



SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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

30-045-29113

ABOVE THIS LINE FOR DIVISION USE ONLY

### 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

BRIAN WOOD  
(505) 466-8120  
FAX 466-9682

CONSULTANT

12-29-01

e-mail Address

brian@permitswest.com

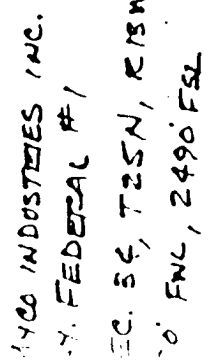


REQUEST FOR ADMINISTRATIVE APPROVAL FOR A NON-STANDARD LOCATION  
FOR MYCO INDUSTRIES, INC.  
LY FEDERAL #4 GAS WELL  
2490' FSL & 1780' FWL SEC. 34, T. 25 N., R. 13 W., SAN JUAN COUNTY, NM

I. The well is on Navajo Tribal surface and a BLM oil and gas lease. The proposed location is non-standard (NSL) for the Pictured Cliffs. A Pictured Cliffs gas well must be at least 660' from all quarter section lines. This well is 150' from the north quarter section line. The NSL is due to the Navajo Agricultural Products Industry's (NAPI) plans for center pivot irrigation field 11-35 (Exhibit A) which will fill all of the standard Pictured Cliffs drilling window. NAPI tries to minimize interference with their surface use by concentrating other land uses. Thus, MYCO will reenter a plugged and abandoned coal gas well (30-045-29113). The APD (Exhibit B) is attached.

II. A C-102 (Exhibit C) showing the well location and proration unit (dashed lines marking the southwest quarter of Sec. 34 = 160.00 acres) for the Pictured Cliffs is attached. MYCO's leasehold (= solid lines) is shown on the attached composite copy (Exhibit D) of the Alamo Mesa West and Moncisco Wash topo maps. The well is 1,452' from the closest non-MYCO operated lease. A standard location would move the well closer to the boundary of the 1,680 acre lease.

III. According to NM Oil Conservation Records reviewed in their Santa Fe office on September 27, 2001 and on line on December 29, 2001; there is no production from the Pictured Cliffs within a minimum 5,280' radius. A composite copy (Exhibit D) of the Alamo Mesa West and Moncisco Wash 7.5' USGS maps is attached showing the proposed well site. There is one lease within a minimum 1,452' radius. MYCO is the operator of its BLM lease. Registered letters were sent on December 29, 2001 to the offset interest owners. (MYCO's one lease holds all potential adjacent Pictured Cliffs drilling windows except for S2SE4 Sec. 34 and north half of Sec. 3. All of these mineral rights are held by BLM and have been unleased since at least 1996 according to BLM records reviewed on line on November 16, 2001.) A copy of the receipts and letters is attached.



# EXHIBIT A

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NMNM-57453	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A	
2. NAME OF OPERATOR MYCO Industries, Inc.		7. UNIT AGREEMENT NAME N/A	
3. ADDRESS AND TELEPHONE NO. 105 South 4th St., Artesia, NM 88210		8. FARM OR LEASE NAME, WELL NO. LY Federal 4	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 2490' FSL & 1780' FWL		9. API WELL NO. 30-045-29113	
At proposed prod. zone Same		10. FIELD AND POOL OR WILDCAT Wildcat Pic. Cliffs	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 26 air miles S of Farmington		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 34-25n-13w NMPM	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1,452'		12. COUNTY OR PARISH San Juan	
16. NO. OF ACRES IN LEASE 1,680		13. STATE NM	
17. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. N/A		18. NO. OF ACRES ASSIGNED TO THIS WELL 160	
19. PROPOSED DEPTH 1,200'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6,252' ungraded		22. APPROX. DATE WORK WILL START* On Approval	

## PROPOSED CASING AND CEMENTING PROGRAM

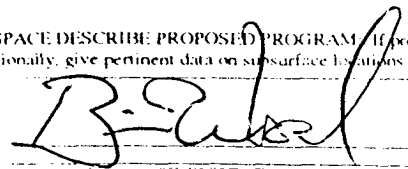
SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8-3/4"	7"	23	135'	100 sacks. & to surface
6-1/4"	J-55 4-1/2"	11.6	1,200'	200 sacks & to surface

Well was drilled in 1994 as the LY Federal #1 and as a Fruitland coal gas well.  
It was plugged and reclaimed in 1996.

Well is staked as a NSL to avoid proposed center pivot field 11-35 (see map  
at end of APD).

cc: BIA, BLM, May, NAPI, OCD (via BLM), Tribe

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM. If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

21  
SIGNED  TITLE Consultant (505) 466-8120 DATE 10-7-01

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

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.

CONDITIONS OF APPROVAL, IF ANY

EXHIBIT B

MYCO Industries, Inc.  
LY Federal #4  
2490' FSL & 1780' FWL  
Sec. 34, T. 25 N., R. 13 W.  
San Juan County, New Mexico

PAGE 1

## Drilling Program

### 1. FORMATION TOPS

The estimated tops of important geologic markers are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea Elevation</u>
Kirtland Sh	000'	5'	+6,252'
Fruitland Coal	873'	878'	+5,379'
Pictured Cliffs Ss	921'	926'	+5,331'
Total Depth (TD)*	1,200'	1,205'	+5,052'

\* all elevations reflect the ungraded ground level of 6,252'

### 2. NOTABLE ZONES

#### Oil & Gas Zones

Fruitland

Pictured Cliffs

#### Water Zones

Kirtland

Fruitland

#### Coal Zones

Fruitland

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

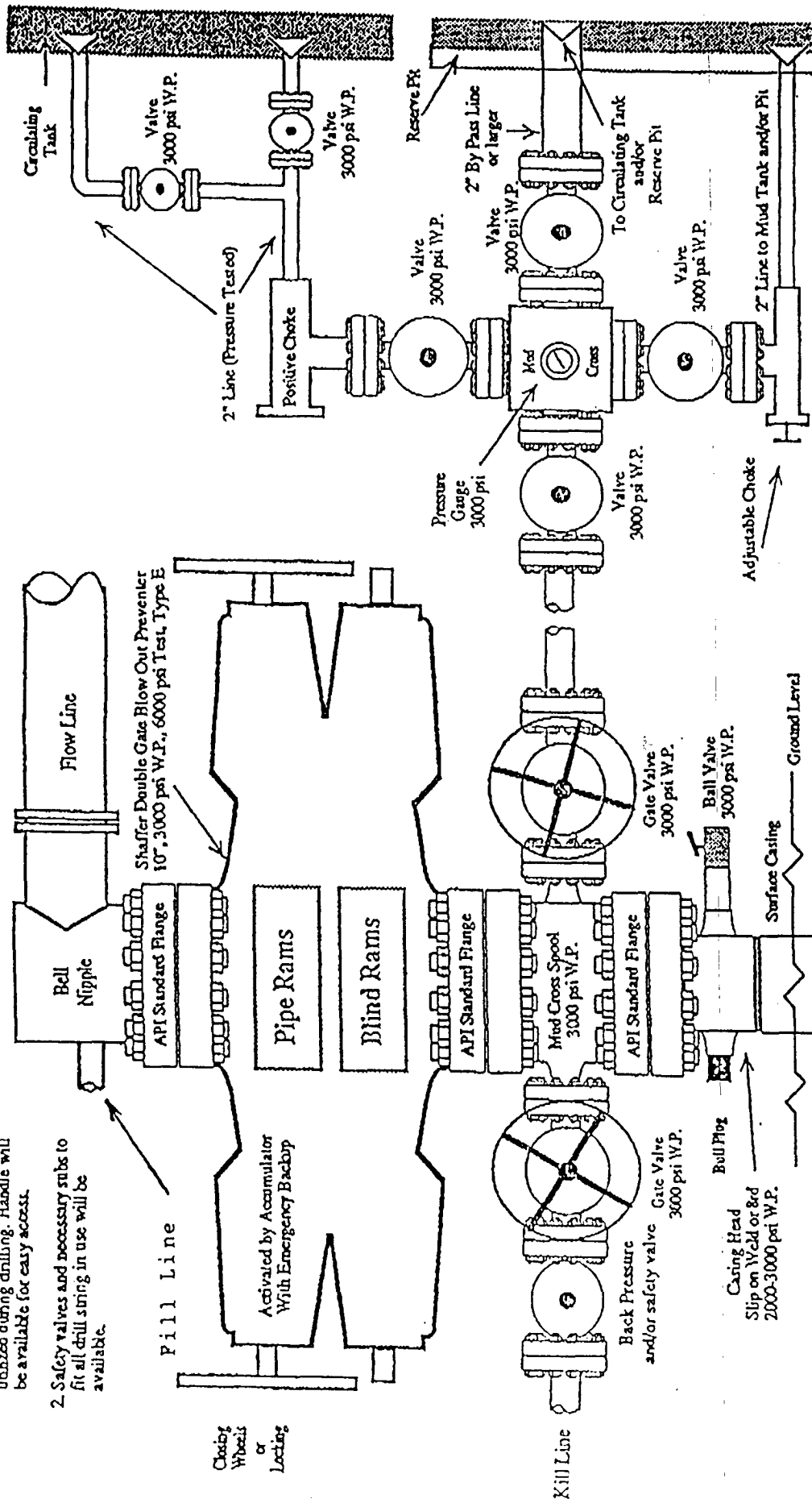
### 3. PRESSURE CONTROL

BOP systems will follow Onshore Order #2 and API RP 53. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical model is on PAGE 3.

Maximum expected pressure is 200 psi. BOP controls will be installed before

# Pressure Control Equipment

- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.
2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

MYCO Industries, Inc.  
LY Federal #4  
2490' FSL & 1780' FWL  
Sec. 34, T. 25 N., R. 13 W.  
San Juan County, New Mexico

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### Surface Use Plan

#### 1. DIRECTIONS & EXISTING ROADS (See Pages 9 & 10)

From the San Juan River Bridge in Farmington, go S 29 miles on NM 371  
Then turn right and go E 1.1 miles on County Road 7250  
Then turn left and go NE 2.3 miles on a pipeline patrol road to a gate  
Then turn right before the gate and go SE 3,000' along the fence to the pad

Existing roads need no upgrading. Roads will be maintained to a standard at least equal to their present condition.

#### 2. ROAD TO BE BUILT

No new road or upgrading is needed.

#### 3. EXISTING WELLS

There are no water, gas, oil, or injection wells within a mile.

#### 4. PROPOSED PRODUCTION FACILITIES

A dehydrator, meter run, tank, separator or heater-treater may be installed. All will be painted a flat Carlsbad Canyon tan color. A Sundry Notice will be submitted for approval before pipeline installation (plans are still pending).

MYCO Industries, Inc.  
LY Federal #4  
2490' FSL & 1780' FWL  
Sec. 34, T. 25 N., R. 13 W.  
San Juan County, New Mexico

PAGE 7

## 9. WELL SITE LAYOUT

See PAGES 11 and 12 for depictions of the well pad, cross section, cut and fill diagram, reserve pit, trash cage, access onto the location, parking, living facilities, and rig orientation.

## 10. RECLAMATION

Reclamation starts once the reserve pit is dry. It usually takes a year for a reserve pit to fully evaporate, at which point it will be backfilled. The pad and backfilled pit will be recontoured to a natural appearance, stockpiled topsoil spread evenly over disturbed areas, and disturbed areas ripped or harrowed. BLM seed mix #1 will be drilled at a depth and time to be determined by BLM.

If broadcast, the rate will be increased as determined by BLM. A harrow or cable will be dragged over the area to assure seed cover. After seeding is done, the stockpiled brush will be scattered evenly over disturbed areas. The new road will be reclaimed in the same manner as the well site.

If the well is a producer, then the reserve pit and any other areas not needed for workovers will be reclaimed as previously described.

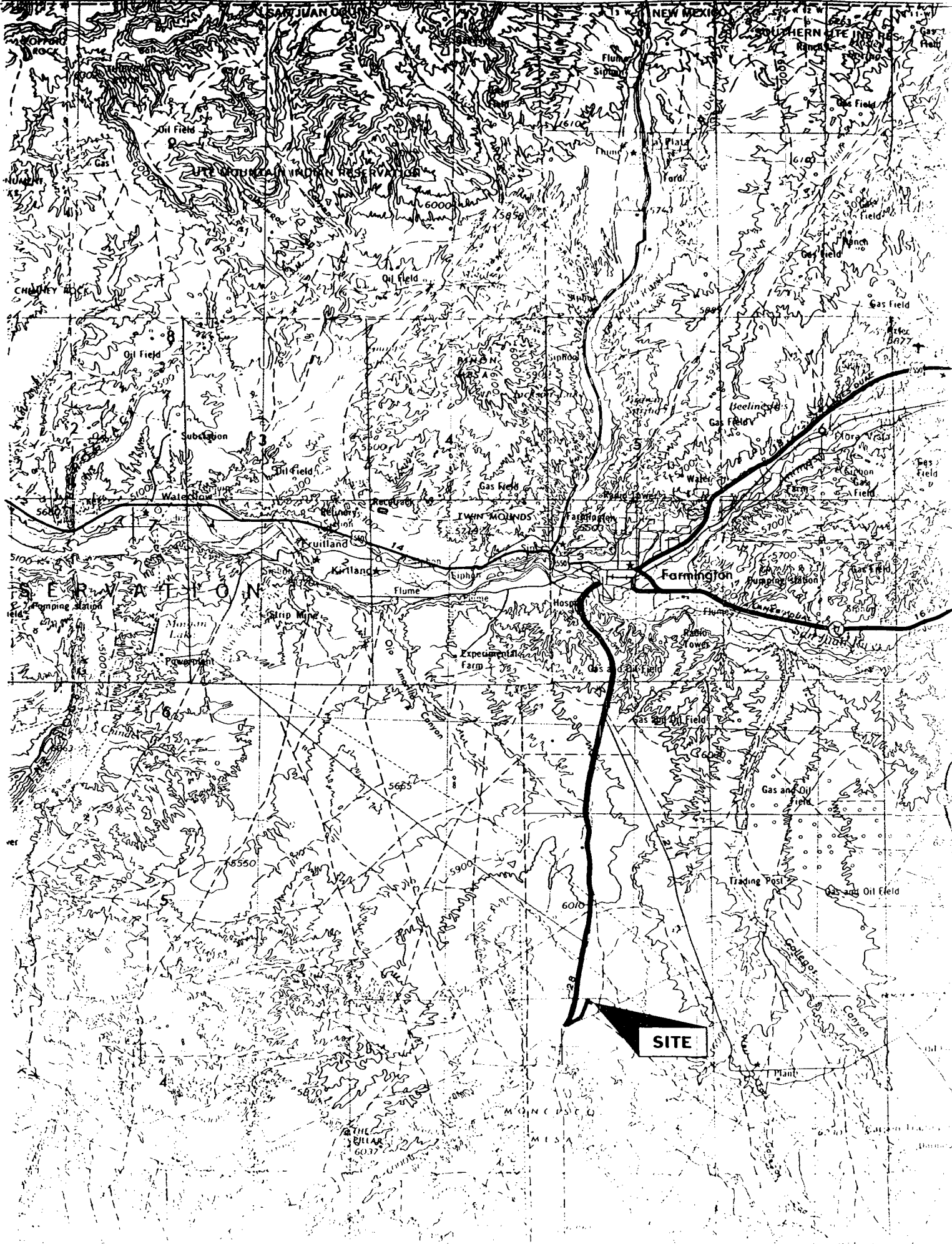
## 11. SURFACE OWNER

All construction is on Navajo Tribal Trust land within the Navajo Indian Irrigation Project.

## 12. OTHER INFORMATION

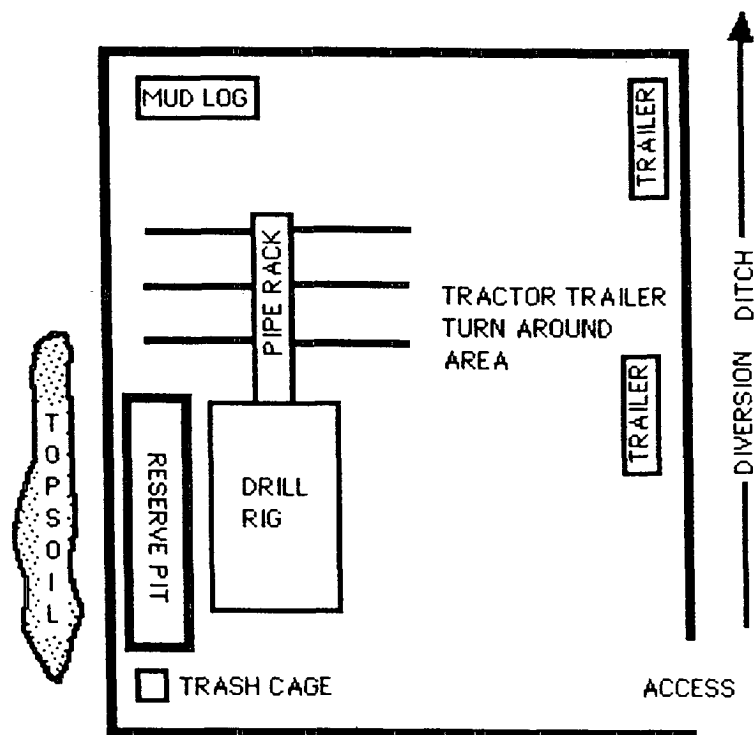
The nearest hospital is an ≈40 minute drive away in southwest Farmington.



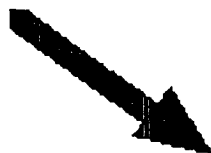


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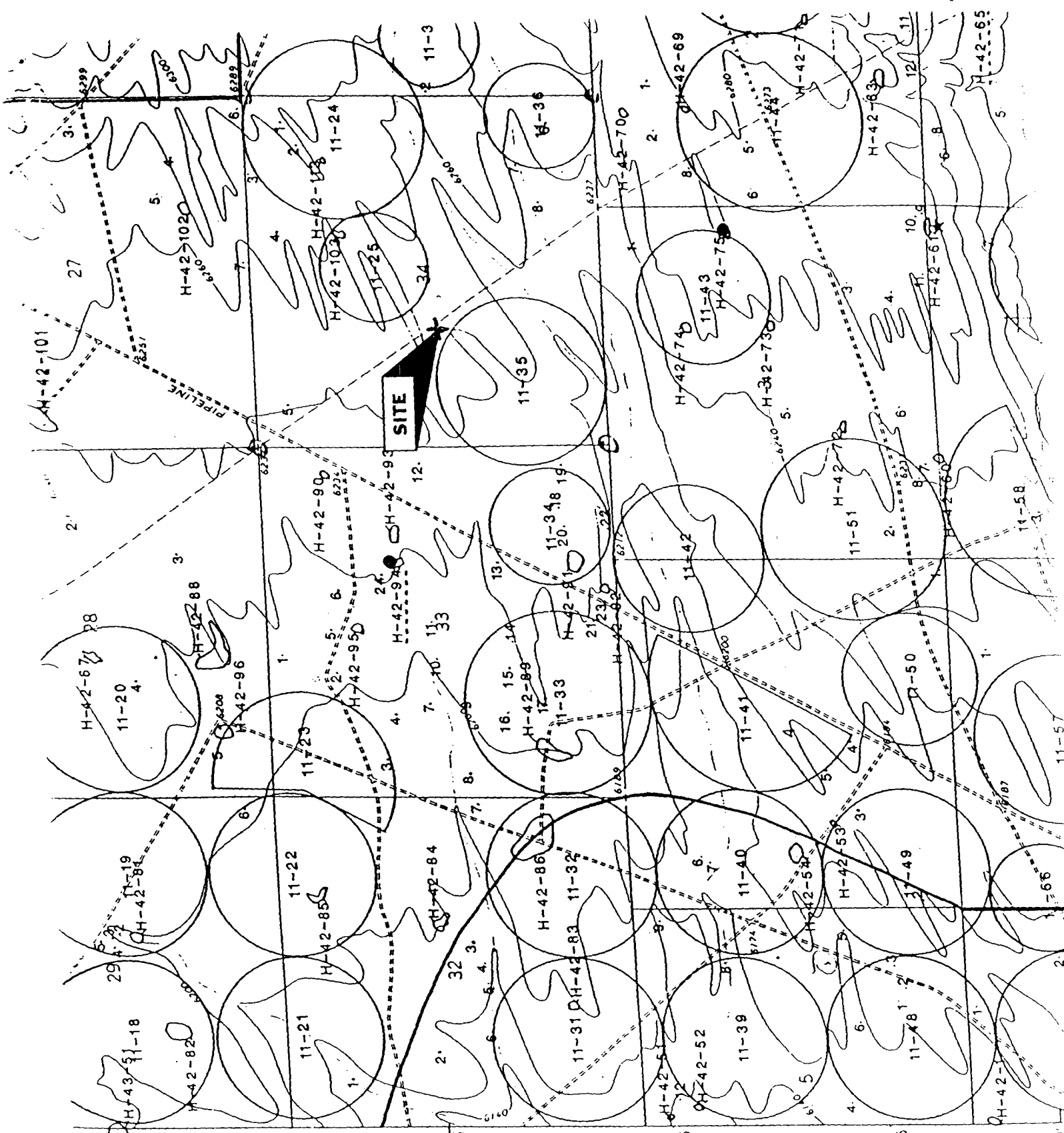
PAGE 11



1" ≈ 40'



NORTH



4028000m N  
4027  
T 25 N  
T 24 N  
4026  
4025  
20'

400 INDUSTRIES INC.  
7. FEDERAL #1  
C. 54, T25N, R15W  
O. FWL, 2490 FSL

State of New Mexico  
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

☐ AMENDED REPORT

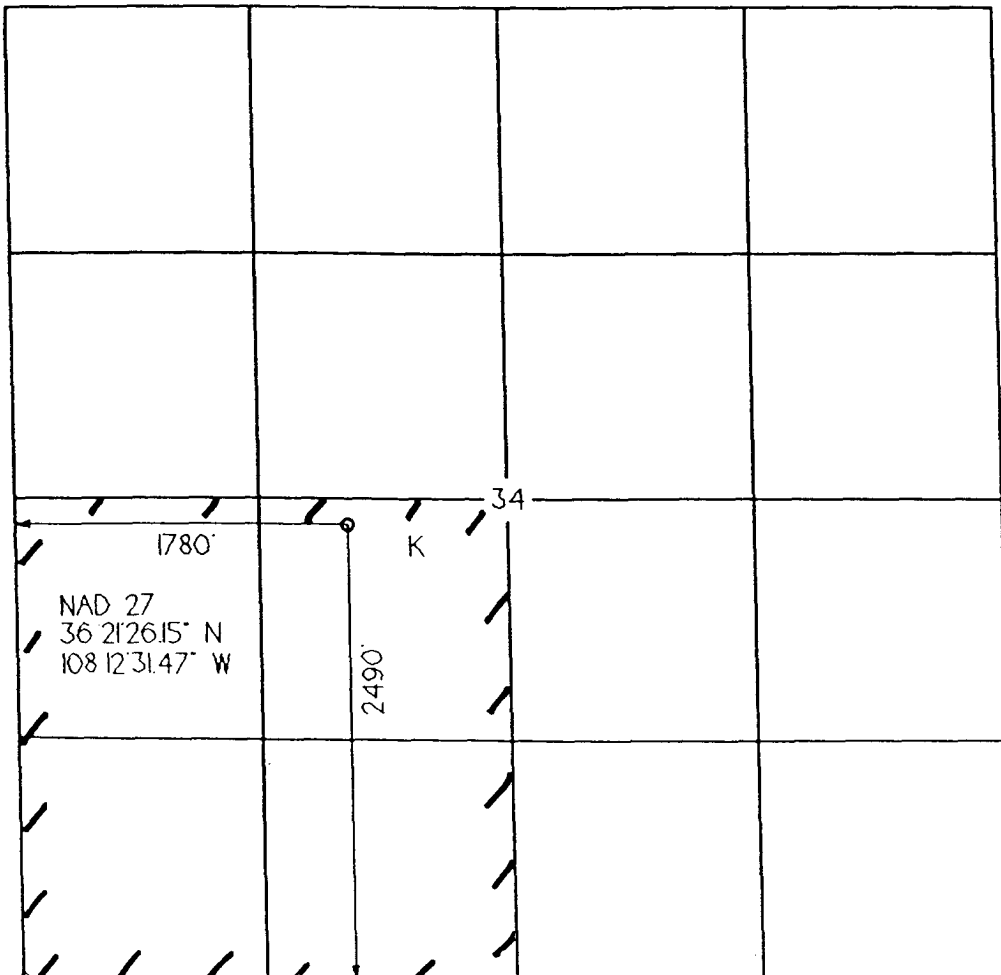
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number <b>30-045-29113</b>	Pool Code .	Pool Name <b>WILDCAT PICTURED CLIFFS</b>
Property Code .	Property Name <b>LY FEDERAL</b>	Well Number <b>4</b>
OGRD No. <b>15445</b>	Operator Name <b>MYCO Industries, Inc.</b>	Elevation <b>6252'</b>

Surface Location									
UL or Lot <b>K</b>	Sec. <b>34</b>	Twp. <b>25 N.</b>	Rge. <b>13 W.</b>	Lot Ltn.	Feet from > <b>2490'</b>	North/South <b>SOUTH</b>	Feet from > <b>1780'</b>	East/West <b>WEST</b>	County <b>SAN JUAN</b>

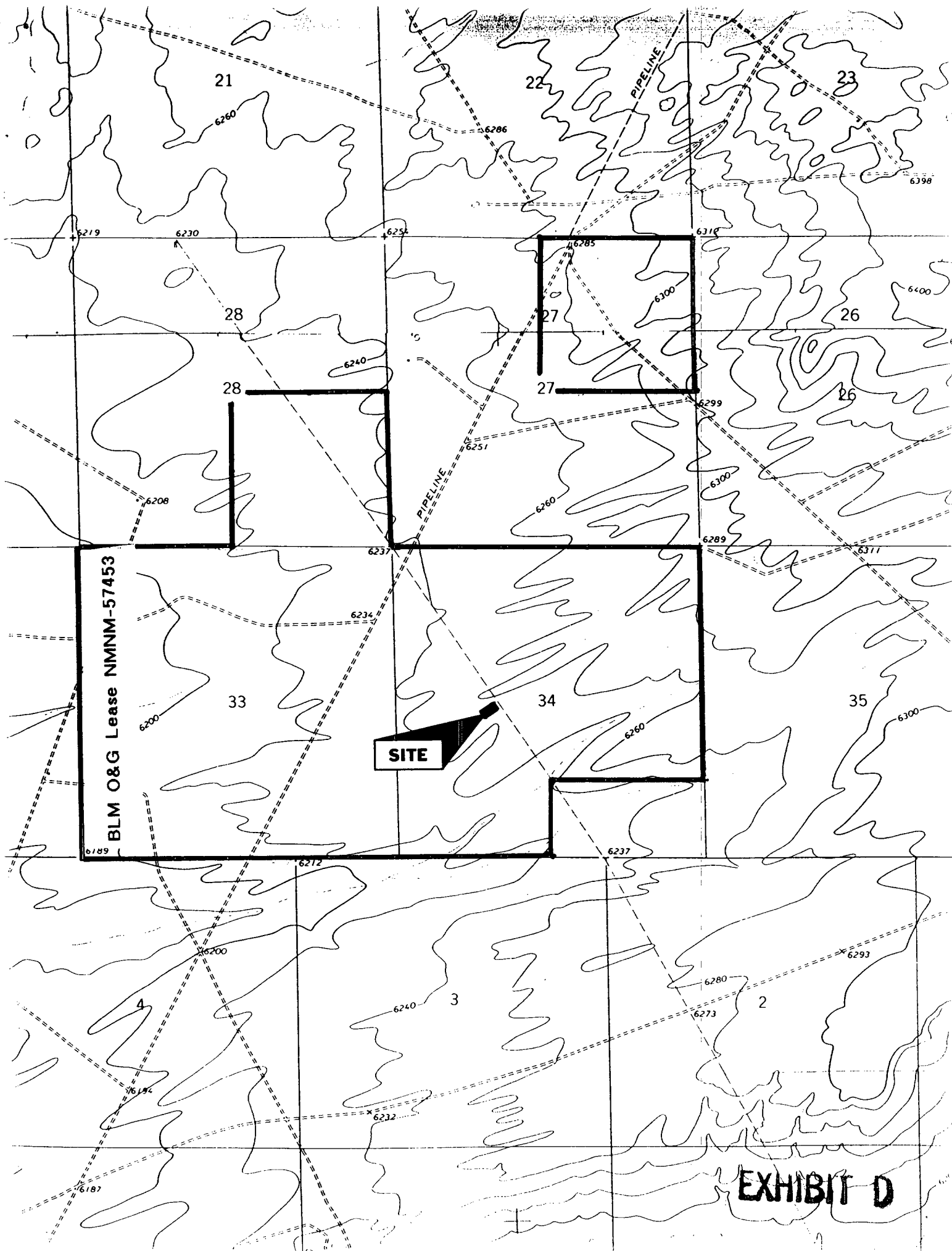
Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Ltn.	Feet from >	North/South	Feet from >	East/West	County
Dedication	Joint ?	Consolidation			Order No.				

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



<b>OPERATOR CERTIFICATION</b>	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature	<i>Brian Wood</i>
Printed Name	<b>BRIAN WOOD</b>
Title	<b>CONSULTANT</b>
Date	<b>OCTOBER 7, 2001</b>
<b>SURVEYOR CERTIFICATION</b>	
I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
Date of Survey	

**EXHIBIT C**



**EXHIBIT D**

**PERMITS WEST, INC.**  
PROVIDING PERMITS for LAND USERS  
47 Arroyo Loop, Santa Fe, New Mexico 87505 (505) 466-8120

December 29, 2001

BLM  
1235 LaPlata Highway  
Farmington, NM 87401

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location for a well. This letter is a notice only. No action is needed unless you have questions or objections.

MYCO Industries, Inc. is applying to drill its LY Federal #4 gas well. A Pictured Cliffs gas well must be at least 660' from a quarter section line. This well is 150' from a quarter section line due to a planned irrigated farm field. Thus, it is a non-standard location. The proposed well is 1,452' from the closest lease line, 150' from the closest acreage dedication line, and a mile plus from the closest Pictured Cliffs producer. See attached map for more details.

Well Name: LY Federal #4

Total Depth: 1,200'

Proposed Producing Zone: Pictured Cliffs sandstone

Acreage Dedication: southwest quarter of Section 34 = 160.00 acres

Location: 2490' FSL & 1780' FWL Sec. 34, T. 25 N., R. 13 W.,

San Juan County, NM on BLM lease NMNM-57453

Approximate Location: ~26 air miles south of Farmington, NM


Applicant Name: MYCO Industries, Inc. (505) 748-1471

Applicant's Address: 105 South 4th St., Artesia, NM 88210

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 2040 S. Pacheco, Santa Fe, NM 87504. Their phone number is (505) 827-7131.

questions.

Sincerely,

  
Brian Wood

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

Postage	\$
Postage Due	
Return Receipt Fee	
Endorsement Required	
Restricted Delivery Fee	
Endorsement Required	
Total Postage & Fees	\$

Sent to **BLM**  
Street, Apt. Bldg. or P.O. Box No. **1235 LaPlata**  
City, State, ZIP+4® **1235 LaPlata**

**PERMITS WEST**, INC.  
PROVIDING PERMITS for LAND USERS  
17 Merano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

Dec. 29, 2001

Sharbro Oil Ltd. Co.  
P. O. 840  
Artesia, NM 88210

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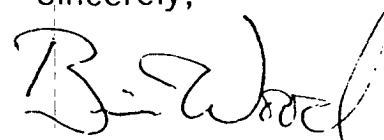
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questions.

Sincerely,



Brian Wood

2000 1670 0002 2100 9535 2483

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Sent To: Sharbro  
Street, Apt. No., or PO Box No: PO Box 840  
City, State, ZIP+4: Artesia NM 88210