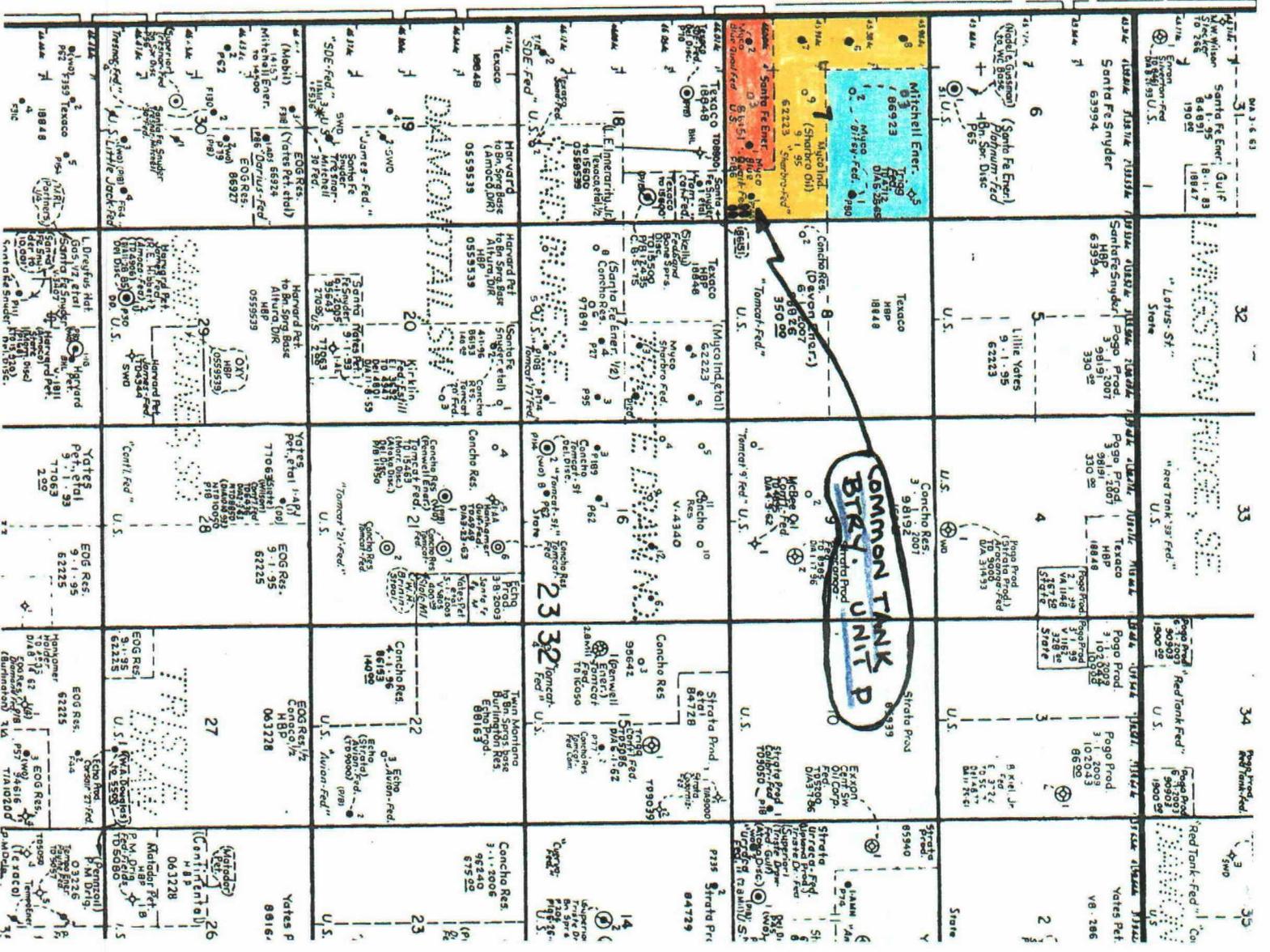
MYCO INDUSTRIES, INC.
OPERATOR 6119195 OPER. AGREE.
SEC. 7 (ALL) - T235 - R32E, NMPM
LEA CO., N.M.
(663.92 ACRES)
POOLED ALL DEPTHS

SHARBR0 FEDERAL
 NM-62223

BLUE QUAIL FEDERAL
 NM-86151

BITSY FEDERAL
 NM-86923

• = DRILLED (ENCL. COMPUTATION
 ○ = PROPOSED
 APD FILED



STATUS
 =====
 CO - Company Pay Code
 CP - Company Purchased Production
 CT - Company Tax Partnership Interest
 GC - City Government Interest
 GI - Federal Government Interest
 GS - State Government Interest
 NP - Paid Direct
 PA - Pay

STATUS CONTINUED
 =====
 SA - Unknown Address
 SB - Beneficial Interest Revision
 SC - Suspense - Contracts
 SD - Suspense - Waiting on Division Order
 SJ - Suspense - Delinquent JIB
 SM - Suspense - Miscellaneous
 ST - Suspense - Title Requirement
 SX - Suspense - Mesa Conversion

LEASE: Myco-Bitsy Federal #1
 SE1/4NE1/4 Sec. 7, T23S-R32E, NMPM
 Containing 40.00 acres, more or less
 Lea County, New Mexico

YATES PETROLEUM CORPORATION
 Division of Interest
 Effective: May 1, 1999
 Including Prior Adjustments

Lease: 013235
 Well: 001
 File No.: 5401-1-G
 krp

OWNER NUMBER	OWNER NAME	CO.#	INTEREST	BASIC INTEREST	640010 MYCO	992701 LMVEST	797400 SHARBRO	774800 SANTA FE	613800 MITCHELL	TOTALS	TYPE	STATUS
611540	MINERALS MANAGEMENT SERVICE			.1250000	0.2243644	0.1121822	0.1121822	0.2756356	0.2756356	1.0000000	RI	GI
992701	S. P. YATES, FRANK YATES, JR., AND B. W. HARPER, PERSONAL REPRESENTATIVES OF THE ESTATE OF LILLIE M. YATES, DECEASED			.0210342	0.0280456	0.0140228	0.0140228	0.0344544	0.0344544	0.1250000	RI	PA
137365	BY ROYALTY LTD. CO.			.0210341	0.0140227		0.0070114			0.0210341	ORI	PA
640010	MYCO INDUSTRIES, INC.			.1682733	0.1682733					0.1682733	WI	PA
992701	S. P. YATES, FRANK YATES, JR., AND B. W. HARPER, PERSONAL REPRESENTATIVES OF THE ESTATE OF LILLIE M. YATES, DECEASED			.0981594		0.0981594				0.0981594	WI	PA
797400	SHARBRO OIL LTD. CO.			.0841366			0.0841366			0.0841366	WI	PA
774800	SANTA FE SNYDER CORPORATION			.2411812				0.2411812		0.2411812	WI	PA
613800	MITCHELL ENERGY CORPORATION			.2411812				0.2411812		0.2411812	WI	PA
				1.0000000	0.2243644	0.1121822	0.1121822	0.2756356	0.2756356	1.0000000		