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2005 MAR 28 PM 5:08

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March 28, 2005

HAND DELIVERY

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

Case 13469

**Re: Application of MYCO Industries, Inc. for an Exception to
Division Rules 104(B)(2)(b) and (c), Eddy County, New Mexico.**

Dear Mr. Fesmire:

Enclosed is the Application of MYCO Industries, Inc. in the above-referenced case as well as a copy of the legal advertisement. MYCO requests that this matter be placed on the April 21, 2005, Examiner Hearing docket.

Sincerely,

Michael H. Feldewert

Enclosures

cc: Shari Darr Hodges
MYCO Industries, Inc.

Holland & Hart LLP

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Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

HOLLAND & HART LLP



2005 MAR 28 9:00 AM

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

**APPLICATION OF MYCO INDUSTRIES, INC.
FOR AN EXCEPTION TO DIVISION RULES
104.C(2)(b) AND (c), EDDY COUNTY, NEW MEXICO.**

CASE NO. 13469

APPLICATION

Myco Industries, Inc. ("Myco"), through its undersigned attorneys, hereby makes application for an order granting an exception to Division Rules 104.C(2)(b) and (c) to allow two operators in all formations developed on 320-acres underlying the N/2 of Section 35, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, which presently includes but is not limited to the East Carlsbad-Wolfcamp and the East Carlsbad-Morrow Gas Pools, and to allow simultaneous production from the East Carlsbad-Wolfcamp Gas pool from the following wells located in the NE/4 of said Section 35:

- A. Delta's Reeves Federal Well No. 1 (API No. 30-015-21257) located in Unit B at a standard gas well location 660 feet from the North line and 1980 feet from the East line, and
- B. Boise Federal Well No. 1 (API No. 30-015-31648) located in Unit H at a standard gas well location 1877 feet from the North line and 1312 feet from the East line.

In support of its application, Myco states:

1. Myco is a working interest owner in the N/2 of Section 35 and drilled its Boise Federal Well No. 1 (**API No. 30-015-31648**) at a legal location in Unit H of Section 35 at a depth sufficient to test the Morrow formation.

2. The Boise Federal Well No. 1 has not been successful in the Morrow formation. Accordingly, Myco seeks to re-complete this well in the Wolfcamp formation.

3. Delta Petroleum Corporation is the Division-designated operator in the N/2 of Section 35 and presently operates the Delta's Reeves Federal Well No. 1 (**API No. 30-015-21257**) located in Unit B at a point 660 feet from the North line and 1980 feet from the East line of Section 35. This is the only well completed in the East Carlsbad-Wolfcamp Gas Pool in this N/2 spacing unit, and is located in the same quarter section as Myco's Boise Federal Well No. 1.

4. Delta Petroleum Corporation also operates the Delta Reeve's Federal Well No. 2 (**API No. 30-015-22330**) located in Unit C at a point 660 feet from the North line and 1980 feet from the West line of Section 35. This well is currently completed in and producing from the East Carlsbad-Morrow Gas Pool.

5. Division Rules 104.C(2)(b) and (c) require that any infill well on this N/2 spacing unit be located in the quarter section not containing the initial well, and that the operator of any infill well be the same as the operator of the initial well. In order to salvage and operate its Boise Federal Well No. 1, Myco seeks an exception to these rules.

6. Notice of this application has been provided to the affected parties listed on the attached Exhibit A in accordance with Oil Conservation Division Rules and Regulations.

7. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Myco requests that this application be set for hearing before a Division Examiner on April 21, 2005, and that after notice and hearing as required by law and the Rules and Regulations of the Oil Conservation Division, the Division enter its order granting this application.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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Attorneys for MYCO Industries, Inc.

EXHIBIT A

**APPLICATION OF MYCO INDUSTRIES, INC. FOR AN EXCEPTION TO
DIVISION RULES 104.C(2)(b) AND (c), EDDY COUNTY, NEW MEXICO.
(Boise Federal Well No.1)**

Mewbourne Oil Company
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Suite 1020
Midland, Texas 79701
Attn: Paul Haden

Attn: Roger Parker
Delta Petroleum Corporation
370 17th Street
Suite 4300
Denver, Colorado 80202

Jay Reynolds
Western Oil Producers, Inc.
P.O. Box 1498
Roswell, New Mexico 88202

Doug Hurlbut
OXY USA WTP LP
6 Desta Drive, Suite 6000
Midland, Texas 79705-5505

CASE 13469:

Application of Myco Industries, Inc. for an Exception to Division Rules 104.C(2)(b) and (c), Eddy County, New Mexico. Applicant seeks an order granting an exception to Division Rules 104.C(2)(b) and (c) to allow two operators in all formations developed on 320-acres underlying the N/2 of Section 35, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, which presently includes but is not limited to the East Carlsbad-Wolfcamp and the East Carlsbad-Morrow Gas Pools, and to allow the simultaneous production from the East Carlsbad-Wolfcamp Gas Pool from the following wells located in the NE/4 of said Section 35: Delta's Reeves Federal Well No. 1 (**API No. 30-015-21257**) located in Unit B at a standard gas well location 660 feet from the North line and 1980 feet from the East line, and applicant's Boise Federal Well No. 1 (**API No. 30-015-31648**) located in Unit H at a standard gas well location 1877 feet from the North line and 1312 feet from the East line. This spacing unit is located approximately 3 miles east of Carlsbad, New Mexico.