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William F. Carr

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May 23, 2003

HAND-DELIVERED

RECEIVED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

MAY 23 2003

Oil Conservation Division

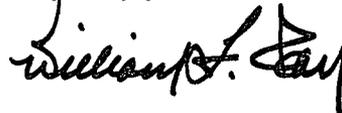
Case 13094

Re: Application of MYCO Industries, Inc. for Compulsory Pooling and approval of non-standard spacing and proration units, Eddy County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of MYCO Industries, Inc. in the above-referenced case as well as a copy of the legal advertisement. MYCO Industries, Inc. requests that this matter be placed on the docket for the June 19, 2003 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Ms. Sheri Hodges
MYCO Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

RECEIVED

IN THE MATTER OF THE APPLICATION
OF MYCO INDUSTRIES, INC.
FOR COMPULSORY POOLING AND
APPROVAL OF NON-STANDARD GAS SPACING AND
PRORATION UNITS, EDDY COUNTY,
NEW MEXICO.

MAY 23 2003

Oil Conservation Division

CASE NO. 13094

APPLICATION

MYCO Industries, Inc., ("MYCO") through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation in the following described spacing and proration units located in Lots 1, 2, 3 and 4 and the E/2 W/2 (W/2 Equivalent) of irregular Section 31, Township 21 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the W/2 equivalent forming a 311.32-acre non-standard spacing unit for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the East Carlsbad-Morrow Gas Pool, Undesignated West Indian Flats-Atoka Gas Pool, Undesignated Tansill Dam-Atoka Gas Pool, East Carlsbad-Strawn Pool, Undesignated East Carlsbad-Wolfcamp Gas Pool; the NW/4 equivalent forming a 156-acre non-standard spacing unit for all formations and/or pools developed on 160-acre spacing; and the NW/4 NW/4 equivalent forming a 38.08 non-standard spacing unit for all formations and/or pools developed on 40-acre spacing; and in support of its application states:

1. MYCO is a working interest owner in the W/2 equivalent of said irregular Section 31 and has the right to drill thereon.

2. MYCO proposes to dedicate the above-referenced spacing or proration units to its Juneau "31" Fee Com Well No. 2 to be drilled as an infill well on this acreage to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation at a standard gas well location 660 feet from the North line and West lines (Unit D) of said Section 31. This acreage is the subject of Oil

Conservation Division Case No. 13071 in which MYCO seeks the pooling of this acreage for its proposed Juneau "31" Fee Com Well No. 1, the initial well on this unit.

3. MYCO has sought and been unable to obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing units who are identified on Exhibit A to this application.

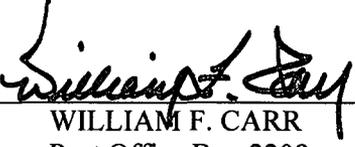
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit MYCO to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and MYCO Industries, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, MYCO Industries, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 19, 2003 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating MYCO Industries, Inc. operator of these units and the well to be drilled thereon,
- C. authorizing MYCO Industries, Inc. to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by MYCO Industries, Inc. in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MYCO INDUSTRIES, INC.

EXHIBIT A

**APPLICATION OF
MYCO INDUSTRIES, INC.
FOR COMPULSORY POOLING
AND APPROVAL OF NON-STANDARD SPACING AND PRORATION UNITS
W/2 OF SECTION 31, TOWNSHIP 21 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

Chisholm Trail Ventures
Keystone, Inc.
Lee M. Bass, Inc.
Sid R. Bass
Thru Line, Inc.
Bass Enterprises Production Co.
201 Main, Suite 3100
Ft. Worth, Texas 76102-3105

Attention: Wayne Bailey