

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., 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 and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

<p>SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)</p> <p>1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/></p>		<p>WELL API NO. 30-015-32851</p> <p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/></p> <p>6. State Oil & Gas Lease No.</p>
<p>2. Name of Operator MYCO INDUSTRIES, INC.</p>		<p>7. Lease Name or Unit Agreement Name LONETREE 14 STATE COM</p>
<p>3. Address of Operator P.O. BOX 840 ARTESIA, NM 88211</p>		<p>8. Well Number #1</p>
<p>4. Well Location Unit Letter <u>O</u> : <u>660'</u> feet from the <u>SOUTH</u> line and <u>1980'</u> feet from the <u>EAST</u> line Section <u>14</u> Township <u>21S</u> Range <u>27E</u> NMPM County <u>EDDY</u></p>		<p>9. OGRID Number 015445</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3205' GL</p>		<p>10. Pool name or Wildcat</p>

<p>12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data</p> <p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>		<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/></p> <p>CASING TEST AND CEMENT JOB <input checked="" type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

7/26/04 - MIRU PATTERSON/UTI DRILLING RIG #74 FOR RE-ENTRY. NOTIFIED MAY MORGAN W/ NMOCD @ 0700 HRS 7/27/04. DRILLED OUT 5 CEMENT PLUGS AT THE FOLLOWING DEPTHS: 1ST PLUG - 25-30'; 2ND PLUG - 340-470'; 3RD PLUG - 2628-2730'; 4TH PLUG - 3059-3159'; 5TH PLUG - 5059-5169'

7/28/04 - SET 9-5/8" RBP @ 2025'. PU & TEST RBP TO 600 PSI. PU & SET 9-5/8" PACKER @ 1525'. TEST CASING TO 1000 PSI BELOW PACKER. RU DRILLING PUMP ON 9-5/8" - 4-1/2" DP ANNULUS. PRESSURE ANNULUS TO 500 PSI W/ 13-3/8" - 2" BALL VALVE OPEN TO CELLAR. NO FLOW TO CELLAR.

7/29/04 - DRILL OUT CEMENT PLUGS @ THE FOLLOWING DEPTHS: 6TH PLUG - 9050-9158'; 7TH PLUG - 9652-9892'

SEE ATTACHED SHEET.

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

SIGNATURE Wm. Craig Bailey TITLE FIELD ENGINEER DATE 08/06/2004

Type or print name CRAIG BAILEY E-mail address: cbailey@mycoinc.com Telephone No. (505)748-4294

(This space for State use)

APPROVED BY FOR RECORDS ONLY DATE AUG 09 2004
Conditions of approval, if any:

Myco Industries, Inc.
Lonetree 14 State Com #1
Sundry Notice – Casing Test and Cement Job

13. Continued

7/30/04 - Drill out last cement plug from 11,850 – 11,900. Continue in hole to TD @ 11,962 by DP tally. Terminated re-entry @ 11,962'.

Notified NMOCD – Mr. Mike Bratcher of TD, running 5.5" casing and cementing @ 1600 hrs, 7/30/04

7/31/04 – Run 11,962' 5-1/2" 17# N80 & P110 LT&C casing. PU and set casing @ 11,950'.

8/1/04 – Cement with 2300 sxs total in two stages as follows:

Stage #1 – 500 gal. Mud Clean I followed by 700 sxs super "H" modified (15-61-11) w/ additives. Mixes @ 13.6 ppg, 1.47 cf/sx

Stage #2 – Load w/ 1500 sxs (35:65:6) POZ "C" w/ additives. Mixed @ 12.7 ppg, 1.86 cf/sx. Tail w/ 100 sxs Class "H" neat cement. Mixed @ 15.6 ppg, 1.18 cf/sx.

Release Patterson/UTI Rig #74 @ 0400 hrs MDT, 8/1/04.