

HOLLAND & HART LLP



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February 22, 2005

**VIA HAND DELIVERY**

Mark E. Fesmire, P.E.  
Director - Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 13447*

2005 FEB 22 PM 4 37

**Re: Application's of Myco Industries, Inc. for Compulsory Pooling,  
Eddy County, New Mexico.  
Throckmorton 32 State Com Well No. 1 &  
SKOR 34 Fed Com Well No. 1**

Dear Mr. Fesmire:

Enclosed in triplicate are two applications for Myco Industries, Inc., as well as copies of the docket advertisement. Myco requests that these matters be placed on the docket for the March 17, 2005 Examiner hearings.

Sincerely,

Michael H. Feldewert

MHF

Enclosures

cc: Shari Darr Hodges - Myco Industries, Inc.

Holland & Hart LLP

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

**IN THE MATTER OF THE APPLICATION  
OF MYCO INDUSTRIES, INC.,  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

CASE NO. 15442

2005 FEB 22 PM 4 37

**APPLICATION**

Myco Industries Inc. ("Myco"), through its undersigned attorneys, hereby makes application for an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation under the following acreage in Section 34, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico:

- the S/2 to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the East Carlsbad-Wolfcamp, Undesignated LaHuerta-Strawn, Undesignated Tansil Dam Atoka, and the Undesignated Carlsbad-Morrow East Gas Pools;
- the SE/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent, which presently includes but is not necessarily limited to the Wildcat Bone Spring ; and
- the SW/4 SE/4 to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent.

In support of its application Myco states:

1. Myco is a working interest owner in the S/2 of Section 34 and has the right to drill thereon.

2. Myco proposes to dedicate the above-referenced spacing units and proration units to its proposed SKOR 34 Fed Com Well No. 1, to be drilled at a standard location in the SW/4 SE/4 (Unit O) of said Section 34 at a point 1800 from the East line and 660 feet from the South line to a depth sufficient to test the Morrow formation.

3. Myco has made numerous attempts but has been unable to reach an agreement with the interest owner in the S/2 of Section 34 identified on Exhibit A to this application.

4. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Myco the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests should be pooled, and Myco should be designated operator of the proposed well.

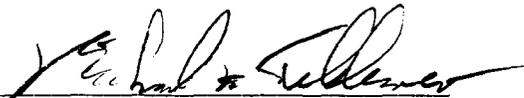
WHEREFORE, Myco requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 17, 2005, and that after notice and hearing as required by law the Division enter its order:

- A. pooling all uncommitted mineral interests in the subject spacing and proration units;
- B. designating Myco operator of the units and the proposed well;
- C. authorizing Myco to recover its costs of drilling, equipping and completing this well;

- D. approving the actual operating charges and costs of supervision while drilling and after completion of this well, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. imposing the 200% risk penalty provided by Division Rule 19.15.1.35 against any working interest owner who does not voluntarily participate in this project.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

Michael H. Feldewert  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

**ATTORNEYS FOR MYCO INDUSTRIES, INC.**

**EXHIBIT A**

**IN THE MATTER OF THE APPLICATION  
OF MYCO INDUSTRIES, INC., FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO.  
(SKOR 34 Fed Com Well No. 1)**

Texas Independent Exploration, Inc.  
c/o Gulf Coast Acquisition Limited  
Attn: Dave Waters  
1331 Lamar Suite 1240  
Houston, Texas 77010

CASE 13447:

**In The Matter Of The Application Of Myco Industries, Inc. For Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation under the following acreage in Section 34, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico: the S/2 to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the East Carlsbad-Wolfcamp, Undesignated LaHuerta-Strawn, Undesignated Tansil Dam Atoka, and Undesignated Carlsbad-Morrow East Gas Pools; the SE/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent, which presently includes but is not necessarily limited to the Wildcat Bone Spring; and the SW/4 SE/4 (Unit O) to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent. These spacing and proration units are to be dedicated to the SKOR 34 Fed Com Well No. 1 located 1800 feet from the East line and 660 feet from the South line of Section 34, which Myco proposes to drill at a standard location in the Morrow formation. Also to be considered will the cost of drilling and completion of said well and the allocation of the cost thereof, the actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 5 miles east of Carlsbad, New Mexico.