

OCD-ARTESIA

ATS-10-521

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

5. Lease Serial No. NMNM-0437522
8252
nm 17223

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: ☒ DRILL ☐ REENTER		7. If Unit or CA Agreement, Name and No. Com Agreement pending
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone		8. Lease Name and Well No. 8252 East Turkey Track Federal Com #6H
2. Name of Operator Myco Industries, Inc. 15445		9. API Well No. 30-015- 38416
3a. Address PO Box 840 Carlsbad, New Mexico 88211	3b. Phone No. (include area code) (575) 748-4290	10. Field and Pool, or Exploratory Santo Nino, Bone Spring 54600
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 2030' FSL, 10' FEL, Unit Letter I At proposed prod. zone 1980' FSL, 330' FWL		11. Sec., T. R. M. or Blk. and Survey or Area Section 26, T-18-S, R-29-E
14. Distance in miles and direction from nearest town or post office* 7 miles S/SW Loco Hills, NM		12. County or Parish Eddy
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		13. State NM
16. No. of acres in lease 320	17. Spacing Unit dedicated to this well 160 acres	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,457'	19. Proposed Depth 8,062' TVD - 8045' MD - 12,692'	20. BLM/BIA Bond No. on file NMB 000376
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3437' GL	22. Approximate date work will start* 10/01/2010	23. Estimated duration 60 days

UNORTHODOX
LOCATION

24. Attachments

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

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

25. Signature dimunny, PELS	Name (Printed/Typed) Nelson Muncy	Date 9/13/10
Title Operations Manager		
Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed)	Date DEC 23 2010
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval 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.

Conditions of approval, if any, are attached.

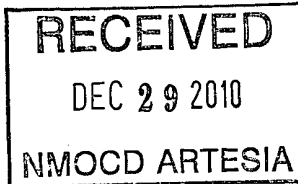
APPROVAL FOR TWO YEARS

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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

Capitan Controlled Water Basin



Approval Subject to General Requirements
& Special Stipulations Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

MYCO INDUSTRIES, INC.
 East Turkey Track Federal Com #6H
 2030' FSL & 10' FEL, Surface Hole
 1980' FSL & 330' FWL, Bottom Hole
 Section 26 – T18S – R29E
 Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:

Queen	2184'
Grayburg	2554'
San Andres	3020'
Bone Spring	3848'
First Bone Spring Ss	7030'
Second Bone Spring Ss	7930'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: Approximately 350'

Oil or gas: OIL: Queen-Grayburg-San Andrews and Bone Spring

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" and 8 5/8" casing and rated for 5000 BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings, which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit 9.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when Kelly is not in use.

4. The proposed casing and cementing program:

A. Casing Program (All New):

Hole Size	Casing Size	Wt/Ft	Grade	Coupling	Interval	Length
17 1/2"	13 3/8"	48#	H-40	ST&C	0-400'	400'
11"	8 5/8"	32#	J-55	ST&C	0-100'	100'
11"	8 5/8"	24#	J-55	ST&C	100-2000'	2100'
11"	8 5/8"	32#	J-55	ST&C	2000'-3200'	1200'
7 7/8"	5 1/2"	17#	N80-BTC Smls	LT&C	0-12692'	12692'

See
CON

This well will be drilled vertically to 7670'. At 7670' the well will be kicked off and directionally drilled at 15 degrees per 100' with a 7-7/8" hole to 12692' MD (7910' TVD) where 5-1/2" casing will be set and cemented to surface. Penetration point of producing zone will be encountered at 2020' FSL & 375' FEL of Section 26-T18S-R29E. The deepest TVD in the well is 8045' in the lateral.

Minimum Casing Design Factors: Burst 1.10, Tensile 1.8, Collapse 1.125

EXHIBIT 7

B. Cementing Program:

Surface casing: TOC surface. Lead with 200 sacks C + 2% CaCl₂ (WT 14.8, YLD 1.64); tail in with 200 sacks Class "C" + 2% CaCl₂ (WT 14.8 YLD 1.34).

Intermediate casing: TOC surface. Lead with 600 sacks Lite "C" (WT 12.8, YLD 1.88). Tail in with 250 sacks "C" + 2% CaCl₂ (WT. 14.8 YLD 1.32)

*See
COA **

Production Casing:

Stage I: TOC 7000' DV tool at 7000'. Lead with 1375 sacks PecosVILt (WT 13.0 YLD 1.41)

*See
COA **

Stage II: TOC Surface DV tool at 7000'. Lead with 700 sacks PecosVILt (WT 13.3 YLD 1.41)

5. Mud Program and Auxiliary Equipment:

*See
COA*

Interval	Type	Weight	Viscosity	Fluid Loss
0-400'	Fresh Water	8.6-9.2	29-32	N/C
400-3200'	Brine Water	10.0-10.2	28-28	N/C
3200-7685'	Cut Brine	8.9-9.1	28-29	N/C
7685-12692'	Cut Brine	8.9-9.1	28-32	<15cc

(Lateral Section)

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. Evaluation Program:

*See
COA **

Samples: 30' samples to 2000'; 10' samples 2000'-TD

Logging: Platform HALS; CMR

Coring: None anticipated.

DST's: As warranted

Mudlogging: Surface casing to TD

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: 0	TO: 400'	Anticipated Max.	BHP: 290 PSI
From: 400'	TO: 3200'	Anticipated Max.	BHP: 1510 PSI
From: 3200'	TO: 12692'	Anticipated Max.	BHP: 3300 PSI

Abnormal pressures or temperatures anticipated: None

Lost Circulation Zones Anticipated: None

H₂S Zones Anticipated: None

Maximum Bottom Hole Temperature: 132 F

8. Anticipated Starting Date:

Plans are to drill this well as soon as possible after receiving approval and obtaining a drilling rig contract. It will take approximately 30 days to drill the well with completion taking another 21 days.

Myco Industries, Inc.



Azimuths to Grid North
True North: -0.16°
Magnetic North: 7.78°

Magnetic Field
Strength: 48940.7snT
Dip Angle: 60.58°
Date: 08/16/2010
Model: IGRF2010

PATHFINDER

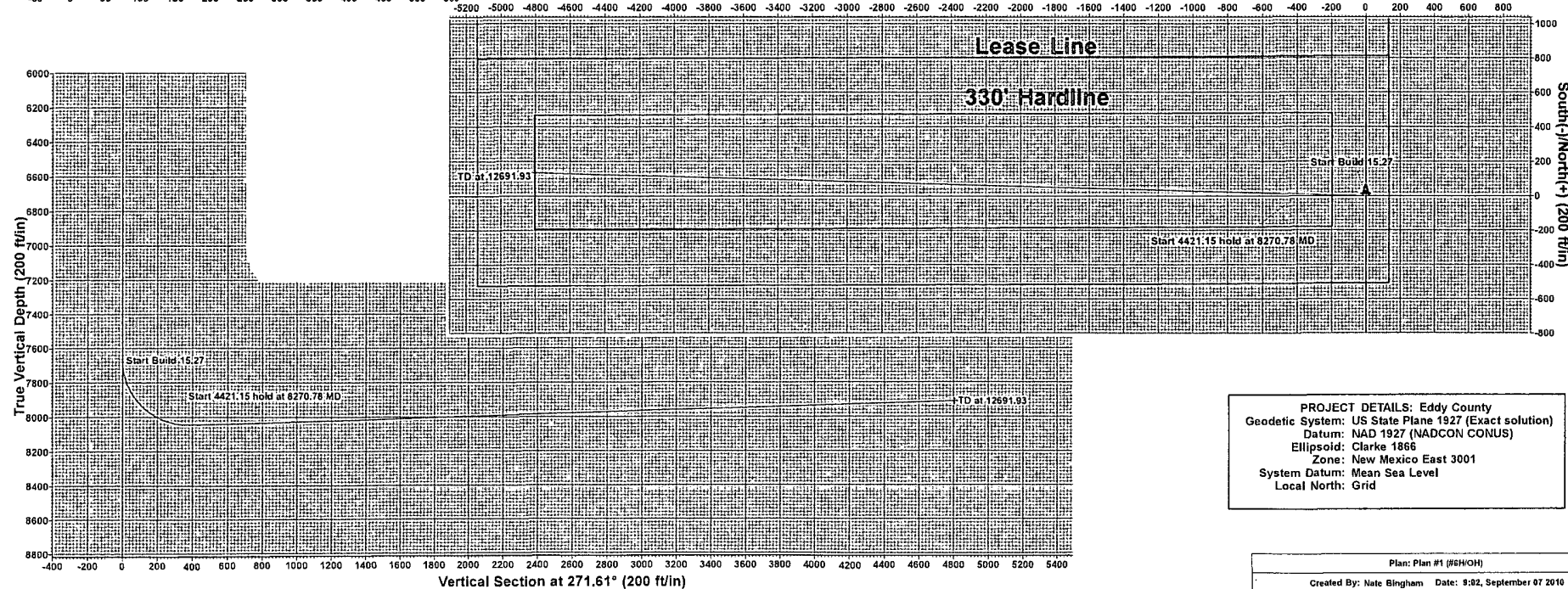
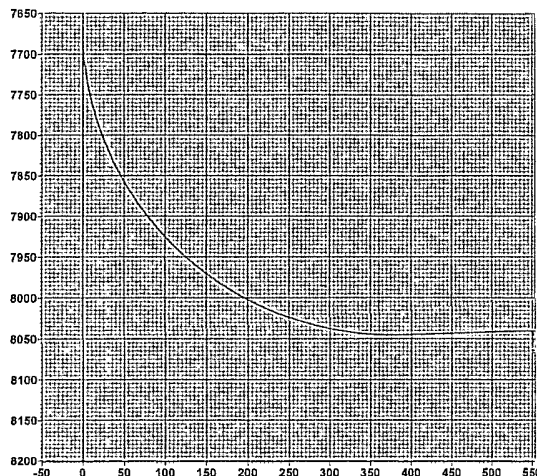
A Schlumberger Company

Project: Eddy County
Site: East Turkey Track Federal Com
Well: #6H
Wellbore: OH
Plan: Plan #1 (#6H/OH)

WELL DETAILS: #6H						
Ground Elevation: 3437.00						
RKB Elevation: WELL @ 3455.00R (Original Well Elev)						
Rig Name: Original Well Elev						
+N-S	+E-W	North	Easting	Latitude	Longitude	Slot
0.00	0.00	623045.600	591209.800	32° 42' 44.995 N	104° 2' 12.436 W	

SECTION DETAILS										
Sec	MD	Inc	Azi	TVD	+N-S	+E-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	7870.00	0.00	0.00	7870.00	0.00	0.00	0.00	0.00	0.00	
3	8270.78	91.75	271.61	8045.00	10.86	-386.48	15.27	271.61	386.63	
4	12691.93	91.75	271.61	7809.98	135.02	-4803.82	0.00	0.00	4805.72	PBHL(ett#6)

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)					
Name	TVD	+N-S	+E-W	North	East
PBHL(ett#6)	0.00	135.90	-4803.80	623181.500	586406.000
					Point



PROJECT DETAILS: Eddy County
Geodetic System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone: New Mexico East 3001
System Datum: Mean Sea Level
Local North: Grid

Plan: Plan #1 (#6H/OH)
Created By: Nate Elingham Date: 9:02, September 07 2010
Checked: _____ Date: _____

Myco Industries, Inc.

Eddy County

East Turkey Track Federal Com

#6H

OH

Plan: Plan #1

Pathfinder X & Y Planning Report

16 August, 2010



Pathfinder
Pathfinder X & Y Planning Report



Company:	Myco Industries, Inc.	Local Co-ordinate Reference:	Well #6H
Project:	Eddy County	TVD Reference:	WELL @ 3455.00ft (Original Well Elev)
Site:	East Turkey Track Federal Com	MD Reference:	WELL @ 3455.00ft (Original Well Elev)
Well:	#6H	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Midland Database

Project	Eddy County		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site	East Turkey Track Federal Com		
Site Position:		Northing:	623,045.600 ft
From:	Map	Easting:	591,209.800 ft
Position Uncertainty:	0.00 ft	Slot Radius:	"
		Latitude:	32° 42' 44.996 N
		Longitude:	104° 2' 12.436 W
		Grid Convergence:	0.16 °

Well	#6H					
Well Position	+N/-S	0.00 ft	Northing:	623,045.600 ft	Latitude:	32° 42' 44.996 N
	+E/-W	0.00 ft	Easting:	591,209.800 ft	Longitude:	104° 2' 12.436 W
Position Uncertainty		0.00 ft	Wellhead Elevation:	ft	Ground Level:	3,437.00 ft

Wellbore	OH				
Magnetics	Model Name	Sample Date	Declination	Dip Angle	Field Strength
			(°)	(°)	(nT)
	IGRF2010	08/16/2010	7.94	60.58	48,941

Design	Plan #1			
Audit Notes:				
Version:	Phase:	PLAN	Tie On Depth:	0.00
Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.00	0.00	0.00	271.61

Survey Tool Program	Date 08/16/2010			
From	To	Survey (Wellbore)	Tool Name	Description
(ft)	(ft)			
0.00	12,691.89	Plan #1 (OH)	MWD	MWD - Standard

Pathfinder
Pathfinder X & Y Planning Report



Company: Myco Industries, Inc.
Project: Eddy County
Site: East Turkey Track Federal Com
Well: #6H
Wellbore: OH
Design: Plan #1

Local Co-ordinate Reference: Well #6H
TVD Reference: WELL @ 3455.00ft (Original Well Elev)
MD Reference: WELL @ 3455.00ft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: Midland Database

Planned Survey											
MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)	
0.00	0.00	0.00	0.00	-3,455.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
100.00	0.00	0.00	100.00	-3,355.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
200.00	0.00	0.00	200.00	-3,255.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
300.00	0.00	0.00	300.00	-3,155.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
400.00	0.00	0.00	400.00	-3,055.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
500.00	0.00	0.00	500.00	-2,955.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
600.00	0.00	0.00	600.00	-2,855.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
700.00	0.00	0.00	700.00	-2,755.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
800.00	0.00	0.00	800.00	-2,655.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
900.00	0.00	0.00	900.00	-2,555.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
1,000.00	0.00	0.00	1,000.00	-2,455.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
1,100.00	0.00	0.00	1,100.00	-2,355.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
1,200.00	0.00	0.00	1,200.00	-2,255.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
1,300.00	0.00	0.00	1,300.00	-2,155.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
1,400.00	0.00	0.00	1,400.00	-2,055.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
1,500.00	0.00	0.00	1,500.00	-1,955.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
1,600.00	0.00	0.00	1,600.00	-1,855.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
1,700.00	0.00	0.00	1,700.00	-1,755.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
1,800.00	0.00	0.00	1,800.00	-1,655.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
1,900.00	0.00	0.00	1,900.00	-1,555.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
2,000.00	0.00	0.00	2,000.00	-1,455.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
2,100.00	0.00	0.00	2,100.00	-1,355.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
2,200.00	0.00	0.00	2,200.00	-1,255.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
2,300.00	0.00	0.00	2,300.00	-1,155.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
2,400.00	0.00	0.00	2,400.00	-1,055.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
2,500.00	0.00	0.00	2,500.00	-955.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	
2,600.00	0.00	0.00	2,600.00	-855.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80	

Pathfinder
Pathfinder X & Y Planning Report



Company: Myco Industries, Inc.
Project: Eddy County
Site: East Turkey Track Federal Com
Well: #6H
Wellbore: OH
Design: Plan #1

Local Co-ordinate Reference: Well #6H
TVD Reference: WELL @ 3455.00ft (Original Well Elev)
MD Reference: WELL @ 3455.00ft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
2,700.00	0.00	0.00	2,700.00	-755.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
2,800.00	0.00	0.00	2,800.00	-655.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
2,900.00	0.00	0.00	2,900.00	-555.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
3,000.00	0.00	0.00	3,000.00	-455.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
3,100.00	0.00	0.00	3,100.00	-355.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
3,200.00	0.00	0.00	3,200.00	-255.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
3,300.00	0.00	0.00	3,300.00	-155.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
3,400.00	0.00	0.00	3,400.00	-55.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
3,500.00	0.00	0.00	3,500.00	45.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
3,600.00	0.00	0.00	3,600.00	145.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
3,700.00	0.00	0.00	3,700.00	245.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
3,800.00	0.00	0.00	3,800.00	345.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
3,900.00	0.00	0.00	3,900.00	445.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
4,000.00	0.00	0.00	4,000.00	545.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
4,100.00	0.00	0.00	4,100.00	645.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
4,200.00	0.00	0.00	4,200.00	745.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
4,300.00	0.00	0.00	4,300.00	845.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
4,400.00	0.00	0.00	4,400.00	945.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
4,500.00	0.00	0.00	4,500.00	1,045.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
4,600.00	0.00	0.00	4,600.00	1,145.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
4,700.00	0.00	0.00	4,700.00	1,245.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
4,800.00	0.00	0.00	4,800.00	1,345.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
4,900.00	0.00	0.00	4,900.00	1,445.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
5,000.00	0.00	0.00	5,000.00	1,545.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
5,100.00	0.00	0.00	5,100.00	1,645.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
5,200.00	0.00	0.00	5,200.00	1,745.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
5,300.00	0.00	0.00	5,300.00	1,845.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80

Pathfinder
Pathfinder X & Y Planning Report



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Project: Eddy County
Site: East Turkey Track Federal Com
Well: #6H
Wellbore: OH
Design: Plan #1

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5,400.00	0.00	0.00	5,400.00	1,945.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
5,500.00	0.00	0.00	5,500.00	2,045.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
5,600.00	0.00	0.00	5,600.00	2,145.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
5,700.00	0.00	0.00	5,700.00	2,245.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
5,800.00	0.00	0.00	5,800.00	2,345.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
5,900.00	0.00	0.00	5,900.00	2,445.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
6,000.00	0.00	0.00	6,000.00	2,545.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
6,100.00	0.00	0.00	6,100.00	2,645.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
6,200.00	0.00	0.00	6,200.00	2,745.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
6,300.00	0.00	0.00	6,300.00	2,845.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
6,400.00	0.00	0.00	6,400.00	2,945.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
6,500.00	0.00	0.00	6,500.00	3,045.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
6,600.00	0.00	0.00	6,600.00	3,145.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
6,700.00	0.00	0.00	6,700.00	3,245.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
6,800.00	0.00	0.00	6,800.00	3,345.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
6,900.00	0.00	0.00	6,900.00	3,445.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
7,000.00	0.00	0.00	7,000.00	3,545.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
7,100.00	0.00	0.00	7,100.00	3,645.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
7,200.00	0.00	0.00	7,200.00	3,745.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
7,300.00	0.00	0.00	7,300.00	3,845.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
7,400.00	0.00	0.00	7,400.00	3,945.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
7,500.00	0.00	0.00	7,500.00	4,045.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
7,600.00	0.00	0.00	7,600.00	4,145.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
7,670.00	0.00	0.00	7,670.00	4,215.00	0.00	0.00	0.00	0.00	623,045.60	591,209.80
7,675.00	0.76	271.61	7,675.00	4,220.00	0.00	-0.03	0.03	15.27	623,045.60	591,209.77
7,700.00	4.58	271.61	7,699.97	4,244.97	0.03	-1.20	1.20	15.27	623,045.63	591,208.60
7,725.00	8.40	271.61	7,724.80	4,269.80	0.11	-4.02	4.02	15.27	623,045.71	591,205.78

Pathfinder
Pathfinder X & Y Planning Report



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Project: Eddy County
Site: East Turkey Track Federal Com
Well: #6H
Wellbore: OH
Design: Plan #1

Local Co-ordinate Reference: Well #6H
TVD Reference: WELL @ 3455.00ft (Original Well Elev)
MD Reference: WELL @ 3455.00ft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
7,750.00	12.22	271.61	7,749.40	4,294.40	0.24	-8.49	8.50	15.27	623,045.84	591,201.31
7,775.00	16.04	271.61	7,773.63	4,318.63	0.41	-14.59	14.60	15.27	623,046.01	591,195.21
7,800.00	19.85	271.61	7,797.41	4,342.41	0.63	-22.29	22.30	15.27	623,046.23	591,187.51
7,825.00	23.67	271.61	7,820.63	4,365.63	0.89	-31.55	31.57	15.27	623,046.49	591,178.25
7,850.00	27.49	271.61	7,843.17	4,388.17	1.19	-42.34	42.36	15.27	623,046.79	591,167.46
7,875.00	31.31	271.61	7,864.95	4,409.95	1.53	-54.61	54.63	15.27	623,047.13	591,155.19
7,900.00	35.13	271.61	7,885.86	4,430.86	1.92	-68.29	68.32	15.27	623,047.52	591,141.51
7,925.00	38.94	271.61	7,905.81	4,450.81	2.34	-83.34	83.37	15.27	623,047.94	591,126.46
7,950.00	42.76	271.61	7,924.72	4,469.72	2.80	-99.68	99.72	15.27	623,048.40	591,110.12
7,975.00	46.58	271.61	7,942.50	4,487.50	3.30	-117.25	117.30	15.27	623,048.90	591,092.55
8,000.00	50.40	271.61	7,959.06	4,504.06	3.82	-135.96	136.01	15.27	623,049.42	591,073.84
8,025.00	54.21	271.61	7,974.35	4,519.35	4.38	-155.73	155.79	15.27	623,049.98	591,054.07
8,050.00	58.03	271.61	7,988.28	4,533.28	4.96	-176.47	176.54	15.27	623,050.56	591,033.33
8,075.00	61.85	271.61	8,000.80	4,545.80	5.57	-198.10	198.18	15.27	623,051.17	591,011.70
8,100.00	65.67	271.61	8,011.85	4,556.85	6.20	-220.51	220.60	15.27	623,051.80	590,989.29
8,125.00	69.49	271.61	8,021.38	4,566.38	6.85	-243.61	243.70	15.27	623,052.45	590,966.19
8,150.00	73.30	271.61	8,029.36	4,574.36	7.51	-267.29	267.39	15.27	623,053.11	590,942.51
8,175.00	77.12	271.61	8,035.74	4,580.74	8.19	-291.44	291.56	15.27	623,053.79	590,918.36
8,200.00	80.94	271.61	8,040.49	4,585.49	8.88	-315.97	316.10	15.27	623,054.48	590,893.83
8,225.00	84.76	271.61	8,043.61	4,588.61	9.58	-340.76	340.90	15.27	623,055.18	590,869.04
8,250.00	88.58	271.61	8,045.06	4,590.06	10.28	-365.71	365.85	15.27	623,055.88	590,844.09
8,270.78	91.75	271.61	8,045.00	4,590.00	10.86	-386.48	386.63	15.27	623,056.46	590,823.32
8,300.00	91.75	271.61	8,044.11	4,589.11	11.68	-415.67	415.84	0.00	623,057.28	590,794.13
8,400.00	91.75	271.61	8,041.05	4,586.05	14.49	-515.59	515.79	0.00	623,060.09	590,694.21
8,500.00	91.75	271.61	8,038.00	4,583.00	17.30	-615.50	615.74	0.00	623,062.90	590,594.30
8,600.00	91.75	271.61	8,034.95	4,579.95	20.11	-715.41	715.70	0.00	623,065.71	590,494.39
8,700.00	91.75	271.61	8,031.89	4,576.89	22.92	-815.33	815.65	0.00	623,068.52	590,394.47

Pathfinder
Pathfinder X & Y Planning Report



Company: Myco Industries, Inc.
Project: Eddy County
Site: East Turkey Track Federal Com
Well: #6H
Wellbore: OH
Design: Plan #1

Local Co-ordinate Reference: Well #6H
TVD Reference: WELL @ 3455.00ft (Original Well Elev)
MD Reference: WELL @ 3455.00ft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
8,800.00	91.75	271.61	8,028.84	4,573.84	25.72	-915.24	915.60	0.00	623,071.32	590,294.56
8,900.00	91.75	271.61	8,025.78	4,570.78	28.53	-1,015.16	1,015.56	0.00	623,074.13	590,194.64
9,000.00	91.75	271.61	8,022.73	4,567.73	31.34	-1,115.07	1,115.51	0.00	623,076.94	590,094.73
9,100.00	91.75	271.61	8,019.68	4,564.68	34.15	-1,214.98	1,215.46	0.00	623,079.75	589,994.82
9,200.00	91.75	271.61	8,016.62	4,561.62	36.96	-1,314.90	1,315.42	0.00	623,082.56	589,894.90
9,300.00	91.75	271.61	8,013.57	4,558.57	39.77	-1,414.81	1,415.37	0.00	623,085.37	589,794.99
9,400.00	91.75	271.61	8,010.52	4,555.52	42.57	-1,514.72	1,515.32	0.00	623,088.17	589,695.08
9,500.00	91.75	271.61	8,007.46	4,552.46	45.38	-1,614.64	1,615.28	0.00	623,090.98	589,595.16
9,600.00	91.75	271.61	8,004.41	4,549.41	48.19	-1,714.55	1,715.23	0.00	623,093.79	589,495.25
9,700.00	91.75	271.61	8,001.35	4,546.35	51.00	-1,814.47	1,815.18	0.00	623,096.60	589,395.33
9,800.00	91.75	271.61	7,998.30	4,543.30	53.81	-1,914.38	1,915.14	0.00	623,099.41	589,295.42
9,900.00	91.75	271.61	7,995.25	4,540.25	56.62	-2,014.29	2,015.09	0.00	623,102.22	589,195.51
10,000.00	91.75	271.61	7,992.19	4,537.19	59.42	-2,114.21	2,115.04	0.00	623,105.02	589,095.59
10,100.00	91.75	271.61	7,989.14	4,534.14	62.23	-2,214.12	2,215.00	0.00	623,107.83	588,995.68
10,200.00	91.75	271.61	7,986.08	4,531.08	65.04	-2,314.04	2,314.95	0.00	623,110.64	588,895.76
10,300.00	91.75	271.61	7,983.03	4,528.03	67.85	-2,413.95	2,414.90	0.00	623,113.45	588,795.85
10,400.00	91.75	271.61	7,979.98	4,524.98	70.66	-2,513.86	2,514.86	0.00	623,116.26	588,695.94
10,500.00	91.75	271.61	7,976.92	4,521.92	73.47	-2,613.78	2,614.81	0.00	623,119.07	588,596.02
10,600.00	91.75	271.61	7,973.87	4,518.87	76.27	-2,713.69	2,714.76	0.00	623,121.87	588,496.11
10,700.00	91.75	271.61	7,970.82	4,515.82	79.08	-2,813.61	2,814.72	0.00	623,124.68	588,396.19
10,800.00	91.75	271.61	7,967.76	4,512.76	81.89	-2,913.52	2,914.67	0.00	623,127.49	588,296.28
10,900.00	91.75	271.61	7,964.71	4,509.71	84.70	-3,013.43	3,014.62	0.00	623,130.30	588,196.37
11,000.00	91.75	271.61	7,961.65	4,506.65	87.51	-3,113.35	3,114.58	0.00	623,133.11	588,096.45
11,100.00	91.75	271.61	7,958.60	4,503.60	90.32	-3,213.26	3,214.53	0.00	623,135.92	587,996.54
11,200.00	91.75	271.61	7,955.55	4,500.55	93.12	-3,313.18	3,314.48	0.00	623,138.72	587,896.62
11,300.00	91.75	271.61	7,952.49	4,497.49	95.93	-3,413.09	3,414.44	0.00	623,141.53	587,796.71
11,400.00	91.75	271.61	7,949.44	4,494.44	98.74	-3,513.00	3,514.39	0.00	623,144.34	587,696.80

Pathfinder
Pathfinder X & Y Planning Report



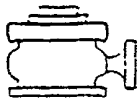
Company: Myco Industries, Inc.
Project: Eddy County
Site: East Turkey Track Federal Com
Well: #6H
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Local Co-ordinate Reference: Well #6H
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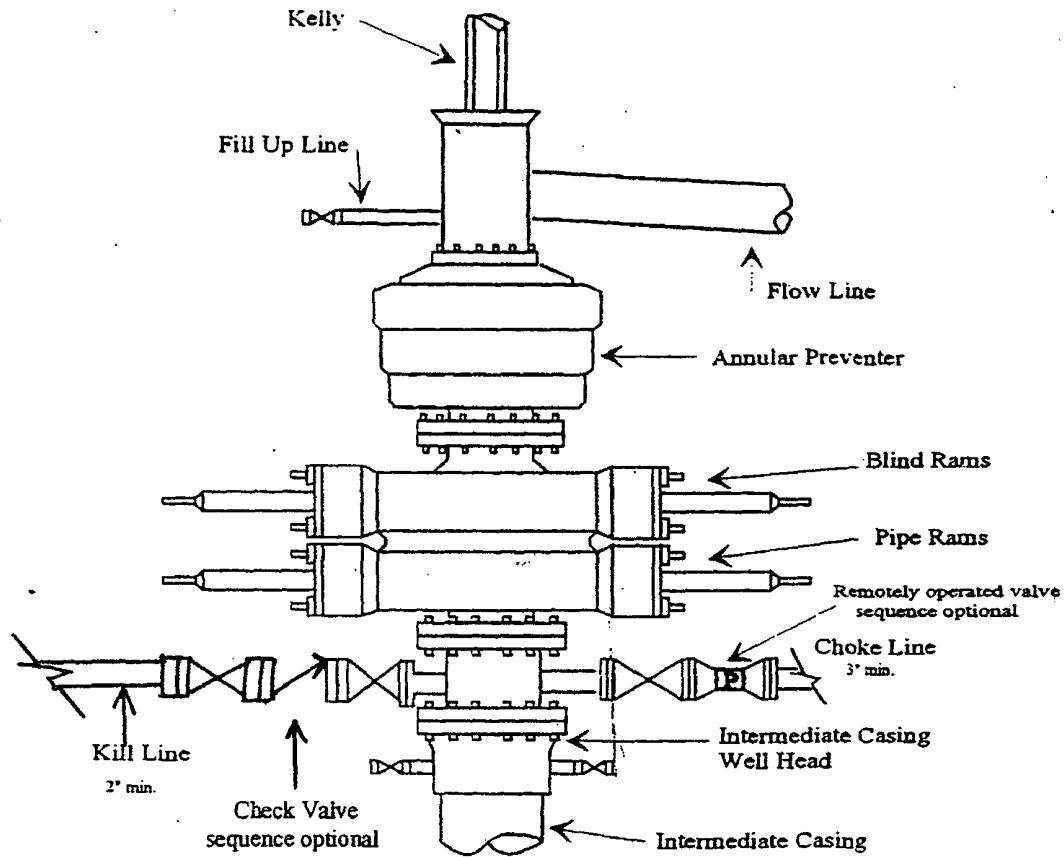
Planned Survey										
MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
11,500.00	91.75	271.61	7,946.38	4,491.38	101.55	-3,612.92	3,614.34	0.00	623,147.15	587,596.88
11,600.00	91.75	271.61	7,943.33	4,488.33	104.36	-3,712.83	3,714.30	0.00	623,149.96	587,496.97
11,700.00	91.75	271.61	7,940.28	4,485.28	107.17	-3,812.74	3,814.25	0.00	623,152.77	587,397.06
11,800.00	91.75	271.61	7,937.22	4,482.22	109.97	-3,912.66	3,914.20	0.00	623,155.57	587,297.14
11,900.00	91.75	271.61	7,934.17	4,479.17	112.78	-4,012.57	4,014.16	0.00	623,158.38	587,197.23
12,000.00	91.75	271.61	7,931.12	4,476.12	115.59	-4,112.49	4,114.11	0.00	623,161.19	587,097.31
12,100.00	91.75	271.61	7,928.06	4,473.06	118.40	-4,212.40	4,214.06	0.00	623,164.00	586,997.40
12,200.00	91.75	271.61	7,925.01	4,470.01	121.21	-4,312.31	4,314.02	0.00	623,166.81	586,897.49
12,300.00	91.75	271.61	7,921.95	4,466.95	124.02	-4,412.23	4,413.97	0.00	623,169.62	586,797.57
12,400.00	91.75	271.61	7,918.90	4,463.90	126.82	-4,512.14	4,513.92	0.00	623,172.42	586,697.66
12,500.00	91.75	271.61	7,915.85	4,460.85	129.63	-4,612.06	4,613.88	0.00	623,175.23	586,597.74
12,600.00	91.75	271.61	7,912.79	4,457.79	132.44	-4,711.97	4,713.83	0.00	623,178.04	586,497.83
12,691.93	91.75	271.61	7,909.98	4,454.98	135.02	-4,803.82	4,805.72	0.00	623,180.62	586,405.98

Targets									
Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
- hit/miss target									
- Shape									
PBHL(ett#6)	0.00	0.00	7,910.00	135.90	-4,803.80	623,181.500	586,406.000	32° 42' 46.470 N	104° 3' 8.657 W
- plan hits target center									
- Point									

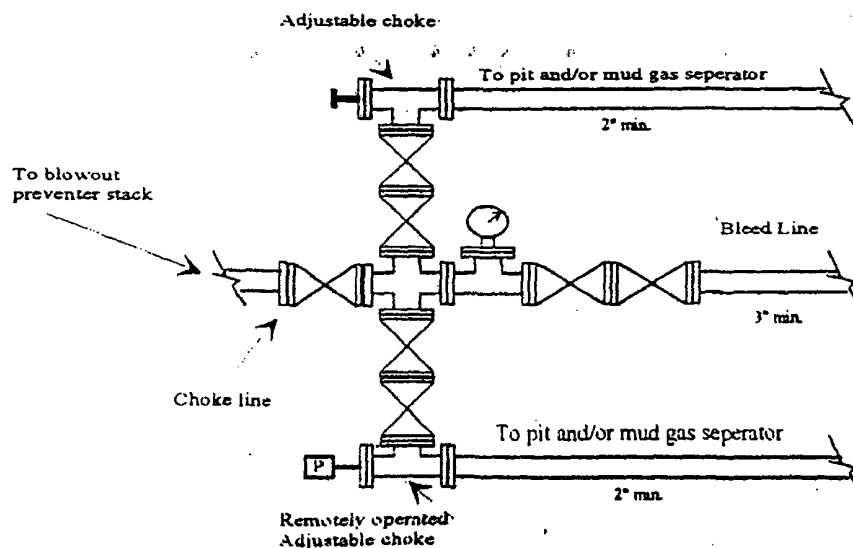
Checked By: _____ Approved By: _____ Date: _____



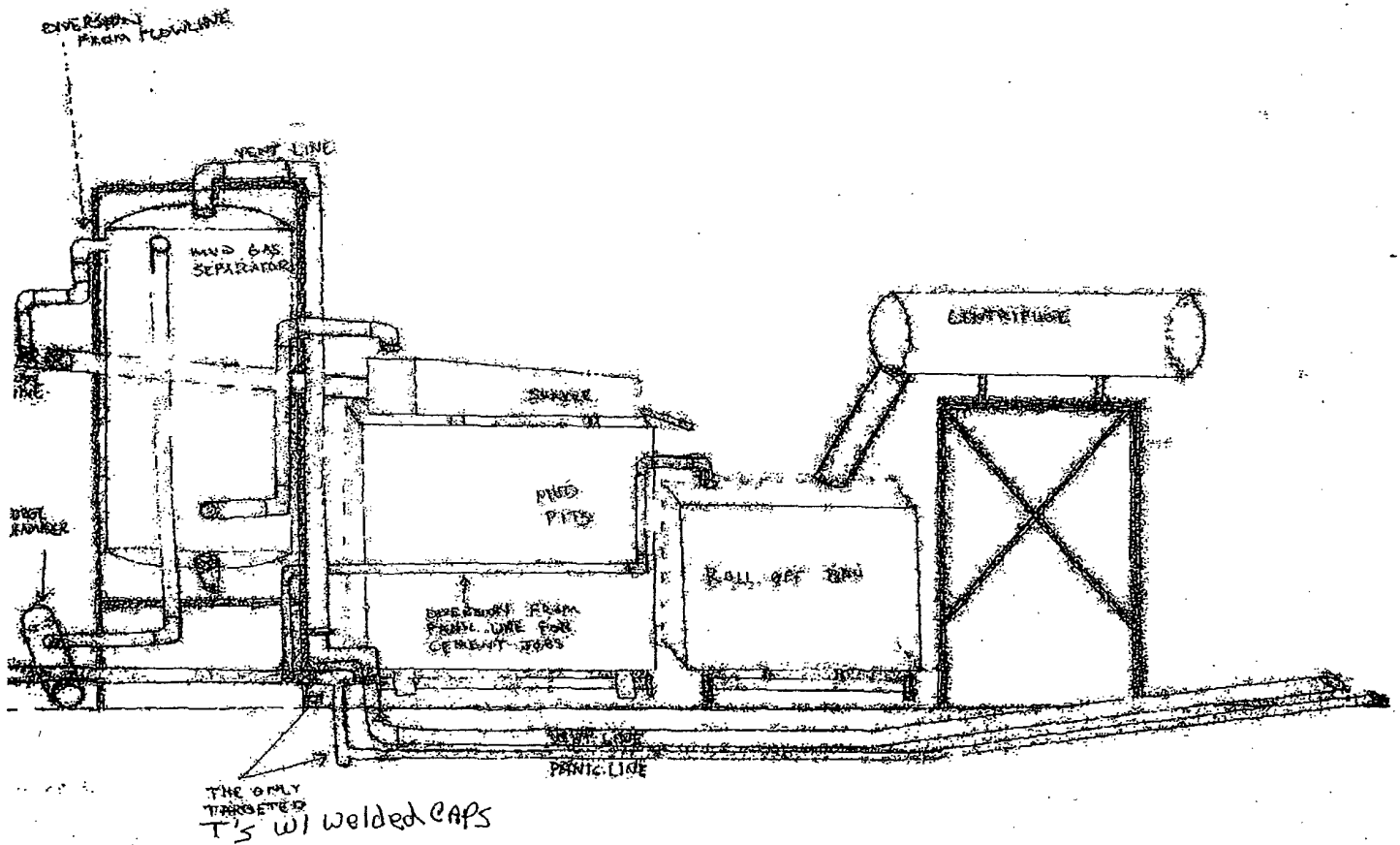
Typical 5,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack



Typical 5,000 psi choke manifold assembly with at least these minimum features



MYCO INDUSTRIES, INC.
Piping from Choke Manifold
to the Closed-Loop Drilling Mud System



DISTRICT I --- CHECKLIST FOR INTENTS TO DRILL

Operator MECO INDUSTRIES INC OGRID # 15445
 Well Name & # 8252 EAST TURKEY TRACK FED COM #6 Surface Type (F) (S) (P)
 Location: UL F, Sect 26, Township 18 s, RNG 29 e, Sub-surface Type (F) (S) (P)
L 26 18-29

A. Date C101 rec'd / / C101 reviewed / /

B. 1. Check mark, Information is OK on Forms:

OGRID X, BONDING FEA, PROP CODE X, WELL # X, SIGNATURE R

2. Inactive Well list as of: 01/12/11 # wells 52 # Inactive wells 0

a. District Grant APD but see number of inactive wells:

No letter required X; Sent Letter to Operator , to Santa Fe

3. Additional Bonding as of: 01/12/11

a. District Denial because operator needs addition bonding:

No Letter required X; Sent Letter to Operator , To Santa Fe

b. District Denial because of Inactive well list and Financial Assurance:

No Letter required X; Sent Letter to Operator , To Santa Fe

C. C102 YES X, NO , Signature R

1. Pool SANTO NINO; DOME SPRING, Code 54600

a. Dedicated acreage 160, What Units FJKL

b. SUR. Location Standard : Non-Standard Location X PP Standards

c. Well shares acres: Yes , No X, # of wells plus this well #

2. 2nd. Operator in same acreage, Yes , No X

Agreement Letter , Disagreement letter

3. Intent to Directional Drill Yes X No

a. Dedicated acreage 160, What Units FJKL

b. Bottomhole Location Standard X, Non-Standard Bottomhole

4. Downhole Commingle: Yes , No X

a. Pool #2 , Code , Acres

Pool #3 , Code , Acres

Pool #4 , Code , Acres

5. POTASH Area Yes , No

D. Blowout Preventer Yes X, No

E. H2S Yes , No Part Fed APD

F. C144 Pit Registration Yes , No need

G. Does APD require Santa Fe Approval:

1. Non-Standard Location: Yes , No X, NSL #

2. Non-Standard Proration: Yes , No X, NSP #

3. Simultaneous Dedication: Yes , No X, SD #

Number of wells Plus #

4. Injection order Yes , No X; PMX # or WFX #

5. SWD order Yes , NO X; SWD #

6. DHC from SF ; DHC-HOB ; Holding

7. OCD Approval Date 11/12/11

API # 30-015-38416

8. Reviewers K2