District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III

State of New Mexico

Energy Minerals and Natural Resource 13 14 16 6 May 27, 2004

Oil Conservation Division Submit to appropriate District Office

Form C-101

1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 APPLICATION FOR PERMIT TO DRILL, RE- 1 Operator Name and Address				Fe, NI	M 875	15	OCT 2008 RECEIVED	\$202.6V	Al	MENDED REPORT				
APP	LICAT	<u>ION</u>	FO]	R PERMI'	TOD	RILL	., RE-	ENTE	R, DI	E E E	MGAT-MRRY	CK, O	R AD DNumbe	D A ZONE
MYCO IN	DUSTR	IES, I TESI	NC. A N	•	c and radic	.55				18	015445 015445	A API	Number	
P.O. BOX 840, ARTEŚIA, NM 88211 3 PropertyCode 5 Property							Name			96308Z/Z97	201	5 -	35/89 II No.	
1	100)		DAN	J 11 FEE								#2H	[
	ها : لا		· ,	ProposedPool 1	fcan						10 Prop	osedPool	2	
	W 1 12	Cq	'\ ,	4001	TCGm	$\frac{1}{7}$ S ₁	urface	Locati	ion		···			
UL or lot no.	Section 11	Town	ship	Range 23E	Lot	7 Surface Lot Idn Feet fro 1980'		om the		outh line H	Feet from the 660'	East/W EAST		County EDDY
				⁸ Prop	osed Bott	om Ho	le Loca	tion If D	ifferer	t From	Surface			
UL or lot no.	Section 11	Town 18S	ship	Range 23E	Lot	ldn	Feet fro	om the	North/S NOR 7	outh line TH	Feet from the 660'	East/W WES7		County EDDY
			5		A	lditio	nal We	ell Info						
1	Type Code		G	12 Well Type Co		R		/Rotary			⁴ Lease Type Code		15 Gro	und Level Elevation
N 16 M	lultiple			17 Proposed Dep	pth			nation		<u>r</u>	19 Contractor			20 Spud Date
Depth to Grou	ındwater			00'	Distanc		LFCAN earestfres	h water w			Distance from	n nearest s	urfacewa	1/2007 ater
								· 1000'						
1	Closed-Loop System Fresh Water Brine Diesel/OI-based Gas/Air								Air 🗀					
,				2	1 Propos	sed Ca	asing a	nd Cei	ment l	Progra	m			
Hole S	lize		Cas	ing Size	Casing	g weight	/foot	S	etting De	epth	Sacks of Co	ement		Estimated TOC
12-1/4"		8-5/8			32# / J-55		12001		400 SXS		CIRCULATE			
7-7/8"		5-1/2	2"		17# / N-80		9250'		1200 SXS		CIRC	CULATE		
NOTE: SE	T 40 ' OF	20' C	CON	DUCTOR PI	PE & C	IRCUI	LATE	CEME	ENT				1	
				this application ram, if any. Use					he data o	n the pre	sent productive zon	e and prop	osed nev	v productive zone.
NOTIFY N AND TEST PER NMO	DAILY	. DRI	LL P	AND WITNI ILOT HOLE	ESS CMT TO 5200	r. SUR 0'. PLU	FACE (UG BA	CASIN CK AN	G. INS D DRI	STALL LL A 3	3000# DOUBI 400' LATERAI	LE-RAM L DUE V	I B.O.F WEST	.
				RMATION, (C-102, G	ENER.	AL PIT	PERM	IT, H2	S CON	TINGENCY PI	LAN		
									-					
*NOTE: DI	ETAILEI) WE	LL S	URVEY PR	OFILE T	O FOL	LOW.							
²³ I hereby certify that the information given above is true and complete to the best							OIL C	CONSERVA	ΓΙΟΝΙ	DIVIS	ION			
of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or					Approv			0110211111						
an (attached) alternative OCD-approved plan .								BRYAN G. A	RRA	T				
Printed name: A.N. MUNCY, PELS AMINWAY PELS						13	Title:			DISTRICT I			ST	
Title: OPERATIONS/EXPLORATION MGR.							Approv	al Date:	OC	T 1 6 2006 E	xpiration	Date OC	T 1 6 2007	
E-mail Addres	ss: anmune	cy@m	ycoi	nc.com				_	_					
Date: 10/1	3/2006			Phone: (505)748-	4289		Conditi			Y OCD OF SE			

SURFACE CASING

State of New Mexico

DISTRICT I 1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005 Submit to Appropriate District Office

DISTRICT II 1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT IV

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

1220 S. ST. FRANCIS DR., SANTA PR, NM 57	7505 WELL LUCATION AND	ACKEAGE DEDICATION	PLAI	□ AMENDED REPORT
API Number	Pool Code 97489	Wild cox;	Pool Name	× 0
Property Code	_	erty Name 11 FEE		Well Number 2H
OGRID No. 015445		ator Name USTRIES, INC.		Elevation 3891'

WELL LOCATION AND ACDEACE DEDICATION DIAT

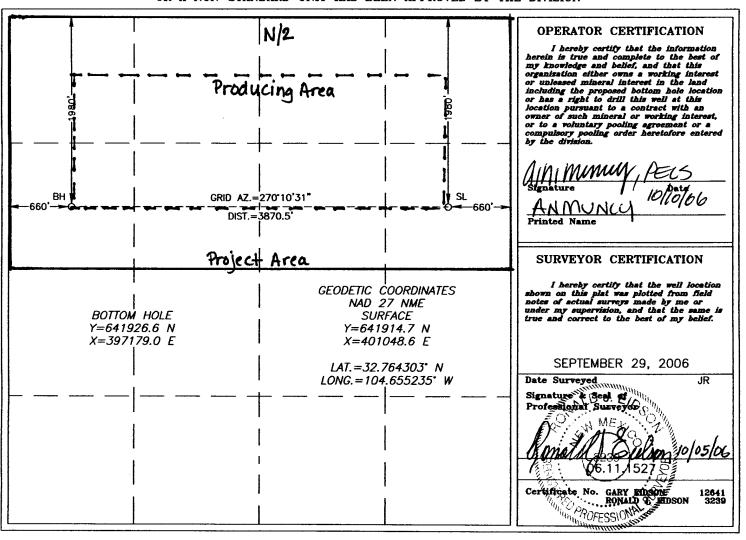
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Н	11	18-S	23-E		1980	NORTH	660	EAST	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
E	11	18-S	23-E		1980	NORTH	660	WEST	EDDY
Dedicated Acres	Joint o	r Infill Co	nsolidation	Code Or	der No.				
320									

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



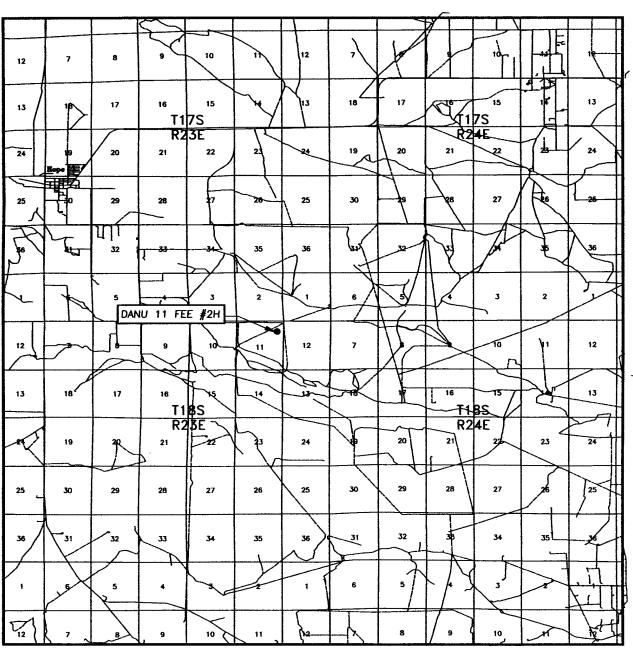
SECTION 11, TOWNSHIP 18 SOUTH, RANGE 23 EAST, N.M.P.M., EDDY COUNTY. NEW MEXICO 600' 150' NORTH **OFFSET** 3890.7 DANU 11 FEE #2H 150' WEST 150' EAST OFFSET 🛛 □ OFFSET 0 3889.51 3891.4 ELEV. 3890.6' LAT.=32.764303° N LONG.=104.655235° W 150' SOUTH **OFFSET** 3890.4 600' DIRECTIONS TO LOCATION FROM THE INTERSECTION OF CO. RD. #10 (BRAID RD.) AND CO. RD. #8 (SANTA RD.) GO EAST ON CO. RD. #8 APPROX. 1.5 MILES, BEND NORTH AND GO 100 200 Feet APPROX. 200 FEET. TURN RIGHT AND GO EAST/SE APPROX. 0.8 MILES. TURN RIGHT AND GO SOUTH Scale:1"=100 APPROX. 2.0 MILES TO AN LCX ENERGY WELL, INDUSTRIES, CONTINUE SOUTH ON 2-TRACK RD. APPROX. 0.5 MYCO INC. MILES. THIS LOCATION IS APPROX. 0.9 MILES EAST. DANU 11 FEE #2H LOCATED 1980 FEET FROM THE NORTH LINE AND 660 FEET FROM THE EAST LINE OF SECTION 11, TOWNSHIP 18 SOUTH, RANGE 23 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO. PROVIDING SURVEYING SERVICES SINCE 1946 JOHN WEST SURVEYING COMPANY Survey Date: 09/29/06 Sheet of Sheets 412 N. DAL PASO HOBBS, N.M. 88240 W.O. Number: 06.11.1527 | Dr By: J.R. Rev 1:N/A (505) 393-3117

Date: 10/04/06 | Disk: CD#6

06111527

Scale:1"=100

VICINITY MAP



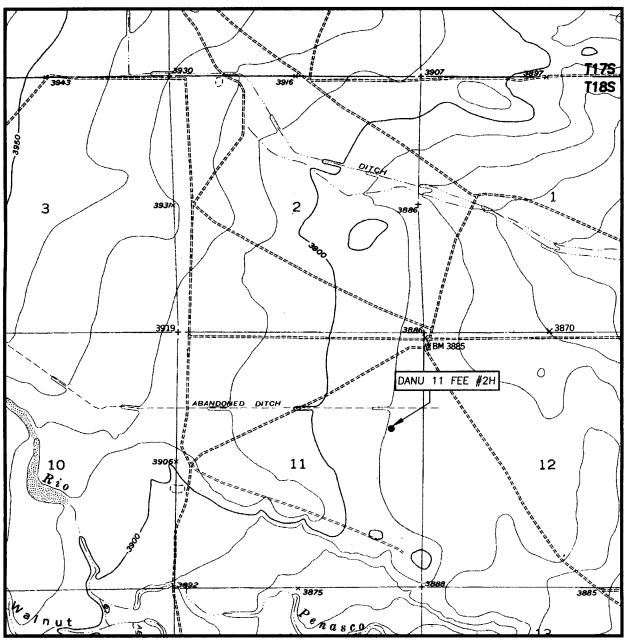
SCALE: 1" = 2 MILES

SEC	WP. <u>18-S</u> RGE. <u>23-E</u>
SURVEY	N.M.P.M.
COUNTYE	DDY STATE NEW MEXICO
DESCRIPTION	1980' FNL & 660' FEL
ELEVATION	3891'
OPERATOR_	MYCO INDUSTRIES, INC.
I FASE	DANII 11 FFF





LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: HOPE, N.M. - 10'

SEC. 11 TWP. 18—S RGE. 23—E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

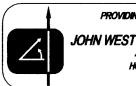
DESCRIPTION 1980' FNL & 660' FEL

ELEVATION 3891'

OPERATOR MYCO INDUSTRIES, INC.

LEASE DANU 11 FEE

U.S.G.S. TOPOGRAPHIC MAP
HOPE, N.M.



PROVIDING SURVEYING SERVICES SINCE 1946 JOHN WEST SURVEYING COMPANY 412 N. DAL PASO HOBBS, N.M. 88240 (505) 393-3117

MYCO INDUSTRIES, INC.

Well Name: Danu 11 Fee #2H

Location:

SL BHL 1980' FNL & 660' FEL, Section 11, T-18-S, R-23-E, Eddy Co, NM

1980' FNL & 660' FWL, Section 11, T-18-S, R-23-E, Eddy Co, NM

Casing Program:

Casing	Setting	Hole	Casing	Casing	Casing	Desired
	Depth	Size	Size	Weight	Grade	TOC
Surface	1050'	12-1/4"	8-5/8"	32#	J-55	Surface
Production	9250'	7-7/8"	5-1/2"	17#	N-80	Surface

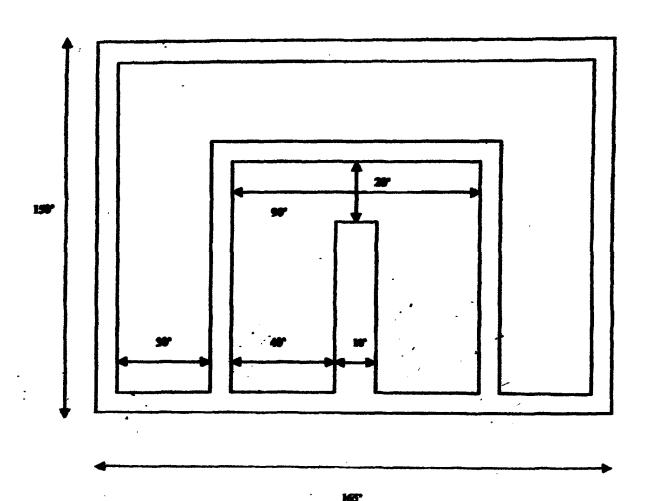
Cement Program:

Depth	No. Sacks	Slurries:
1050'	150	Lead: Premium Plus + 2% CaCl ₂ + 3% Econolite + ¼ pps Flocele
	250	Tail: Premium Plus + 2% CaCl ₂ + ½ pps Flocele
9250'	500	Lead: Interfill C + ¼ pps Flocele
	700	Tail: Premium Cement + 100% Acid Soluable Additive + 0.6%
		Halad®-344 + 0.8% Econolite + 0.2% HR-55

Mud Program:

Depth	Type	Weight (ppg)	Viscosity	Water Loss
0-1050'	Fresh-Gel	8.6-8.8	28-34	N/c
1050-4400'	Cut Brine	8.8-9.2	28-34	N/c
4400-5200'	Cut Brine	8.8-9.2	28-34	10-15
4468-9250'	Polymer (Lateral)	9.0-9.4	40-45	10-20

Double Horseshoe Reserve Pit Design



Appensimate Inside Reserve Velence: 4500 bids Appensimate Outside Reserve Velence: 5000 bids



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

20 December 2004

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210

RE: General Plan

Dear Mr. Dolan:

The Artesia District of the Oil Conservation Division is in receipt of a General Plan (copy attached) submitted by Yates Petroleum Corporation dated 7 December, 2004. After review the Oil Conservation Division has accepted and approved the Plan. This plan shall be in effect as of 20 December, 2004 and will supersede the "General Plan" dated 14 April, 2004 submitted by Yates Petroleum Corporation.

Van Barton Field Rep. II MARTIN YATES, III 1912 - 1985 FRANK W. YATES 1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSOL
SECRETARY
DENNIS G. KINSEY

TREASURER

Mr. Tim Gum Oil Conservation Division State of New Mexico 1301 West Grand Ave. Artesia, NM 88210

December 7, 2004

Re: General Plan

Drilling, Workover, and Blowdown Pit design and closure.

Dear Tim,

Yates Petroleum Corp. (Yates) appreciates your meeting with us on December 1, 2004 to help clarify some issues in connection with Rule 50 and the November 1, 2004 Pit and Below Grade Tank Guidelines.

As you know Yates submitted and received approval of a general plan for opening and closing of drilling and workover pits on April 15, 2004. In an effort to simplify the required paperwork, we would now like to modify that plan to include more detailed information.

For purpose of this plan Yates, et al (Yates) includes:

- 1. Yates Petroleum Corp.
- 2. Yates Drilling Company
- 3. Abo Petroleum Corp.
- 4. Myco Industries, Inc.

The modified plan is attached for your review and approval. Please contact me at 505-748-4181 if you have any questions or need further information.

Sincerely

Dán Dólan

Yates Petroleum Corp. et al

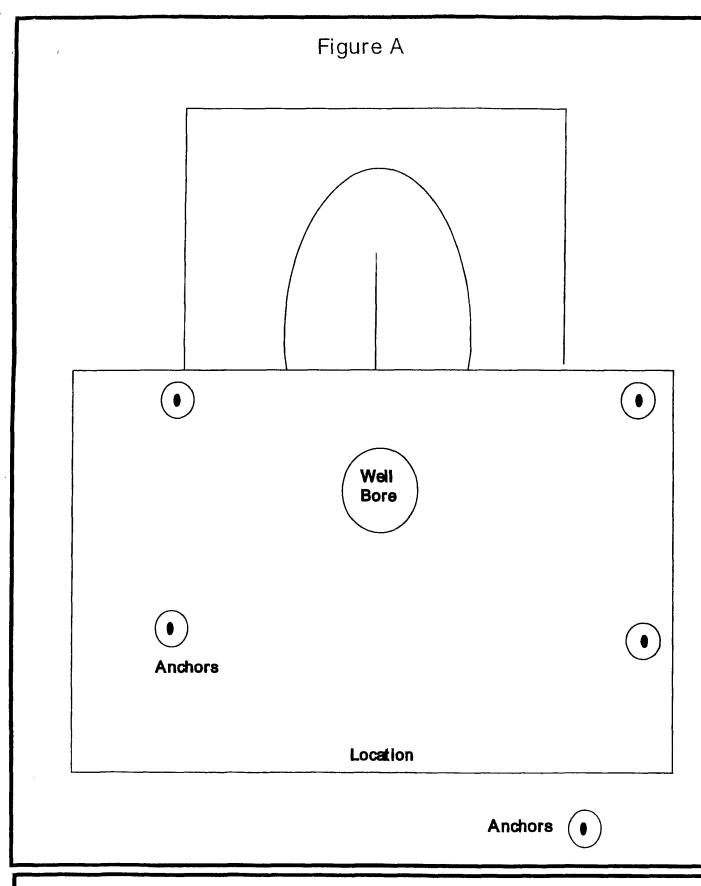
General Plan Pit Permitting, Construction and Closure December 7, 2004

1. Pit Permitting and Opening -

- a. Application for the pit permit shall be made on the Application for Permit to Drill (APD). The APD will include the following:
 - i. Site Ranking.
 - ii. Reference to this "General Plan" approved by NMOCD.
 - iii. Description of the proposed disposal method as outlined below.
 - 1. When deep trench burial is proposed, approval of the APD will constitute a permit for both the drilling pit and the encapsulation pit(s). A separate Form C-144 will not be required.
- b. All pits will be designed and constructed pursuant to Part II of November 1, 2004 Pit and Below Grade Tank Guidelines (Guidelines). Pits shall be constructed as depicted in attached Figures A, B, C or D based on site specific requirements.
- 2. <u>Pit Closure</u>—Pits will be closed based on site specific conditions pursuant to Part IV of Guidelines by one of the following methods:
 - a. Excavation and removal. Wastes will be excavated and disposed of at an off-site OCD-approved facility or location.
 - b. <u>Below Grade Encapsulation</u>. Encapsulation will be pursuant to Part IV.B.2 of Guidelines.
 - c. <u>Capping and Encapsulation Insitu</u>. Capping and encapsulation will be pursuant to Part IV.B.3(a) of Guidelines.
 - d. <u>Deep Trench Burial and Capping</u>. Deep trench burial and capping will be pursuant to Part IV.B.3(b) of Guidelines. Attached *Figures E*, F and G depict standard types of encapsulation pits utilized by Yates. Each encapsulation trench type is designed to hold 2000 cubic yards of drill cuttings.
 - e. <u>Exemption</u>: Yates may request an exemption on a site specific basis as provided for in 19.15.2.50 NMAC (Rule 50).

The proposed method for pit closure will be indicated on the APD as one of the above methods. Approval of the APD will constitute approval of the closure plan. No other closure plan will be submitted. Yates will notify OCD 48-hours prior to closure of pit and submit a C-144 when pit is closed.

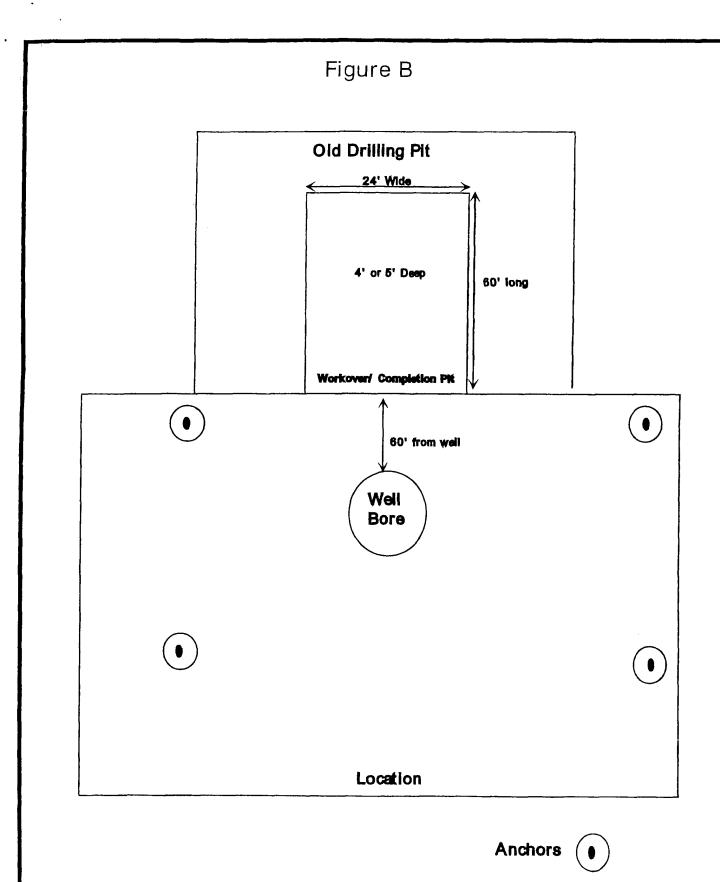
If, due to site specific conditions encountered during the course of operations, Yates proposes to change the method of closure, a request outlining the new plan will be submitted on a C-144 for OCD approval prior to closure.



Yates Petroleum Standard Reserve Pit

All Reserve Pits are double horse shoe. Size varies with depth of well

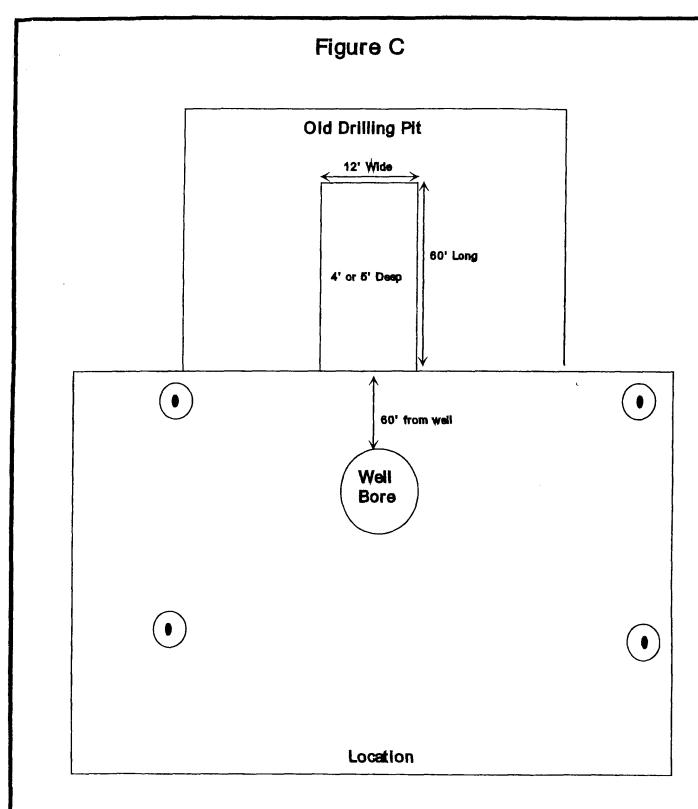




Yates Petroleum Workover/ Completion Pit Design

. Built with Dozer



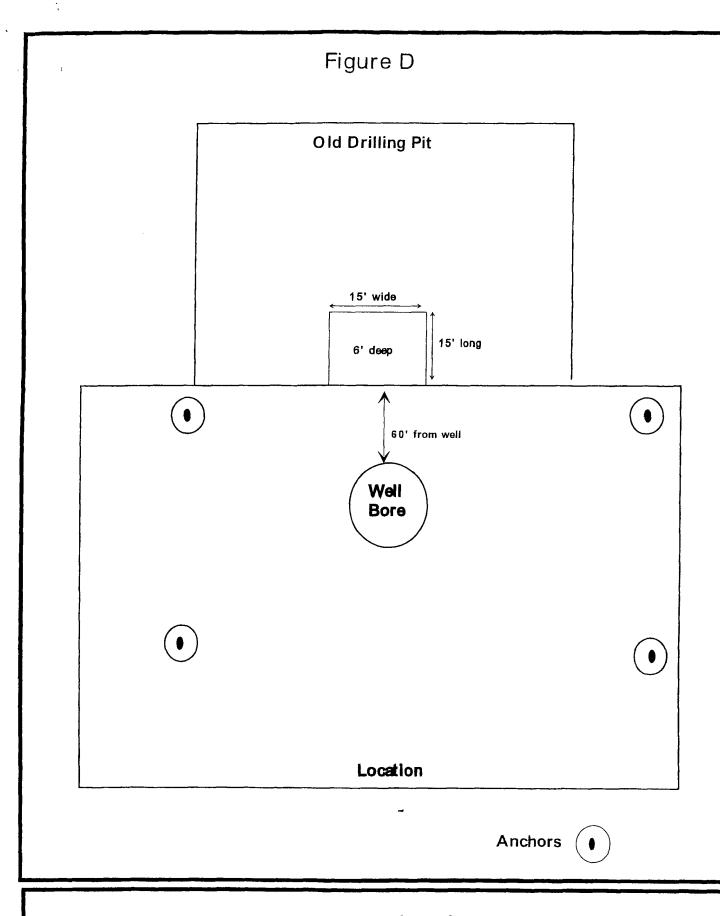




Yates Petroleum Workover/ Completion Pit Design

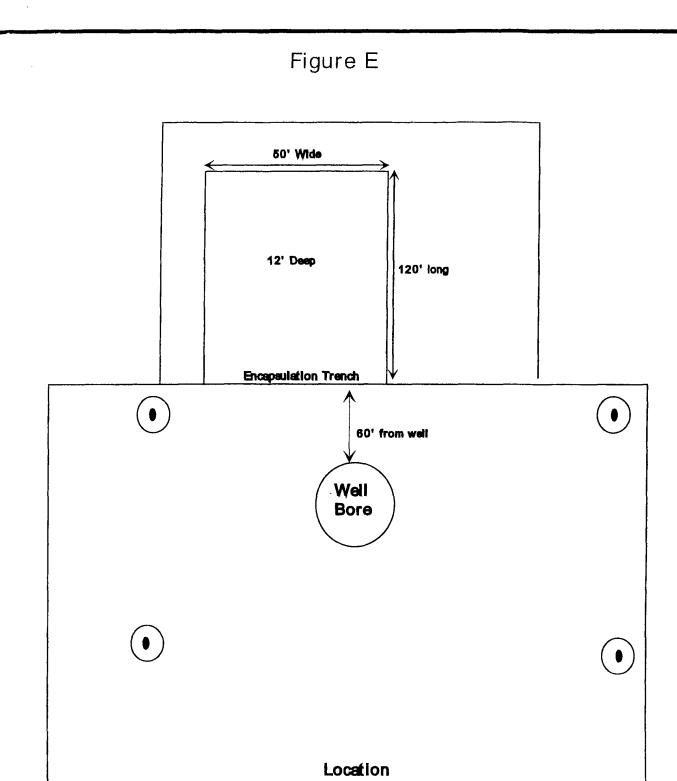
Built with Backhoe





Yates Petroleum Workover/ Completion Pit Design
Built with Backhoe



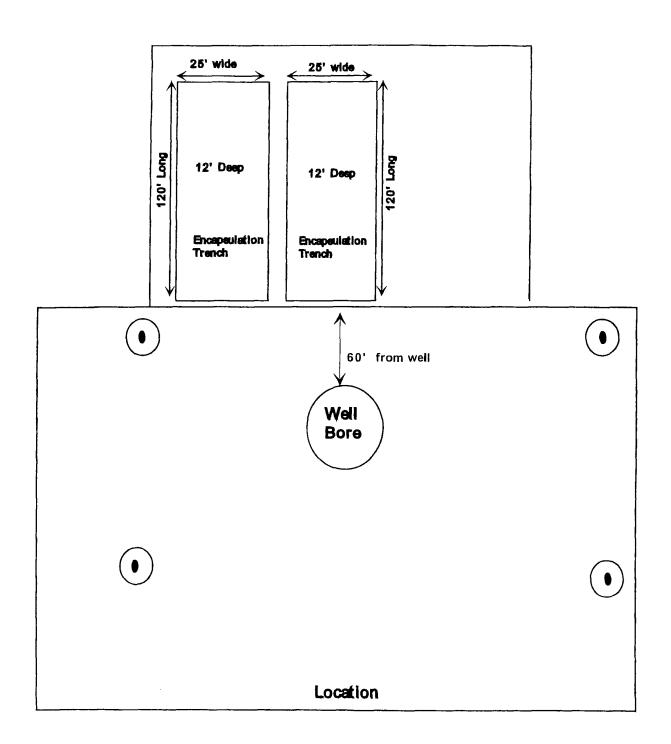


Anchors ()

Yates Petroleum Deep Trench Encapsulation



Figure F



Anchors



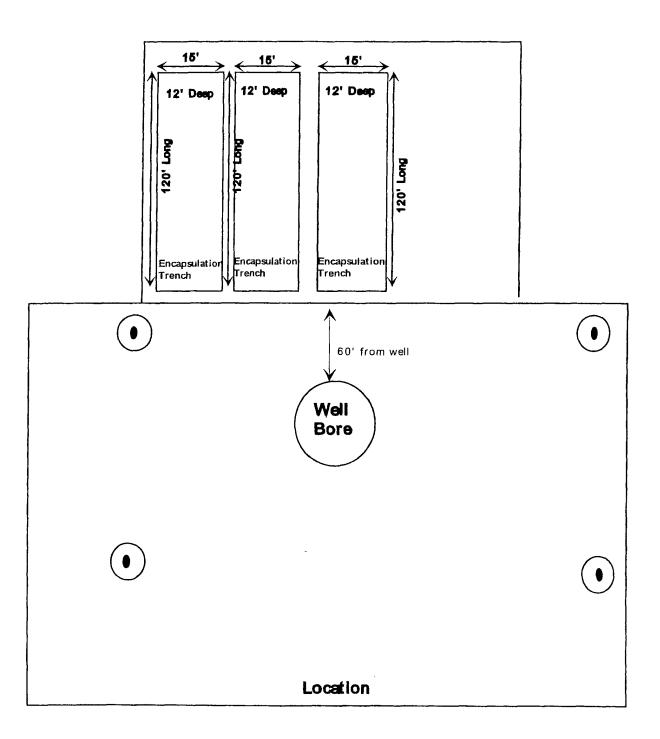
Yates Petroleum

Deep Trench Encapsulation

Built with Backhoe



Figure G



Anchors (



Yates Petroleum

Deep Trench Encapsulation





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

4 January 2005

Mr. Dan Dolan Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210

RE: General Plan - John A. Yates Jr., Oil Producer

Dear Mr. Dolan:

The Artesia District of the Oil Conservation Division on 30 December, 2004 received a request for "John A. Yates Jr., Oil Producer" to be covered by the General Permit submitted by you on 20 December, 2004. This request is approved. John A. Yates Jr., Oil Producer will be added to the Yates Companies that are covered by the Plan.

Van Barton Field Rep. II MARTIN YATES, III 1912 - 1985 FRANK W. YATES 1936 - 1986



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

RECEIVED
DEC 30 2004

Mr. Van Barton Oil Conservation Division State of New Mexico 1301 West Grand Ave. Artesia, NM 88210

December 30, 2004

Re: General Plan

Drilling, Workover, and Blowdown Pit Design and closure.

Dear Van,

As you know Yates submitted and received approval of a general plan for opening and closing of drilling and workover pits on December 20, 2004, this was an amended plan, submitted for clarification and simplification of the original plan, approved by you on April 15, 2004.

We are requesting the addition of "John A. Yates Jr., Oil Producer", to the Yates Companies on the approved plan.

Please contact me at 505-748-4181 if you have any questions or need further information.

Sincerely,

Daniel W. Dolan CWC

Environmental Regulatory Agent



MYCO INDUSTRIES, INC. OIL PRODUCERS

POST OFFICE BOX 840 ARTESIA, NEW MEXICO 88211-0840

Phone (505) 748-1471

October 13, 2006

New Mexico Oil Convervation Division Bryan Arrant 1301 W. Grand Artesia, New Mexico 88210

Re:

Myco Industries, Inc.

Danu 11 Fee #2H

H2S Contingency Plan

Dear Mr. Arrant:

Sources at Myco Industries, Inc. have relayed information to me that they believe there will not be enough H2S found from the surface through the Wolfcamp Formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Please note that I have enclosed our Contingency Plan for this well based on a remote chance that Rule 118 might become applicable.

Thank you,

MYCO INDUSTRIES, INC.

A.N. Muncy, PELS

Operations/Engineering Manager

ANM:hp Enclosure

Myco Industries, Inc.

423 W. Main Street Artesia, NM 88210

Hydrogen Sulfide (H₂S) Contingency Plan

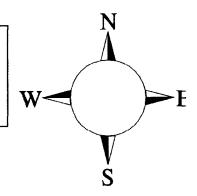
For

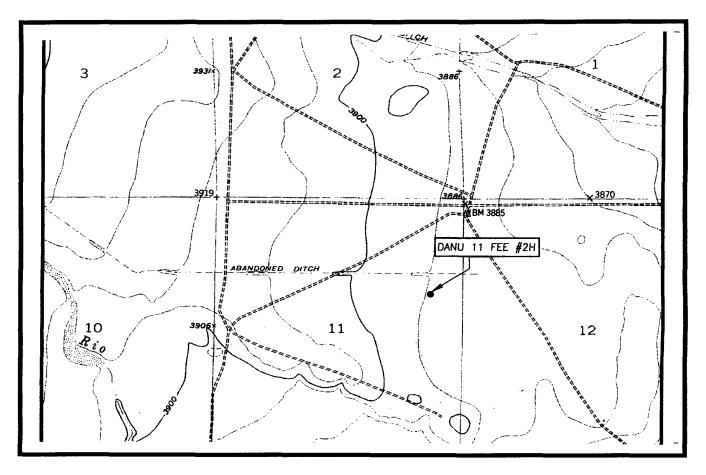
Danu 11 Fee #2H

1980' FNL & 660' FEL (Surface) 1980' FNL & 660' FWL (Bottom-Hole) Sec-11, T-18S, R-23E Eddy County NM

Danu 11 Fee #2H Location

This is an open drilling site. H_2S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H_2S , including warning signs, wind indicators and H_2S monitor.





Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentr- ation
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Myco personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. Myco Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Myco Industries, Inc. Phone Numbers

Myco Office	
Nelson Muncy/Operations Engineering Manager	
Carlos Guerrero/Field Supervisor	(505) 746-7318
Artesia Answering Service (During non-office hours)	
Agency Call List	
Eddy County (505)	
Artesia	
State Police	746-2703
City Police	746-2703
Sheriff's Office	
Ambulance	911
Fire Department	746-2701
LEPC (Local Emergency Planning Committee)	746-2122
NMOCD	
Carlsbad	
State Police	885-3137
City Police	885-2111
Sheriff's Office	887-7551
Ambulance	911
Fire Department	885-2111
LEPC (Local Emergency Planning Committee)	887-3798
US Bureau of Land Management	
New Mexico Emergency Response Commission (Santa Fe)	(505)476-9600
24 HR	` '
New Mexico State Emergency Operations Center	` ,
National Emergency Response Center (Washington, DC)	, ,
National Emergency Response Center (washington, DC)	(800) 424-8802
Other	
Boots & Coots IWC1-800-256-9688 or (281) 931-8884 Cudd Pressure Control(915) 699-0139 or (915) 563-3356 Halliburton(505) 746-2757	
B. J. Services(505) 746-3569	
Flight For Life -4000 24th St, Lubbock, TX	806) 747-8923 505) 842-4433
- ' ' '	•