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2. NAME OF OPERATOR MYCO INDUST:	RIES, INC.				SHARBRO FEDERAL #4
3. ADDRESS AND TELEPHONE N		9211_0940		-	-
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23.			AND CEMENTING PROGRA		
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7 7/8" NOTE: APPROXI	2½" K-55	17#	4600' 8650'	1300-sx 1500-sx	
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SECTIVED A DESP

DISTRICT I P.O. Box 1880, Hobbs, RM 88841-1980

#### State of New Mexico

Energy, Minerals and Natural Resources Department.

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

DISTRICT II P.O. Drawer DD, Artesia, NM 88911-0719

DISTRICT III 1000 Rio Brazos Rd., Astec, NM 57410

OIL CONSERVATION DIVISION P.O. Box 2088

Santa Fe, New Mexico 87504-2088

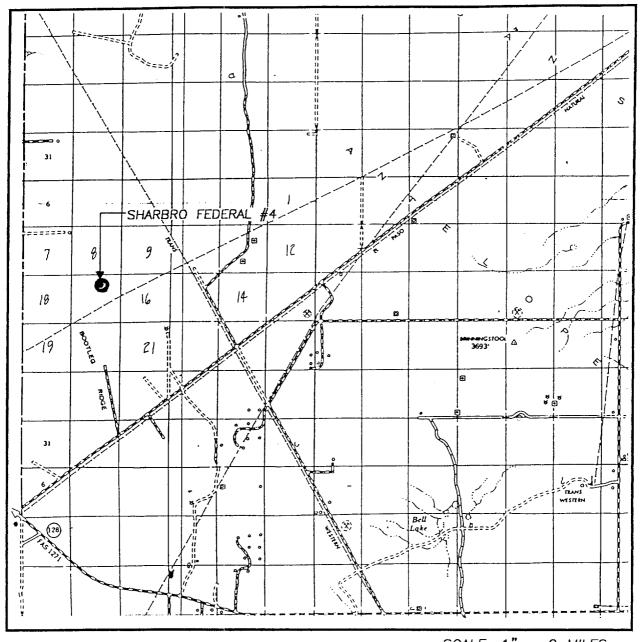
☐ AMENDED REPORT

DISTRICT IV P.O. BOX 2058, SANTA PE, N.M. 87504-2058

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

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# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 17 TWP. 23—S RGE. 32—E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 990' FNL & 1980' FEL

ELEVATION 3634

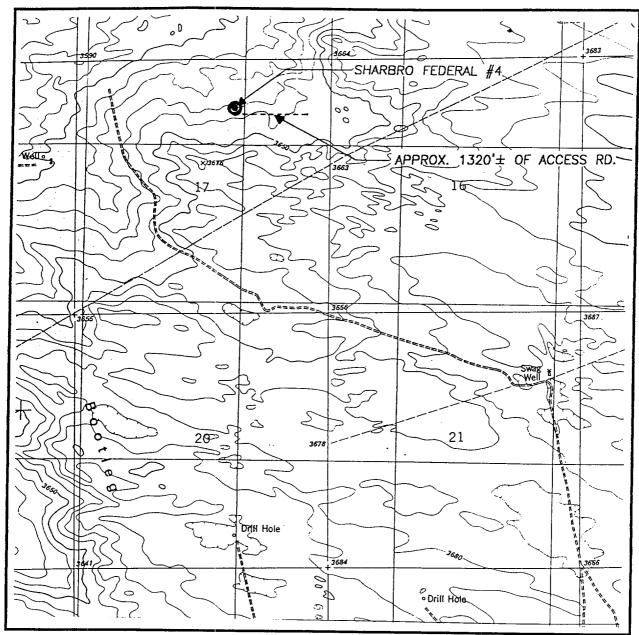
OPERATOR MYCO INDUSTRIES INC.

LEASE SHARBRO FEDERAL

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



# LOCATION VERFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: BOOTLEG RIDGE, N.M. - 10'

SEC. 17 TW	P. <u>23-S</u> RGE. <u>32E</u>
SURVEY	N.M.P.M.
COUNTY	LEA
DESCRIPTION 9	990' FNL & 1980' FEL
	3634
OPERATORM	IYCO INDUSTRIES INC.
LEASES	SHARBRO FEDERAL
U.S.G.S. TOPO	GRAPHIC MAP
BOOTLEG RIDG	E, N.M.

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

# MYCO INDUSTRIES, INC. SHARBRO FEDERAL #4 990' FNL & 1980' FEL S17-T23S-R32E NMPM LEA COUNTY, NM

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

Rustler	1020'	Cherry Canyon	5650'
Bottom of Salt	4420'	Brushy Draw	7500'
Top of Delaware	4650'	TD	8650'

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

Water:

150-250

Oil or Gas

7500' and 8500'

3. **PRESSURE CONTROL EQUIPMENT:** BOPE will be installed on the 13 3/8" casing and rated for 3M BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings wich 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 at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

#### **AUXILIARY EQUIPMENT:**

A. Auxiliary Equipment: Kelly cock, pit level indicators, and 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 in not in use.

#### 4. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (All New)

Hole Size	Casing Size	Wt./Ft.	<u>Grade</u>	Thread	Coupling	<u>Interval</u>	Length
17 1/2"	13 3/8"	48#	H-40	8R	ST&C	0-600'	600"
12 1/4"	8 5/8"	32#	J-55	8R	LT&C	0-4600	4600'
7 7/8"	5 1/2"	1 <b>7</b> #	K-55	8R	LT&C	0-8650'	8650'

Minumum Casing Design Factor: Collapse 1.3, Burst 1.5, Tensile Strength 2.0

#### B. **CEMENTING PROGRAM:**

Surface casing: 300 sx. "C" w/ 4% Gel, 2% Cacl2

(wt. 13.5 ppg. Yield 1.74 cu. ft) & 200 sx. Class "C" w/ 2% Cacl2 (wt. 14.8 ppg. yield 1.34 cu. ft)

Circulate to surface.

Intermediate Casing: 1300 sx. 35/65 Poz "H" w/6% Gel 5% NaCl, 1/4# Flocele (12.8 ppg. 1.94 cu. ft.) + 200 sx. Class"H"(wt. 15.6 ppg. Yield 1.18 cu ft.) <u>Circulate to surface</u>.

Production Casing: 1st stage: 750 sx. 50/50 Poz "H" w/2% Gel, 5% NaCl, 1/4# Flocele (wt. 14.2 ppg Yield 1.35 cu. ft.) DV Tool; set at approx. 6400 ft.

2nd Stage: 750 sacks 35/65 Poz "H' w/6% Gel, 5% NaCl, 1/4# Flocele (12.8 ppg 1.94 cu. ft.) + 200 sacks "H" (wt. 15.6 ppg Yield 1.18 ft3). Tie back to intermediate casing (100').

#### 5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	<u>Type</u>	<u>Weight</u>	Viscosity	Fluid Loss
0-600	FWGel	8.4/8.9	32-36	N/C
600-4600	Brine	10.0	28	N/C
4600-TD	Cut Brine	8.9/9.3	28	<15cc

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**:

Samples: Every 10' from intermediate casing to TD

Logging: G/R from surface to TD; CNL/LTD & DLL/MSFL 4600' to TD.

Coring: None anticipated

DST's: 1 to 2 in Delaware Sands.

#### 7. Abnormal Conditions, Bottom hole pressure and anticipated BHP:

From: 0 To: 600 Anticipated Max. BHP: 250 PSI From: 600 To: 4600 Anticipated Max. BHP: 750 PSI From: 4600 To: 8650 (TD) Anticipated Max. BHP: 2800 PSI

Anticipated Potential Hazards: None

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 165 Degrees F

#### 8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 15 days to drill the well with completion taking another 20 days. DRILLING OPERATIONS MUST BE COMPLETED PRIOR TO 3-15-00 AS THIS LOCATION LIES IN THE DESIGNATED PRARIE CHICKEN AREA.

#### MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Myco Industries, Inc.

SHARBRO FEDERAL #4

990' FNL & 1980' FEL

S17-T23S-R32E NMPM

LEA COUNTY, NM

This plan is submitted with Form 3160-3, Application for Permit to Drill, 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 dissturbance involved and 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 is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 38 miles West and North of Jal, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS: Go SouthEast out of Carlsbad, New Mexico on Highway 285 to 31. Go east on 31 to 128 (Jal Hwy.) Go approximately 16 miles to Red Road (County Road 802). Turn north and go approximately 4.2 miles and turn right (East) on lease road and go approximately 1.7 miles on existing caliche lease road where the new access road for the Sharbro Federal #2 will start. From the Sharbro Federal #2 go approximately 1320'due West to location.

#### 2. PLANNED ACCESS ROAD

- A. The proposed new access road will be approximately 1320' West in length from the Sharbro Federal #3.
- B. The new road will be 14 feet 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. Two traffic turnouts will be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

#### 3. LOCATION OF EXISTING WELL

- 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 proposed wellsite.

#### 4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. A 4,967' R-O-W (Exhibit A) has been applied for the Sharbro Federal #2 and this right-of-way will be used for the electrical line and the gas sales line. Additionally, a right-of-way has been applied for a SWD line (7,144') running due North from the Sharbro Federal #2. This well will be tied into the SWD line. (Exhibit A).

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

A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

#### 6. SOURCE OF CONSTRUCTION MATERIALS:

A. It will be the responsibility of the dirt contractor to obtain caliche from a source of their choice. A likely source would be in the SE/4 NE/4 of Section 2-T23S-R31E.

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

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approval disposal system, or separate disposal application will be submitted.
- D. 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 complied with.
- F. All trash, junk and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

#### 8. ANCILLARY FACILITIES: NONE

#### 9. **WELLSITE LAYOUT:**

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged and is detailed on NMOCD Form C-102 (Attached).

#### 10. PLANS FOR RESTORATION

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and debris to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level after they have evaporated and dried.
- 11. SURFACE OWNERSHIP: Federal surface administered by BLM.

#### 12. **OTHER INFORMATION:**

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.

#### 13. OPERATOR'S REPRESENTATIVE

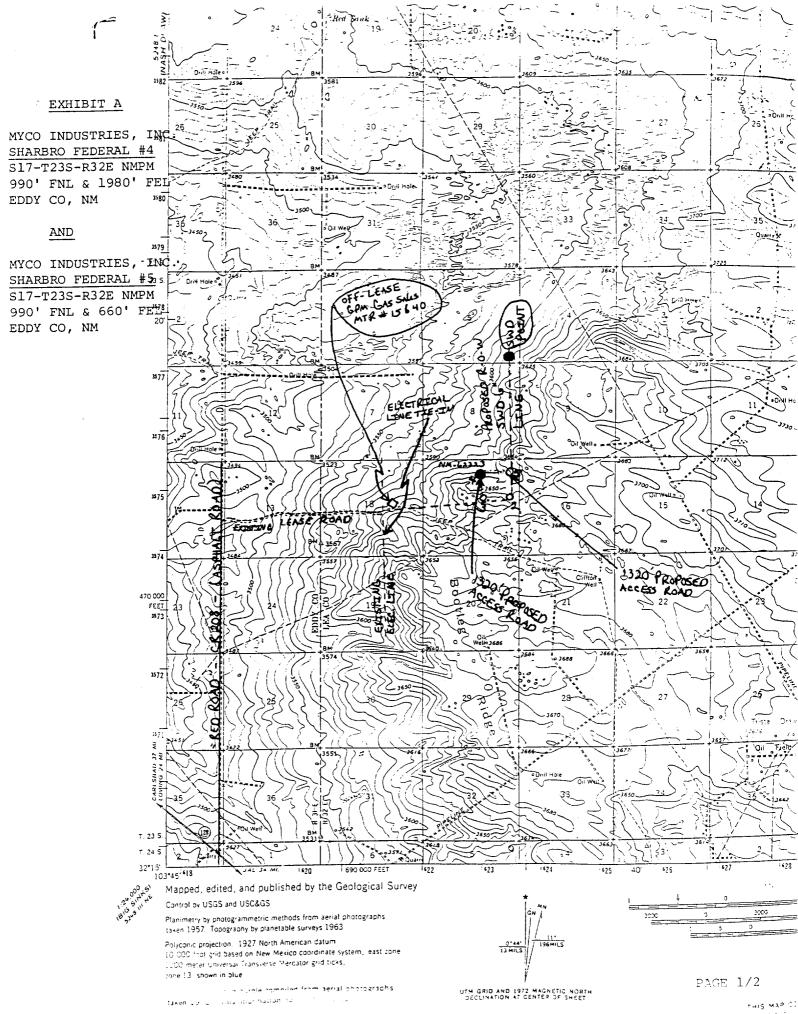
Nelson Muncy, PELS Operations Manager Myco Industries, Inc. P.O. Box 840 Artesia, New Mexico 88211-0840 Phone (505) 748-4274

#### 14. **CERTIFICATION:**

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

OPERATIONS MANAGER

12/7/99 Date

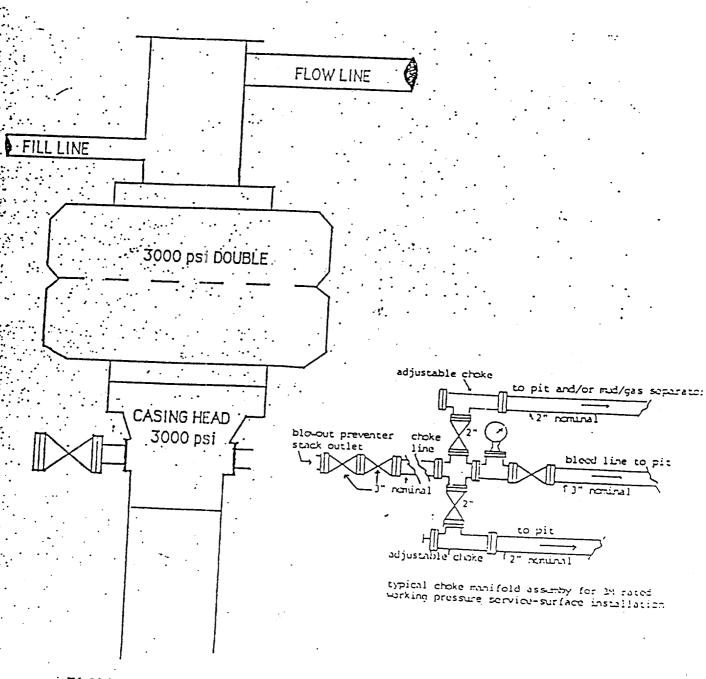


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MYCO INDUSTRIES, INC. SHARBRO FEDERAL # 4 990' FNL & 1980' FEL Sec. 17-T23S-R32E NMPM LEA COUNTY, New Mexico

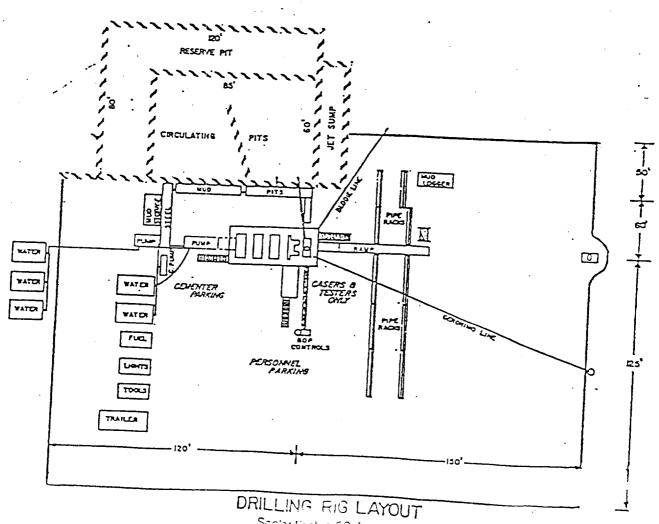
Exhibit B



BLOWOUT PREVENTER 3M SYSTEM

MYCO INTESTRIES, INC. SHARBRE EDERAL #4 990' FNL & 1980' FEL Sec. 17-T23S-R32E NMPM Lea County, New Mexico

Exhibit C

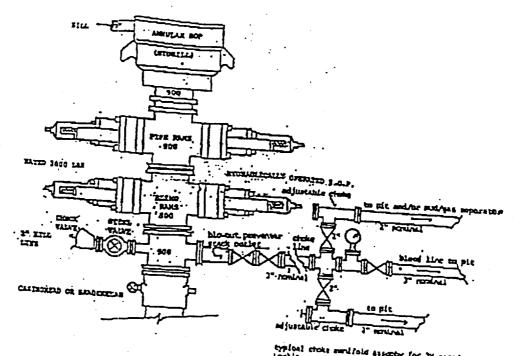


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MYCO INDUSTRIES, INC. HARBRO FEDERAL #4 990' FNL & 1980' FEL Sec. 17-T23S-R32E NMPM Lea County, New Mexico

### EXHIBIT E



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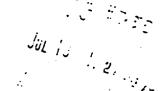
# THE POLICHING CONSTITUES THE HINIKON BLOROUT PREVENTER REQUIREMENTS FOR 1000 PRY WP EXETENS

- 1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
- 2. Choks outlet to be a minimum of 3" diameter;
- 3. Kill line to be of all steel construction of 3" minimum diameter.
- All connections from operating manifolds to preventers to be all steel. Hole or tube to be a minimum of one inch in diameter.
- The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
- E. All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
- Inside blowout preventer to be available on rig floor.
- Operating controls to be located a mafe distance from the rig
- 3. Hole must be kept filled on trips below intermediate casing.



# MYCO INDUSTRIES, INC. OIL PRODUCERS

P.O. BOX 840 / 331 WEST MAIN, SUITE C 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 No.: NM-62223

Bond Coverage:

Individually Bonded

Legal Description of Land:

Township 23 South, Range 32 Fast

Section 7: SE/4SE/4 Lea County, New Mexico BLM Bond File No.: 58 59 71

Formation (s) (if applicable):

N/A

MYCO INDUSTRIES, INC.

Date: 7-17-95

ABOVE DATE DOBS NOT CONFIDENTIAL WHEN WILL BE PROPERTY.