

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

2006 DEC 5 PM 4 56
Case No. 13854

APPLICATION

Myco Industries, Inc. applies for an order pooling all mineral interests in the Wolfcamp formation underlying the S½ of Section 32, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S½ of Section 32, and has the right to drill a well thereon.
2. Applicant proposes to drill its Alfalfa 32 Fee Well No. 1, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate the S½ of Section 32 to the well to form a standard 320 acre gas spacing unit (project area) in the Wolfcamp formation. The well will be a horizontal well, and its location will be orthodox within the producing area.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 32 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 32, pursuant to NMSA 1978 §70-2-17.
5. The pooling of all mineral interests underlying the S½ of Section 32 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the S½ of Section 32 in the Wolfcamp formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", written over a horizontal line.

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

Attorney for Myco Industries, Inc.

PROPOSED ADVERTISEMENT

Case No. 13854: **Application of Myco Industries, Inc. for compulsory pooling, Chaves County, New Mexico.** Myco Industries, Inc. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 32, Township 15 South, Range 25 East, NMPM, to form a 320-acre gas spacing unit (project area) in the Wolfcamp formation. The unit is to be dedicated to the Alfalfa 32 Fee Well No. 1, a horizontal well which will have an orthodox location within the producing area. Also to be considered will be the cost of drilling and completing the 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 a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 6 miles west-southwest of Lake Arthur, New Mexico.

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