



August 30, 2005

**HAND-DELIVERED**

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

*Case 13561*

Re: Application of Myco Industries, Inc. for compulsory pooling,  
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 a legal advertisement. Myco requests that this matter be placed on the docket for the September 22, 2005 Examiner hearings.

Very truly yours,

*Ocean Munds-Dry*  
Ocean Munds-Dry

Enclosures

cc: Ms. Shari Darr Hodges  
Myco Industries, Inc.

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

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

2005  
OCT 20  
10 30 AM  
CASE NO. 13561

**APPLICATION**

MYCO INDUSTRIES, INC. ("Myco"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation underlying the E/2 of Section 33, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing; the SE/4 to form a standard 160-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; the SW/4 SE/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing.

In support of this application Myco states:

1. Myco is a working interest owner in the E/2 of Section 33 and has a right to drill thereon.
2. Myco proposes to dedicate the above-referenced spacing or proration unit to its Edward 33 Fee #1 Well, to be drilled as wildcat well at a standard location 660 feet from the South line and 1980 from the East line in the SW/4 SE/4 (Unit O) of Section 33 to test the Morrow formation at a depth of approximately 10,100 feet.
3. Myco has sought and been unable to obtain a voluntary agreement for the development of these lands from the interest owners 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 the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Myco should be designated the operator of the well.

WHEREFORE, Myco requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 22, 2005, 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 unit;
- B. designating Myco operator of the unit and the well to be drilled thereon;
- C. authorizing Myco to recover its costs of deepening, equipping and re-completing the well;
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision to adjust 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 the drilling of this well.

Respectfully submitted,

HOLLAND & HART, LLP

By: *Ocean Munds-Dry*

Michael H. Feldewert  
Ocean Munds-Dry  
P.O. Box 2208  
Santa Fe, NM 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR MYCO  
INDUSTRIES, INC.

**EXHIBIT A**

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

**Edward 33 Fee #1 Well**

Tierra Exploration  
P.O. Box 56  
Midland, TX 79702

Edward A. Everett & Ann L. Everett, Trustees  
E.A. & A.L. Everett Living Trust  
106 Herrman Drive  
Del Rio, TX 78840

Elsie Everett Yazel  
1187 Lennon Way  
San Jose, CA 95125

CASE 1356!

**Application of Myco Industries, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation underlying the E/2 of Section 33, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing; the SE/4 to form a standard 160-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; and the SW/4 SE/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing. This unit is to be dedicated to the Edward 33 Fee #1 Well, to be drilled at a standard location 660 feet from the South line and 1980 feet from the East line in the SW/4 SE/4 (Unit O) of said Section 33 to test the Morrow formation at a depth of approximately 10,100 feet. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and, pursuant to NMRA 19.15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project. Said area is located approximately 14 miles southeast of Artesia, New Mexico.



September 1, 2005

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED**

Re: Application of Myco Industries, Inc. for compulsory  
pooling, Eddy County, New Mexico.

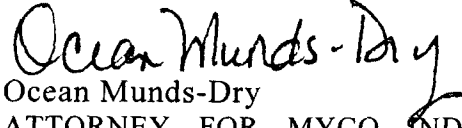
Ladies and Gentlemen:

This letter is to advise you that Myco Industries, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Morrow formation in certain spacing and proration units in the E/2 of Section 33, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. Said pooled units are to be dedicated to Myco's Edward 33 Fee #1 Well to be drilled at a standard location 660 feet from the South line and 1980 feet from the East line to a depth of approximately 10,100 feet to test the Morrow formation.

This application has been set for hearing before a Division Examiner on September 22, 2005. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

  
Ocean Munds-Dry  
ATTORNEY FOR MYCO INDUSTRIES  
INC.