

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

2005 SEP 19 AM 9 54

**IN THE MATTER OF THE HEARINGS CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

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

Case No. 13,560

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

Case No. 13,561

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

Case No. 13,562

MOTION FOR CONTINUANCE

Pogo Producing Company moves for a two week continuance of the above cases, and in support thereof, states:

1. In the above cases, Myco Industries, Inc. seeks to pool well units in Sections 32 and 33, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.
2. One of the parties being pooled is Tierra Exploration, Inc., which secured an oil and gas lease covering lands in Sections 32 and 33. Pogo Producing Company is the successor-in-title to Tierra Exploration, Inc.¹
3. Myco Industries, Inc.'s proposal letters for the three cases were mailed on August 17, 2005. **See Exhibit A.** Myco Industries, Inc.'s notice letters for the hearings on the three cases were mailed on September 1, 2005. **See Exhibit B.**

¹ Pogo Producing Company has informed Myco Industries, Inc. of its interest.

WVD 9/29/05

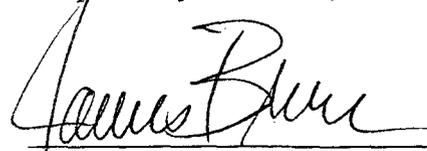
4. There has been insufficient time to review the well proposals, especially considering that three wells are being pooled, and because an immediate offset well is now being completed by Myco Industries, Inc. in the W½ of Section 4, Township 20 South, Range 26 East, N.M.P.M.

5. In addition, in the absence of extenuating circumstances, the Division has usually required 4-5 weeks of negotiations among the parties before a pooling application is filed. This situation does not meet that guideline, because the applications were filed less than two weeks after the proposal letters were mailed.

6. Counsel for Pogo Producing Company has informally requested a two week continuance from counsel for Myco Industries, Inc., but has not yet received a response.

WHEREFORE, Pogo Producing Company request that the hearings on the three cases be continued to the October 6, 2005 examiner hearing.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Pogo Producing Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 18th day of September, 2005 via facsimile transmission:

Ocean Munds-Dry
Holland & Hart LLP
P.O. Box 2208
Santa Fe, New Mexico 87504
Fax: (505) 983-6043

Gail MacQuesten
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
(505) 476-3462



James Bruce



MYCO INDUSTRIES, INC.
OIL PRODUCERS
POST OFFICE BOX 840
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471
August 17, 2005

VIA CERTIFIED MAIL #7005 0390 0004 3833 3897

Mr. Ralph Lee
Tierra Exploration, Inc.
P.O. Box 56
Midland, TX 79702

Re: **DIXON 32 Fee Com #1**
T19S, R26E, N.M.P.M.
Section 32: E/2
Eddy County, NM

Dear Mr. Lee:

As you and I have discussed, MYCO Industries, Inc. (MYCO) is drilling its Seven Rivers 4 Fee Com #1 well in the section offsetting the above described lands of which you own a leasehold. MYCO is interested in continuing its negotiations with you.

In anticipation of a successful well in Section 4, MYCO's is preparing the paperwork necessary to drill a well to offset the well in Section 4. One option would be to drill a Morrow test at a legal location in the E/2 of Section 32. Because you have a leasehold position in Section 32 and because you are still contemplating your options, we are respectfully submitting to you an AFE for the drilling of a well, creating another option which might fit what you want to do with your leasehold.

There are of course several options with regard to your leasehold in the area and a well being drilled in Section 32, including but not limited to:

1. **Participation:** You are welcome to participate for your proportionate share of the costs to drill, test and complete a well based on your leasehold position relative to the 320 acre spacing unit that would be dedicated to the well. If this is your preference, we would submit to you an operating agreement for your review.
2. **Farmout:** If you prefer NOT to participate in the drilling of the well, MYCO would be willing to discuss mutually acceptable farmout terms.
3. **Term Assignment:** MYCO would certainly consider any Term Assignment terms you want it to consider.

We are more than willing to discuss the options presented here and/or any others you might have in mind. As you and I discussed last week, MYCO is proceeding. If we could have some indication as to what you intend to do, we could begin preparing the necessary paperwork.

C:\Documents and Settings\Owner\My Documents\MYCO INC\MYCO WELLS\DIXON 32 FEE COM #1\Terra WellProposal.Dbx08.17.2005.doc





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

August 17, 2005

VIA CERTIFIED MAIL #7005 0390 0004 3833 3996

Mr. Ralph Lee
Tierra Exploration, Inc.
P.O. Box 56
Midland, TX 79702

Re: **DON 33 Fee Com #1**
T19S, R26E, N.M.P.M.
Section 33: W/2
Eddy County, NM

Dear Mr. Lee:

As you and I have discussed, MYCO Industries, Inc. (MYCO) is drilling its Seven Rivers 4 Fee Com #1 well in the section offsetting the above described lands of which you own a leasehold. MYCO is interested in continuing its negotiations with you.

In anticipation of a successful well in Section 4, MYCO's is preparing the paperwork necessary to drill a well to offset the well in Section 4. One option would be to drill a Morrow test at a legal location in the W/2 of Section 33. Because you have a leasehold position in Section 33 and because you are still contemplating your options, we are respectfully submitting to you an AFE for the drilling of a well, creating another option which might fit what you want to do with your leasehold.

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August 17, 2005

VIA CERTIFIED MAIL #7005 0390 0004 3833 3989

Mr. Ralph Lee
Tierra Exploration, Inc.
P.O. Box 56
Midland, TX 79702

Re: DEBBIE 33 Fee Com #1
T19S, R26E, N.M.P.M.
Section 33: E/2
Eddy County, NM

Dear Mr. Lee:

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September 1, 2005

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

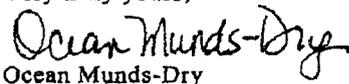
Re: Application of Myco Industries, Inc. for compulsory pooling, Eddy County, New Mexico.

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 32, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. Said pooled units are to be dedicated to Myco's Elizabeth 32 Fee #1 Well to be drilled at a standard location 1980 feet from the South line and 660 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.

Holland & Hart 
Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com
110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208
Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. 





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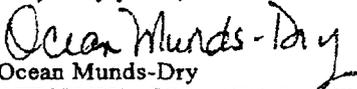
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