



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

April 14, 2005

VIA Federal Express #8492.9052.2612

Mr. D. Paul Haden
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, Texas 79701

Re: Exception to Rule 104.C(2)(b)&(c)
T21S, R27E, Section 35: N/2, Eddy Co, NM

Dear Paul:

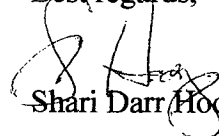
MYCO Industries, Inc. (MYCO) recently drilled its Boise Federal #1 in Unit H of Section 35, T21S, R27E as a 12,000' Morrow well (see attached plat). We have not been very successful in the Morrow so we are making plans to further test the well and will eventually plug back to test the Wolfcamp formation.

There is a currently a Wolfcamp well located in Unit B (Reeves Fed #1) of Section 35. In order to produce the Wolfcamp in its well, MYCO must seek exception to Division Rule 104.C(2)(b) which provides that only one infill well on a 320-acre unit shall be allowed provided that the well is located in the quarter section of the 320-acre unit not containing the initial well.


Furthermore, the operator of the Reeves Fed #1 is Delta Petroleum Corporation ("Delta"). Delta and MYCO have an agreement which allows MYCO to operate the Boise Federal #1 but MYCO must seek an exception to Division Rule 104.C(2)(c) which provides that the division-designated operator for the infill well is the same operator currently designated by the division for the initial well.

MYCO respectfully request that as an offset operator, you waive objection to our application for exception to Division Rule 104.C(2)(b) and (c). Should you wish to discuss any of these issues, feel free to call us at 505.748.4290 or simply sign, date and return one copy of this letter.

Best regards,


Shari Darr Hodges

On this the 18 day of April, 2005, we hereby waive objection to MYCO's applications as set out above.

By: 
Title: District Exploration Manager

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13469 Exhibit No. 3
Submitted by:
Myco Industries, Inc.
Hearing Date: May 5, 2005

Strogo Oper.
HBP
103796
OXY
OXY STL
Fed.

U.S.
-27-
11AE
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U.S.
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MW Pet.
OXY
HBC 0553785
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HBP
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(Cit Serv)
Elizond Fed.
U.S. Min
R S Light (S)

Yates Pet. et al
11.1.2013
11411
1.450

Mallion Oil, et al
HBP
0473303

Mallion Oil, et al
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Fed.

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MW Pet.
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Altura

Baym-
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Fed.

McClellan Oil

Delta
Featherstone
II, 1/2 14768

"Reeves Fed."

Mewbourne
Weston Oil
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R.S.
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Mewbourne
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R.S.
Light

W.W. Simpson Jr.
Devon Ener.

W/2
HBU
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Delta
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Reeves Fed.

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Featherstone II, 1/2 14768
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POST OFFICE BOX 840
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471

April 14, 2005

VIA Federal Express #8492.9052.2623

Mr. Jay Reynolds
Western Oil Producers, Inc.
P.O. Box 1498
Roswell, NM 88202

Re: Exception to Rule 104.C(2)(b)&(c)
T21S, R27E, Section 35: N/2, Eddy Co, NM

Dear Mr. Reynolds:

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Shari Darr Hodges

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By: 
Title: _____

1. **Strogo Oper.**
 HBP 103796
 OXY
 OXYSTL
 Fed.

2. **U.S.**
 27
 1AE
 Cit. Serv.
 Gov't

3. **Prod V2**
 MW Pet.
 OXY
 HBC 0553785
 S/2

4. **Burgelt**
 Todd Center Fed.
 10 A/S

5. **N/2**
 32 HBC
 MW Pet.
 0553785
 HBP

6. **Elizondo**
 Fed.
 (Cit Serv)
 Elizond Fed.
 (1.3M)

7. **Yates Pet. etal**
 HBC
 11.1.2013
 11411
 1.450

8. **R S Light (S)**
 U.S. Min.
 1.450

9. **MW Pet.**
 0553785
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10. **Altura**
 MW Pet.
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11. **Baym-**
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 Fed.
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12. **McClendon Oil**
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13. **Delta**
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14. **Guest**
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15. **Delta**
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16. **Reeves Fed.**
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17. **Boise Federal #1**
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