District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised June 10, 2003

APPLICATION TYPE
X Single Well
___ Establish Pre-Approved Pools
EXISTING WELLBORE
X Yes ___ No

APPLICATION FOR DOWNHOLE COMMINGLING DHC-3444

Myco Industries, Inc. — Operator
P.O. Box 840, Artesia, New Mexico 88211-0840 — Address

Olympia 24 Federal Com #1 — Lease
Well No.
D-24-T21S-R27E — Unit Letter-Section-Township-Range
Eddy — County

OGRID No. 015445 Property Code 33535 API No. 30-015-33253 Lease Type: X Federal ___ State ___ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat Atoka		Und. Carlsbad Morrow East
Pool Code	96049		73920
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	11,144-11,150' Atoka Sand		11,294-11,326' Morrow Chert
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	Producing		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Mar. 2005 Rates: 172-mcfd x .65 = 112 mcfd	Date: Rates:	Date: Mar. 2005 Rates: 172-mcfd x .35 = 60-mcfd
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 0 % Gas 65 %	Oil % Gas %	Oil 0 % Gas 35 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No ___
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ___ No ___

Are all produced fluids from all commingled zones compatible with each other? Yes X No ___

Will commingling decrease the value of production? Yes ___ No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No ___

NMOCD Reference Case No. applicable to this well: ___

2005 APR 28 PM 1 54

Attachments:
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE A.N. Muncy, PELS TITLE Expl/Oper. Manager DATE 4.22.2005

TYPE OR PRINT NAME A.N. Muncy TELEPHONE NO. (505) 748-4289

E-MAIL ADDRESS anmuncy@mycoinc.com

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
4.28.05		JONES	4.29.05	DHC 3444	pSEM0511932996

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☑ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name _____ Signature _____ Title _____ Date _____

e-mail Address _____

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

April 26, 2005

Via Certified Mail/Return Receipt Requested

Oil Conservation Division
Attn: Mr. Will Jones
1220 S. St. Francis Drive
Santa Fe, NM 87505

2005 APR 28 PM 1 54

Re: Application for Downhole Commingling
Olympia 24 Federal Com #1
W2 of Sec. 24 - T21S - R27E
Eddy County, New Mexico

Dear Mr. Jones:

Pursuant to our telephone conversation on April 25, 2005, I have enclosed Myco Industries, Inc.'s Application for Downhole Commingling on the captioned well with the following attachments:

1. Form C-102 for the Undesignated Carlsbad Morrow East Pool;
2. Form C-102 for the Wildcat Atoka Pool;
3. Copy of the approved Application for Permit to Drill (Form 3160-3);
4. Copies of two Sundry Notices filed on the well;
5. Copy of the Well Completion Report in the Morrow;
6. Copy of the approved Request for Allowable and Authorization to Transport;
7. Copy of a Sundry Notice filed concerning the recompletion on the well;
8. Copy of the Well Recompletion Report for both the Atoka and Morrow;
9. A complete chronological report for the well;
10. A copy of the approved Communitization Agreement covering the W/2 of Section 24;
11. A copy of the production reported on the well since date of first sales; and
12. A cumulative production report on the well.

If you have any questions or need additional information, please do not hesitate to call me at 505.748.4288. Thank you.

Very truly yours,

MYCO INDUSTRIES, INC.

Hannah Palomin

Hannah Palomin
Land Tech

HP:me
Enclosures

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-015-33253	73920	Und. Carlsbad Morrow East

Property Code	Property Name	Well Number
33535	OLYMPIA 24 FEDERAL COM	1

OGRID No.	Operator Name	Elevation
015445	MYCO INDUSTRIES, INC.	3170'

Surface Location

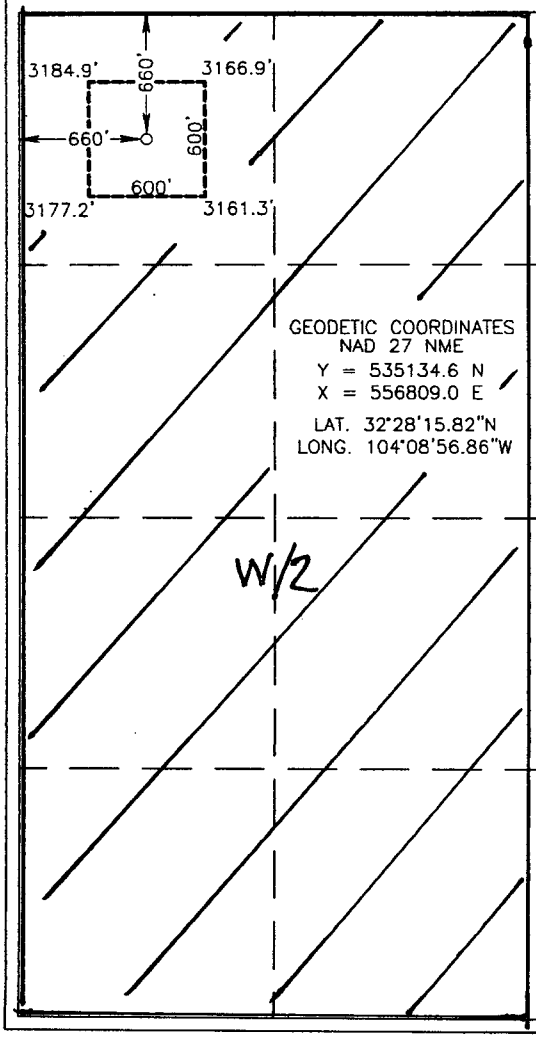
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	21-S	27-E		660	NORTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

A.N. Muncy
Printed Name

Expl/Oper. Manager
Title

4.22.2005
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

JANUARY 13, 2004
Date Surveyed L.A.

Signature & Seal of Professional Surveyor

Gary L. Eidson 1/15/04

04.11.0043

Certificate No. GARY EIDSON 12641

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-015-33253	96049	Wildcat Atoka

Property Code	Property Name	Well Number
33535	OLYMPIA 24 FEDERAL COM	1

OGRID No.	Operator Name	Elevation
015445	MYCO INDUSTRIES, INC.	3170'

Surface Location

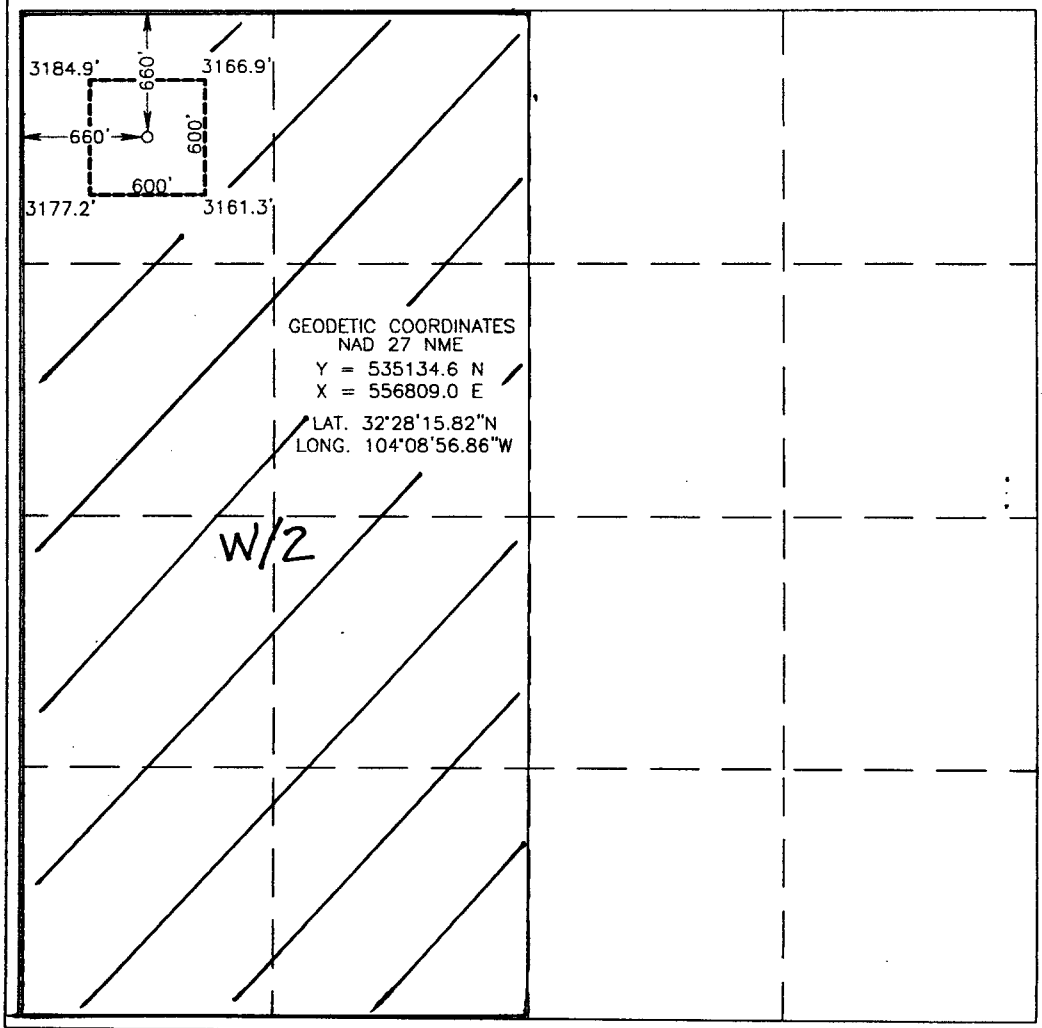
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	21-S	27-E		660	NORTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

A.N. Muncy PELS
Signature

A.N. Muncy
Printed Name

Expl/Oper. Manager
Title

4.22.2005
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

JANUARY 13, 2004
Date Surveyed L.A.

Signature & Seal of Professional Surveyor

NEW MEXICO GARY L. EIDSON PROFESSIONAL SURVEYOR

Gary L Eidson 1/15/04

04.11.0043

Certificate No. GARY EIDSON 12641

7020

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3 (August 1999) 0330

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NM-14768-A

6. If Indian, Allottee or Tribe Name:

1a. Type of Work: ☒ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.: 33535

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.: OLYMPIA 24 FED COM #1

2. Name of Operator: MYCO INDUSTRIES, INC. 15445

9. API Well No.: 30-015-33253

3a. Address: P.O. BOX 840, ARTESIA, NM 88210

3b. Phone No. (include area code): (505)748-4288

RECEIVED 23826

10. Field and Pool, or Exploratory: UND. CARLSBAD MORROW, EAST

4. Location of Well (Report location clearly and in accordance with any State requirements.*)
At surface: 660' FNL AND 660' FWL (UNIT D)
At proposed prod. zone: SAME

FEB 24 2004
OCD-ARTESIA

11. Sec., T., R., M., or Blk, and Survey or Area: SEC. 24 - T21S - R27E, NMPM

14. Distance in miles and direction from nearest town or post office*: 3/8 MILE NORTH OF CARLSBAD, NM CITY LIMITS

12. County or Parish: EDDY

13. State: NM

15. Distance from porposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any): 660'

16. No. of Acres in lease: 920

17. Spacing Unit dedicated to this well: 320 ACRES (W/2)

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.: 3000' SW OXY HONOLULU ST #1 (S23-T21S-R27E)

19. Proposed Depth: 12,100'

20. BLM/BIA Bond No. on file: STATEWIDE BLM #585971

21. Elevations (Show whether DF, KDB, RT, GL, etc.): ~~3149~~ GL 3170'

22. Approximate date work will start*: 02/15/2004

23. Estimated duration: 41 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operation certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature: A. Nelson Muncy, PELS — Name (Printed/Typed): A. NELSON MUNCY, PELS — Date: 01/20/2004

Title: EXPLORATION AND OPERATIONS MGR.

Approved by (Signature): /s/ LESLIE A. THEISS — Name (Printed/Typed): /s/ LESLIE A. THEISS — Date: FEB 23 2004

Title: FIELD MANAGER — Office: CARLSBAD FIELD OFFICE

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States and false, fictitious or fradulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

Carlsbad Controlled Water Basin

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name

Property Code	Property Name	Well Number
	OLYMPIA 24 FEDERAL COM	1
OGRID No.	Operator Name	Elevation
	MYCO INDUSTRIES, INC.	3170'

Surface Location

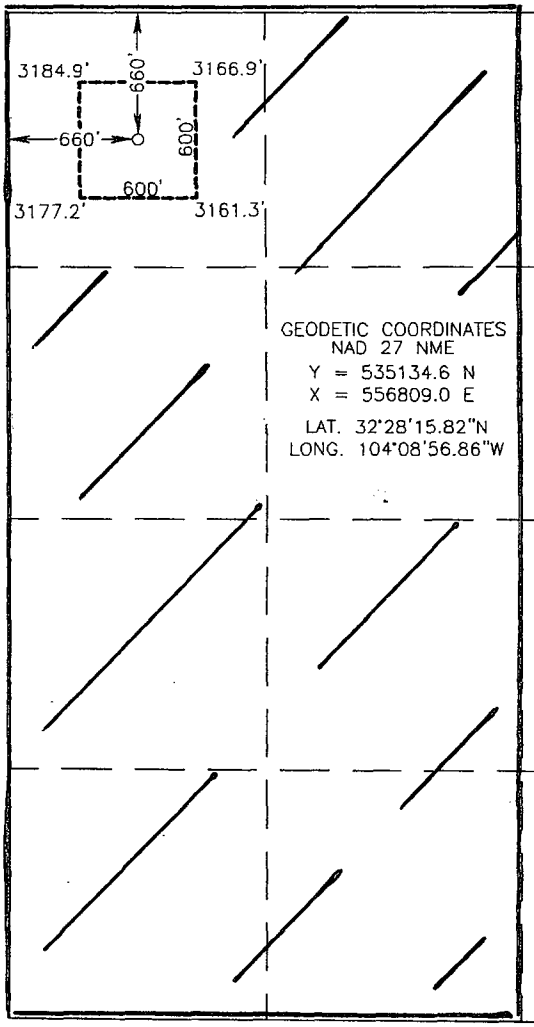
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	21-S	27-E		660	NORTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

A.N. Muncy, PELS
Signature

A.N. MUNCY
Printed Name

EXPLORATION AND ~~OPERATIONS MANAGER~~
Title

JAN 20, 2004
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

JANUARY 13, 2004
Date Surveyed L.A.

Signature & Seal of Professional Surveyor

Gary L. Eidson 01/15/04

04.11.0043

Certificate No. GARY EIDSON 12641

MYCO INDUSTRIES, INC.
OLYMPIA 24 FED COM #1
660' FNL & 660' FWL
S24 – T21S- R27E UNIT D (W/2)
EDDY COUNTY, NM
NM-14768-A

1. **THE ESTIMATED TOPS OF GEOLOGICAL MARKERS:**

B/SALT	600'	STRAWN	10,220'
CAPITAN	1250'	ATOKA	10,640'
DELA. SD.	2840'	MORROW Li	11,220'
B/S Li	5500'	MORROW CL	11,400'
WOLFCAMP	9060'	LWR MORROW	11,650'
PENN	10030'	BARNETT	11,820'

2. **THE ESTIMATED DEPTHS AT WHICH ANTICIPATED WATER, OIL OR GAS FORMATIONS ARE EXPECTED TO BE ENCOUNTERED.**

WATER	350-400'
OIL OR GAS	9600 – 11950'

3. Pressure control equipment and BOPE will be installed on the 9-5/8" casing and rated for 5000 PSI. Systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from all casing strings which are set and cemented. BOP controls will be installed prior to drilling the surface plug and will remain in use until the well is completed of D/A. BOP equipment will be inspected and operated at least daily to insure proper mechanical integrity, and the inspections will be daily recorded. See Exhibit B.

4. **PROPOSED CASING AND CEMENT PROGRAM:**

A. CASING PROGRAM (ALL NEW):

HOLE SIZE	CSG SIZE	WT/FT	THD	COUPLING	INTERVAL	LENGTH	WITNESS
17-1/2"	13-3/8"	48#	8RD	ST&C	0-475'	475'	YES
12-1/4"	9-5/8"	36#	8RD	LT&C	0-2400'	2400'	YES
9-5/8"*	5-1/2"	17#	8RD	LT&C	0-12100'	12100'	NO

Max casing design factors: Collapse 1.13, Burst 1.0, Tensil Strength 1.8

* 9-5/8" hole for safety factor to allow running of 7" casing and a 4" liner if high pressure encountered.

B. CEMENTING PROGRAM:

Declared Water Basin
Cement must be circulated behind the 13-3/8" and 9-5/8" casing
DV Tool = 9200' +/- on 5-1/2" long string (2-stage)

5. **LOCATION AND TYPE OF WATER SUPPLY:**

Plan to drill well with fresh water system. The water will be obtained from commercial sources and transported to the drill site over existing and proposed roads shown in Exhibit A-1.

6. **SOURCE OF CONSTRUCTION MATERIALS:**

Dirt contractor will locate nearest pit and obtain any permits and materials needed for construction.

7. **METHODS OF HANDLING WASTE DISPOSAL:**

A. Drill cuttings will be disposed in reserve pits.

B. Drilling fluids will be allowed to evaporate in the reserve pits.

C. Any water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted.

D. Any oil produced during operations will be stored in tanks until sold.

E. Current laws and regulations pertaining to the disposal of human waste will be followed.

F. All trash and waste materials will be placed in trash cages and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

8. **ANCILLARY FACILITIES:**

None

9. **WELL SITE LAYOUT:**

A. Exhibit C shows the relative location and dimensions of the well pad, reserve pits, drilling equipment, rig and the access road.

B. The reserve pits will be plastic lined.

C. A 600' x 600' area has been staked and flagged.

10. **RESTORATION PLANS:**

A. After the drilling and/or completion operations, all equipment and other material not needed for future operations will be removed.

B. Pits will be fenced until restored.

C. If the well is D/A, all BLM rehabilitation requirements will be performed as expeditiously as possible.

11. **SURFACE OWNERSHIP:**

Federal

MYCO INDUSTRIES, INC.
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

OLYMPIA 24 FEDERAL COM #1
660' FNL & 660' FWL (W/2)
Section 24 T21S, R27E
Eddy County, NM
NM-14768-A

This plan is submitted with the APD (Form 3160-3) covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. **EXISTING ROADS:**

Exhibit A & A-1 is a West Engineering Survey Plat showing the well, proposed new road and the existing roads leading to the well site. The proposed well site is approximately 3/8 mile north of the Carlsbad, New Mexico city limits.

DIRECTIONS:

Leave Carlsbad, New Mexico and go East on US 621180 (Hobbs Hwy) for 3 miles. Turn left on the relief route and go North and West for 5.1 miles to Highway 206. Turn North on 206 and go 1.3 miles to Rains Road (Eddy County Road #600). Turn off Eddy County Road #600 heading Southeast on a caliche road and travel 4.4 miles to the location. (Route to Wellsite: Travel 1.4 miles Southeast, then 0.4 miles curving East, then 0.6 miles curving South, then 0.6 miles Northeast to the D/A Mewbourne Lonetree 14 State #1, then 0.5 miles Northeast past the Mewbourne D/A Lonetree 14 State #1 down an improved caliched pipeline road to a cattle guard, then 300' East past the cattle guard, then 0.5 miles Southeast down an improved caliched pipeline road, then South on the same pipeline road 1/10-mile, then due West 829' to the location.) (See Exhibit F)

2. **PLANNED ACCESS ROAD:**

A. The proposed access road will be approximately 829' in length due West from the existing N-S pipeline road in the NW/4 of Section 24, Township 21 South, Range 27 East, NMPM.

B. The new road will be 14' in width (driving surface) and will be adequately drained to control runoff and soil erosion.

C. The new road will be bladed with drainage on one side and some traffic turnouts will be built. The road route is visible.

3. **LOCATION OF EXISTING WELL:**

Exhibit "D" indicates existing wells within the surrounding area.

A. There is drilling activity within a one mile radius of the wellsite.

B. Exhibit D shows existing wells within a one-mile radius of the drill site.

4. **LOCATION OF EXISTING OR PROPOSED FACILITIES:**

A. There are no production facilities on the site at the present time.

B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is production oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. **CEMENTING PROGRAM:**

SURFACE CASING: 13-3/8" circulate cement 550-700 SXS.

INTERMEDIATE CASING: 9-5/8" circulate cement 800-1100 SXS.

PRODUCTION STRING: 5-1/2" circulate cement off DV Tool (2-stage) @ approximate 9100' and bring cement back inside 9-5/8" intermediate.

6. **MUD PROGRAM AND AUXILIARY EQUIPMENT:**

INTERVAL	TYPE	WT PPG	VIS	FLUID LOSS
0-475'	FW	8.6-9.8	32-40	N/C
475-2400'	~~Cut Brine~~ FW	10-10.3	28	N/C
2400-12100'	SW Gel/Starch	9.4-9.8	32-40	10CC

Sufficient mud materials to maintain mud properties, control last circulation will be available at the well site drilling operations. Rig Personnel will check the mud history.

7. **EVALUATION PROGRAM:**

SAMPLES: 2400' – 12100' (TD)

LOGGING:

Mud Logger (1-man)	2500' – TD
G/R	0' – TD
Porosity and Resistivity	2500' – TD

8. **ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE AND POTENTIAL HAZARDS:**

ANTICIPATED BHP:

0-475'	200 PSI MAX
475-2400'	500 PSI MAX
2400'-TD	5000 PSI MAX

ABNORMAL PRESSURES ANTICIPATED: NONE

LOST CIRCULATION ZONES ANTICIPATED: NONE

H2S ZONE ANTICIPATED: NONE

MAX BOTTOM HOLE TEMPERATURE: 165° F

9. **ANTICIPATED STARTING DATE:**

Plans are to drill this well as soon as possible after APD approval. The drilling phase is estimated at 41 days and the completion phase is estimated at 10-20 days.

10. **OTHER INFORMATION:**

A. Topography: Refer to the existing archaeological report dated January 19, 2004 (BAS 01-04-09) for a description of the Topography, Flora, Fauna, Soil Characteristics, Dwellings, Historical and Cultural Sites. (See Exhibit E)

B. The primary surface use is grazing.

11. **OPERATORS REPRESENTATIVE:**

Nelson Muncy, PELS
Exploration and Operations Manager
Myco Industries, Inc.
P.O. Box 840, Artesia, NM 88210
Phone: 505.748.4288
505.748.4289
505.365.8840 (cell)

12. **CERTIFICATION:**

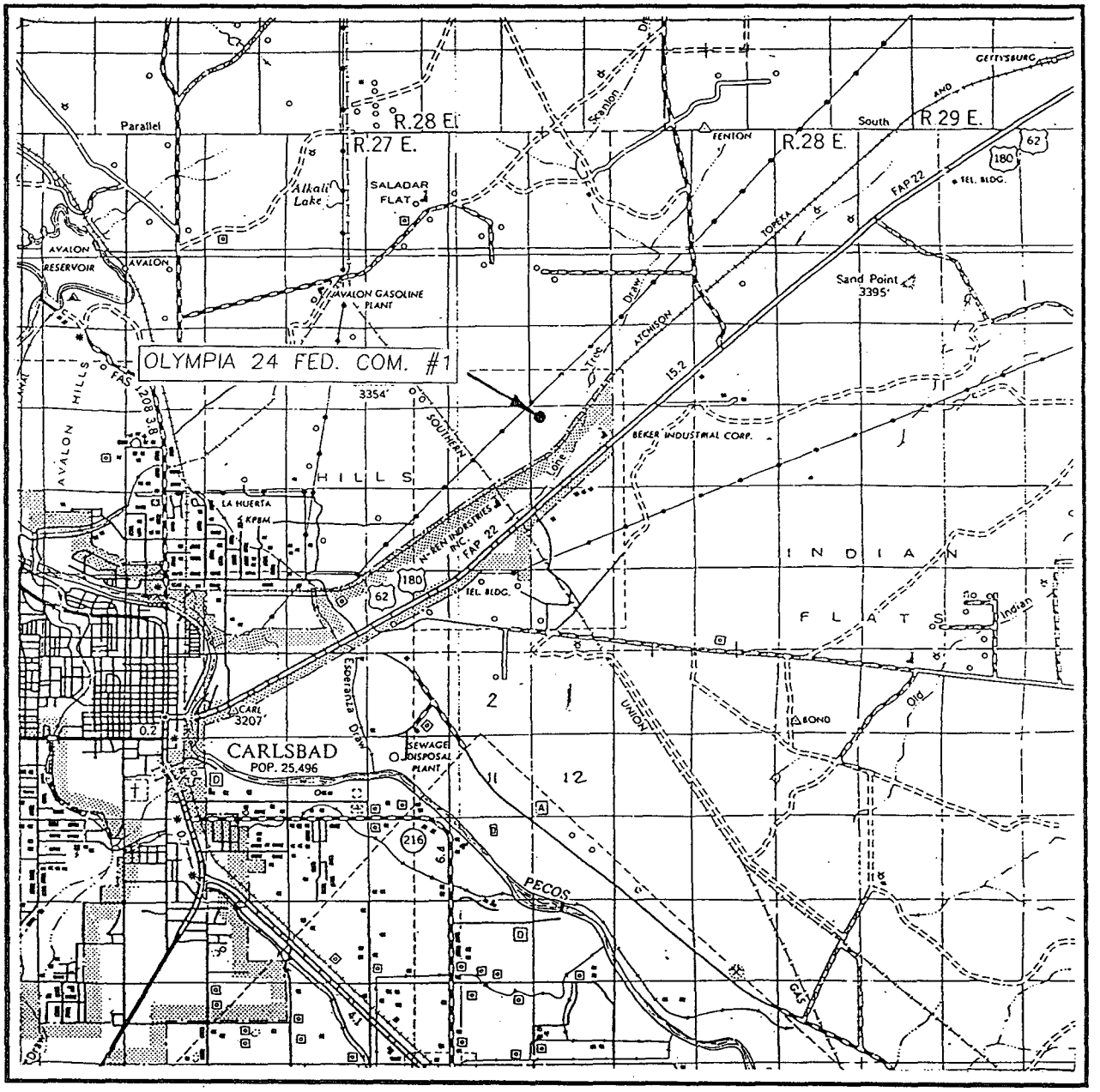
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; I am familiar with the conditions which presently exist; that the statements in this plan are, to the best of my knowledge, true and correct. The work associated with these operations will be performed by Myco Industries, Inc., and it's subcontractors in conformity with this plan and the terms and conditions of its approval. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

January 20, 2004
Date

A.N. Muncy, PELS
A.N. MUNCY, PELS
EXPLORATION AND OPERATIONS MANAGER

EXHIBIT "A"

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 24 TWP. 21-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 660' FWL

ELEVATION 3170'

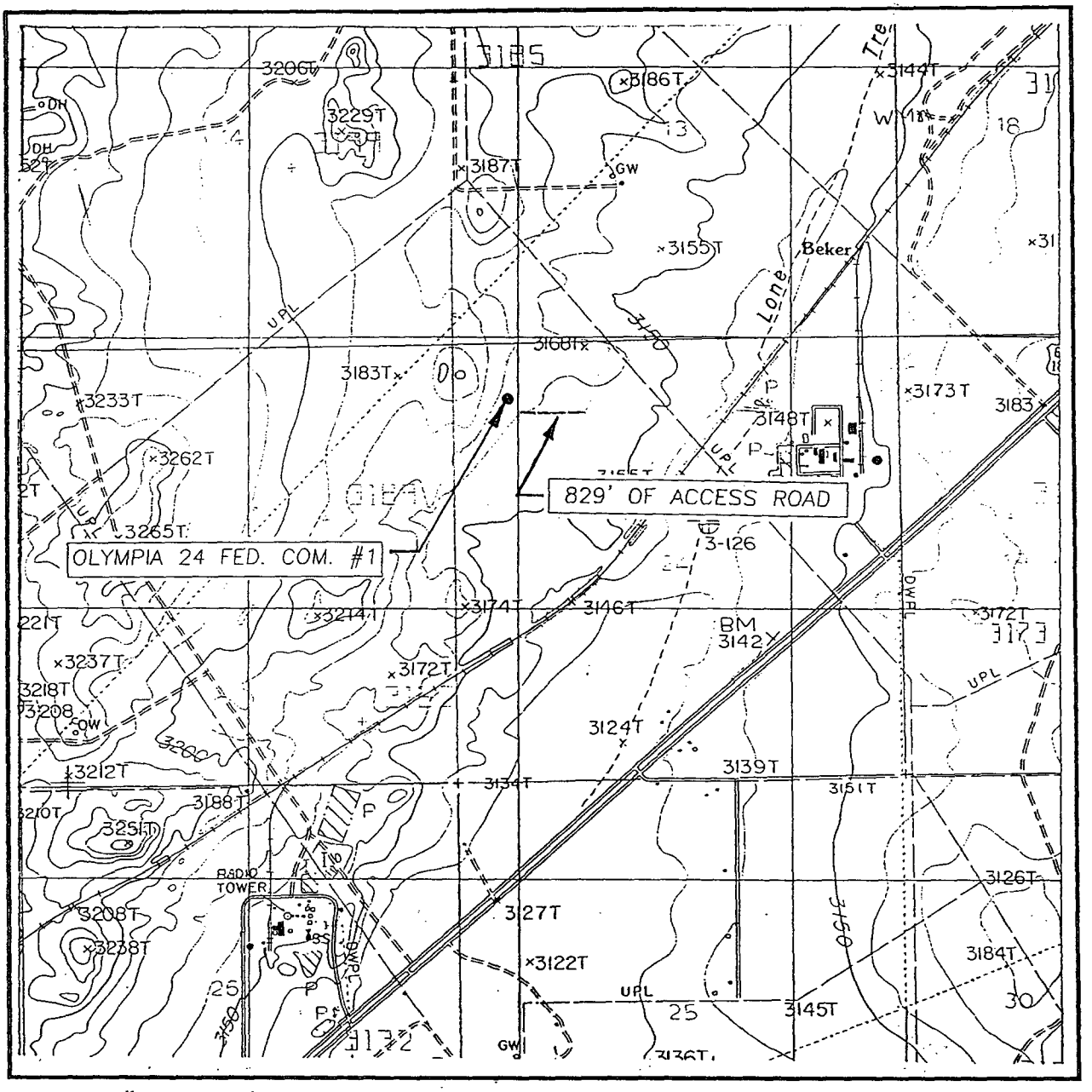
OPERATOR MYCO INDUSTRIES, INC.

LEASE OLYMPIA 24 FEDERAL COM.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

SEE EXHIBIT "A-1"

LOCATION VERIFICATION MAP



SEC. 24 TWP. 21-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 660' FWL

ELEVATION 3170'

OPERATOR MYCO INDUSTRIES, INC.

LEASE OLYMPIA 24 FEDERAL COM.

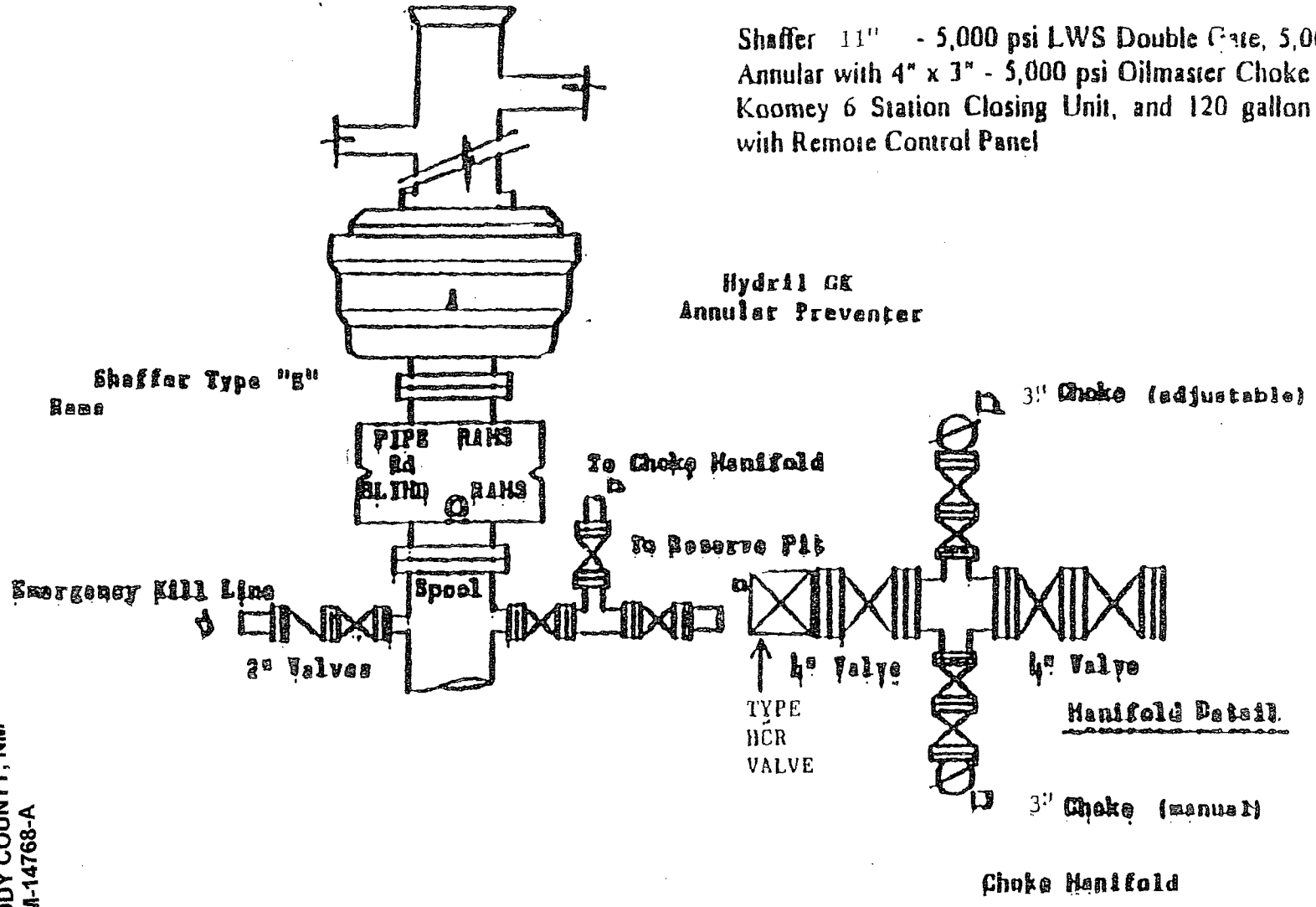
U.S.G.S. TOPOGRAPHIC MAP
CARLSBAD EAST, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

EXHIBIT "B"

BLOWOUT PREVENTOR SCHEME

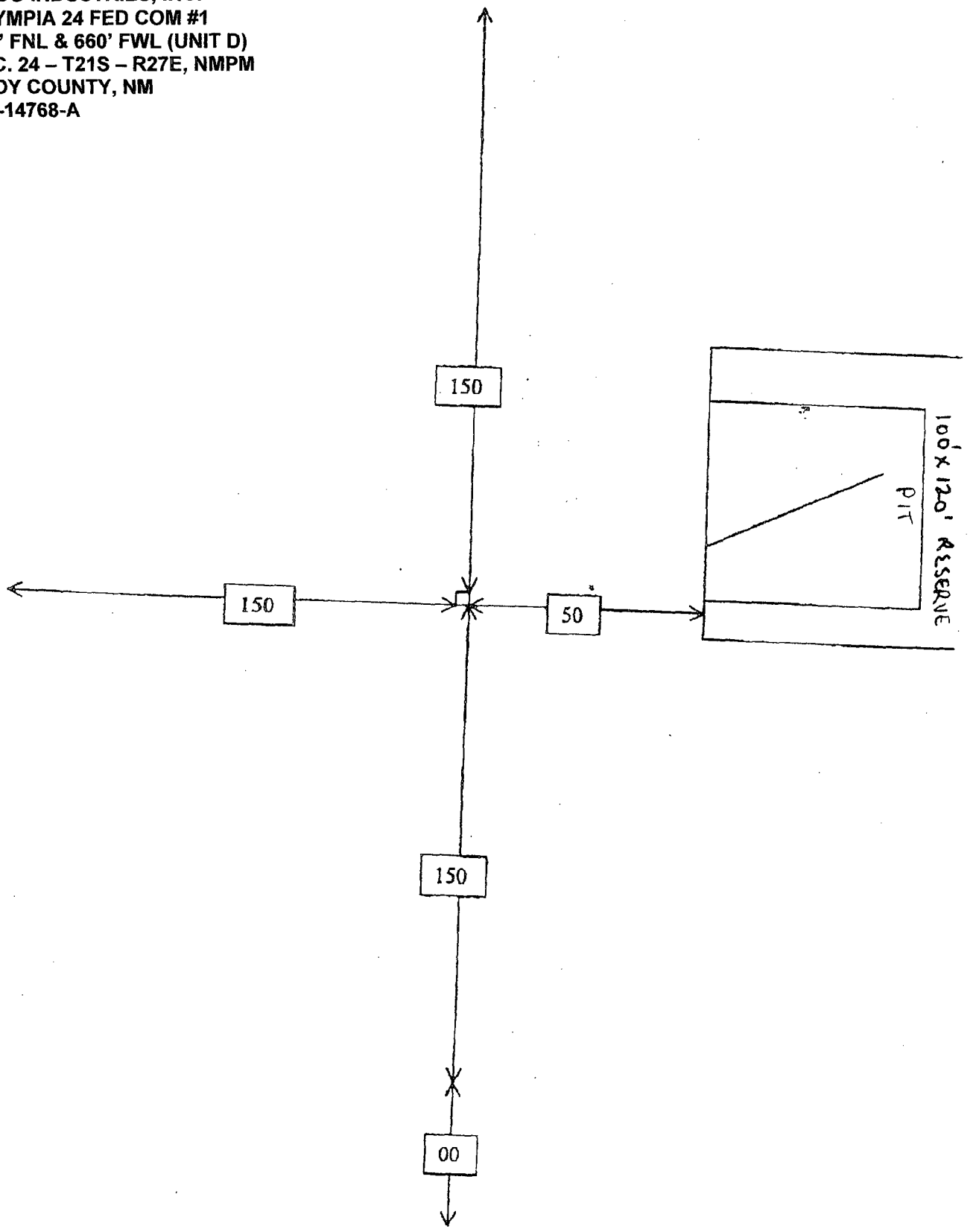
Shaffer 11" - 5,000 psi LWS Double Gate, 5,000 psi Shaffer Annular with 4" x 3" - 5,000 psi Oilmaster Choke Manifold and Koomey 6 Station Closing Unit, and 120 gallon Accumulator with Remote Control Panel



MYCO INDUSTRIES, INC.
OLYMPIA 24 FED COM #1
660' FNL & 660' FWL (UNIT D)
SEC. 24 – T21S – R27E, NMPM
EDDY COUNTY, NM
NM-14768-A

MYCO INDUSTRIES, INC.
OLYMPIA 24 FED COM #1
660' FNL & 660' FWL (UNIT D)
SEC. 24 – T21S – R27E, NMPM
EDDY COUNTY, NM
NM-14768-A

EXHIBIT "C"



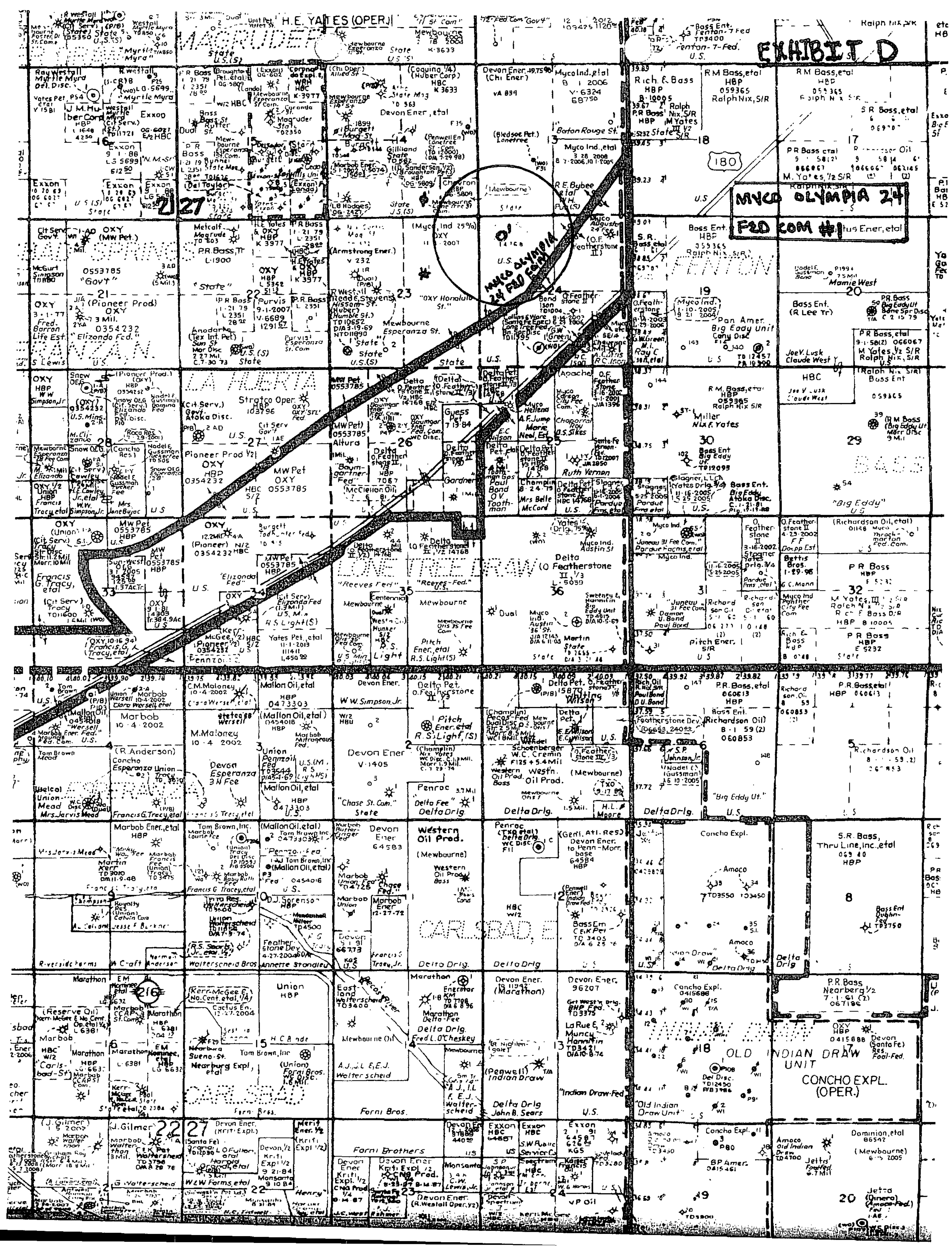


EXHIBIT D
MYCO OLYMPIA 24 F2D COM #1
MYCO OLYMPIA 24 F2D COM #1
H.E. YATES (OPER.)
MAGRUDER
LA HUERTA
LONE TREE DRAW
FENTON
CARLSBAD
CARLSBAD, E
OLD INDIAN DRAW UNIT
CONCHO EXPL. (OPER.)
180
Pecos River
Rich. & Bass HBP B-10005
R M Bass, etal HBP 059365 Ralph Nix, S/R
Myco Ind., etal
Devon Ener. (Chi Ener)
Mewbourne Esperanza St.
Pioneer Prod ½ OXY HBP 0354232
MW Pet OXY 0553785
Delta (O Featherstone II ⅓ L-5059
Pan Amer. Big Eddy Unit
"Big Eddy"
"Big Eddy Ut."
P.R. Boss, etal HBP 060613
Richardson Oil B-1 59 (2) 060853
Concho Expl.
S.R. Bass, Thru Line, Inc., etal 069 40 HBP
P.R Bass Nearberg ½ 7-1-61 (2) 067196
Devon Ener. (Marathon)
Devon Ener. 96207
"Indian Draw-Fed"
"Old Indian Draw Unit"
Dominion, etal 86542 (Mewbourne) 6-15-2005
Forni Brothers
Forni Bros.
Delta Drlg.
Union HBP
Marathon
Tom Brown, Inc
Nearburg Expl, etal
Marbob Ener., etal HBP
Francis G. Tracy, etal
Western Oil Prod. (Mewbourne)
Devon Ener V-1405
"Chase St. Com." State
Mallon Oil, etal HBP 0473303
Marbob 10-4-2002
M. Maloney 10-4-2002
Devon Esperanza 3 N Fee
Stratco Oper. HBP 103796
"Reeves Fed"
Mewbourne
Pitch Ener., etal R.S. Light (S)
Yates Pet., etal 11-1-2013
P R Boss HBP E 5232
M Yates, III ½ S/R Ralph Nix S/R Rich & Bass D/R HBP B 10005
Ruth Vernon
Miller Nix & Yates
Mamie West
Joe V. Lusk Claude West
Exxon
OXY
State
U.S.

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

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

LEASE NUMBER: NM-14768-A

BOND COVERAGE: STATEWIDE BONDED

LEGAL DESCRIPTION OF LAND:

BLM BOND FILE NUMBER: 58 59 71

Formation (s) (if applicable)

N/A

MYCO INDUSTRIES, INC.

DATE: 1.22.2004

Myco's Reference (well name): Olympia 24 Fed Com #1

EXHIBIT "E"

TITLE PAGE/ABSTRACT/ NEGATIVE SITE REPORT CFO/RFO

1/03

1. BLM Report No.	2. Reviewer's Initials/Date_____ ACCEPTED ( ) REJECTED ( )	3. NMCRIS No.: 86669

4. Type of Report: Negative(X) Positive ( )

5.Title of Report: Class III archaeological survey of a pad and access road for the Olympia "24" Federal Com well No. 1. Author(s): Ann Boone	6. Fieldwork Date(s) : from 17 Jan. 2004 to 19 Jan. 2004 7. Report Date: 19 Jan 2004
8. Consultant Name & Address: Boone Archaeological Services 2030 North Canal Carlsbad, NM 88220 Direct Charge: Danny Boone Field Personnel Names: Danny Boone Phone: (505) 885-1352	9. Cultural Resource Permit No.: 190-2920-03-E 10. Consultant Report No.: BAS 01-04-09
11. Customer Name: MYCO Industries, Inc. Responsible Individual: Nelson Muncy Address: 105 S. Fourth Street Phone: (505) 748-2489	12. Customer Project No.:

13. Land Status	BLM	STATE	PRIVATE	OTHER	TOTAL
a. Area Surveyed (acres)	19.06 (-/+)	0	6.14 (+/-)	0	25.2 (-/+)
b. Area of Effect (acres)	6.91 (+/-)	0	1.84 (-/+)	0	8.75 (+/-)

14. a. Linear: Length; 7,380' Total [4,705' Fed.] [2,675' Priv.] Width; 100'

b. Block: 600' x 600'

15. Location: (Maps Attached if Negative Survey)

a. State: New Mexico

b. County: Eddy

c. BLM Office: Carlsbad

d. Nearest City or Town: Carlsbad, NM

e. Legal Location: T 21S, R 27E, Sec. 24 (FED), Pad, NW NW; Access Road, NW NW; Sec. 13 (Priv.), SE SW, SW SW, NW SW; Sec. 14 (Fed.) NE SE, SE SE SW SE:

f. Well Pad Footages: 660'FNL, 660' FEL

g. USGS 7.5 Map Name(s) and Code Number(s): CARLSBAD EAST, NM (Prov. Ed. 1985) 32104 D2

16. Project Data:

a. Records Search: Date(s) of BLM File Review: 14 Jan. 2004 Name of Reviewer (s): Danny Boone

Date(s) of ARMS Data Review: 19 Jan. 2004 Name of Reviewer (s): Ann Boone

Findings (see Field Office requirements to determine area to be reviewed during records search):

LA 138897 is within 500'

b. Description of Undertaking:

The proposed access road will begin at a point approximately 150' inside of the southeast portion of the 600' x 600' pad survey area and trend east for 829' (New Construction) to junction with a two track road. From this junction the proposed road will follow an existing two track road northeast for approximately 1,000' where it will turn northwest for approximately 2,600' along the west side of a pipeline corridor that has at least two buried pipelines to junction with an existing caliche capped road. From the junction with the calich capped road it will turn west for approximately 275', cross through a barb wire fence and follow the south side of a buried pipline for approximately 2,500' where it will turn west for approximately 125', cross the buried pipeline and junction with an existing lease road (BLM Project No. 03-691). Approximately 300' of the proposed access road passes through the southeast portion of the pad survey are for Project No. 03-691. Acres, footage and location of the access road estimates based on a hand held GPS Unit.

c. Environmental Setting (NRCS soil designation; vegetative community; etc.):

Topography: Roughly the northwest portion of the pad is on a rocky hill slope, the remainder is on a sheetwash surface and the access road crosses hills and drainages.

Vegetation: Approximately 30% overall groundcover, mesquite, creosote bush, broom snakeweed, littleleaf horsebrush, 4 wing saltbush, hackberry, catclaw, various grasses and other flora.

NRCS: Reeves-Gypsum land-Cottonwood association: Loamy soils that are very shallow to moderately deep over gypsum beds, and Gypsum lands

d. Field Methods: (transect intervals; crew size; time in field, ect.):

Transects: For the pad a grid of parallel transects spaced up to 15 meters apart, for the access road one parallel zig-zag transect spaced up to 15 meters on each side of centerline.

Crew Size: One

Time in Field: 5 hours

e. Artifacts Collected (?): None

17. Cultural Resource Findings:

a. Identification and description: None

b. Evaluation of significance of Each Resource:

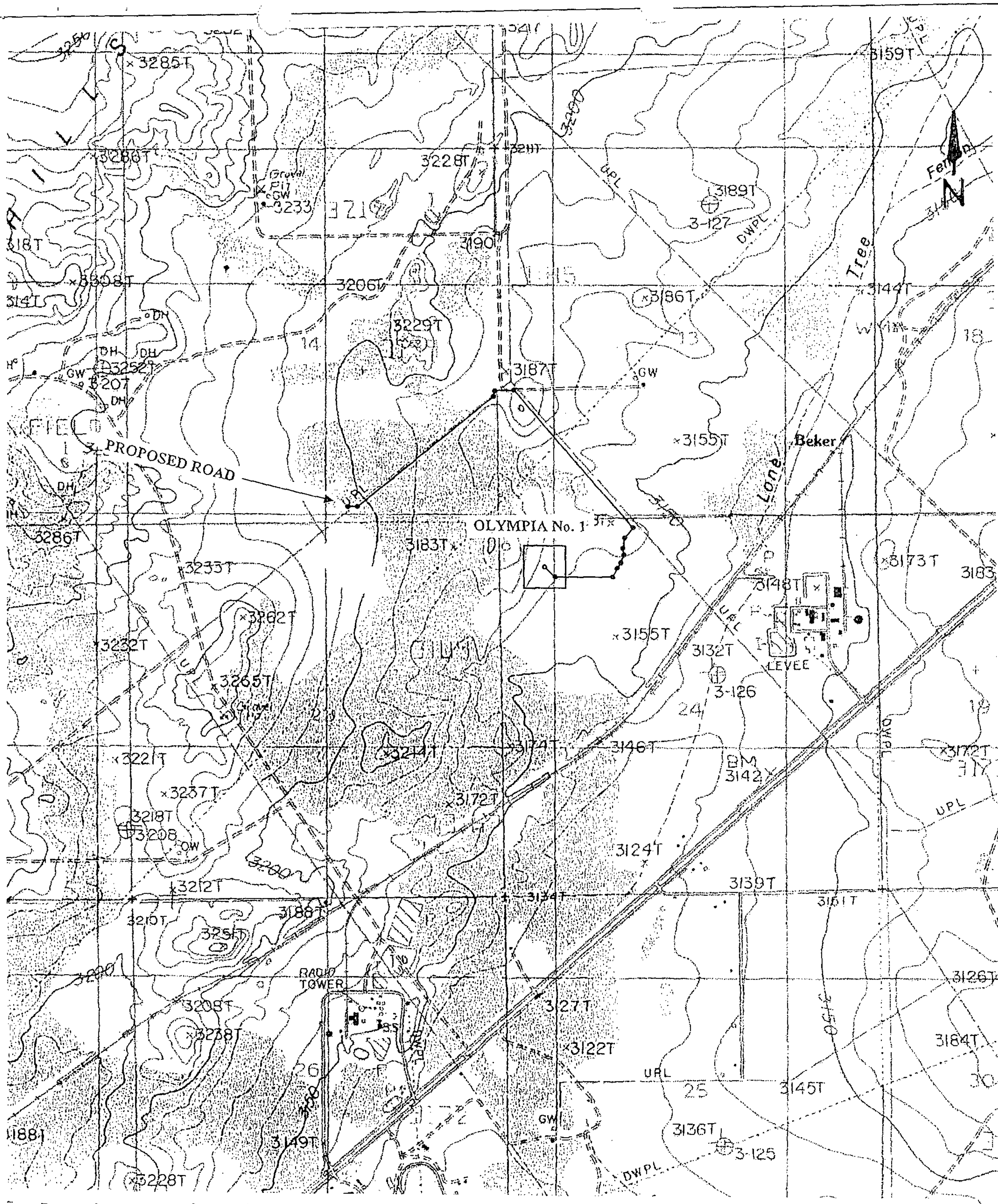
18. Management Summary (Recommendations):

Archaeological clearance of a pad and access road for the Olympia "24" Federal Com well No. 1 for MYCO Industries, Inc as presently flagged is recommended. If cultural resources are encountered at any time all activity should cease and the BLM Archaeologist notified immediately.

19. I certify that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist D Boone 20 Jan 04

Signature Date



Location map of a pad and access road for the Olympia "24" Federal Com well No. 1 for MYCO Industries, Inc. in Sections 24, 13 and 14, T 21S, R 27E, NMPM, Eddy County, New Mexico.
Map Reference: USGS 7.5' Series; CARLSBAD EAST, NM (Prov. Ed. 1985) 32104 D2

SCALE 1:24 000

1 ½ 0 1 MILE

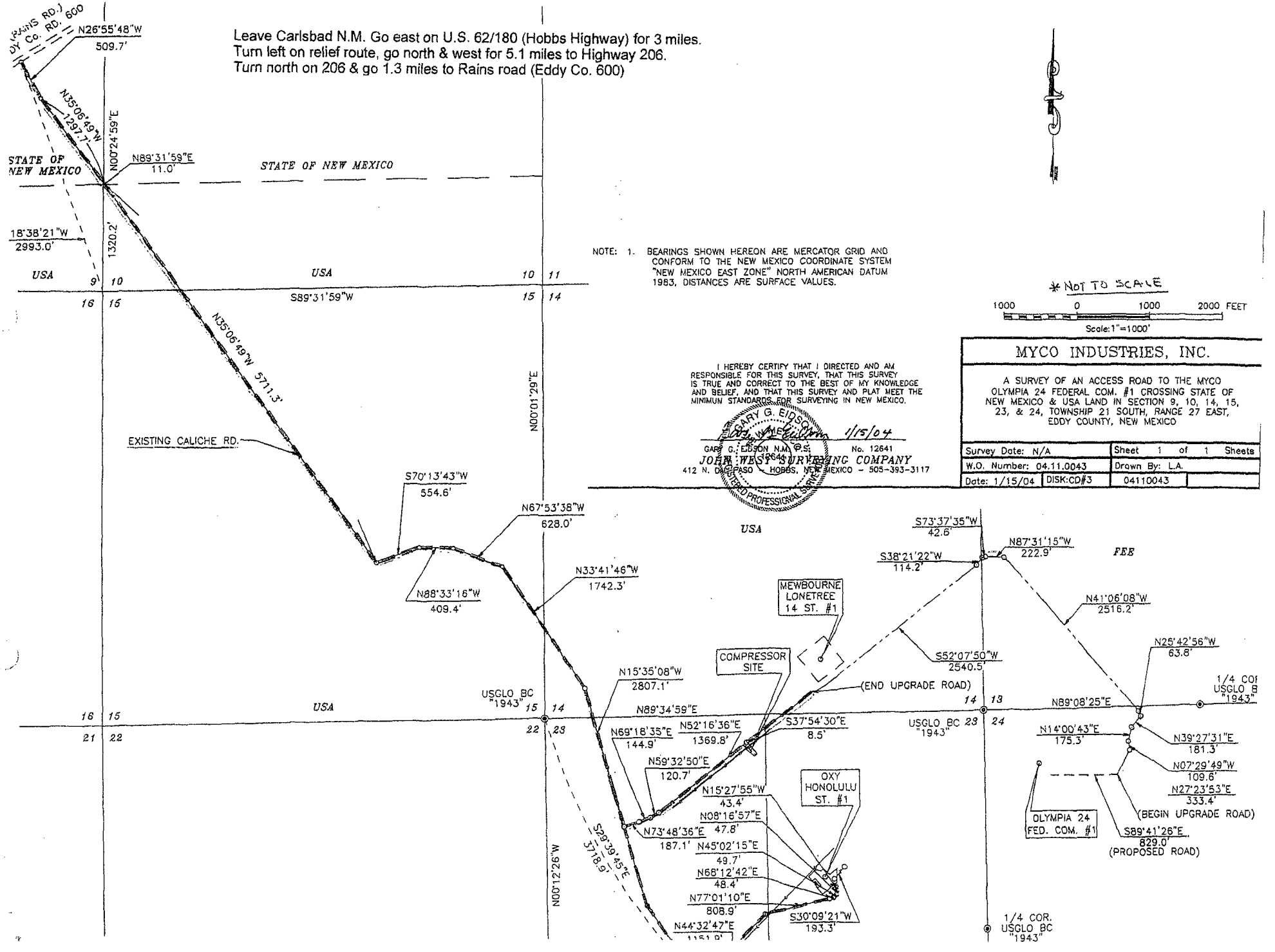
1000 0 1000 2000 3000 4000 5000 6000 7000 FEET

1 .5 0 1 KILOMETER

BAS

EXHIBIT "F"

Leave Carlsbad N.M. Go east on U.S. 62/180 (Hobbs Highway) for 3 miles.
Turn left on relief route, go north & west for 5.1 miles to Highway 206.
Turn north on 206 & go 1.3 miles to Rains road (Eddy Co. 600)



NOTE: 1. BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983, DISTANCES ARE SURFACE VALUES.

* NOT TO SCALE

1000 0 1000 2000 FEET

Scale: 1" = 1000'

I HEREBY CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

GARY G. EIDSON 1/15/04

GARY G. EIDSON N.M. P.S. No. 12641

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO – HOBBS, NEW MEXICO – 505-393-3117

MYCO INDUSTRIES, INC.

A SURVEY OF AN ACCESS ROAD TO THE MYCO OLYMPIA 24 FEDERAL COM. #1 CROSSING STATE OF NEW MEXICO & USA LAND IN SECTION 9, 10, 14, 15, 23, & 24, TOWNSHIP 21 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO

Survey Date: N/A		Sheet 1 of 1 Sheets
W.O. Number: 04.11.0043		Drawn By: L.A.
Date: 1/15/04	DISK:CD#3	04110043

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name Myco Industries, Inc. Well Name & No. Olympic 24 Fed. Com. #1
Location 660 F N L & 660 F W L Sec. 24, T. 21 S, R. 27 E.
Lease No. NM-14768-A County Eddy State New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CRF 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

( ) Lesser Prairie Chicken (stips attached)
( ) San Simon Swale (stips attached)
( ) Flood plain (stips attached)
( ) Other

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(✓) The BLM will monitor construction of this drill site. Notify the (✓) Carlsbad Field Office at (505) 234-5972 ( ) Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(✓) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

( ) All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____inches in depth. Approximately _____cubic yards of topsoil material will be stockpiled for reclamation.

(✓) Other. V-Door North (Reserve pits to the West)

III. WELL COMPLETION REQUIREMENTS

( ) A Communlitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(x) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of ½ inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

( ) A. Seed Mixture 1 (Loamy Sites)
Side Oats Grama (*Bouteloua curtipendula*) 5.0
Sand Dropseed (*Sporobolus cryptandrus*) 1.0

( ) B. Seed Mixture 2 (Sandy Sites)
Sand Dropseed (*Sporobolus crptandrus)* 1.0
Sand Lovegrass (*Eragostis trichodes*) 1.0
Plains Bristlegrass (*Setaria magrostachya*) 2.0

( ) C. Seed Mixture 3 (Shallow Sites)
Side oats Grama (*Boute curtipendula*) 1.0

(✓) D. Seed Mixture 4 (Gypsum Sites)
Alkali Sacaton (*Sporobollud airoides*) 1.0
Four-Wing Saltbush (*Atriplex canescens*) 5.0

( ) OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

(✓) Other. All above ground structures remaining must be painted with color Carlsbad Canyon - flat paint.

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6 mil plastic. Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.
The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

(1) Lined as specified above and

(2) A temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be recontoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to processed by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: **Myco Industries, Inc.**
Well Name & No. **Olympic 24 Fed Com #1**
Location: **660' FNL, 660' FWL, Section 24, T. 21 S., R. 27 E., Eddy County, New Mexico**
Lease: **NM-14768-A**

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

   A. Well spud

   B. Cementing casing: **13-3/8** inch **9-5/8** inch **7 or 5-1/2** inch

   C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

5. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

II. CASING:

1. The **13-3/8** inch surface casing shall be set at **approximately 475 feet and cement circulated to the surface.** If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is **to be circulated to the surface.**

3. The minimum required fill of cement behind the **7 or 5-1/2** inch production casing is **to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval.**

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the **13-3/8** inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **5000** psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.

- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

- Recording pit level indicator to indicate volume gains and losses.
- Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
- Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

2/2/04
acs

BLM Serial Number: NM-14768-A
Company Reference: MYCO INDUSTRIES INC.
Well No. & Name: Olympic 24 Fed. Com. #1

STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS
CARLSBAD FIELD OFFICE

A copy of the grant and attachments, including stipulations and map, will be on location during construction. BLM personnel may request to view a copy of your permit during construction to ensure compliance with all stipulations.

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

GENERAL REQUIREMENTS

A. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

B. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, *et. seq.*) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

C. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seq.*) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holder's activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

D. If, during any phase of the construction, operation, maintenance, or termination of the road, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil of other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all

damages to Federal lands resulting therefrom, the Authorized

Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

E. The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times.

The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

F. The Holder shall ensure that the entire right-of-way, including the driving surface, ditching and drainage control structures, road verges and any construction sites or zones, will be kept free of the following plant species: Malta starthistle, African rue, Scotch thistle and salt cedar.

Holder agrees to comply with the following stipulations:

1. ROAD WIDTH AND GRADE

The road will have a driving surface of 14 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 30 feet.

/__/ Those segments of road where grade is in excess of 10% for more than 300 feet shall be designed by a professional engineer.

2. CROWNING AND DITCHING

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in Figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (i.e., 1" crown on a 12' wide road).

/✓/ Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

/__/ Flat-blading is authorized on segment(s) delineated on the attached map.

3. DRAINAGE

Drainage control shall be ensured over the entire road through the use of borrow ditches, outsloping, insloping, natural rolling topography, lead-off (turnout) ditches, culverts, and/or drainage dips.

A. All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for lead-off ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):

SPACING INTERVAL FOR TURNOUT DITCHES

Percent slope	Spacing interval
0% - 4%	400' - 150'
4% - 6%	250' - 125'
6% - 8%	200' - 100'
8% - 10%	150' - 75'

A typical lead-off ditch has a minimum depth of 1 foot below and a berm 6 inches above natural ground level. The berm will be on the down-slope side of the lead-off ditch. The ditch end will tie into vegetation whenever possible.

For this road the spacing interval for lead-off ditches shall be at

/_x_/ 400 foot intervals.

/__/ _____ foot intervals.

/__/ locations staked in the field as per spacing intervals above.

/__/ locations delineated on the attached map.

B. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map (Further details can be obtained from the Roswell District Office or the appropriate Resource Area Office).

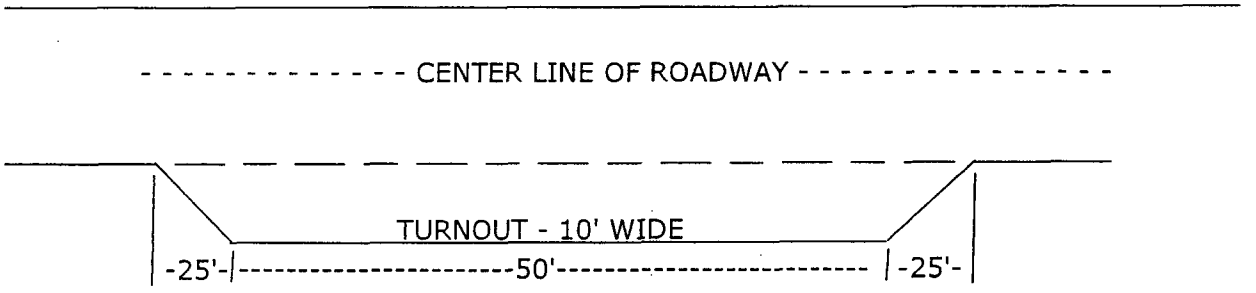
C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent lead-off ditch. Drainage dip location and spacing shall be determined by the formula:

$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

Example: 4% slope: spacing interval = $\frac{400}{4} + 100 = 200$ feet

4. TURNOUTS

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram:



STANDARD TURNOUT - PLAN VIEW

5. SURFACING

Surfacing of the road or those portions identified on the attached map may, at the direction of the Authorized Officer, be required, if necessary, to maintain traffic within the right-of-way with caliche, gravel, or other surfacing material which shall be approved by the Authorized Officer. When surfacing is required, surfacing materials will be compacted to a minimum thickness of six inches with caliche material. The width of surfacing shall be no less
than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

A sales contract for the removal of mineral materials (caliche, sand, gravel, fill dirt, etc.) from an authorized pit, site, or on location must be obtained from the BLM prior to using any such mineral material from public lands. Contact the BLM solid minerals staff for the various options to purchase mineral material.

6. CATTLEGUARDS

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads (exceeding H-20 loading), are anticipated (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

7. MAINTENANCE

The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

8. PUBLIC ACCESS

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

9. CULTURAL RESOURCES

Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the authorized officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.

10. SPECIAL STIPULATIONS: None.

OPERATOR'S COPY

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
NM-14768-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
OLYMPIA 24 FED COM #1

2. Name of Operator
MYCO INDUSTRIES, INC.

9. API Well No.
30-015-33253

3a. Address
P.O. BOX 840, ARTESIA, NM 82210

3b. Phone No. *(include area code)*
(505)748-4280

10. Field and Pool, or Exploratory Area
UND. CARLSBAD MORROW, EAST

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
SECTION 24: 600' FNL & 660' FWL (UNIT D)

11. County or Parish, State
EDDY COUNTY
NEW MEXICO

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/ Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other SPUD, SURFACE & INTERMEDIATE CASING
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

3-8-2004 NOTIFIED BLM/CARSLBAD SPUD 12:05 A.M. PATTERSON RIG #500.

3-9-2004 TD 475'. RAN 11-JTS 13-3/8" 48# H40 ST&C CASING. SET TEXAS PATTERN GUIDE SHOE AT 475', INSERT FLOAT AT 445.53'. CEMENT WITH 250 SXS BJ LITE (65/35/6) AND TAIL WITH 200 SXS CLASS "C" + 2% CaCl2. CIRCULATED 30 SXS TO PIT. PLUG DOWN 7:30 P.M. NOTIFIED BLM/CARLSBAD - WITNESSED BY MR. DUNCAN WHITLOCK. WOC. NIPPLE UP.

3-15-2004 TD 2675'. RAN 61 JTS 9-5/8" LT&C 36# J55 CASING, SET AT 2663'. CEMENT WITH 180 SXS THIXOTROPIC "C" + 500 SXS BJ LITE (65/35/6) + 200 SXS CLASS "C" + 2% CaCl2. CIRCULATED 130 SXS TO PIT. PLUG DOWN AT 2:30 PM. WOC. NOTIFIED BLM/CARLSBAD - WITNESSED BY GENE HUNT.

ACCEPTED FOR RECORD
MAR 17 2004
LES BABYAK
PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
HANNAH PALOMIN

Title
ENGR/LAND TECHNICIAN

Signature
Hannah Palomin

Date
03/16/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Form 3160-5
(August 1999)

OPERATOR'S COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
NM-14768-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
OLYMPIA 24 FED COM #1

2. Name of Operator
MYCO INDUSTRIES, INC.

9. API Well No.
30-015-33253

3a. Address
P.O. BOX 840, ARTESIA, NM 82210

3b. Phone No. *(include area code)*
(505)748-4280

10. Field and Pool, or Exploratory Area
UND. CARLSBAD MORROW, EAST

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
SECTION 24: ~~600'~~ 660 FNL & 660' FWL (UNIT D)

11. County or Parish, State
EDDY COUNTY
NEW MEXICO

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/ Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other TD AND RUN LONG STRING CASING
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

4-23-04 DRILLERS TD 11,910', LOGGERS TD 11,925'

4-26-04 RAN 276 JTS 5.5" 17# N80 & P110 CASING. SET AT 11,922'. DV TOOL SET AT 8,860'.

CEMENT 1ST STAGE: PUMP 450 BBLS MUDCLEAN 1, PUMP 1200 SXS SUPER "H" MOD. (15-61-11) + .7% FL25 & 52, 2% SALT, + 5#LCM-1. CIRCULATED 170 SXS OFF DV TOOL. PLUG DOWN AT 4:30 A.M.

CEMENT 2ND STAGE: PUMP 450 BBLS MUD + 150 SCF/BBL N2, PUMP 2600 SXS BJ LITE (65-35-6) + 1% SALT, .6% FL52, 5# SXS LCM-1. TAIL WITH 100 SXS CLASS "H" NEAT. CIRCULATED 406 SXS TO SURFACE.
NOTIFIED BLM.

SUBMITTED FORM C-144 TO NMOCD.

ACCEPTED FOR RECORD
MAY - 5 2004
ALEXIS C. SWOBODA
PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
HANNAH PALOMIN

Title
ENGR/LAND TECHNICIAN

Signature
Hannah Palomin

Date
04/30/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Form 3160-4
(August 1999)

OPERATOR'S COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: November 30, 2000

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. Lease Serial No. NM-14768-A

1a. Type of Well ☐ Oil Well ☒ Gas Well ☐ Dry Other
b. Type of Completion ☒ New Well ☐ Work Over ☐ Deepen ☐ Plug Back ☐ Diff. Resvr,.
Other

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and no.

2. Name of Operator
MYCO INDUSTRIES, INC.

8. Lease Name and Well No.
OLYMPIA 24 FED COM#1

3. Address
P.O. BOX 840, ARTESIA, NM 8821

3.a Phone No. *(Include area code)*
(505)748-4280

9. API Well No.
30-015-33253 SI

4. Location of Well *(Report location clearly and in accordance with Federal requirements)**
At Surface 660' FNL & 660' FWL (UNIT D)
At top prod. interval reported below SAME
At total depth SAME

10. Field and Pool, or Exploratory
UND CARLSBAD MORROW EAST

11. Sec., T., R., M., on Block and Survey or Area 24-T21S-R27E, NMP

12. County or Parish EDDY

13. State NM

14. Date Spudded	15. Date T.D. Reached	16. Date Completed ☐ D & A ☒ Ready to Prod.	17. Elevations (DF, RKB, RT, GL)*
03/08/2004	04/23/2004	06/14/2004	3170' GL

18. Total Depth: MD 11,925' TVD	19. Plug Back T.D.: MD 11,865' TVD	20. Depth Bridge Plug Set: MD TVD

21. Type of Electric & Other Mechanical Logs Run (Submit copy of each)
SCHLUMBERGER PLATFORM EXPRESS, CBL (ATTACHED)

22. Was well cored? ☒ No ☐ Yes (Submit analysis)
Was DST run? ☒ No ☐ Yes (Submit analysis)
Directional Survey? ☐ No ☒ Yes (Submit copy)

23. Casing and Liner Record *(Report all strings set in well)*

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
17.5	13-3/8 H40	48#	0'	475'	----	450 "C"		CIRCULATED	
12-1/4"	9-5/8 J55	36#	0'	2,675'	----	880 - "C"		CIRCULATED	
8-3/4"	5-1/2 N80	17#	0'	11,992'	8,860'	1200-I "H"		CIRCULATED	
						2600-II LITE		CIRCULATED	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2-7/8"	11,273'	11,273'						

25. Producing Intervals / 26. Perforation Record

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) MORROW	11,389'	11,515'	11,389-515'	0.36"	13-TOT.	PRODUCING
B)						
C)						
D)						

27. Acid, Fracture, Treatment, Cement Sqeeze, Etc.

Depth Interval	Amount and Type of Material
11,389-515'	1500-GAL 7-1/2% + 10,000 GAL 40# GEL + 32,000 # SAND VIA TBG.

ACCEPTED FOR RECORD
JUL 16 2004
ALEXIS C. SWOBODA
PETROLEUM ENGINEER

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
6/14/04	6/14/04	24	→	0	775	0	---	0.6097	FLOWING

Choice Size	Tbg. Press. Flwg.	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status
1/8"	SI 2200	0	→	0	775	0	---	PRODUCING

Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						

Choke Size	Tbg. Press Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status
			→					

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status

29. Disposition of Gas *(Sold, used for fuel, vented, etc.)*
FIRST SALES 6-14-2004 (DUKE)

30. Summary of Porous Zones (Include Aquifers):

Show all important zones or porsity and contents thereof: Cored intervals and all drill-stem tests, inlcuding depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top Meas. Depth
DELAWARE	2804'				
BONE SPRINGS	5444'				
1ST B/S SD	6608'				
2ND B/S SD	7402'				
3RD B/S SD	8666'				
WOLFCAMP	9008'				
STRAWN	10310'				
ATOKA	10764'				
ATOKA LS	10858'				
MORROW	11258'				
LWR MORROW	11600'				
BARNETT	11820'				

32. Additional remarks (include plugging procedure):
*FORM C-144 (NMOCD) APPROVED 5-10-04 (PITS).

33. Circle enclosed attachments:

1. (Electrical/Mechanical Logs (1 full set req'd.)) 2. Geological Report 3. DST Report 4. (Directional Survey)
5. Sundry Notice for plugging and cement verification 6. Core Analysis (7. Other CBL)

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name *(please print)* A. N. MUNCY, PELS Title EXPLORATION/OPERATIONS MANAGER

Signature A N Muncy, PELS Date 07/06/2004

Title 18 U.S.C. Section 101 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States and false, fictitious or fradulent statements or representations as to any matter within its jurisdiction.

Submit in duplicate to appropriate district office
See Rule 401 & Rule 1122

State of New Mexico
En y, Minerals and Natural Resources D artment

Form C-122
Revised 4-1-1991

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

Operator					Lease or Unit Name	
MYCO INDUSTRIES, INC.					OLympia 24 Fed Com	
Test Type ☒ Initial ☐ Annual ☐ Special					Test Date: 06-14-2004	Well No.: 1
Completion Date: 6-14-2004	Total Depth: 11992		Plug Back TD: 11865		Elevation: 3170' GL	Unit Ltr - Sec - TWP - Rge.: S24-T21S-R27E
Csg. Size: 5.500	Wt.: 17.000	d: 4.892	Set At: 11992	Perforation: From 11389 To 11515		County: Eddy
Tbg. Size: 2.875	Wt.: 6.500	d: 2.441	Set At: 11273	Perforation: From To		Pool: Und Carlsbad Morro
Type Well-Single-Bradenhead-G.G. orG.O. Multiple: Initial				Packer Set At: 11273		Formation: Morrow
Producing Thru: Tubing	Reservoir Temp.F: 186		Mean Annual Temp.F: 86	Baro. Pressure: 14.70		Connection: MYCO-Duke
L: 11273	H: 11273	Gg: .609	% CO_2: .99	% N_2:	% H_2S:	Prover: Prover	Meter Run: 4.00 Taps: Pipe

	Flow Data				Tubing Data		Casing Data		
No.	(Prover) Line Size x Orifice Size	Press. PSIG	Diff. h_w	Temp. F	Press. PSIG	Temp. F	Press. PSIG	Temp. F	SIP/Flow Duration (HRS.)
Shut-in Pressure					1600	74			
1.	4.00 x 1.38	658.00	4.70	86	1524	74			
2.	4.00 x 1.38	622.00	5.30	85	1489	74			
3.	4.00 x 1.38	588.00	6.10	83	1358	74			
4.	4.00 x 1.38	512.00	7.00	82	1188	74			

RATE OF FLOW CALCULATIONS

No.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P_m	Flow Temp. FACTOR F_t	Gravity FACTOR F_g	Super Compress. FACTOR F_{pv}	Rate of Flow (Q) MCFD
1.	9.388	56.229	672.7	.9759	1.2814	1.0486	692.2
2.	9.388	58.091	636.7	.9768	1.2814	1.0462	714.2
3.	9.388	60.634	602.7	.9786	1.2814	1.0443	745.5
4.	9.388	60.720	526.7	.9795	1.2814	1.0389	743.3

No.	P_r	TEMP.	T_r	Z
1.	.995	546	1.525	.9095
2.	.942	545	1.523	.9136
3.	.891	543	1.517	.9169
4.	.779	542	1.514	.9266

Gas-Liquid Hydrocarbon Ratio		Mcf/bbl
API Gravity of Liquid Hydrocarbons		Deg.
Specific Gravity Separator Gas .609		
Specific Gravity Flowing Fluid		.609
Critical Pressure	676 PSIA	676 PSIA
Critical Temperature	357 R	357 R

P_C = 1614.7 P_C^2 = 2607.3

No.	Pw	Pw^2	$Pc^2 - Pw^2$
1.	1541.3	2375	231.526
2.	1506.6	2269	337.501
3.	1376.0	1893	713.802
4.	1206.6	1455	1151.273

(1) $\frac{P_C^2}{P_C^2 - P_W^2} = 2.265$ (2) $\left[\frac{P_C^2}{P_C^2 - P_W^2}\right]^n = 1.043$

$AOF = Q\left[\frac{P_C^2}{P_C^2 - P_W^2}\right]^n = 775$

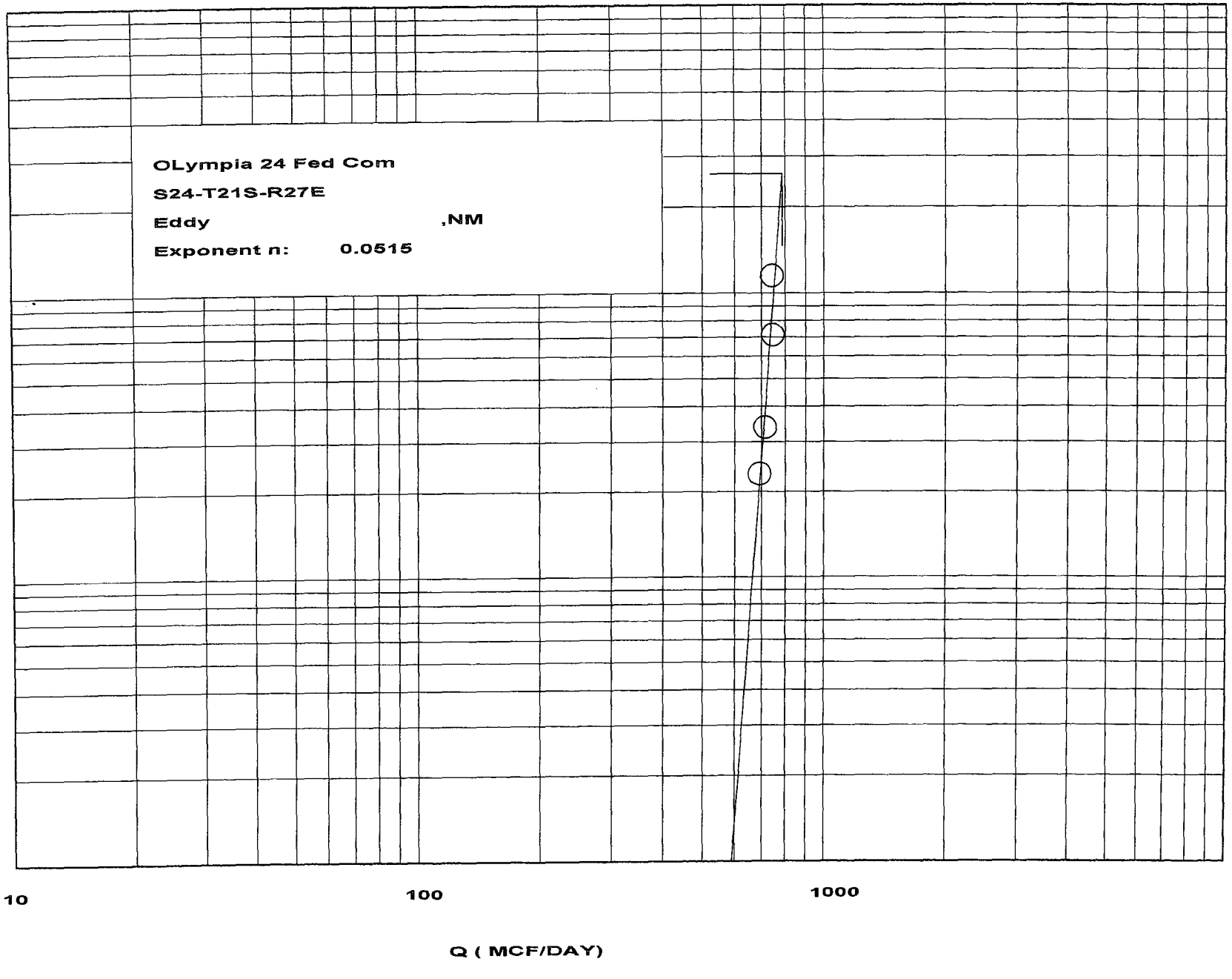
Absolute Open Flow: 775 Mcfd @ 15.025	Angle of Slope: 87.0	Slope, n: .052
Remarks		

Approved By Division:	Conducted By:	Calculated By:	Checked By:
	Craig Bailey	BPT System	ANM

WELL TESTER: Craig Bailey

TEST DATE: 06-14-2004

GAS WELL BACK PRESSURE CURVE



District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-104
Revised June 10, 2003

Submit to Appropriate District Office
5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

[1] Operator name and Address	[2] OGRID Number
MYCO INDUSTRIES, INC. **P.O. BOX 840** **ARTESIA, NM 88210**	**015445**
	[3] Reason for Filing Code/ Effective Date **NW**

[4] API Number	[5] Pool Name	[6] Pool Code
30 -015-33253	**UND. CARLSBAD MORROW, EAST**	73920
[7] Property Code 33535	[8] Property Name **OLYMPIA 24 FED COM**	[9] Well Number **#1**

II. [10] Surface Location

Ul or lot no.	Section	Township	Range	Lot.Idn	Feet from the	North/South Line	Feet from the	East/West line	County
D	**24**	**21S**	**27E**		**660'**	**NORTH**	**660'**	**WEST**	**EDDY**

[11] Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Lse Code	[13] Producing Method Code	[14] Gas Connection Date	[15] C-129 Permit Number	[16] C-129 Effective Date	[17] C-129 Expiration Date
	FLOWING	**06/14/2004**			

III. Oil and Gas Transporters

[18] Transporter OGRID	[19] Transporter Name and Address	[20] POD	[21] O/G	[22] POD ULSTR Location and Description
138648	**BP AMERICA PRODUCTION 502 NORTHWEST AVE. LEVELLAND, TX 79336**	4001778	**O**	**UNIT D SEC. 24-T21S-R27E 660' FNL & 660' FWL EDDY CO, NM**
036785	**DUKE ENERGY P.O. BOX 50020 MIDLAND, TX 79710-0020**	4001777	**G**	**UNIT C SEC. 31-T21S-R28E 660' FSL & 1400' FEL EDDY CO, NM**

RECEIVED
JUL 15 2004
OCD-ARTESIA

IV. Produced Water

[23] POD	[24] POD ULSTR Location and Description
4001776	**L-SEC. 24-T21S-R27E**

V. Well Completion Data

[25] Spud Date	[26] Ready Date	[27] TD	[28] PBTD	[29] Perforations	[30] DHC, MC
03/08/2004	**06/14/2004**	**11,925'**	**11,865'**	**11,389-515'**	

[31] Hole Size	[32] Casing & Tubing Size	[33] Depth Set	[34] Sacks Cement
17"	**13-3/8"**	**475'**	**450 SXS (CIRUCLATED)**
12-1/4"	**9-5/8"**	**2675'**	**880 SXS (CIRCULATED)**
8-3/4"	**5-1/2"**	**11992'**	**1200 SXS (I) CIRCULA**
			2600 SXS (II) CIRCUL 2700

VI. Well Test Data

[35] Date New Oil	[36] Gas Delivery Date	[37] Test Date	[38] Test Length	[39] Tbg. Pressure	[40] Csg. Pressure
	06/14/2004	**06/14/2004**	**24 HRS**	**2200**	**0**
[41] Choke Size	**[42] Oil**	**[43] Water**	**[44] Gas**	**[45] AOF**	**[46] Test Method**
1/8"	**0**	**0**	**775**		**F**

[47] I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: Hannah Palomin

Printed name: **HANNAH PALOMIN**

Title: **ENGR/LAND TECHNICIAN**

E-mail Address: **HANNAH@MYCOINC.COM**

Date: **07/06/2004** Phone: **(505)748-4288**

OIL CONSERVATION DIVISION

Approved by: **ORIGINAL SIGNED BY TIM W. GUM DISTRICT II SUPERVISOR**

Title:

Approval Date: JUL 19 2004

OPERATOR'S COPY

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
NM-14768-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
OLYMPIA 24 FED COM #1

2. Name of Operator
MYCO INDUSTRIES, INC.

9. API Well No.
30-015-33253

3a. Address
P.O. BOX 840, ARTESIA, NM 82210

3b. Phone No. *(include area code)*
(505)748-4280

10. Field and Pool, or Exploratory Area

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
SECTION 24: 600' FNL & 660' FWL (UNIT D)

11. County or Parish, State
EDDY COUNTY
NEW MEXICO

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/ Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other **TEST ADDITIONAL ZONES**
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SEE ATTACHED DETAILED DESCRIPTION

ACCEPTED FOR RECORD
JAN 3 - 2005
LES BABYAK
PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
HANNAH PALOMIN

Title
ENGR/LAND TECHNICIAN

Signature
Hannah Palomin

Date
12/27/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

MYCO INDUSTRIES, INC.
OLYMPIA 24 FED COM #1
T21S-R27E-Sec. 24: 660' FNL & 660' FWL
Eddy County, New Mexico

6/26/2004 – 12/3/2004

Perforate Morrow Chert formation from 11,294-326'. 2 SPF @ 11,294', 296', 298', 305', 307', 312', 315', 322', 324' and 326'. Total 20 holes, 0.38" diameter. Acidize with 3000 gal 20% HCL NEFE acid + N2 + 18-7/8"-1.3 spgr ballsealers. Tested tite.

Set CBP @ 11,250'. Perforate Atoka Sand formation from 11,144-11,150. Total 12 holes, 120 deg. phasing, 39 gm. charge & 42.60" of penetration. Acidize with 1200 gal 7-1/2% HCL NEFE acid + N2 + 10-7/8"-1.3 spgr ballsealers. Tested tite.

Set CBP @ 10,820'. Perforate Lower Strawn formation from 10,470-517'. 1 SPF @ 10,470', 472', 479', 480', 489', 490', 513', & 517'. Total 8 holes, 0.38" diameter, 39 gram charge, 42.60' penetration and 120 degree phasing. Acidize with 1000 gal 7-1/2% HCL NEFE Acid + N2 + 7-7/8"-1.3 spgr ballsealers. Tested Tite, No shows.

Perforate Upper Strawn Lime formation from 10,324'351'. 1 SPF @ 10324', 326', 333', 336', 338', 342', 346', 348', 350' & 351'. Total 10 holes, 0.38" diameter, 39 gram charge, 42.60" penetration and 120 degree phasing. Acidize with 1000 gal 7-1/2% HCL NEFE Acid + N2 + 8-7/8"-1.3 spgr ballsealers. Tested tite, No shows.

Release RBP @ 10,402'. Drilled CBP @ 10,820' & 11,250'. Set top of packer @ 11,087'. PBTD – 11,865'. Well producing from 11,144-515' (Atoka-Morrow) at a current rate of 310 mcf/d, 0 water, 0 oil.

Form 3160-4
(August 1999)

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: November 30, 2000

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. Lease Serial No. NM-14768-A

1a. Type of Well ☐ Oil Well ☒ Gas Well ☐ Dry Other
b. Type of Completion ☐ New Well ☒ Work Over ☐ Deepen ☐ Plug Back ☐ Diff. Resvr,.
Other

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and no.

2. Name of Operator
MYCO INDUSTRIES, INC.

8. Lease Name and Well No.
OLYMPIA 24 FED COM#1

3. Address
P.O. BOX 840, ARTESIA, NM 88211

3.a Phone No. *(Include area code)*
(505)748-4280

9. API Well No.
30-015-33253

4. Location of Well *(Report location clearly and in accordance with Federal requirements)**
At Surface 660' FNL & 660' FWL SECTION 24: T21S, R27E
At top prod. interval reported below SAME
At total depth SAME

RECEIVED
JAN 14 2005
OCD-ARTESIA

10. Field and Pool, or Exploratory
ATOKA-MORROW

11. Sec., T., R., M., on Block and Survey or Area 24-T21S-R27E

12. County or Parish EDDY

13. State NM

14. Date Spudded 03/08/2004

15. Date T.D. Reached 04/23/2004

16. Date ~~Completed~~ Recompleted 12/14/2004
☐ D & A ☒ Ready to Prod.

17. Elevations (DF, RKB, RT, GL)* 3170' GL

18. Total Depth: MD 11,925' TVD

19. Plug Back T.D.: MD 11,865' TVD

20. Depth Bridge Plug Set: MD TVD

21. Type of Electric & Other Mechanical Logs Run (Submit copy of each)
ALREADY SUBMITTED

22. Was well cored? ☒ No ☐ Yes (Submit analysis)
Was DST run? ☒ No ☐ Yes (Submit analysis)
Directional Survey? ☐ No ☒ Yes (Submit copy)

23. Casing and Liner Record *(Report all strings set in well)*

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
17.5"	13-3/8 H	48#	0'	475'	-----	450 - "C"		CIRC	
12-1/4"	9-5/8 J55	36#	0'	2675'	-----	880 - "C"		CIRC	
8-3/4"	5-1/2 N80	17#	0'	11992'	8860'	1200-I "H"		CIRC	
						2600-II LITE		CIRC	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2-7/8"	11,087'	11,087'						

25. Producing Intervals

Formation	Top	Bottom
A) ATOKA-MORROW	11,144'	11,515'
B)		
C)		
D)		

26. Perforation Record

Perforated Interval	Size	No. Holes	Perf. Status
SEE ATTACHED			PRODUCING

27. Acid, Fracture, Treatment, Cement Sqeeze, Etc.

Depth Interval	Amount and Type of Material
SEE ATTACHED	

ACCEPTED FOR RECORD
JAN 13 2005
ALEXIS C. SWOBODA
PETROLEUM ENGINEER

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
12/14/04	12/15/04	24 hrs	→	0	310	0	N/A	.703	FLOWING
Choke Size	**Tbg. Press. Flwg. SI**	**Csg. Press.**	**24 Hr. Rate**	**Oil BBL**	**Gas MCF**	**Water BBL**	**Gas : Oil Ratio**	**Well Status**	
8/64"	850	0	→	0	310	0	----	PRODUCING	

Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	**Tbg. Press Flwg. SI**	**Csg. Press.**	**24 Hr. Rate**	**Oil BBL**	**Gas MCF**	**Water BBL**	**Gas : Oil Ratio**	**Well Status**	
			→						

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status

29. Disposition of Gas *(Sold, used for fuel, vented, etc.)*
FIRST SALES 12-14-2004 (DUKE)

30. Summary of Porous Zones (Include Aquifers):

Show all important zones or porsity and contents thereof: Cored intervals and all drill-stem tests, inlcuding depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top Meas. Depth

32. Additional remarks (include plugging procedure):

33. Circle enclosed attachments:

1. Electrical/Mechanical Logs (1 full set req'd.)
2. Geological Report
3. DST Report
4. Directional Survey
5. Sundry Notice for plugging and cement verification
6. Core Analysis
7. Other

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name *(please print)* A.N. MUNCY, PELS Title EXPLORATION/OPERATIONS MANAGER

Signature A.N. Muncy, PELS Date 01/10/2005

Title 18 U.S.C. Section 101 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States and false, fictitious or fradulent statements or representations as to any matter within its jurisdiction.

INDUSTRIES, INC.
CHRONOLOGICAL DRILLING REPORT
Olympia 24 Federal Com #1
Unit D
24-21S-27E
Eddy County, New Mexico

Location: 660' FNL & 660' FWL in the W/2 of Section 24-21S-27E, Eddy County, New Mexico. API No.: 30-015-33253. Elevation: 3170'. Elevation: 3170'. PTD: 12,100' Morrow. Drilling Contractor: Pat/UTI Rig #500.

2-27-04	Building location. Prep to move in Patterson Rig #500 early next week.
2-28/3-1-04	Moving in rig.
3-2-04	Lining pit. Waiting on rig to move in.
3-2-04	Lining pit. Waiting on rig to move in.
3-3-04	Lining pit. Waiting on rig to move in.
3-4-04	Unable to move rig due to heavy rains in Carlsbad area.
3-5-04	Unable to move rig due to heavy rains in Carlsbad area.
3-6-8-04	Spudded well 3-7-04 with Patterson Rig 3500. Complete report to follow.
3-8-04	Drilling 220' with full returns. Made 180', 45'/hr. MW 8.4, Vis 34, pH 10. Moved in and rigged up rotary tools. Mixed spud mud. Spudded well at 12:05 AM 3-8-04. Notified BLM in Carlsbad of spud (Paul). Drilled to 220'.
3-9-04	TD 475'. WOC and nipple up BOP. Made 255'. MW 8.8, Vis 34, pH 10. Survey 188' 1 deg, 311' 3/4 deg and 475' 1/2 deg. TD 17.5" hole at 1330 hours 3-8-04 at 475'. Rigged up and run11 joints (478.32') 13-3/8" 48# H40 ST&C casing. Set Texas Pattern guide shoe set at 475'. Insert float set at 445.53'. Cemented with 250 sacks BJ Lite (65:35:6) + 2% CaCl2 + 1/4# Celloflake (yld 1.94, wt 12.5). Tailed in with 200 sacks Class "C" + 2% CaCl2 (yld 1.34, wt 14.8). Displaced with 68 bbls fresh water. Bumped plug to550 psi, float held. PD at 1930 hours 3-8-04. Circulated 30 sacks cement to pit. Run centralizers on joints #1, 3 and 5. Weld shoe and 3 joints. Notified BLM in Carlsbad of running casing and cementing. 13-3/8" casing and cementing witnessed by Mr. Duncan Whitlock of BLM. WOC 6 hours. Cut off 20" conductor and 13-3/8" casing. Weld on new FMC 13-3/8" 3000 psi WP wellhead. Nippled up FMC Thrubore head.
3-10-04	TD 475'. Drill cement, float and shoe. Made 0'. MW 10, Vis 29, pH 12. Finished nippling up BOP. Tested BOP, blind rams, pipe rams, manifold valves, check valves, HCR valves and kelly cock valves to 3000 psi high and 250 psi low. Test hydril to 2500 psi high and 250 psi low. Perform full accumulator test. Changed BOP rams to have blind rams in bottom and 4.5" rams in top. Changed out gaskets on doors of BOP. Replaced one valve on manifold. Notified Mr. Duncan Whitlock of BOP tests - no witness. Tagged insert float at 434'. Drilled cement, rubber plug, float and shoe joint. Flow line plugged up. Jet out flowline. Prep to drill formation and drill 200' slick, then TOH and pick up BHA.
3-11-04	Drilling 845' anhydrite and salt with insert bit and downhole motor with full circulation using fresh water. Made 370'. MW 10, Vis 29, pH 10.5. Survey 509' 0.4 deg. Drilled with slick BHA. TOH and picked up BHA. TIH. Washed and reamed 90' to bottom. Drilled with insert bit and motor to 845'.

Myco Industries, Inc. - Olympia "24" Fed Com #1 (Unit D) 24-21S-27E
**********Eddy Co., NM**

3-12-04 Drilling 1125' anhydrite, with full returns. Made 280' in 18 hours. MW 9, Vis 29, pH 11. Survey 703' .8 deg. Drilled. Tripped for plugged bit. Ran survey. Repaired rotary chain. NOTE: Losing 150 BPH fluid at 890-900'. Pump LCM pill and sweep hole. Currently losing 10-20 BPH.

3-13-04 Drilling 1510' anhydrite and dolomite, 40% returns. Made 385' in 18 hours. MW 9.4, Vis 29, pH 12. Surveys 1003' 1 deg, 1400' 3/4 deg. Trip to change BHA. Survey. Circ and pump LCM pill. Wash to bottom. NOTE: Lost complete returns at 1280'. TOH and change BHA. TIH and resumed drilling 12-1/4" hole with no returns. Pumped LCM pill and circ prior to deviation survey at 1400' and regained 40% circulation.

3-14-04 Drilling 2100' dolomite, lime and sand, 90% returns. Made 590' in 18-1/4 hours. MW 9, Vis 29, pH 10. Survey 1683' 3/4 deg. Drilled. Rig repair - repack swivel. Survey. Service rig and hook. *Drilling with 90% returns. Spot high vis LCM pill every 250'.

3-15-04 TD 2675' dolomite, lime and sand. Laying down 8" drill collars. Made 575' in 18-1/2 hours. MW 8.5, Vis 29, pH 10. Survey 2188' 3/4 deg. Drill with 90% returns. Spot high vis LCM pill every 250'. TD 12-1/4" hole at 0100 hrs on 3-15-04 at 2675'. Ran fluid caliper at 2675' and at 1275'. Volumes are 888 cu ft from 2675' to 1238', and 745' cu ft from 1238' to surface.

3-16-04 TD 2675'. WOC. Prep to drill out cement and float equipment. MW 8.5, Vis 29, pH 10. Survey 2188' 3/4 deg. Rig up and ran 61 joints 9-5/8" 363 J-55 LT&C (2663') casing. Davis Lynch notched guide shoe set at 2663'. Davis Lynch float collar set 2620'. Davis Lynch DV tool at 1238'. Centralizers on jts #1, 3, 5, 7, 32, and 33. Weld shoe, shoe jts and next 3 jts. Cement with 180 sxs Thixotripic "C" + 10 Gilsonite + 1/2#/sx Celloflake + 1% CaCl2 (yld 1.46, wt 14.4), plus 500 sxs BJ Lite (65/35/6) + 1/4#/sx celloflake + 2% CaCl2 (yld 1.98, wt 12.5) and 200 sxs Class C + 2% CaCl2 (yld 1.32, wt 14.8). Lost returns after 200 sxs BJ Light was pumped for 12 mins. Regained circulation and circ total 130 sxs cement to the pit. PD 2:30 PM 3-15-04. BLM, Carlsbad, NM, notified. Witness by Gene Hunt. Displace casing with fresh water. Check floats - held OK. Back out landing jont and wellhead mandrel setting tool. Install seal assembly. Test wellhead, BOP stack to 5000 psi - OK. Test annular BOP to 2500 psi. Test manifold valves, kill line valves and check to 250 psi low and 5000 psi high. Perform full accumulator test. Tested by independent tester - Mann Welding Serv. Install long wear bushing in wellhead. Set mud/gas separator. Install flowline from rotating head to separator and pits. Move in and rig up mudlogging unit. Wait on cement for 15.5 hours.

3-17-04 TD 2675'. Drilling cement, float and shoe. MW 8.4, Vis 28, pH 10, Cl 1200. Shift sleeve in DV tool with opening/closing bomb. Patterson Drilling relief toolpusher used the kelly with one joint of drill pipe and closed pipe rams instead of using blind rams. Pressure test casing to 2250 psi and shift sleeve in DV tool. Pressure launched kelly and joint of drill pipe out of hole, bending kelly, destroying joint of drill pipe and causing near miss. No personal injury occurred. Called out welder and cut out joint of drill pipe and had to replace kelly, drive bushings, and split bushings. Patterson Drilling retested BOP rams to 5000# to insure integrity of rams after damage to other equipment. Wellhead and BOP tested to 5000# for 30 mins, OK. Test witnessed by Randy Dutton with MYCO.

Myco Industries, Inc. - Olympia "24" Fed Com #1 (Unit D) 24-21S-27E
**********Eddy Co., NM**

Madeup and TIH with milltooth bit to drill DV, drilled out DV tool and tested 9-5/8" casing again to 1500 psi - OK. Drill cement, float and shoe. Will drill 200' rathole then TOH to pick up BHA, PDC bit and motor.

3-18-04 Drilling 3200' lime and sand. Made 525' in 15-1/2 hours. MW 8.4, Vis 28, pH 10, Cl 1200. Ran Gyro Survey at 2663'. BHL 15.38' SW of surface location. Surveys 2875' 3/4 deg, 3119' 1 deg. Drilled out float equipment with milltooth bit and made 200' of new hole to bury BHA. TOH with milltooth bit. Ran Gyro Survey from base of 9-5/8" casing to surface. BHL is located 15' SW of surf location. Made up PDC bit, motor and BHA. TIH and drill formation at 50-90'/hr. Taking deviation surveys every 250'.

3-19-04 TD 4490' lime and sand. Off bottom waiting for pump repairs. Made 1290' in 20-1/2 hours. MW 8.4, vis 28, pH 10, cl 1200. Surveys 3149' 1 deg, 3400' 1 deg, 3651' 1 deg, 3854' .7 deg. Pump #2 kept blowing head gaskets. Requested additional triplex pump from Patterson Drilling with no cooperation. Continue blowing gaskets and finally blew turbo on engine just before report time. Unable to continue drilling until pump is repaired or replaced due to flow requirements for PDC bit. Overall ROP on bit is 100+'/hr but is averaging 60'/hr due to connection times and changing gaskets. Currently off bottom waiting for pump repairs.

3-20-04 TD 4464' lime and sand. Waiting for replacement pump up inside 9-5/8" casing. MW 8.4, Vis 28, pH 10, Cl 1200. Repair pump #2. Replace gaskets, replace turbocharger, replace 5.5" liners with 5" liners and swabs. TOH with 4.5" Grade G drill pipe. Pick up 4.5" E hard banded pipe to put below 9-5/8" casing above drill collars. Wait on replacement triplex pump. Oilwell A 1100 Rental unit from Bridges Equip - Odessa - per Gene Lee (6" x 10" Triplex W/D399 cat power).

3-21-04 Drilling 4710' lime, sand and shale. Made 246'. MW 8.4, Vis 28, pH 10, Cl 1900. Wait on and install rental triplex pump. TIH with bit. Resumed drilling 2315 hrs on 3-20-04. Making 100 - 140' hr drill rate with bit on bottom. Off bottom pressure - 1900, drill with 2150 psi on bottom drilling with motor.

3-22-04 Drilling 5841' lime. Made 1131' in 22-1/4 hours. MW 8.4, Vis 28, ph 10, Cl 2000. Surveys 4650' 1 deg, 4741' .3 deg, 4904' 1 deg, 5154' 1 deg. Off bottom pressure - 1900, drill with 2150 psi on bottom drilling with motor.

3-23-04 Drilling 6920' lime with PDC bit and motor. Made 1079', 50-60'/hr. MW 8.4, Vis 28, pH 10, Cl 2000. Survey 5766' 0.8 deg, 5910' 1 deg, 6150' 1 deg, 6514' 0.5 deg and 6690' 1 deg. Drilled and surveyed. Repair pump and rig service. NOTE: off bottom pressure 1900. Drill with 2150 psi on bottom drilling with motor. Cum rotating hours 188.25.

3-24-04 Drilling 7575' lime. Made 655', 30'/hr with PDC on bottom. MW 8.4, Vis 28, pH 10, Cl 2000. Survey 6804' 1.5 deg, 7206' .5 deg and 7456' 3 deg. Drilled and surveyed. Changed out kelly. Rig service. Off bottom pressure 1900. Drill with 2150 psi on bottom, drilling with motor. Cum rotating hours 208.5.

3-25-04 TD 7998' lime and sand. TOH to check for cracked drill collar. Lost 320 psi pump pressure. Made 423'. MW 8.5, vis 28, pH 10, Cl 2000. Survey 7504' 2.9 deg by single shot, 7736' 1.5 deg and 7926' 1 deg. Drilled and surveyed. Tripped for cracked drill collar. Off bottom pressure 1900. Drill with 2150 psi on bottom. Drilling with motor. Cum rotating hours 226.75.

Myco Industries, Inc. - Olympia "24" Fed Com #1 (Unit D) 24-21S-27E
**********Eddy Co., NM**

3-26-04	TD 7998' lime and sand. TOH with fish. Made 0'. MW 8.5, vis 28, pH 10, Cl 2000. Survey 7504' 2.9 deg by single shot, 7736' 1.5 deg and 7926' 1 deg. TOH. Drill collar had twisted off just below top IBS leaving bit, DOG sub, motor, teledrift, monel drill collar, IBS and reminder of twisted off drill collar in hole. Total fish in hole - 118'. Made up overshot with 6-1/8" grapple and TIH. Worked overshot down over top of fish which was slightly flared. Work grapple over fish and would slip off. POOH, grapple in overshot was broken but all of grapple still in overshot. Installed new grapple. TIH, set down on fish and engaged overshot. Picked up and gained 10K weight. Chain out of hole with fish at report time.
3-27-04	TD 7998' lime and sand. Picking 4.5" grade E drill pipe. Made 0'. MW 8.5, vis 28, pH 10, Cl 2000. Chain out of hole recovering all fish. Break out and lay down fish. Break each collar and BHA connection and trip - check each connection. Tih with Grade G drill pipe. Laid down grade G and picked up 4.5" grade E drill pipe on bottom.
3-28-04	Drilling 8378' lime and sand with PDC bit and motor. Made 380'. MW 8.6, Vis 28, pH 10, Cl 2000. Survey 7898' 1.8 deg and 8190' 2 deg. Finished picking up grade E drill pipe. Rigged down lay down machine. Washed and reamed 90' to bottom. Drilled to 8378'. Runs survyes and rig service.
3-29-04	TD 8610' lime, shale and sand. TIH after TOH to clear debris out of baffle on teledrift. Made 232'. MW 9.6, Vis 29, ph 10, Cl 114,000. Survey 8411' 2.6 deg. Had to TOH and clear debris from baffle on top of teledrift - causing high pump pressures. Recovered approx 2 handfulls of aluminum and alloy metals. 257.5 cum rotating hours.
3-30-04	Drilling 8932' lime and sand with PDC bit and motor. Made 322'. Mw 9.5, Vis 29, pH 10, Cl 86,000. Survey 8580' 2.4 deg and 8719' 2.5 deg. Circulated bottoms up after trip. Repaired flowline. Small amount of metal in cuttings due to newly hardbanded pipe put in open hole below casing. Drilling with reduced weight due to deviation. No shows last 24 hours. BGG 42 units, CG 88 units.
3-31-04	Drilling 9416' lime with PDC bit and motor. Made 484', 32'/hr. MW 9.5, Vis 29, pH 10, Cl 86,000. Survey 8854' 2.3 deg and 9106' 1.9 deg. Drilling with full returns. BGG 100 units, Max 233 units at 9140'. No shows in last 24 hours. Lag time is 62 mins.
4-1-04	TD 9563' lime and shale. TIH with overshot. Made 147'. MW 9.5, Vis 29, pH 10, Cl 130,000. Survey 9467' 0.9 deg. Drilled to 9563' and make connection. Lose 20' hole after making connection. Had 300 psi pressure drop. Set back kelly and chain out of hole. Left motor sub, dog sub and bit in hole. Made up overshot and TIH.
4-2-04	TD 9563' lime and shale. TOH with fish. Made 0'. MW 9.5, Vis 29, pH 10, Cl 130,000. TIH with overshot and 4.5" grapple. Latched rotor of motor. Gained 1000 psi pump pressure. TOH - no recovery. Grapple shows to have had bit on rotor and bottomed out in overhot. Made up overshot and joint of washpipe. OS dressed with 6-7/8" for body of motor. TIH, engage fish. Drag 15K for 5' and gained 200 psi pump pressure. TOH with fish. Recovered fish at report time. Prep to lay down fish and tools. Prep to TIH to drill.
4-3-04	Drilling 9750' lime with PDC bit and motor. Made 187'. MW 9.5, Vis 29, pH 10, Cl 122,000. Survey 9527' .7 deg. Washed and reamed 90' to bottom with no fill.

Drilled 8-3/4" hole with PDC bit and motor. BGG 660 units, Max 851 units at 9722'. Gas shows:
9669-83' - Max 503 units, 100% limestone
9696-99' - Max 563 units, 100% limestone
9702-22' - Max 851 units, 100% limestone
No visible sample shows in any of the drilling breaks. New IBS stabilizers in hole.

4-4-04 Drilling 10,220' lime, shale and sand with PDC bit and motor. Made 470', 54'/hr. MW 9.6, vis 29, pH 10, Cl 122,000. Survey 9829' 0.3 deg. Lost 400 psi pump pressure. TOH for hole in drill pipe at 10,107'. Hole at 109 joints down from surface. Laid dwon bad joint with 3' gap in drill pipe. Tripped back in hole. Circulated bottoms up and had 8' flare for 20 mins, then died. BGG 651 units, Max formation gas 1048 units at 9994, CG 668 units.

4-5-04 Drilling 10,653' lime and shale with PDC bit and motor. Made 413', 24'/hr. MW 9.6, Vis 31, pH 10, WL 12, Cl 122,000. Survey 10,208' 0.8 deg. Replaced gasket in rotating head assembly and rubber. Mudded up at 10,450' in steel pits. BGG 759 units, Max gas 965 units at 10,496'. CG 1266 units. Had 1' break at 10,475-10,476' - 1152 units and 2' break at 10,496-498' - 965 units. Cum rotating hours 349.5 hours.

4-6-04 TD 10,733' lime and shale. TIH with drill pipe and bit #6. Made 80'. MW 9.7, Vis 31, pH 10, WL 12.5, Cl 128,000. Had hole in drill pipe. Pumped soft line. Chain out of hole. Hole at 47 stands and double 9" below box. Laid down motor and PDC bit. PDc bit grade 1, 2 x slight wear on cutters, 1 chipped cutter and in gauge. Picked up 11 additional 6" drill collars for running tri-cone bit. 357-1/4 cum rotating hours. Keeper pin fell out of derrick onto floor while tripping - no injuries. Replaced with new pin.

4-7-04 TD 10,733' lime and shale. TOH with drill pipe after backing off. Made 0'. MW 9.7, Vis 31, pH 10, WL 12.5 cc, Cl 128,000. While TIH with new bit and BHA ran into tight spot with bit and RT tool. Picked up kelly and could circulate freely. Work stuck pipe with no success. Rigged up rotary wireline and run free point. Drill pipe stuck at top of RT tool on top drill collar in deviated portion of hole (2.9 deg). Mixed pipe lax and spot down drill pipe and across stuck interval. Work pipe with no success. Backed off at atop of RT tool at 6888' leaving bit, reamer, Monel drill collar, IBS and 29 - 6" drill collars and RT tool in hole. TOH with drill pipe at report time. Prep to TIH with screw-in sub, jars and drill collars.

4-8-04 TD 10,733' lime and shale. TIH with bit #6 to ream tight spot. Made 0'. MW 9.7, Vis 31, pH 10, WL 12.5, Cl 128,000. TIH with screw-in sub, BS, jars, 9 - 6" drill colars (Patterson's Drlg Col drill collars. Sent in 1st 5 delivered due to being damaged and bad threads, delivered 9 - 6" drill collars in good condition 2nd time), accelerator and drill pipe. Tagged fish at 6888' by Rotary Wireline measurements. Screw into fish. Pumped thru fish with no restriction. Jar fish loose with 2 hits from jars. Picked up and gained 70,000# wt which is wt of fish. Circulated out gas, 4-6' flare and pipelax to inner reserve pit. Chain out of hole with fish. Recovered all fish. Break out and laid down 9 - 6" drill collars used to fish with and fishing tools. Finished TOH. Examine bit and BHA. All were in gauge with no damage. Laid down RT tool due to back off shot. TIH with bit, BS, model, IBS, DC, IBS, 17 - 6" drill collars, jars, 11 - 6" drill collars, new RT tool and 30 stands drill pipe.

Marked drill pipe on floor and roped off drill pipe to prevent running into tight spot again. Operator rep on rig floor to insure not running into tight spot again and to insure tight spot reamed out properly. Cum rotating hours 357.25 hours.

4-9-04 TD 10,733' lime and shale. TOH. Made 0'. MW 9.7, Vis 31, pH 10, WL 12.5, Cl 128,000. Tih with BHA. Tagged at 7897' with bit and 6945' with RT tool. Reamed hole 90' to 7986' and hung up. Pulled loose and work tight spots with drill string and RT tool. Very high torque, stalling rotary. Reamed tight hole with RT tool in hole fo4 12 hours. Made total of 90' progress. POOH due to high torque. Laid down RT tool and picked up string roller reamer in lieu of RT tool at top of drill collars. TIH with BHA. Tagged at 7986' with bit and 7034' with reamer. Previous stuck point with RT tool was 6888' by WL measurement when fished. Work roller reamer down 4" and lost 35K string weight and lost pump pressure. TOH, drill collar unscrewed. Left bit, BS, Monel DC, IBS, drill collar, IBS and 13 drill collars in hole. NOTE: RT tool not damaged or severely worn. Roller reamer still had all paint on reamers and body.

4-10-04 TD 10,733' lime and shale. Circulate hole at top of fish at 7601'. Prep to TOH with bit and go back in hole with screw-in sub again. Made 0'. MW 9.7, Vis 31, pH 10, WL 12.5, Cl 128,000. Made up and RIH with screw-in subs, jars, 14 drill collars and drillpipe. Tagged at 7361'. Unable to screw into fish. Appears to be bridged off in wellbore. TOH, tallying out - 7361.13' by SLM. Made up 8-3/4" bit, 14 drill collars, jars and 216 joints 4.5# drill pipe. Washed fill from 7315-7462' and fall free. Picked up drill pipe and continued in hole to 7601'. Tagged solid at 7601'. Picked up kelly. Washed and circulated at 7601'. Appears new top of fish to be 7601'. Will circulate hole clean and TOH to make up screw-in sub and TIH.

4-11-04 TD 10,733' lime and shale. Break out and lay down fishing tools. Recovered all fish. Made 0'. MW 9.7, Vis 31, pH 10, WL 12.5, Cl 128,000. Made up and GIH with screw-in sub, jars, 14 drill collars and drillpipe. Tagged at 7315'. Washed thru bridge and continued in hole to top of fish at 10,061'. Circulated bottoms up and had 10' flare for 30 mins and died. Screwed into fish at 10,061'. Picked up and gained 35K extra weight. POOH with fish. Pulled 10K over at 7864'. Continued to POH with fish. Break out and lay down fishing tools.

4-12-04 TD 10,733' lime and shale. Wash and ream tight hole at 7714'. Made 0'. MW 9.7, Vis 31, pH 10, WL 8, Cl 127,000. Rigged up to trip. Check drill collars back in hole. Break out, clean and inspect each dril collar connection going back in hole. Found 5 bad drill collars, 4 were cracked in the boxes and 1 was cracked in the pin end. Picked up 5 additional drill collars for replacements. Cut and slip drilling line. Finished TIH and tagged at 7700'. Picked up kelly. Wash and ream to 7714' with very high torque. Started to get sight metal cuttings in returns. POOH and laid down RT tool. Trip back in hole with bit. Tagged again at 7700'. Picked up kelly. Washed and reamed to 7714' at report time. Prep to raise viscosity.

4-13-04 TD 10,814' lime and shale. Deviation surveys. Made 81'. MW 9.9, Vis 34, pH 10, WL 8, Cl 130,000. Survey 10,750' 0.9 deg. Washed and reamed tight hole from 10,686-10,733'. Detailed report to follow with tomorrow's report.

4-14-04 Drilling 11,040' lime, chert and shale. Made 226'. MW

9.9, Vis 34, pH 10, WL 8, Cl 130,000. Drilled to 11,040' with full returns, 7-10'/hr. SPR 54 SPM with 480 psi. BGG 443 units, lag 90 mins.

4-15-04 Drilling 11,229' lime, chert and shale. Made 189'. MW 9.9, Vis 34, pH 10, WL 8, Cl 145,000. Drilled to 11,067', ROP 9'/hr. SPR 54 SPM with 48 psi. BGG 340 units, CG 534units, Max 548 units at 11,066'.

4-16-04 TD 11,313' lime, chert, shale and sand. TIH with bit #8. Made 84'. MW 9.9, Vis 35, PV 7, YP 5, pH 10, WL 8cc, Cl 140,000. Survey 11,192' 0.9 deg, 91.01 azimuth. Drilled to 11,313'. ROP 9'/hr. SPR 54, SPM with 480 psi. BGG 235 units, CG 556 units. Tripped for bit. NOTE: Bit #7 had severe breakage and missing inserts. Bearings locked up on 1 cone and sales and bearings severely worn on cone #2. Removed RT tool from string. Made up bit #8. TIH with drill collars. TIH with bit #8. Wash and ream to bottom.

4-17-04 Drilling 11,440' lime, chert and shale. Made 127'. MW 10, Vis 36, PV 7, YP 6, pH 10, WL 8, Cl 138,000. Drilled to 11,440' with full returns. ROP 5.5'/hr.

4-18-04 Drilling 11,560' lime, sand and shale. Made 120'. MW 10, Vis 36, PV 7, YP 6, pH 10, WL 6, Cl 136,000. Drilled to 11,560' with full returns. ROP 4.5'/hr. BGG 206, Max 276. Acc rotaing hours 495-3/4. Drilling break at 11,585-95' - check flow, had slight flow. Increased MW to 10.1+ - no flare, 15 mins 4 MPF.

4-19-04 Drilling 11,700' sand, lime, shale and chert. Made 140'. MW 10.2, Vis 34, PV 8, YP 7, pH 10, WL 6, Cl 139,000. Drilled to 11,700'. ROP 6.5'/hr. BGG 202 units, Max 245 units at 11,566'. 5.5" casing on racks. Casing delivered 4-16-04. No flow and no flare.

4-20-04 TD 11,700' sand, limestone, shale and chert. TIH with bit #9. Made 0'. MW 10.3, Vis 34, PV 8, YP 7, pH 10, WL 8, cl 138,000. While TOH, pull into tight spot at 7902' by bit depth and 7020' by top of drill collars. Washed and reamed up from 7539' to 6605' by top of drill collars. Finished TOH. Made up bit #9 (rerun) and TIH. Place RT at top of drill collars. Trip back in hole with bit, BHA with RT tool

4-21-04 TD 11,716' lime, shale, sand and chert. TOH, chaining out due to 300 psi pressure loss. Made 16'. MW 10.1, Vis 36, PV 6, YP 9, pH 10, WL 6, Cl 138,000. Reamed thru tight spots with RT tool at 6732-6888' and 11,466'. Reamed with bit from 11,466-11,533' and 11,640-11,700'. Had 12-15' flare for 3 mins with bottom sup and then died. Repaired Swaco choke unit (pressure transducer). Pumped soft line 2 times with hit at 16 mins for 40# hit. Pumped carbide and had 2 carbide gas kicks on mudlogger equipment confirming crack or hole. Chain out of hole AGAIN!. Had drilling break from 11,712-11,716'. Los 9 bbls mud then had slight increase in flow. Max formation gas 1045 units at 11,712'. NOTE: No flare when gas came to surface. Check igniter and was working properly. NOTE: 142.75 hours on drill collars since last trip check. 502.75 acc rot hours.

4-22-04 TD 11,741' lime, shale, sand and chert. Pull slickline OOH. Lost single shot tool in drill pipe. Slick line broke after running survey. Made 0'. MW 10.2, Vis 36, PV 6, YP 9, pH 10, WL 6, Cl 138,000. Chain out of hole and trip to check drill collars. Had 5 bad connections, 4 bad boxes and 1 bad pin. Had wash out on cracked box over 1/2 way around circumference of drill collar. One drill collar had bad box and pin. Drill collars were 5-7/8", 5-15/16" OD. TIH with bit and drill collars. Picked up 5 more drill colars. Tih with bit. Drilled 25' and run single shot survey.

Slickline broke when starting out of hole with tool. Break off and set back kelly. Pulled 5 stands and locate slick line. Spliced onto slickline and start pulling line out of drill pipe to recover single shot tool. Pulling slick line out of hole at report time. 507.50 rot hours, 4.75 hours on drill collars since inspection. Did not have to ream tight spot to go to bottom.

4-23-04 Drilling 11,840' lime, shale, and sandstone. Made 99'. MW 10.2, Vis 35, PV 10, YP 6, pH 10, Wl 5cc, Cl 124,000. Survey 11,645' 1.1 deg. Finished TIH. Pick up kelly and resume drilling with no flare. BGG 111 units, Max gas 247 units. Repair Pump #1. Pump #2 - D700 Emsco unable to pump. Shut down and work on both pumps. Get pump #1 back on line, continue to repair pump #2.

4-24-04 Td 11,910' lime and shale. TOH with drill pipe, tallying out for electric logs. Made 70'. MW 10.2, Vis 36, PV 10, YP 6, pH 10, WL 7, Cl 124,000. Drilled to 11,910'. TD hole at 10:30 PM 4-23-04. Circulated and conditioned hole. TOH with drill pipe. SLM while TOH. SPR pump #1: 55 SPM, 470 psi. BOP drills on each tour. 545 rot hours, 42.5 hours on drill collars since last inspection.

4-25-04 TD 11,910'. Lay down drill pipe. Made 0'. MW 10.2, Vis 36, PV 10, YP 6, pH 10, WL 7, Cl 124,000. Survey 11,910' 1 deg. TOH with drill pipe, SLM. Rigged up pressure control equipment. Rigged up Schlumberger. Run E-logs. Logger's TD 11,925'. Logs on bottom at 11:30 AM 4-24-04. TIH with no drag. Rigged down Schlumberger and pressure control equipment. TIH with drill collars. Cut drilling line. TIH with drill collars and drill pipe. Circulated bottoms up. Rigged up lay down machine. Wireline single shoe survey. TOH and laid down drill pipe. 545 rot hours, 42.5 hours on drill collars since last inspection.

4-25-04 (ADDITIONAL REPORT) Tops:

Delaware	2804'
Bone Springs	5444'
1st Bone Springs SS	6608'
2nd Bone Springs SS	7402'
3rd Bone Springs SS	8666'
Wolfcamp	9008'
Strawn	10,310'
Atoka	10,764'
Atoka LS	10,858'
Morrow	11,258'
Middle Morrow	11,351'
Lower Morrow	11,600'
Barnett	11,820'

4-26-04 TD 11,910'. Circulate thru DV Tool. Made 0'. MW 10.2, Vis 36, PV 10, YP 6, pH 10, WL 7, Cl 124,000. Laid down drill pipe, drill collars and BHA. Rigged up and run 276 joints 5.5" 17# N-80 and P-110. Cemented 1st stage with 1200 sacks Super "H" Modified cement. NOTE: Detailed report and detailed casing and cementing report to follow. PD on 1st stage at 4:30 AM 4-26-04. Opened DV tool. Circulated 170 sacks of cement off DV tool. Currently circulating thru DV tool.

4-27-04 TD 11,910'. Rig down rotary tools. Made 0'. MW 10.2, Vis 36, PV 10, YP 6, pH 10, WL 7, Cl 124,000. Circulated thru DV tool with rig pump. Circulated 170 sacks cement off DV tool to pit. Hold JSA safety meeting. Rigged up BJ Coil tech. Test N2 and cement lines to 4000 psi. Cemented 2nd stage with 2600 sacks BJ Lite 65/35/6 + 1% Salt + 6/10% FL-52 + 5# LCM-1.

MYCO INDUSTRIES, INC.
OLYMPIA 24 FED COM #1
T21S-R27E-Sec. 24: 660' FNL & 660' FWL
Eddy County, New Mexico

26. Perforation Record

Perforate Morrow Chert formation from 11,294-326'. 2 SPF @ 11,294', 296', 298', 305', 307', 312', 315', 322', 324' and 326'. Total 20 holes, 0.38" diameter.

Perforate Atoka Sand formation from 11,144-11,150. Total 12 holes, 120 deg. phasing, 39 gm. charge & 42.60" of penetration.

Perforate Lower Strawn formation from 10,470-517'. 1 SPF @ 10,470', 472', 479', 480', 489', 490', 513', & 517'. Total 8 holes, 0.38" diameter, 39 gram charge, 42.60' penetration and 120 degree phasing.

Perforate Upper Strawn Lime formation from 10,324'-351'. 1 SPF @ 10324', 326', 333', 336', 338', 342', 346', 348', 350' & 351'. Total 10 holes, 0.38" diameter, 39 gram charge, 42.60" penetration and 120 degree phasing.

Set top of packer @ 11,087'. Well producing from 11,144-515' (Atoka-Morrow).

27. Acid, Fracture Treatment, Cement Squeeze, Etc.

11,294-326'	Acidize with 3000 gal 20% HCL NEFE acid + N2 + 18-7/8"-1.3 spgr ballsealers.
11,144-150'	Acidize with 1200 gal 7-1/2% HCL NEFE acid + N2 + 10-7/8"-1.3 spgr ballsealers.
10,470-517'	Acidize with 1000 gal 7-1/2% HCL NEFE Acid + N2 + 7-7/8"-1.3 spgr ballsealers.
10,324-351'	Acidize with 1000 gal 7-1/2% HCL NEFE Acid + N2 + 8-7/8"-1.3 spgr ballsealers.

Tailed in with 100 sacks Class "H" Neat. PD at 17:15 hours 4-26-04. Circulated 406 sacks cement to surface. Rigged up Mann Welding. Nippled up screw and hyd winches. Nippled down BOPs. FMC set 5.5" casing slips with 168,000#. Tested head to 5000 psi. Installed tubing head and flange. Jet and clean pits. ***Rig released at 6:00 AM 4-27-04.**

DETAILED CASING REPORT:
Davis Lynch float shoe (5.5") - 1.50'
1 jt 5.5" 17# P-110 8rd LT&C shoe jt - 43.11'
Davis Lynch float collar (5.5") - 1.20'
70 jts 5.5" 17# P-110 8rd LT&C csg - 3016.34'
Davis Lynch DV tool - 2.30'
3 jts 5.5" 17# P-110 8rd LT&C csg - 125.78'
199 jts 5.5" 17# N-80 8rd LT&C csg - 8515.30'
5 jts 5.5" 17# P-110 LT&C csg - 217.10'
Total - 11,922.63'
5.5" casing shoe set at 11,922'
5.5" float collar set at 11,876'
5.5" DV tool set at 8860'
Cemented as follows: Stage 1 - Pumped 500 gals MudClean I. Pumped 1200 sacks Super "H" Mod (15-61-11) + .75% FL-25 and 52, 2% salt + 5% LCM-1 (yld 1.47, wt 13.6), 6.35 PGS water. PD at 4:30 AM 4-26-04. Plug did not bump. Checked floats - held OK. Dropped bomb. Opened DV tool with 1600 psi. Circulated with BJ pump using mud. Circulated 170 sacks cement off DV stage tool to pit. Circulated with rig pump using mud. Stage 2 - Pumped 450 bbls mud + 150 SCF/bbl N2. Pumped 2600 sacks BJ Lite (65-35-6) + 1% salt + .6% FL-52 + 5#/sx LCM-1 (yld 2.02, wt 12.4), 10.64 GPS water. Taile din with 100 sacks Class "H" Neat (yld 1.18, wt 15.6), 5.23 GPS water. Shut down. Washed up and dropped plug. Displaced with 206 bbls fresh water. Bumped plug with 1877 psi. Closed DV tool. Check DV tool - holding OK. Circulated 406 sacks cement to surface.

4-28-04 Waiting on completion unit. Left over casing:
13-3/8" 48# H-40 (1 joint)
1. 43.55' (Patterson took it from location by accident. I asked them 3 times to return it but it was still not on location when we ran long string. Gene Lee also asked them to return it. The pipe has a bad pin).
9-5/8" 36# J-55 (4 jts + landing joint)
1. 43.70'
2. 43.63'
3. 43.63'
4. 43.64'
5. Landing joint for FMC slip assembly (28.97')

5-1/2" 17# N-80 (10 jts) + 5-1/2" cut off
1. 36.94'
2. 38.60'
3. 37.92'
4. 43.41'
5. 38.41'
6. 43.39'
7. 42.71'
8. 43.27'
9. 43.16'
10. 42.90'
Cut off - 19.6' of 5-1/2" 17# P-110

4-29-04 Waiting on completion unit.

4-30-04 Waiting on completion unit.

5-1-04 Cleaned and scraped location. Fill rathole and

mousehole. Fenced off pits and pit area. Set anchors for completion rig. Started moving in reverse equipment. Wait on completion rig. Set pipe racks and unloaded 2-7/8" tubing onto racks. Rec'd 2-7/8" tubing from Master Tubulars.

5-2-04 Moved in and rigged up Smith International reverse equipment. Rigged up pump. Fill pit with fresh water. Set matting board for rig. Completion rig unable to rig down and move due to winds. Prep to move in and rig up on 5-3-04.

5-3-04 Road rig to location. Moved in and rigged up Mesa Well Service completion rig. Nippled down dry hole flange. Nippled up BOP. Tested BOP to 3000 psi, OK. Made up 4-3/4" skirted milltooth bit, bit sub, 4-3/4" bladed stabilizers, 6 - 3-1/2" drill collars, XO and 10 joints 2-7/8" 6.5# N-80 8rd EUE tubing. Rabbit each joint while picking up off racks. Secure well. Shut in overnight.

5-4-04 Finished TIH picking up 2-7/8" tubing off of racks. Tagged at 8855' on 264th joint. Tested 5.5" casing to 1500 psi for 15 mins, OK. Picked up power swivel and break circulation. Drilled cement to 8860'. Drilled out DV tool and fall free. Tagged cement 10' under DV tool and drilled cement down to 8882'. Circulated hole clean. Tested casing and DV tool to 2500 psi for 15 mins, OK. Worked bit and stabilizer thru DV tool 10 times. TOH with 264 joints tubing, drill collars and laid down bit and stabilizer. Made up 4-3/4" blade bit with rounded tips on blades and TIH. Tagged at 8882' with 264 joints. Secured well. Shut down for night.

5-5-04 SICP 0#. Drilled cement from 8882-8931' and fall free. Cement drilled was stringers and no solid cement. Circulated clean. Laid down swivel. TIH picking up 2-7/8" 6.5# N-80 8rd EUE tubing up off of racks. RIH and tagged at 10,823' with 323 joints in hole. Picked up swivel. Break circulation and start drilling cement. Drilled cement from 10,823-10,850' and tagged rubber plug. Drilled rubber plug at 10,850-10,852'. Get thru rubber and start drilling hard cement from 10,852-11,020' with 329 joints in hole. Circulated hole clean. Shut down for night.

5-6-04 SITP and SICP 0#. Resumed drilling cement. Tagged at 11,020' and drilled hard cement down to 11,612' with 339 joints 2-7/8" 6.5# N-80 8rd EUE tubing. Circulated hole clean. Picked up off of bottom 30'. Shut in overnight. Should finish drilling cement in the AM.

5-7-04 Drilled cement from 11,612-11,865'. Circulated clean. TOH and laid down 3-1/2" drill collars. Made up 4-3/4" bit and 5-1/2" casing scraper. TIH to 11,865'. Rigged up BJ Services. Pumped Mr. Clean. Job consisted of 250 gals xylene + 500 gals 15% HCL. Displaced with 2% KCL water and additives. Circulated down tubing and out casing. Circulated xylene and acid to pit.

5-8-04 TOH. Laid down bit and scraper. Rigged up Schlumberger. GIH with CBL/VDL mapping tool. Logged 11,865-8800'. Good bond across areas of interest. Cement across DV tool, OK. TOC at 98' from surface. Run repeat on CBL with no pressure and pulled main pass under 1000# pressure. Rigged down and released Schlumberger. GIH with 2-7/8" SN and 150 joints 2-7/8" tubing. Shut down.

5-9-04 Shut down on Sunday.

5-10-04 TIH with remaining 2-7/8" tubing. Nippled down BOP. Flanged up tree. Rigged down Mesa Well Service.

5-11-04 Shut in waiting on pipeline connection.

5-12-04 Shut in waiting on pipeline connection.

5-13-04 Shut in waiting on pipeline connection.

5-14-04 Shut in waiting on pipeline connection.

5-15-17-04 Shut in for pipeline connection.

5-18-04 Shut in for pipeline connection.

5-19-04 Shut in for pipeline connection.

5-20-04 Shut in for pressure buildup.

5-17-04 Set matting boards. Moved in and rigged up Key Energy Services workover rig. Hold safety meeting and set in Hyd BOP and closing unit. SICP and SITP 0 psi. Nippled down tree and nippled up 5M hyd BOP. Test BOP. POH with 360 joints 2-7/8" N-80 EUE tubing and SN. Rigged up JSI electric line truck. Made p 4" casing gun and TIH. Correlated on depth with GR/CCL log. Correlated on DV tool while TIH. Perforated Morrow as follows:
11,389', 11,390', 11,391', 11,393' and 11,394' with 1 JSPF. Hole shot on 120 deg phasing. Guns loaded with Prospector charges, 39 gr charge, .36" EHD, 44" penetration. Total of 6 holes with gun #1. All shots fired.
11,473', 11,475', 11,487', 11,511', 11,513', 11,515' with 1 JSPF on 120 deg phasing. Perforated with Prospector 39 gr charges, .36" EHD with 44" penetration. Total of 7 holes. All shots fired.
Total of 13 holes overall on 120 deg phasing. No response during or after perforating. Rig down and release JSI electic line truck. Made up and GIH with WLEG, 10' 2-7/8" N-8 sub, 2-7/8" x 5-1/2" Arrowset 1K packer with carbide trim, T2 connector with 1.875" "F" profile nipple and Tih with 342 joints 2-7/8" N-80 EUE tubing. Shut down for night. Shut in overnight.

5-18-04 SITP and SICP 03. Set Arrowset 1X packer at 11,273'. On/off tool at 11,272'. End of wireline entry guide at 11,290'. Set packer with 15K compression. Nippled down BOP and nippled up tree. Rigged up Chaparral Services kill truck and load casing with 2 bbls KCL water. Pressure test packer to 500 psi for 15 min, OK. Rigged up to swab. Installed 13,000' new sand line on rig. Pour new rope socket and swab mandrel. Swabbed flud level down to packer. Set up acid job for tomorrow AM.

5-19-04 SITP 100 psi. Bleed down and rig up Stinger wellhead isolation tool. Moved in and rigged up BJ Services. Acidized Morrow perfs 11,389-11,515' overall with 1500 gals 7.5% Morrow acid + 1000 SCF/bbl N2. Pumped 3 bbls acid ahead, 10,000 SCF N2 pad then pump commingled acid/N2 with 12 RCN ball sealers. Dropped balls in 3 stages of 4. Formation broke at 5500 psi. Increased rate to 5.3 BPM at 5507 psi breaking back to 5305 psi. Avg rate 5.3 BPM, avg pressure 5156 psi, Max 5508 psi. Flushed with 2% KCL water + additives with 1000 SCF/bbl N2. ISDP 4400#, 5 mins 4200#, 10 mins 4114#, 15 mins 4068. 70 bbls load water to recover. Rigged down and released Stinger tree saver. Opened up well and start flowing back. Flowed back until 1430 hours. Rigged up swab. IFL at surface. Swab fluid level down to 10,500' in 6 swab runs with slight show gas. Shut in overnight. Recovered 42 bbls load water. 28 bbls load to recovery.

5-20-04 SITP 1400 psi. Bleed well down to steady 6' flare in 6 hours. Rigged up swab and GIH. Recovered 300' fluid in tubing. Flowed well on 12/64" choke with 100 psi FTP. Made swab run and recovered 300' load water pulling from packer. Rigged down swab. Shut in overnight. Set frac for next Wed AM on 5-26-04. Secured well. Shut in overnight. NOTE: 7:00 AM 5-21-04 SITP 1700#. First swab FL 10,600'

5-22-23-04 72 hour bomb in hole.

5-24-04 Will pull 72 hour bomb at 1:45 and wait on evaluation from Jarrell Services. NOTE: Prep to frac Wednesday AM.

5-25-04 Shut in waiting on frac. Pipeline construction to Duke line will begin Wednesday AM.

5-26-04 Shut in waiting on frac.

5-26-04 UPDATED REPORT: SITP 2400 psi. Moved in and rigged up BJ Services to fracture treat the Morrow formation. RIH with Stinger wellhead isolation tool. Pressured backside to 2100 psi. Pressured test frac lines to 12,813 psi. Frac'd Morrow perforations 11,389-11,394' and 11,473-11,515' with 10,044 gals 40# linear gel, 75 tons CO2, 461 MSCF N2 and 32,000# of 20/40 Interprop. Avg rate 16 BPM, avg pressure 11,500 psi. ISDP 4921 psi, final 15 min SIP 4265 psi. Total fliud to recover 268 bbls. Released BJ Services, Chapparal Services, Floco and Stinger treesaver at 12:00 PM. Rigged up well testers and started flow back of well at 1:45 PM with 3975 psi on gauge. 3:00 PM rate was 15 BPH at 3675 psi on 10/64" choke. Will continue to flow well thru night. At 5-27-04 at 8:30 AM - open choke full - 10 psi tubing. Flare will not burn steady, 30% CO2 in sample.

TIME	CHOKE	TP	BWPH	BOPH	MCFD	
1 PM	SI	4200	0	0	0	
2 PM	SI	3957	0	0	0	
Waiting on frac to end						
3 PM	10	3675	15	0	2032	
Opened well to flow at 2:00 PM						
4 PM	10	3400	15	0	1880	
5 PM	10	3150	15	0	1742	
6 PM	10	2800	10	0	1548	little sand
7 PM	10	2475	10	0	1389	little sand
8 PM	10	2150	7	0	1189	little sand
9 PM	10	2000	8	0	1106	
Changed out choke to 14/64"						
10 PM	14	1600	8	0	1786	little sand
11 PM	14	1350	6	0	1507	little sand
12 AM	14	1000	6	0	1116	little sand
1 AM	16	900	5	0	1323	
Changed out choke to 16/64"						
2 AM	16	700	5	0	1029	little sand
3 AM	24	550	7	0	1870	
changed out choke to 24/64"						
4 AM	24	325	7	0	1105	little sand
5 AM	24	200	7	0	680	little sand
6 AM	24	136	6	0	0	little sand

5-27-04 Moved in and rigged up Jarrel Services to check fill. Tagged fill at 11,812'. RIH with 2.25" NoGo. Had commingled fluid with 6600' to SN at 11,273'. Rigged dwon Jarrel Services and released Well testers. Mesquite Services laid flowline to pit. TP 850 psi. Flowed well 1 hour. Approx fluid left to recover 125 bbls. Prep to swab.

5-28-04 1250 psi tubing this AM. Flowed well on 16/64" choke with 400 psi. Moved in and rigged up swab unit at 12:30 PM. Made 5 swab runs and recovered approx 12-15 bbls fluid. Continuous gas flow between swab runs on 16/64" choke. Total fluid left to recover approx 110 bbls.

5-29-04 TP 1300#. Bled well down. Made 3 swab runs to 11,000' - scattered fluid. Stabilize flow on 32/64" choke to 65 psi, 16/64" choke at 85 psi. Had trace of condensate. Approx 4-6 bbls fluid recovered. Approx 104 bbls left to recover. Shut in overnight.

5-30-31-04 Shut in.

6-1-04 TP 2300# at 7:00 AM. Put on 1/2" choke and flow as follows:

7:30 AM - 900 psi with trace condensate and viable gas
8:00 AM - 250 psi
8:30 AM - 100 psi
9:00 AM - 50 psi
10 AM - 50 psi
11 AM - 60 psi
12 PM - 50 psi
12:30 PM - Made swab run, scattered fluid to SN
1 PM - 90 psi
2 PM - 60 psi
3 PM - 50 psi
4 PM - 60 psi
Shut in overnight.

WATER ANALYSIS: 6-1-04

Sp. Gravity	1.150
PH	6.88
Sodium	11,538
Calcium	1388
Magnesium	104
Soluable Iron	2
Chlorides	19,091
Sulfates	1388
Bicarbonates	614
Tot Hardness	3905
Tot Diss Solids	34,125

*all numbers reported as ppm

6-2-04 TP 2200# at 7:00 AM. Put on 1/2" choke and flow as follows:
7:30 AM - 1200 psi with trace condensate and burnable gas
8:00 AM - 400 psi
8:30 AM - 150 psi
9:00 AM - 100 psi
10:00 AM - 100 psi
11:00 AM - 85 psi
12 PM - 85 psi
12:30 PM - 90 psi
1:00 PM - 90 psi
3:00 PM - 560 psi, flowing on 6/64" choke
6:00 PM - 820 psi, flowing on 6/64" choke calc rate 250 MCF.
Bled well down, est fluid to recover 95 bbls. Shut in overnight.

6-3-04 TP 2400# at 7:00 AM. Put on 1/8" choke and flowed as follows:
7:30 AM - 1600 psi with trace condensate and burnable gas
8:00 AM - 1300 psi
8:30 AM - 900 psi
9:00 AM - 900 psi
9:30 AM - 900 psi
10:00 AM - 950 psi, calc flow rate 340 MCF
10:30 AM - 1000 psi
11:00 AM - 950 psi, change to 10/64" choke
12:00 PM - 700 psi
12:30 PM - 600 psi
1:00 PM - 600 psi, calc flow rate 345 MCF
2:00 PM - 600 psi
3:00 PM - 600 psi
4:00 PM - 600 psi
5:00 PM - 600 psi
6:00 PM - 600 psi
Bled well down, made swab run to seating nipple with scattered fluid. Fluid rec today approx 2-3 bbls. Total fluid to recover approx 92 bbls. Shut in overnight.

6-5-6-04 Shut in.

Myco Industries, Inc. - Olympia "24" Fed Com #1 (Unit D) 24-21S-27E
**********Eddy Co., NM**

6-7-04 Well is shut in waiting on pipeline connection. Will utilize 21 joints of 2-7/8" 6.5#/ft N-80 tubing for tank battery construction.

6-8-04 SITP 3350 psi. Hydrostatic test pipeline to 2084 psi for 4 hours.

6-9-04 Shut in waiting on pipeline connection. Complete tie-in on both ends of pipeline.

6-10-04 Shut in waiting on pipeline connection. Complete tie-in from wellhead to stackpack.

6-11-04 SITP 3450 psi. Will begin selling gas on 6-14-04 AM. Oil tank sandblasted and coated today. Instrumentation completed on meter run.

6-12-04 SITP 3450 psi. Pressure tested production line from wellhead to stackpack to 3400 psi - no leaks.

6-13-04 Shut in waiting on pipeline connection.

6-14-04 Began selling gas at 12:30 PM at rate of 806 MCFD, 1350 psi tubing, 411 psi. LP 8/64" choke

6-15-04 Selling gas at 517 MCFD, 910 psi TP and 492 psi LP on 8/64" choke.

6-16-04 Selling gas at 442 MCFD, 825 psi TP and 451 psi LP with 15 BWPD.

6-17-04 Selling gas at 398 MCFD, 825 psi TP and 543 psi LP with 10 BWPD.

6-18-04 Selling gas at 368 MCFD, 825 psi TP and 412 psi LP with 10 BWPD.

6-19-04 Selling gas at 347 MCFD, 900 psi TP and 476 psi LP with 9 BWPD.

6-20-04 Selling gas at 333 MCFD, 825 psi TP and 438 psi LP with 5 BWPD.

6-21-04 Selling gas at 369 MCFD, 850 psi TP and 436 psi LP with 5 BWPD, 8/64" choke and CP 0#.

6-22-04 Selling gas at 409 MCFD, 800 psi TP and 416 psi LP with 8 BWPD on 8/64" choke. CP 0 psi.

6-23-04 Selling gas at 383 MCFD, 750 psi TP and 482 psi LP with 10 BWPD on 8/64" choke. CP 0#.

6-24-04 Begin completion on Morrow Chert formation

1. Rig up pulling unit, rig mats, TIW valve, BIW stripper head and hydraulic BOPs on location.
2. Bleed down backside
3. Rig up JSI slickline and set check valve in 1.875" profile nipple at 11,272'.
4. Shut wing valve on tree and 2" gate valve on production line.
5. Rigged down JSI. Rigged up Chaparral Services kill truck and load tubing with 40 bbls of 2% KCL water.
6. Get off of on/off tool, nipple down tree and install BOP.
7. Lay 1 joint of 2-7/8" tubing down. Bled well down.
8. Rigged up BJ Coiltech and use N2 to evacuate hole by pumping down tubing and out the backside. 208,000 scf N2 utilized. Avg rate 1500 SCF/min and avg pressure 2300 psi.
9. Latch back on packer. Allow pressure to equalize. Released packer.
10. Rigged up BIW stripper head. Pumped 18 bbls of 2% KCL water down tubing.
11. TOH with 71 joints 2-7/8" tubing.
12. Will TOH with remaining 2-7/8" tubing in AM.
13. Released PU crew at 7:30 PM.

6-27-04 Flowed well all night. Released well tester at 7:00 AM. Shut in well.

TIME	CHOKE	TP	BWPH	MCFD
7:30 PM	10/64	3200	0	0
8 PM	10/64	2500	5	1383
9 PM	16/64	1700	15	2499
10 PM	24/64	800	15	2720
11 PM	24/64	600	10	2040

	12 AM	24/64	400	10	1360
	1 AM	32/64	150	8	939
	2 AM	32/64	50	7	725
	3 AM	w/o	25	5	362
	4 AM	w/o	10	3	145
	5 AM	w/o	2	?	29
	6 AM	w/o	2	0	29 gas will not burn

Total bbls oil in 24 hours 0; total bbls water in 24 hours 73. Avg gas last 24 hours 1019 MCFD.

6-28-04 7:00 AM TP 1450 psi. TIH with swab. CP 0 psi.
1st swab run - tagged fluid at 4000'
2nd swab run - tagged fluid at 5200'
3rd swab run - tagged fluid at 5800'
4th swab run - tagged fluid at 6000'
5th swab run - tagged fluid at 6100'
6th swab run - tagged fluid at 6500'
7th swab run - tagged fluid at 7800'
8th swab run - tagged fluid at 9000'
9th swab run - tagged fluid at 10,000'
10th swab run - tagged fluid at 11,200'
11th swab run - tagged fluid at 10,875'
12th swab run - tagged fluid at 10,875'
13th swab run - tagged fliud at 10,875'
After 10th swab run had 4-6' flare of burnable gas. Released pulling unit crew at 5:00 PM. Shut in overnight.

6-29-04 7:00 AM TP 500 psi and CP 0 psi. TIH with swab.
1st swab run tagged fluid at 8800'
2nd swab run tagged fluid at 10,500'
3rd swab run tagged fluid at 10,500'
4th swab run tagged fluid at 10,800'
5th swab run tagged fluid at 10,750'
6th swab run tagged fluid at 10,750'
7th swab run tagged fluid at 10,900'
8th swab run tagged fluid at 10,750'
9th swab run tagged fluid at 11,000'
4-6' flare of burnable gas all swab runs. Released pulling unit crew at 5:00 PM. Prep to fracture treat well at 2:00 PM 6-30-04.

6-30-04 Did not fracture treat the Morrow Chert formation. Nippled down tree. Nippled up BOP. Rig up Chaparral Services kill truck. Pumped 65 bbls 2% KCL water down tubing. Released packer at 11,238'. TOH with seating nipple, on/off tool, profile nipple, packer, 10' sub, wireline entry guide. Began to TIH with blank retrieving head. Installed TIW valve on tubing. Closed BOP. Released PU crew at 6:30 PM. Shut in overnight.

7-1-04 Opened BOP. Opened TIW, no pressure on tubing. Finished TIH with blank retrieving head. Rig up to reverse circulate 16' of sand off packer. Rig up Chaparral Services kill truck. Pumped 130 bbls 2% KCL water at 3.5 BPM at 800 psi. Pumped 170 bbls 2% KCL water at 3.8 BPM at 1200 psi. TOH with blank retrieving head. Began TIH with retrieving head. Install TIW valve on tubing and shut. Shut BOP. Closed backside valves. Will finish TIH with retrieving head in AM. Released pulling unit crew at 6:15 PM.

7-2-04 Open and remove TIW valve from tubing, no pressure. Opened BOP. Opened backside casing valve, no pressure. TIH with remaining tubing and retrieving head. Land packer with 25 pts compression, space out 1 - 8' sub. Nipple down BOP, nipple up tree. Swab to 4815', 3 swab runs. Rigup JSI slickline truck. Pull blanking plug in 1.875" profile nipple at 11,370'. TOH with JSI slickline. Rig down JSI slickline truck. Open well on

Myco Industries, Inc. - Olympia "24" Fed Com #1 (Unit D) 24-21S-27E
**********Eddy Co., NM**

32/64" choke at 800 psi TP. Flow 2% KCL water from tubing. Turn well to sales line, began selling gas at 1.676 MCFD, 2450 psi TP on 8/64" choke. Released pulling unit crew at 1:30 PM. Released remaining rental equipment at 2:00 PM.

7-3-04 Selling gas at 1150 psi TP, 0 CP on 8/64" choke, 519 psi LP, 652 MCFD, 1 BOPD, 1 BWPD.

7-4-04 Selling gas at 1100 psi TP, 0 CP on 8/64" choke, 508 psi LP, 468 MCFD, 0 BOPD, 1 BWPD.

7-5-04 Selling gas at 850 psi TP, 0 CP on 8/64" choke, 490 psi LP, 428 MCFD, 1 BOPD, 9 BWPD.

7-6-04 Selling gas at 675 psi TP and 0 psi CP on 8/64" choke. LP 458 psi. Made 402 MCFD, 0 BOPD and 10 BWPD.

7-7-04 Selling gas at 650 psi TP, 0 psi CP on 8/64" choke - 387 MCFD, 1 BOPD and 9 BWPD. LP 268 psi.

7-8-04 Selling gas at 635 psi TP, 0 psi CP on 8/64" choke. LP 441 psi. Made 374 MCFD, 1 BOPD and 6 BWPD.

7-10-12-04 No report.

7-13-04 (GAS WELL IP) TD 11,925'; PBTD 11,865'. On a 24 hour Official Potential Test taken 6-14-04 TP 2200# - 0 BOPD, 0 BWPD and 775 MCFGPD through perforations 11,389-11,515' Morrow. Field or Pool: Und. Carlsbad Morrow East. Well is producing. FINAL REPORT

DRILLING REPORT - WORKOVER Page 1:

MYCO INDUSTRIES - Olympia "24" Fed. Com #1 (Unit D) 24-21S-27E
**********Eddy Co., NM******

9-8-04 Moved in and rigged up Key #292 pulling unit. Rigged up JSI slickline truck. Moved in rig mats, TIW valve, BIW stripper head and Hydraulic BOPs. Bleed down backside. Attempt to set check valve in 1.875" profile nipple at 11,370'. Check valve packing rubbers and metal rings pulled out of hole in bad shape. Rigged down JSI slickline. Rigged up Pro Wireline truck. Ran scratchers to clean out profile nipple. RIH with 1.86" gauge ring. Did not go thru profile nipple. RIH with 1.80" gauge ring - did go thru profile nipple. RIH with type "W" 1.81" check valve and set in profile nipple at 11,370'. Rigged down Pro Wireline truck.

9-9-04 Rigged up Chaparral Services. Pumped 34 bbls 2% KCL water down tubing. Tested check valve to 2500 psi. Flowed tubing down, then pumped 52 bbls of 2% KCl water to kill tubing. Nippled down tree. Nippled up BOPs. Get off of on/off tool and pulled 1 joint tubing. Moved in and rigged up BJ Coiltech Services and used N2 to evacuate hole by pumping down tubing and out backside. 190,000 SCF of N2 utilized. Avg rate 1429 SCF/min and avg pressure 2600#. Bleed down tubing and casing. TIH with 1 joint of 2-7/8" tubing and latched back on packer. Released packer and let pressure equalize. Rigged up BIW stripper head. Pumped 10 bbls of 2% KCl water down tubing. TOH with 300 joints of 2-7/8" tubing. Installed TIW valve in tubing and close. Closed BOPs. Leave backside open and flowing to pit with supervision. Rigged down Chaparral Services kill truck. Released pulling unit crew at 1800 hours.

9-10-04 Bleed down tubing, then finished TOH with 2-7/8" tubing. Rigged up Jarrel Services to set 10K Composite bridge plug at 11,250'. Made guage ring run, then set BP. Rigged up Chaparral Services kill truck and pumped 237 bbls 2% KCL water down casing. Tested BP to 2000 psi for 15 mins, held good. Bleed pressure off of csing, then dumped 200# of 100 mesh sand in 24 bbls of 2% KCL water down casing. Released Chaparral Services kill truck and welltester. Closed backside. Closed BOPs and released pulling unit crew at 1630 hours.

9-11-04 Well shut in. Will perf the Atoka Sand on Monday.

9-12-04 Shut well in.

9-13-04 Bleed down casing pressure (750 psi - 5 mins to bleed down). Rigged u JSI electric line truck. RIH with perforating gun and collar locator. Correlated to Schlubmerger Cement Bond log VDL/Map Image dated 5-8-04. Perforated Atoka Sand formation 11,144-11,150'. Shut a total of 12 holes, 120 deg phasing, 39 gm charge and 42.60" of penetration. Tagged top of 100 mesh sand at 11,232'. FL at 1200'. Rigged down JSI Servcies electric line truck. TIH with Wleg, 10' - 2-7/8" N-80 sub, 2-7/8" x 5-1/2" Weatherford Arrowset 1X packer with carbide trim, T2 connector with 2.25" F profile nipple, on/off tool and 334 joints 2-7/8" N-80 EUE tubing. Set packer with 25 pts of compression. Top of profile nipple at 11,020.33'. Top of packer 11,021.93'. Bottom of packer 11,028.83'. Bottom of 10' sub 11,038.83'. Bottom of WLEG 11,039.00'. Nippled down BOPs. Nippled up tree. Swabbed tubing. Made 9 swab runs, last run to 10,700'. Shut in over night. Released pulling unit crew at 1730 hours.

9-14-04 TP 200 psi. CP 0 psi. bleed pressure off of tubing. Made 1 swab run to 10,900', no fluid. Rigged up

MYCO INDUSTRIES - Olympia "24" Fed Com #1 (Unit D) 24-21S-2E
**********Eddy Co., NM**********

	Chaparral Services kill truck and load casing 3 bbls of 2% KCl water needed to load casing, then pressure to 500 psi for 15 mins. Rigged up BJ Services to acidize Atoka sand formation. Pumped 1200 gals 7-1/2% HCL NEFE acid + N2 + 10-7/8" 1.3 SP GR ballsealrs. Max pressure 6044 psi, avg rate 5.6 BPM, avg pressure 5600 psi. ISIP 4820#, 5 mins 4425#, 10 mins 4267#, 15 mins 4188#. Total fluid to recover 69 bbls. Rigged down Stinger treesaver. Rigged down BJ Services. Rigged down Chaparral Services kill truck. Bled CP to 0 psi. Released pulling unit crew at 1830 hours.
9-15-04	Made 5 swab runs. Established flow rate at 20.29 MCFD (10/64" choke @ 22 psi). Made swab run at 12:00 Noon - fluid at 10,500'. Swab run at 1:00 PM - fluid at 10,700'. Swab run at 3:00 PM - fluid at 10,500'. Swab run at 5:00 PM - fluid at 10,500'. Shut in well overnight. Released pulling unit crew at 1700 hours.
9-16-04	CP 0#. TP 600#. Bleed tubing down. Made swab run - top of fluid at 10,400'. Established flow rate on 10/64" choke @ 8 psi = 12 MCFD. Rigged down pulling unit. Rigged down rig mats, TIW valve, hydraulic BOP and BIW stripper head. Released pulling unit at 1400 hours.
9-17-04	CP 0#, SITP 525#.
9-18-04	CP 0#, SITP 1000#.
9-19-04	CP 0#, SITP 1325#.
9-20-04	CP 0 psi, SITP 1575 psi.
9-21-04	CP 0#, SITP 1750 psi.
9-22-04	CP 0 psi, SITP 1900 psi.
9-23-04	CP 0#, SITP 2250#.
9-24-04	CP 0, SITP 2300#.
9-25-04	CP 0, SITP 2350#.
9-26-04	CP 0, SITP 2375#.
9-27-04	CP 0 psi. SITP 2475 psi.
9-28-04	CP 0 psi. SITP 2550 psi.
9-29-04	CP 0 psi. SITP 2675 psi.
9-30-04	CP 0 psi. SITP 2675 psi.
10-1-04	CP 0 psi, SITP 2700 psi.
10-2-04	CP 0 psi, SITP 2750 psi.
10-3-04	CP 0 psi, SITP 2775 psi.
10-4-04	CP 0 psi. SICP 2800 psi.
10-5-04	CP 0. SITP 2850#.
10-6-04	CP 0 psi. SITP 2850 psi.
10-7-04	CP 0 psi. SITP 2875 psi.
10-8-04	CP 0 psi, SITP 2900 psi.
10-9-04	CP 0 psi, SITP 2925 psi.
10-10-04	CP 0 psi, SITP 2950 psi.
10-11-04	CP 0 psi, SITP 2975 psi.
10-12-04	CP 0 psi, SITP 2975 psi.
10-14-04	CP 0 psi. SITP 3000 psi.
10-15-04	CP 0 psi, SITP 3000 psi.
10-16-04	CP 0 psi, SITP 3000 psi.
10-17-04	CP 0 psi, SITP 3000 psi.
10-19-04	CP 0 psi. SITP 3010 psi.
10-20-04	CP 0 psi, SITP 3010 psi.
10-21-04	CP 0 psi, SITP 3010 psi.
10-22-04	CP 0 psi, SITP 3010 psi.
10-23-04	CP 0 psi, SITP 3010 psi.
10-24-04	CP 0 psi, SITP 3010 psi.
10-25-04	CP 0 psi, SITP 3000 psi.
10-26-04	CP 0 psi, SITP 3010 psi.
10-27-04	CP 0 psi, SITP 3010 psi.
10-28-04	CP 0 psi. SITP 3010 psi. Will begin Strawn completion 11-1-04.
10-29-04	No report.
10-30-04	No report.
10-31/11-1-04	No report.

MYCO INDUSTRIES - Olympia "24" Fed Com #1 (Unit D) 24-21S-2E
**********Eddy Co., NM**********

11-1-04 CP 0 psi, SITP 3010 psi.

11-2-04 CP 0 psi, SITP 3010 psi. Waiting on pulling unit to begin Strawn completion.

11-3-04 No report.

11-5-04 No report.

11-6-04 CP 0#, SITP 3010#.

11-7-04 CP 0#, SITP 3010#.

11-8-04 CP 0 psi, SITP 3010#.

11-9-04 CP 0#, SITP 3010#.

11-10-04 Well shut in.

11-11-04 Well shut in.

11-12-04 Moved in and rigged up Mesa Pulling unit and rental equipment to begin workover.

11-13-04 Heavy rain. Did not work pulling unit.

11-14-04 Heavy rain. Did not work pulling unit.

11-15-04 CP 0 psi. SITP 3010 psi. Bled down tubing and backside. Rigged up Knight reverse unit and pump 65 bbls of 2% KCl water down tubing. Nippled down tree and nippled up BOPs. Released packer and set pressure equalize 20 mins. TOH with 336 joints of 2-7/8" 6.5# N-80 EUE tubing, 2.25" type F profile nipple, T2 connector, 2-7/8" x 5-1/2" Weatherford Arrowset packer with carbide trim, 1 - 10' 2-7/8" N-80 sub and WLEG. Rigged up JSI services wireline truck. Made a guage ring run, then set at 10K composite BP at 10,820'. Correlated to Schlumberger CBL/VDL Map Image dated 5-8-04. Rigged down JSI Services electric line truck. Closed BOPS. Released pulling unit at 1700 hours.

11-16-04 CP 150 psi. Bled casing to 0 psi in 4 mins. Rigged up Knight reverse unit and pumped 20 blbs 2% KCL water down casing. Pressure test composite BP to 2000 psi for 15 mins. Dumped 200# of 100 mesh sand down casing and let settle overnight. Rigged down Knight reverse unit. Released pulling unit crew at 1100 hours.

11-17-04 CP 0 psi. Bled down casing. Rigged up Jarrel Services 5K lubricator and pack off seal. Rigged up Jarrel Services wireline truck to perforate Lower Strawn formation. TIH with 4" expendable casing gun and collar locator. Correlated to Schlubmerger CBL log VDL/Map Image dated 5-8-04. Made 2 perforating runs and shoot 1 SPF at 10,470', 10,472', 10,479', 10,480', 10,489', 10,490', 10,513', and 10,517' with a total of 8 holes, 0.38" EHD, 39 gram charge, 42.60" penetration and 120 deg phasing. Tagged top of 100 mesh sand at 10,817'. Rgged down Jarrel Services wireline truck and Jarrel Services 5K lubricator. Tih with WLEG, 1 - 10' N-80 sub, 2-7/8" x 5-1/2" Weatherford 1X Arrowset packer, 2.25" Type F frac hardened profile nipple, T2 connector, and 315 joints 2-7/8" N-80 EUE tubing. Set packer in 20 pts of compression. Top of packer at 10,404.38'. Bottom of packer at 10,411.58'. Nippled down 5000 psi WP hydraulic double ram BOP. Nippled up FMC 5K tree. Rigged up Knight reverse unit and pumped 2 bbls of 2% KCL water. Pressure tested backside to 1500 psi for 15 mins. Rigged down Knight reverse unit. Released pulling unit at 1630 hours.

11-18-04 CP 800 psi, TP 900 psi. Bled down casing and tubing. Made 13 swab runs to swab tubing fluid level to 10,200'. Swab runs had fluid and gas mixed. Gas did not burn. Pressure test backside to 100 psi, held good. Bleed down backside. Secured well head. Released pulling unit crew at 1600 hours.

11-19-04 CP 50 psi, TP 35 psi. Bled casign to 0 psi. Rigged up Knight reverse unit. Rigged up Stinger wellhead protection tool. Rigged up BJ Services. Pressured BJ Services treating lines to 9000 psi. Acidized Lower Strawn lime formation with 1000 gals of 7-1/2% HCL NEFE

acid + N2 + 7-7/8" 1.3 SP GR ball sealers. Max STP 7209 psi. Max rate 5.3 BPM. Min STP 6458 psi. Min rate 3.0 BPM. Avg STP 6535 psi, avg rate 4.5 BPM. Total fluid to recover 65 bbls. Bled backside pressure to 0 psi. Rigged down Knight reverse unit. Rigged down Stinger wellhead protection tool. Rigged down BJ Services. Begin flowback at 1330 hours. Approx 35 bbls of fluid recovered this PM. FLTR is 30 bbls. Shut in tubing and casing. Released pulling unit crew at 1700 hours.

11-20-04 CP 40 psi. TP 900 psi. Bleed casing to 0 ps. Bled TP to 0 psi in 30 mins on 23/64" choke, then begin swabbing. First swab run tagged FL at 6000'. Made 5 more swab runs to swab FL in tubing to 10,200'. Burnable gas during swab runs. Approx 30 bbls of fluid recovered today. FLTR 0 bbls. Secured well. Shut in well until Monday 11-22-04. Relesed pulling unit crew at 1500 hours.

11-21-04 Well shut in.

11-22-04 CP 10 psi. TP 1000 psi. Bled down tubing and casing pressure to 0 psi. Rigged up Knight reverse unit and pumped 60 bbls of 2% KCL water down tubing. Rigged down Knight reverse unit. Nippled down FMC 5K tree. Nippled up 5000 psi WP Hydraulic Double Ram BOP. Released packer. Let pressure equalize for 30 mins. TOH with 315 joints 2-7/8" N-80 EUE tubing, T2 connector, 2.25" Type F frac hardened profile nipple, 2-7/8" x 5-1/2" Weatherford Arrowset 1X packer with carbide trim, 1 - 10' 2-7/8" N-80 sub and WLEG. TIH with 40 joints of 2-7/8" N80 EUE tubing as kill string. Installed TIW valve 5000 psi. WP in tubing and shut. Shut pipe rams on 5000 psi WP hydraulic Double Ram BOP. Released pulling unit crew at 1400 hours.

11-23-04 No report.

11-23-04 Bled down tubing and casing pressure to 0#. Removed TIW valve 5000#. WP from tubing. Opened pipe rams on 5000#. WP Hydraulic Double Ram BOP. TOOH with 40 joints of 2-7/8" N-80 EUE tubing kill string. Rigged up Jarrel Services 5K lubricator and hydraulic pack off seal. Rigged up Jarrel Services wireline truck to perf the Upper Strawn Lime formation. TIH with 4" expendable casing gun and collar locator. Correlated to Schlumberger Cement Bond Log VDL/Image dated 5/8/04. Made 1 perfing run and shot 1 spf at 10,324'; 10,326'; 10,333'; 10,336'; 10,338'; 10,342'; 10,346'; 10,348'; 10,350'; 10,351'. A total of 10 holes, 0.38" EHD, 39 gram chg, 42.60" penetration and 120* phasing. Rigged down Jarrel Services WL truck and Jarrel Services 5K lubricator. TIH with 2-7/8" x 5-1/2" RBP, 10' 2-7/8" N-80 EUE sub, 2-7/8" x 5-1/2" Weatherford Arrowset 1 x packer with carbide trim, SN and 310 joints of 2-7/8" N-80 EUE tubing. Set RBP at 10,402'. Pulled up and set packer at 10,369'. Rigged up Knight reverse unit and tested RBP to 2000# for 15 mins using 1 bbl of 2% KCL water. Released packer and pulled packer to 10,237'. Set packer in 20 pts of compression. Nippled down 5000#. WP hydraulic Double Ram BOP. Nippled up FMC 5K tree. Rigged up Knight reverse unit and pumped 5 bbls of 2% KCL water down the backside. Pressured backside to 150# for 15 mins. Bled backside pressure to 0#. Rigged down Knight reverse unit. Shut in tubing and casing. Released pulling unit crew at 1600 hours.

11-24-04 CP 0#, TP 10#. Bled tubing and casing to 0#. Made 9 swab runs to swab tubing from surface to the SN at 10,236'. Shut down for 1 hour then made a swab r un to 10,236'. No fluid in tubing. Shut in tubing and

	casing. Released pulling unit crew at 1400 hours.
11-25-28-04	Well shut in.
11-29-04	CP 0 psi, TP 150 psi. Bled down casing to 0 psi. Rigged up Knight reverse unit. Rigged up Stinger wellhead protection tool. Rigged up BJ Servcies. Pressure BJ Services treating lines to 9000 psi. Acidized the Upper Strawn lime formation with 1000 gals of 7-1/2% HCL NEFE acid + N2 + 8-7/8" 1.3 SP GR balls sealers. Max STP 7227 psi. Max injection rate 6.0 BPM, min STP 1400 psi. Min injection rate 3.0 BPM. Avg STP 4284 psi. Avg injection rate 4.0 BPM. Total fluid to recover 85 bbls. Bleed backside pressure to 0 psi. Rigged down Knight reverse unit. Rigged down Stinger wellhead protection tool. Rigged down BJ Services. Stinger wellhead production tool failed at beginning of flush. Installed new cups and finished flush. #2 valve on FMC 5K tree had leak. Repaired O-ring and began cleanup operations. Began flowback at 1200 hours. Approx 30 bbls of fluid recovered this PM. FLTR is 55 bbls. Shut in tubing and casing. Released pulling unit crew at 1700 hours.
11-30-04	CP 100 psi. TP 550 psi. Bled tubing and casing to 0 psi. Made 10 swab runs to swab tubing from surface to SN at 10,236'. Shut down 1 hour, then made swab run. Recovered 300' of fluid. Recovered approx 55 bbls of fluid today. TFLTR 0 bbls. Shut in tubing and casing. Released pulling unit crew at 1700 hours.
12-1-04	CP 10 psi, TP 250 psi. Bled tubing and casing to 0 psi. Made 2 swab runs. Fluid entyr rate is approx 300'/hr (1.76 bbls). Established flow rate of approx 12 MCFD in Upper Strawn lime formation. Perforated interval is 10,324-10,351'. Flow rate is measured at 20 psi. FtP and 8/64" choke. Shut in tubing and casing. Released pulling unit crew at 1700 hours.
12-2-04	CP 0#, TP 100#. Bled tubing and casing to 0#. Made 2 swab runs. Fluid entry is approx 200' per hour (1.17 bbls). Est flow rate of approx 12 MCFD in the upper Strawn Lime formation. Perf'd interval is 10,324-10,351'. Flow rate measured at 20#. FTP and 8/64" choke. Shut in tubing and casing. Released pulling unit crew at 1700 hours.
12-3-04	CP 20 psi. TP 100 psi. Bleed tubing and casing to 0 psi. Rigged up Knight reverse unit and pumped 60 bbls of 2% KCL water down tubing. Nippled down FMC 5K tree. Nippled up 5000 psi WP hydraulic Double Ram BOP. Released packer. Let pressure equalize 30 misn. TIH an dlatched up to RBP at 01,402.58'. Released RBP and TOH with 310 joints of 2-7/8" 6.5# N-80 EUE tubing, SN, 2-7/8" x 5-1/2" Weatherford Arrow Set 1X packer with carbide trim, 1 - 10' 2-7/8" 6.5# N-80 EUE sub, 2-3/8" x 5-1/2" RBP-1 with index valve. Tih with 20 stands of 2-7/8" 6.5# N-80 EUE tubing kill string. Installed 5000 psi WP TIW valve in tubing and close. Closed pipe rams on 5000 psi WP hydraulic Double Ram BOP. Closed backside valves. Rigged down Knight reverse unit. Released pulling unit crew at 1400 hours.
12-4-5-04	Well shut in.
12-6-04	CP 10 psi, TP 80 psi. Bleed tubing and casing to 0 psi. Removed 5000 psi WP TIW valve from tubing. Opened pipe rams on 5000 psi WP Hydraulic double ram BOP. TOH with 20 stands 2-7/8" 6.5# N-80 EUE tubing. Rigged up Knight reverse unit. TIH with the following: 4-3/4" skirted milltooth bit (0.26') bit sub (2.00') 6 - 3-1/2" drill collars (189.00') EUE XO (1.72') 323 joints 2-7/8" 6.5# EUE N-80 tubing

Kelly valve
Power swivel
Tagged 100 mesh sand at 10,814'. Circulated sand, then tagged Weatherford 10K composite bridge plug at 10,820'. Drilled composite BP, then circulated hole clean with 200 bbls of 2% KCL water. TIH with an additional 13 joints of 2-7/8" 6.5# EUE N-80 tubing. Tagged sand on top of 2nd 10K composite BP at 11,244'. Circulated sand, then tagged 2nd Weatherford 10K composite BP at 11,250'. Drilled composite BP, then circulated hole clean with 180 bbls of 2% KCL water. TOOH with 20 stands of 2-7/8" 6.5# EUE N-80 tubing for kill string. Bottom of 4-3/4" bit at 9946'. Rigged down Knight power swivel. Rigged down Knight reverse unit. Rigged down Knight kelly valve. Installed and shut 5000 psi WP TIW valve in tubing. Closed pipe rams on 5000 psi WP Hydraulic double ram BOP. Closed backside valves. Released pulling unit crew at 1630 hours.

12-7-04 CP 0 psi, TP 20 psi. Bled tubing and casing to 0 psi. Removed TIW valve from tubing. Opened pipe rams on 5000 psi WP hydraulic double ram BOP. TOH with a total of 336 joints of 2-7/8" 6.5# EUE N-80 tubing, EUE XO, 6 - 3-1/2" drill collars, bit sub, 4-3/4" skirted milltooth bit. Laid down EUE XO, drill collars, bit sub and bit. TIH with blank retriveing head and 348 joints 2-7/8" 6.5# EUE N-80 tubing. Did not tag top of 20/40 sand or packer at 11,372'. Get 16 joints of 2-7/8" 6.5# N-80 tubing. TOH with tubing to 9765' above all perforations. Installed and shut 5000 psi WP TIW valve in tubing. Closed pipe rams on 5000 psi WP hydraulic double ram BOP. Closed backside valves. Released pulling unit crew at 1730 hours.

12-8-04 CP 20 psi, TP 100 psi. Bled tubing and casing to 0 psi. Removed 5000 psi WP TIW valve from tubing. Opened pipe rams on 500 psi WP hydraulic double ram BOP. TIH and tagged sand at 11,800'. Rigged up Knight reverse unit and swivel. Circulated sand off of packer. Tagged top of packer at 11,809'. Have a total of 359 joints of 2-7/8" 6.5# EUE N-80 tubing in hole. Circulated hole clean with total of 300 bbls 2% KCl water. TOH with 2-7/8" 6.5# EUE N-80 tubing and blank retrieving head. TIH with 308 joints 2-7/8" 6.5# EUE N-80 tubing and packer retrieving head (no seals). End of tubing at 10,160'. Installed 5000 psi WP TIW valve in tubing and close. Closed pipe rams on 500 psi WP hydraulic double ram BOP. Closed backside valves. Released pulling unit crew at 1700 hours.

12-9-04 CP 20 psi, TP 100 psi. Bled tubing and casing to 0 psi. Removed 5000 psi WP TIW valve from tubing. Opened pipe rams on 5000 psi WP hydraulic double ram BOP. Finished TIH with 2-7/8" 6.5# EUE N-80 tubing and tagged top of packer at 11,809'. Rigged up Knight reverse unit and swivel. Circulated hole clean with 180 bbls of 2% KCL water. Latched up on packer and TOH with 359 joints 2-7/8" 6.5# N-80 tubing and packer retrieving head. Packer did not come out of hole. Rigged down Knight swivel and reverse unit. TIH with WLEG, 1- 10' 2-7/8" 6.5# N-80 tubing, 2-7/8" x 5-1/2" Weatherford Arrowset 1K packer with carbide trim, 1.875" Type "F" Profile nipple, T2 connector and 336 joints of 2-7/8" 6.5# EUE N-80 tubing. Top of packer is at 11,087'. Bottom of packer is at 11,094.55'. Set packer. Installed 5000 psi WP TIW valve in tubing and close. Close pipe rams on 5000 psi WP hydraulic double ram BOP. Closed backside valves. Released pulling unit crew at 1800 hours.

MYCO INDUSTRIES - Olympia "24" Fed Com #1 (Unit D) 24-21S-2E
**********Eddy Co., NM**********

12-10-04	CP 0#, TP 100#. Bleed off pressure to 0. Nippled down BOP and nippled up tree. Pressure tested casing and packer to 1000 psi, OK. Bleed off pressure. Pour new rope socket and replaced swab mandrel. Made up and rigged up swab. Started swabbing tubing. IFL at surface. Made total of 12 swab runs. Recovered 70 bbls KCL water. FFL 3200' from surface. FL holding at 3200' for last 4 swab runs. No show of gas. Shut in overnight at 1700 hours. NOTE: Installed new swab line.
12-11-04	14 hour SITP 900 psi, CP 0 psi. Bleed off pressure to 0 in 3 mins. Rigged up swab and started swabbing back load water. IFL at 3200' from surface. Made total of 18 swab runs with fluid level holding at 3200' from surface. FL started to rise on swab #17 and well kicked off flowing on swab run #18. Rigged down swab. Swabbed back total of 88 bbls when well kicked off flowing. Unloaded 34 bbls laod water flowing on 32/64" choke with 300 psi FTP. Flow well for 4 hours and fluid dried up. FTP decreased to 30 psi on 48/64" choke making dry gas with no fluid. Flow rate 350 MCFD. Shut well in until Monday 12-13-04.
12-12-04	12 hour SITP 1840 psi, CP 0 psi.
12-13-04	36 hour SITP 2700 psi, CP 500 psi. Bled casing to 0 in 1 min. Opened up tubing and flowed well. Allow to unload fluid. FTP went to 60 psi on 48/64" choke in 1.5 hour. Flowed for 8 hours on 48/64" choke and unloaded 22 bbls load water. Flowing dry gas with no liquids for last 4 hours with 30 psi on 48/64" choke making 350 MCFD rate to atmosphere. Shut wellin. Rigged down and released Mesa Well Services workover unit. Released all rental equipment. Will put to sales line tomorrow AM.
12-15-04	Well producing from 11,144-11,515' (Atoka Morrow). Current rate of 310 MCFD, 0 bbls water and 0 bbls oil. Packer set at 11,095'. PBTD 11,865'. Turned well over to pumpers. FINAL REPORT

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.

B. Approve the attached communitization agreement covering the W1/2 section 24, T. 21 S., R. 27 E., NMPM, Eddy County, New Mexico, as to natural gas and associated liquid hydrocarbons producible from the Wolfcamp, Cisco, Canyon, Strawn, Atoka, and Morrow formations. This approval will become invalid if the public interest requirements under section 3105.2-3(e) are not met.

C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved: September 28, 2004

Authorized Officer

Effective: June 1, 2004

Contract No.: Com. Agr. NMNM111797

Myco Industries Inc
PO Box 840
Artesia NM 88211-0840

COMMUNITIZATION AGREEMENT

Contract No. NMNM 111797

THIS AGREEMENT entered into as of the 1st day of September, 2004, but effective June 1, 2004, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto";

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 21 South, Range 27 East, N.M.P.M
Section 24: W/2
Eddy County, New Mexico

containing 320.00 acres, more or less, and this agreement shall include only the Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow formations underlying said lands and the natural gas and associated liquid hydrocarbon substances, hereinafter referred to as "communitized substances", producible from such formations. This agreement shall apply separately to the Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow formations in the same manner as though a separate agreement for each formation had been entered into.

2. Attached hereto and made a part of this agreement for all purposes is Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his duly authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.

5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the Communitization Agreement area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding or step-scale rate of royalty, such rate shall be determined separately as to production from each communitized agreement to which such lease may be committed, and separately as to any non communitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any non-communitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. The date of this agreement is September 1, 2004, but effective June 1, 2004, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or his duly authorized representative, and shall remain in force and effect as to the Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow formation, individually, for a period of two (2) years and for as long as communitized substances are, or can be, produced in paying quantities from communitized formations or formation; provided that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interest of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

fee and state minerals

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.

14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

16. This Communitization Agreement shall also serve as written Designation of Pooled Unit under and pursuant to the provisions of the oil and gas leases included within the communitized area and covering oil, gas and other minerals owned by private individuals.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

OPERATOR

MYCO INDUSTRIES, INC.

DATE OF EXECUTION: 9.20.2004

By Frank Yates Jr.
Its Attorney-in-Fact

WORKING INTEREST OWNERS

YATES DRILLING COMPANY

DATE OF EXECUTION: 9.20.2004

By John Rud
Its Vice-President

ABO PETROLEUM CORPORATION

DATE OF EXECUTION: 9.20.2004

By John A. Yates Jr.
Its Attorney-in-Fact

PROSPECTOR, LLC

DATE OF EXECUTION: _____

By _____
Its _____

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.

14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

16. This Communitization Agreement shall also serve as written Designation of Pooled Unit under and pursuant to the provisions of the oil and gas leases included within the communitized area and covering oil, gas and other minerals owned by private individuals.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

OPERATOR

MYCO INDUSTRIES, INC.

DATE OF EXECUTION:_____

By_____
Its_____

WORKING INTEREST OWNERS

YATES DRILLING COMPANY

DATE OF EXECUTION:_____

By_____
Its_____

ABO PETROLEUM CORPORATION

DATE OF EXECUTION:_____

By_____
Its_____

PROSPECTOR, LLC

DATE OF EXECUTION: 9/20/04

By_____
Its Managing Member

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

PARROTHEAD PROPERTIES, LLC

DATE OF EXECUTION: 9/21/04

By _____
Its Managing Member

UPSIDE, LLC

DATE OF EXECUTION: 9/22/04

By _____
Its Managing Member

BRIAN C. AND KATHERINE A. REID

DATE OF EXECUTION: _____

_____

_____

W. BRETT SMITH & ALLISON WARE SMITH

DATE OF EXECUTION: _____

_____

_____

TED COLLINS, JR.

DATE OF EXECUTION: _____

_____

CAMP COLORADO INVESTMENTS, L.P.

DATE OF EXECUTION: _____

By _____
Its _____

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

PARROTHEAD PROPERTIES, LLC

DATE OF EXECUTION:_____

By_____
Its_____

UPSIDE, LLC

DATE OF EXECUTION:_____

By_____
Its_____

BRIAN C. AND KATHERINE A. REID

DATE OF EXECUTION: Sept 20/2004

Brian C Reid

Katherine A. Reid

W. BRETT SMITH & ALLISON WARE SMITH

DATE OF EXECUTION:_____

_____

_____

TED COLLINS, JR.

DATE OF EXECUTION:_____

_____

CAMP COLORADO INVESTMENTS, L.P.

DATE OF EXECUTION:_____

By_____
Its_____

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

PARROTHEAD PROPERTIES, LLC

DATE OF EXECUTION:_____

By_____
Its_____

UPSIDE, LLC

DATE OF EXECUTION:_____

By_____
Its_____

BRIAN C. AND KATHERINE A. REID

DATE OF EXECUTION:_____

_____

_____

W. BRETT SMITH & ALLISON WARE SMITH

DATE OF EXECUTION: 9/20/04

_____

_____

TED COLLINS, JR.

DATE OF EXECUTION:_____

_____

CAMP COLORADO INVESTMENTS, L.P.

DATE OF EXECUTION:_____

By_____
Its_____

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

PARROTHEAD PROPERTIES, LLC

DATE OF EXECUTION:_____

By_____
Its_____

UPSIDE, LLC

DATE OF EXECUTION:_____

By_____
Its_____

BRIAN C. AND KATHERINE A. REID

DATE OF EXECUTION:_____

_____

_____

W. BRETT SMITH & ALLISON WARE SMITH

DATE OF EXECUTION:_____

_____

_____

TED COLLINS, JR.

DATE OF EXECUTION: 9-21-04

Ted Collins Jr

CAMP COLORADO INVESTMENTS, L.P.

DATE OF EXECUTION:_____

By_____
Its_____

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

PARROTHEAD PROPERTIES, LLC

DATE OF EXECUTION:_____

By_____
Its_____

UPSIDE, LLC

DATE OF EXECUTION:_____

By_____
Its_____

BRIAN C. AND KATHERINE A. REID

DATE OF EXECUTION:_____

_____

_____

W. BRETT SMITH & ALLISON WARE SMITH

DATE OF EXECUTION:_____

_____

_____

TED COLLINS, JR.

DATE OF EXECUTION:_____

_____

CAMP COLORADO INVESTMENTS, L.P.

DATE OF EXECUTION: 9-20-2004

By_____
Its Managing partner

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

STATE OF NEW MEXICO)
: ss
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 20th day of September 2004 by Frank Yates, Jr., Attorney-in-Fact for Myco Industries, Inc., a New Mexico corporation, on behalf of said corporation.

OFFICIAL SEAL
Hannah Palomin
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 6-14-07

Hannah Palomin
Notary Public

STATE OF NEW MEXICO)
: ss
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 20th day of September, 2004 by Tobin Rhodes, Vice President for Yates Drilling Company, a New Mexico corporation, on behalf of said corporation.

OFFICIAL SEAL
Hannah Palomin
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 6-14-07

Hannah Palomin
Notary Public

STATE OF NEW MEXICO)
: ss
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 20th day of September, 2004 by John A. Yates, Jr., Attorney-in-Fact for Abo Petroleum Corporation, a New Mexico corporation, on behalf of said corporation.

OFFICIAL SEAL
Hannah Palomin
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 6-14-07

Hannah Palomin
Notary Public

STATE OF NEW MEXICO)
: ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by _____, _____ for Prospector, LLC, a New Mexico limited liability company.

_____
Notary Public

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

STATE OF NEW MEXICO)
: ss
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by Frank Yates, Jr., Attorney-in-Fact for Myco Industries, Inc., a New Mexico corporation, on behalf of said corporation.

_____
Notary Public

STATE OF NEW MEXICO)
: ss
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by _____, _____ for Yates Drilling Company, a New Mexico corporation, on behalf of said corporation.

_____
Notary Public

STATE OF NEW MEXICO)
: ss
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by John A. Yates, Jr., Attorney-in-Fact for Abo Petroleum Corporation, a New Mexico corporation, on behalf of said corporation.

_____
Notary Public

STATE OF NEW MEXICO)
: ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 20th day of September, 2004 by Clay Featherstone II, Managing Member for Prospector, LLC, a New Mexico limited liability company.

My Commission Expires: 5-31-2006

_____
Notary Public

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

STATE OF NEW MEXICO)
: ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 21st day of September, 2004 by [illegible], Managing Member for Parrot Head Properties, LLC, a New Mexico limited liability company.

My Commission Expires: 5-31-2006

Notary Public

STATE OF NEW MEXICO)
: ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 20th day of September, 2004 by [illegible] III, Managing Member for Upside, LLC, a New Mexico limited liability company.

My Commission Expires: 5-31-2006

Notary Public

STATE OF TEXAS)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by Brian C. and Katherine A. Reid, husband and wife.

Notary Public

STATE OF TEXAS)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by W. Brett Smith and Allison Ware Smith, husband and wife.

Notary Public

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

STATE OF NEW MEXICO)
: ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by _____, _____ for Parrot Head Properties, LLC, a New Mexico limited liability company.

_____
Notary Public

STATE OF NEW MEXICO)
: ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by _____, _____ for Upside, LLC, a New Mexico limited liability company.

_____
Notary Public

STATE OF TEXAS)
: ss
COUNTY OF Midland)

The foregoing instrument was acknowledged before me this 20th day of September, 2004 by Brian C. and Katherine A. Reid, husband and wife.

Ruby R. Strahan
Notary Public

RUBY R. STRAHAN
Notary Public, State of Texas
My Commission Expires
March 18, 2006

STATE OF TEXAS)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by W. Brett Smith and Allison Ware Smith, husband and wife.

_____
Notary Public

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

STATE OF NEW MEXICO)
: ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by _____, _____ for Parrot Head Properties, LLC, a New Mexico limited liability company.

_____
Notary Public

STATE OF NEW MEXICO)
: ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by _____, _____ for Upside, LLC, a New Mexico limited liability company.

_____
Notary Public

STATE OF TEXAS)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by Brian C. and Katherine A. Reid, husband and wife.

_____
Notary Public

STATE OF TEXAS)
: ss
COUNTY OF Midland)

The foregoing instrument was acknowledged before me this 30th day of September, 2004 by W. Brett Smith and Allison Ware Smith, husband and wife.

CATHY L. PEARCE
Notary Public, State of Texas
My Commission Expires
July 06, 2005

_____
Notary Public

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

STATE OF TEXAS)
: ss
COUNTY OF Midland)

The foregoing instrument was acknowledged before me this 21st day of September, 2004 by Ted Collins, Jr., a single man.

JUDITH A. LITTLE
NOTARY PUBLIC
STATE OF TEXAS
My Commission Expires 07-16-2005

Judith A. Little
Notary Public

STATE OF TEXAS)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by _____, _____ for Camp Colorado Investments, L.P.

_____
Notary Public

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

STATE OF TEXAS)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004 by Ted Collins, Jr., a single man.

_____
Notary Public

STATE OF TEXAS)
: ss
COUNTY OF Midland)

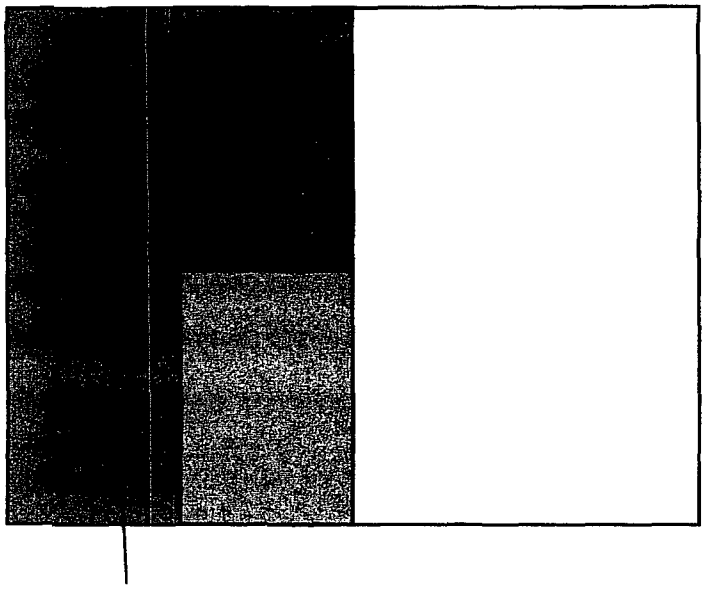
The foregoing instrument was acknowledged before me this 20th day of September, 2004 by Herbert E. Ware, III, managing partner for Camp Colorado Investments, L.P.

JO ANN AARON
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 12-28-2005

_____
Notary Public

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

EXHIBIT "A"



Olympia 24 Fed Com #1
660' FNL & 660' FWL

TRACT 1
NM-14768-A
240.00 acres, more or less

TRACT 2a-2k
Fee
80.00 acres, more or less

PLAT OF COMMUNITIZED AREA

Township 21 South, Range 27 East, NMPM
Section 24: W/2
Eddy County, New Mexico

EXHIBIT "B" TO COMMUNITIZATION AGREEMENT

Dated:	September 1, 2004, but effective June 1, 2004
Embracing:	Township 21 South, Range 27 East, N.M.P.M. Section 24: W/2 Eddy County, New Mexico
Operator of Communitized Area:	Myco Industries, Inc. P.O. Box 840 Artesia, New Mexico 88211-0840

DESCRIPTION OF LEASES COMMITTED

TRACT 1

MCO

Serial No. of Lease:	NM-14768-A
Date of Lease:	February 1, 1972
Lease Term:	2 years
Lessor:	United States of America
Original Lessee Present Lessee	Margaret Mary Cerf Delta Petro Corp. 75% BWAB LTD CO 25%
Description of Land Committed:	Section 24: NW/4, W/2SW/4
Number of Net Acres:	240.00 acres, more or less
Royalty Rate: See last page for WIO	1/8

**** The following Fee leases in Tracts 2a-2j are on leases which contain a provision authorizing pooling in accordance with the acreage requirement of this agreement.***

*TRACT 2a

Serial No. of Lease:	Fee
Date of Lease:	June 1, 1998
Lease Term:	3 years
Lessor:	Pamela A. Carroll, dealing in her sole and separate property
Original Lessee:	Olen F. Featherstone, II 100.00%
Description of Land Committed:	Section 24: E/2SW/4
Number of Net Acres:	19.1475 acres, more or less
Royalty Rate:	1/5

See last page for WIO Fee tracts

*TRACT 2b

Serial No. of Lease:	Fee
Date of Lease:	June 1, 1998
Lease Term:	3 years + 1 year extension
Lessor:	Linda Ison Lindgren and husband, Edward R. Lindgren
Original Lessee:	Olen F. Featherstone, II 100.00%
Description of Land Committed:	Section 24: E/2SW/4
Number of Net Acres:	19.1475 acres, more or less
Royalty Rate:	1/5

*TRACT 2c

Serial No. of Lease:	Fee
Date of Lease:	August 14, 2000
Lease Term:	3 years + 3 year extension
Lessor:	Deborah Lynn Russell Neujahr, dealing in her sole & separate property
Original Lessee:	Olen F. Featherstone, II 100.00%
Description of Land Committed:	Section 24: E/2SW/4
Number of Net Acres:	5.74425 acres, more or less
Royalty Rate:	1/4

*TRACT 2d

Serial No. of Lease:	Fee
Date of Lease:	July 24, 2000
Lease Term:	2 years + 2 year extension
Lessor:	Ray L. McKim, III, dealing in his sole and separate property
Original Lessee:	Olen F. Featherstone, II 100.00%
Description of Land Committed:	Section 24: E/2SW/4
Number of Net Acres:	3.8295 acres, more or less
Royalty Rate:	1/5

*TRACT 2e

Serial No. of Lease:	Fee
Date of Lease:	June 30, 2000
Lease Term:	2 years + 2 year extension
Lessor:	Jon T. Edmonson and Barbara E. Edmonson, husband and wife
Original Lessee:	Olen F. Featherstone, II 100.00%
Description of Land Committed:	Section 24: E/2SW/4
Number of Net Acres:	2.872125 acres, more or less
Royalty Rate:	1/5

*TRACT 2f

Serial No. of Lease:	Fee
Date of Lease:	June 28, 2000
Lease Term:	2 years + 2 year extension
Lessor:	Francie T. Murdock and Robert L. Murdock, Successor Co-Trustees of the W. D. Thorn 1978 Irrevocable Trust
Original Lessee:	Olen F. Featherstone, II 100.00%
Description of Land Committed:	Section 24: E/2SW/4
Number of Net Acres:	2.872125 acres, more or less
Royalty Rate:	1/5

*TRACT 2g

Serial No. of Lease:	Fee
Date of Lease:	July 19, 2000
Lease Term:	2 years + 2 year extension
Lessor:	Peggy D. Ford, Individually and Peggy D. Ford and William Michael Ford, Co-Trustees of the William T. Ford Testamentary Trust
Original Lessee:	Olen F. Featherstone, II 100.00%
Description of Land Committed:	Section 24: E/2SW/4
Number of Net Acres:	1.4360625 acres, more or less
Royalty Rate:	1/5

*TRACT 2h

Serial No. of Lease:	Fee
Date of Lease:	June 30, 2000
Lease Term:	2 years + 2 year extension
Lessor:	Charles N. Pruitt and his wife, Glenda K. Pruitt
Original Lessee:	Olen F. Featherstone, II 100.00%
Description of Land Committed:	Section 24: E/2SW/4
Number of Net Acres:	1.4360625 acres, more or less
Royalty Rate:	1/5

*TRACT 2i

MCO

Serial No. of Lease:	Fee
Date of Lease:	March 5, 2004
Lease Term:	5 years
Lessor:	The Burlington Northern and Santa Fe Railway Company
Original Lessee: & Present Lessee	Devon Energy Production Company 100.00%
Description of Land Committed:	Section 24: E/2SW/4
Number of Net Acres:	3.41 acres, more or less
Royalty Rate:	3/16

*TRACT 2j

Serial No. of Lease:	Fee
Date of Lease:	*Pending Pursuant to Farmout Agreement*
Lease Term:	1 year
Lessor:	Harken Exploration Company
Original Lessee: & Present Lessee	Myco Industries, Inc. 100.00%
Description of Land Committed:	Section 24: E/2SW/4
Number of Net Acres:	14.360625 acres, more or less
Royalty Rate:	1/5

*TRACT 2k

Mineral Interests Participating:	Ted Collins, Jr. Camp Colorado Investments W. Brett and Allison Ware Smith
Description of Land Committed:	Section 24: E/2SW/4
Number of Net Acres:	5.744250

RECAPITULATION

Tract Number	Number of Acres In Communitized Area	Percentage Interest In Communitized Area
1	240.0000000	75.0000%
2a.	19.1475000	5.9836%
2b.	19.1475000	5.9836%
2c.	5.7442500	1.7951%
2d.	3.8295000	1.1967%
2e.	2.8721250	0.8975%
2f.	2.8721250	0.8975%
2g.	1.4360625	0.4488%
2h.	1.4360625	0.4488%
2i.	3.4100000	1.0656%
2j.	14.3606250	4.4877%
2k.	5.7442500	1.7951%
TOTAL	**320.0000000**	**100.0000%**

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

OWNER NAME	*PERCENTAGE*
ROYALTY OWNERS	
Tract 1	
NM-14768-A	
NW/4, W/2SW/4	
United States of America	0.125000
Tract 2	
Fee Leases	
E/2SW/4	
Pamela A. Carroll	0.04786875
Linda Ison Lindgren & Edward R. Lindgren, her husband	0.04786875
Deborah Lynn Russell Neujahr	0.01795078
Ray L. McKim, III	0.00957375
Jon T. Edmonson and Barbara E. Edmonson, his wife	0.00718031
Francie T. Murdock and Robert T. Murdock, Successor Co-Trustees of the W.D. Thorn 1978 Irrevocable Trust	0.00718031
Peggy D. Ford, Ind. and Peggy D. Ford and William Michael Ford, Co-Trustees of the William T. Ford Testamentary Trust	0.00359016
Charles N. Pruitt and Glenda K. Pruitt	0.00359016
The Burlington Northern and Santa Fe Railway Company	0.00799219
Harken Exploration Company	0.03590156
OVERRIDING ROYALTY OWNERS	
Tract 1	
NM-14768-A	
NW/4, W/2SW/4	
Heirs or Devisees of J. Travis Reeves, deceased and Mable C. Reeves, a widow	.0075000
The Successor of B.L. House, dec., apparently Patricia Louise House, Trustee of the Bernard Lee House Family Trust	.0037500
Patricia Louise House, a widow	.0037500
Clifton Wilderspin and Terry Wilderspin	.0075000
Elizabeth Jane Kaderli, Trustee of the Elizabeth Jane Kaderli Trust 7/14/88	.0075000
BWAB Limited Liability Company	.0029575
BWAB Limited Liability Company	.0225000
BWAB Limited Liability Company	.0040890
Roger A. Parker	.0075000
Aleron H. Larson, Jr.	.0075000
Delta Petroleum Corporation	.0003187
Jasha Cultreri and Susan Cultreri	.0021208
Brian C. Reid and Katherine A. Reid	.0004285

Tract 2	
Fee Leases	
E/2SW/4	
Harken Exploration Company	.0048962
Jasha Cultreri and Susan Cultreri	.0035666
Brian C. Reid and Katherine A. Reid	.0006485
Devon Energy Production Company	.0625000

WORKING INTEREST OWNERS	
Communitzied Cost Bearing Interest	
In the W/2 of Section 24	
BEFORE PAYOUT	
Myco Industries, Inc.	0.28726511
Abo Petroleum Corporation	0.28726511
Yates Drilling Company	0.28726511
Brian C. Reid	0.00500000
Prospector, LLC	0.05745302
Parrot Head Properties, LLC	0.03116489
Upside, LLC	0.03116489
Ted Collins, Jr.	0.00759688
Camp Colorado Investments, L.P.	0.00456250
W. Brett and Allison Ware Smith	0.00126250
Communitized Cost Bearing Interest	
In the W/2 of Section 24	
AFTER PAYOUT	
Myco Industries, Inc.	0.25465416
Abo Petroleum Corporation	0.25465416
Yates Drilling Company	0.25465416
Brian C. Reid	0.00862484
Prospector, LLC	0.05093083
Parrot Head Properties, LLC	0.03116489
Upside, LLC	0.03116489
Ted C. Collins, Jr.	0.00759688
Camp Colorado Investments, L.P.	0.00456250
W. Brett and Allison Ware Smith	0.00126250
Delta Petroleum Corporation	0.05859375
BWAB, Limited Liability Company	0.01171875
Harken Exploration Company	0.01171875
Jasha Cultreri	0.01869893

Olympia 24 Fed Com #1
T21S-R27E, Sec. 24: W/2
Eddy County, New Mexico
HP:me

RECEPTION NO: 0411684 STATE OF NEW MEXICO, COUNTY OF EDDY
RECORDED 10/04/2004 11:31 AM
BOOK 0568 PAGE 0447
JEAN BLENDEN, COUNTY CLERK

COUNTY CLERK SEAL COUNTY, NEW MEXICO

District I
P. O. Box 1980, Hobbs, NM 88241-1980
District II
P. O. Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos, Aztec, NM 84710

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
P. O. Box 6429
Santa Fe, NM 87505
OPERATOR'S MONTHLY REPORT

Form C-115 First Page
Revised October 17, 1993
Instruction on Reverse Side
1 ☐ Amended Report

2 Operator: Myco Industries, Inc | 3 OGRID: 015445 | 4 Month/Yr
5 Address: P O Box 840, Artesia, NM 88211-0840 | 6 Page 1 of 1

		INJECTION			PRODUCTION				DISPOSITION OF OIL, GAS, AND WATER						
7 POOL NO. AND NAME Property No. and Name Well No. & U-L-S-T-R API No.	8 CODE 1	9 Volume	10 Pressure	11 CODE 2	12 Barrels of Oil/condensate produced	13 Barrels of water produced	14 MCF Gas Produced	15 Days Produced	16 CODE 3	17 Point of Disposition	18 Gas BTU or Oil API Gravity	19 Oil on hand at beginning of month	20 Volume (Bbls/mcf)	21 Transporter Ogrid	22 CODE 4	23 Oil on hand at end of month
Jun-04																
73920 Carlsbad Morrow East																
033535 Olympia 24 Fed Com																
30-015-33253	F				0	72	3841	11	O	4001778		0				0
									G	4001777	1044		3841	036785		
									W	4001776			72		O	
Jul-04																
033535 Olympia 24 Fed Com																
30-015-33253	F				8	115	10316	31	O	4001778		0				8
									G	4001777	1044		10316	036785		
									W	4001776			115		O	
Aug-04																
033535 Olympia 24 Fed Com																
30-015-33253	F				10	80	8683	31	O	4001778		8				18
									G	4001777	1044		8683	036785		
									W	4001776			80		O	
Sep-04																
033535 Olympia 24 Fed Com																
30-015-33253	F				0	16	1698	7	O	4001778		18				18
									G	4001777	1044		1698	036785		
									W	4001776			16		O	

I hereby certify that the information contained in this report is true and complete to the best of my knowledge.

24 Hannah Palomin — Hannah Palomin Engr/Land Technician — 4/22/2005 — (505) 748 4288

Signature — Printed Name & Title — Date — Phone Number

2 Operator Myco Industries, Inc.	3 Ogrid: 015445	4 Mth/Yr 0.00	6 Page 2 of 2

		INJECTION			PRODUCTION				DISPOSITION OF OIL, GAS, AND WATER							
7 POOL NO. AND NAME Property No. and Name Well No. & U-L-S-T-R API No.	8 CODE 1	9 Volume	10 Pressure	11 CODE 2	12 Barrels of Oil/condensate produced	13 Barrels of water produced	14 MCF Gas Produced	15 Days Produced	16 CODE 3	17 Point of Disposition	18 Gas BTU or Oil API Gravity	19 Oil on hand at beginning of month	20 Volume (Bbls/mcf)	21 Transporter Ogrid	22 CODE 4	23 Oil on hand at end of month
Oct-04																
033535 Olympia 24 Fed Com 30-015-33253	F				0	0	293	1	O G W	4001778 4001777 4001776	 1044 	18	 293 0	 036785 	 O	18
Nov-04																
033535 Olympia 24 Fed Com 30-015-33253	F				0	0	0	0	O G W	4001778 4001777 4001776	 1044 	18	 0 0	 036785 	 O	18
Dec-04																
033535 Olympia 24 Fed Com 30-015-33253	F				5	89	2689	16	O G W	4001778 4001777 4001776	 1044 	18	 2689 89	 036785 	 O	23
Jan-05																
033535 Olympia 24 Fed Com 30-015-33253	F				0	99	5633	31	O G W	4001778 4001777 4001776	 1065 	23	 5633 99	 036785 	 O	23
Feb-05																
033535 Olympia 24 Fed Com 30-015-33253	F				0	58	4820	28	O G W	4001778 4001777 4001776	 1065 	23	 4820 58	 036785 	 O	23

OLYMPIA 24 FED COM #1 CUMULATIVE PRODUCTION REPORT

Prepared by: Hannah Palomin
Production and Sales Thru: 2.28.2005

WELL SUMMARY	# OF DAYS PRODUCED	BBLS OIL	MCF GAS	BBLS WATER
2004 Totals	**97**	**23**	**27520**	**372**
2005 Totals YTD	**59**	**0**	**10186**	**157**
WELL TOTALS	**156**	**23**	**37706**	**529**

2004 PRODUCTION MONTH	# OF DAYS PRODUCED	BBLS OIL	MCF GAS	MCF BTU	BBLS WATER	NOTES
Jun.-04	11	0	3841	1044	72	
Jul.-04	31	8	10316	1044	115	
Aug.-04	31	10	8683	1044	80	
Sept.-04	7	0	1698	1044	16	Well Shut-in 23 days for workover
Oct.-04	1	0	293	1044	0	Well Shut-in 30 days for workover
Nov.-04	0	0	0	1044	0	Well Shut-in 30 days for workover
Dec.-04	16	5	2689	1044	89	Well Shut-in 15 days for workover
TOTAL	**97**	**23**	**27520**		**372**	

2005 PRODUCTION MONTH	# OF DAYS PRODUCED	BBLS OIL	MCF GAS	MCF BTU	BBLS WATER	NOTES
Jan.-05	31	0	5366	1065	99	
Feb.-05	28	0	4820	1065	58	
Mar.-05						
Apr.-05						
May.-05						
Jun.-05						
Jul.-05						
Aug.-05						
Sept.-05						
Oct.-05						
Nov.-05						
Dec.-05						
TOTAL	**59**	**0**	**10186**		**157**	