

DATE IN 3/20/08	SUSPENSE	ENGINEER Brooks	LOGGED IN 3/25/08	TYPE SD	APP NO. PKUR0308056629
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



M4CO Industries Inc
 Milo 33 Fee #s 1H, 2H

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 _____

RECEIVED
 2008 MAR 20 PM 2 30

[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 - *paper 4-10*
- [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.

Ocean Munds-Dry Ocean Munds-Dry Attorney 3-20-08
 Print or Type Name Signature Title Date

omundsdry@hollandhart.com
 e-mail Address



March 20, 2008

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Myco Industries, Inc. for Administrative Approval of the Simultaneous Dedication of the S/2 of Section 33, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico to its proposed Milo 33 Fee Well No. 2H and the existing Milo 33 Fee Well No. 1H.

Dear Mr. Fesmire:

Myco Industries, Inc. ("Myco") is the operator of a standard 320-acre spacing unit comprised of the S/2 of Section 33, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico. This spacing unit is dedicated to Myco's Milo 33 Fee Well No. 1H which has been horizontally drilled and produces from the Wolfcamp formation.

Myco seeks administrative approval of the simultaneous dedication of this standard 320-acre gas spacing unit to the following two horizontal gas wells:

- A. the existing Milo 33 Fee Well No. 1H (**API No. 30-005-63849**) horizontally drilled from a surface location 710 feet from the South line and 186 feet from the East line of Section 32, Township 15 South, Range 25 East to an end point or bottom hole location 710 feet from the South line and 660 feet from the East line of said Section 33; and
- B. the proposed Milo 33 Fee Well No. 2H (**API No. 30-005-63910**) to be horizontally drilled from a surface location 1930 feet from the South line and 236 feet from the East line of said Section 32 to a proposed end point or bottomhole location 1930 feet from the South line and 660 feet from the East line of said Section 33.



Both the penetration point and the bottomhole location for the Milo 33 Fee Well No. 1H are at a standard location in the Wolfcamp formation pursuant to Division Rules 104.C (2) (a) and 111.A (7). Myco now intends to horizontally drill and complete its proposed Milo 33 Fee Well No. 2H to be drilled to the targeted subsurface end-point or bottomhole location 1930 feet from the South line and 660 feet from the East line (Unit I) of Section 33. Myco proposes to drill this well in compliance with the set-back requirements of Division Rules 104.C(2)(b) and 111.A(7) for deep gas wells in southeast New Mexico.

Attached hereto as **Exhibit A** is a copy of Division Form C-102 for this well that shows the proposed surface and bottomhole location of the well.

Exhibit B is a map of offset operators around the spacing unit in Section 33. **Exhibit C** is a list of affected parties as defined by Division Rules. Myco is also the working interest owner in the S/2 of Section 32 and ownership is common. As required by Rule 1210, a copy of this application (with attachments) has been sent to those affected parties in accordance with Rule 1207(A)(5) and they have been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

The simultaneous dedication of the S/2 of said Section 33 to the Milo 33 Fee Well Nos. 1H and 2H will afford Myco the opportunity to efficiently produce the Wolfcamp formation under this spacing unit. Myco's proposed simultaneous dedication of these wells does not exceed the number of wells allowed by Division Rule for this spacing unit.

Your attention to this application is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Ocean Munds-Dry".

Ocean Munds-Dry
Attorney for Myco Industries, Inc.

Enclosures

DISTRICT I
1625 N. FRANCIS DR., ROSA, NM 88240

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

DISTRICT III
1000 Eto Brazos Ed., Artes, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Month - Year
MAR - 5 2007
OCD - ARTESIA, NM

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
	96086	Wildcat; Wolfcamp
Property Code	Property Name	Well Number
	MILO 33 FEE	2H
OCRD No.	Operator Name	Elevation
	MYCO INDUSTRIES, INC.	3468'

Surface Location

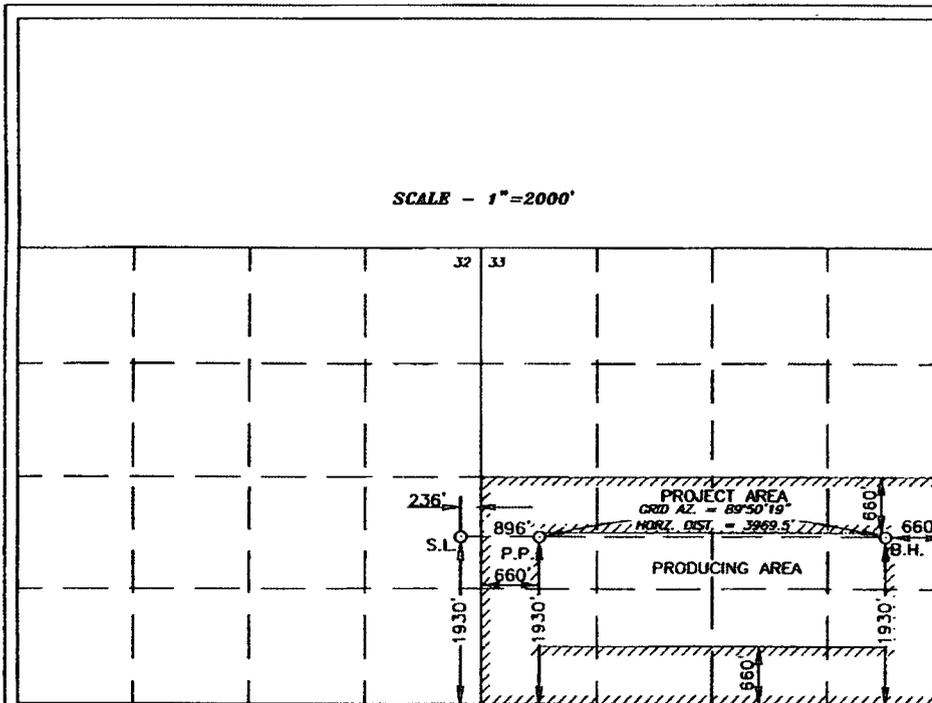
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	32	15-S	25-E		1930	SOUTH	236	EAST	CHAVES

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
1	33	15-S	25-E		1930	SOUTH	660	EAST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order 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



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by this division.

Shari Hodges 3.5.2007
Signature Date
SHARI HODGES
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown 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.

JANUARY 22, 2007
Date Surveyed REV 2/22/07 AR
Signature & Seal of Professional Surveyor

Ronald J. Edson 2/22/07
07.11.0097
Certificate No. GARY EMMSON 12841
RONALD J. EDSON 3239

GEODETIC COORDINATES
NAD 27 NME
SURFACE HOLE LOCATION
Y=716446.3 N
X=462212.5 E
LAT.=32.969521° N
LONG.=104.456544° W

PENETRATION POINT
Y=716448.4 N
X=463108.3 E
LAT.=32.969530° N
LONG.=104.453624° W

BOTTOM HOLE LOCATION
Y=716459.6 N
X=467076.8 E
LAT.=32.969572° N
LONG.=104.440684° W

EXHIBIT

A

tabbles

DISTRICT I
1520 N. FRANCHIS DR., ROSA, NM 87240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 87210

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
1520 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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AMENDED REPORT

API Number	Pool Code	Pool Name
	96086	Wildcat; Wolfcamp
Property Code	Property Name	Well Number
	MILO 33 FEE	2H
OCRID No.	Operator Name	Elevation
	MYCO INDUSTRIES, INC.	3468'

Surface Location

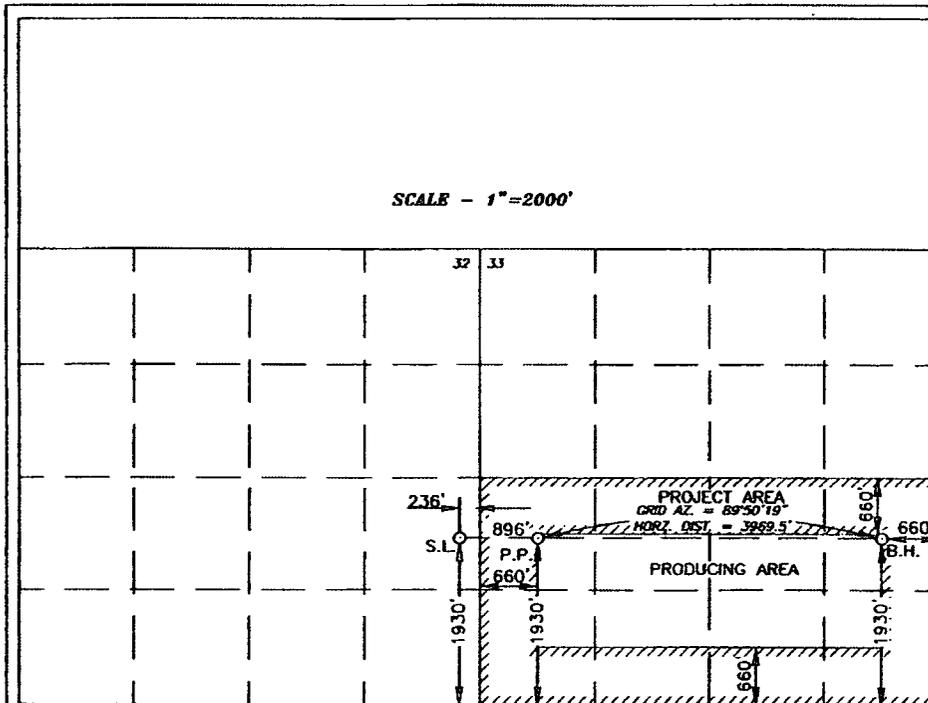
UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
1	32	15-S	25-E		1930	SOUTH	236	EAST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
1	33	15-S	25-E		1930	SOUTH	660	EAST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order 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



SCALE - 1"=2000'

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Shari Hodges 3.5.2007
Signature Date
SHARI HODGES
Printed Name

SURVEYOR CERTIFICATION

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JANUARY 22, 2007
Date Surveyed REV. 2/22/07 AR
Signature & Seal of Professional Surveyor

Gary Gibson 2/27/07
07.11.0097

Certificate No. GARY GIBSON 12041
DONALD T. EDSON 3239

GEODETIC COORDINATES
NAD 27 NME
SURFACE HOLE LOCATION
Y=716446.3 N
X=462212.5 E

LAT.=32.969521° N
LONG.=104.456544° W

PENETRATION POINT
Y=716448.4 N
X=463108.3 E
LAT.=32.969530° N
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BOTTOM HOLE LOCATION
Y=716459.6 N
X=467076.8 E
LAT.=32.969572° N
LONG.=104.440684° W

DISTRICT I
1025 N. FERRICH DR., ROSA, NM 88240

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

DISTRICT III
1000 Rio Bronson Rd., Artesia, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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Property Code	Property Name	Well Number
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OGRD No.	Operator Name	Elevation
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Surface Location

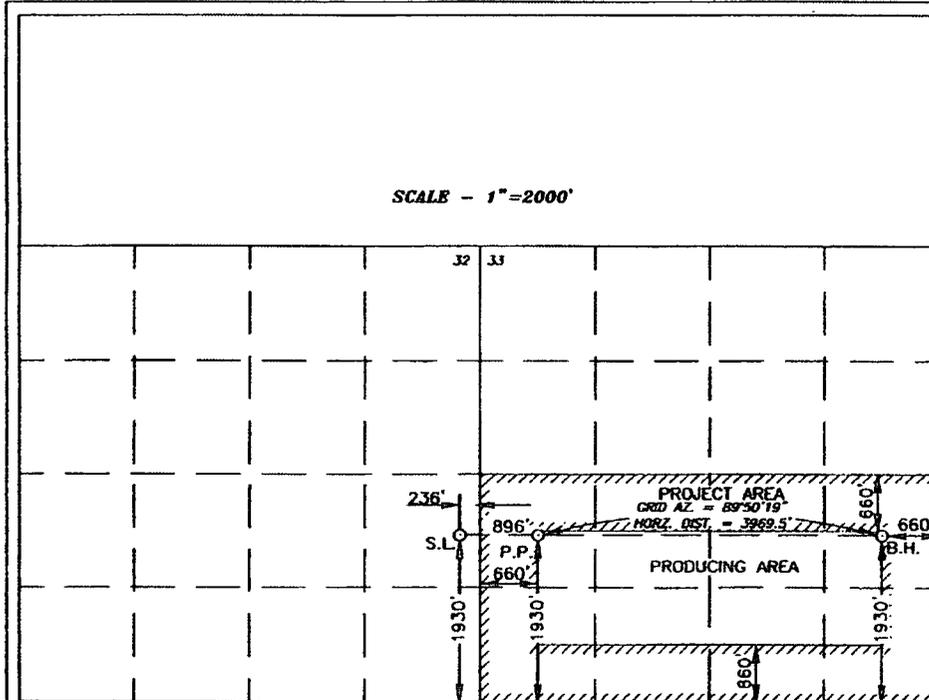
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1	32	15-S	25-E		1930	SOUTH	236	EAST	CHAVES

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
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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Shari Hodges 3.5.2007
Signature Date
SHARI HODGES
Printed Name

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Signature & Seal of Professional Surveyor

Gary Edson 2/27/07
07.11.0097
Certificate No. GARY EDSON 12841
EDSON 3239

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Y=716446.3 N
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Y=716459.6 N
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DISTRICT I
1625 N. FRANCES DEL. HIGHWAY, NM 88240

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

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

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Santa Fe, New Mexico 87505

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API Number	Pool Code	Pool Name
	96086	Wildcat; Wolfcamp
Property Code	Property Name	Well Number
	MILO 33 FEE	2H
OCRID No.	Operator Name	Elevation
	MYCO INDUSTRIES, INC.	3468'

Surface Location

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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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[Signature] 3.5.2007
Signature Date
SHARI HODGES
Printed Name

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Signature & Seal of Professional Surveyor
[Signature] 2/27/07
07.11.0097
Certificate No. GARY EDSON 12841
RONALD EDSON 3238

<p>GEODETIC COORDINATES NAD 27 NME SURFACE HOLE LOCATION Y=716446.3 N X=462212.5 E LAT.=32.969521° N LONG.=104.456544° W</p>	<p>PENETRATION POINT Y=716448.4 N X=463108.3 E LAT.=32.969530° N LONG.=104.453624° W</p>	<p>BOTTOM HOLE LOCATION Y=716459.6 N X=467076.8 E LAT.=32.969572° N LONG.=104.440684° W</p>
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DISTRICT I
1626 N. FRANCH DEL. ROAD, ROSA, NM 88240

DISTRICT II
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DISTRICT III
1000 Elv Brazos Rd., Artec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

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AMENDED REPORT

API Number	Pool Code 96086	Pool Name Wildcat; Wolfcamp
Property Code	Property Name MILO 33 FEE	Well Number 2H
OCRID No.	Operator Name MYCO INDUSTRIES, INC.	Elevation 3468'

Surface Location

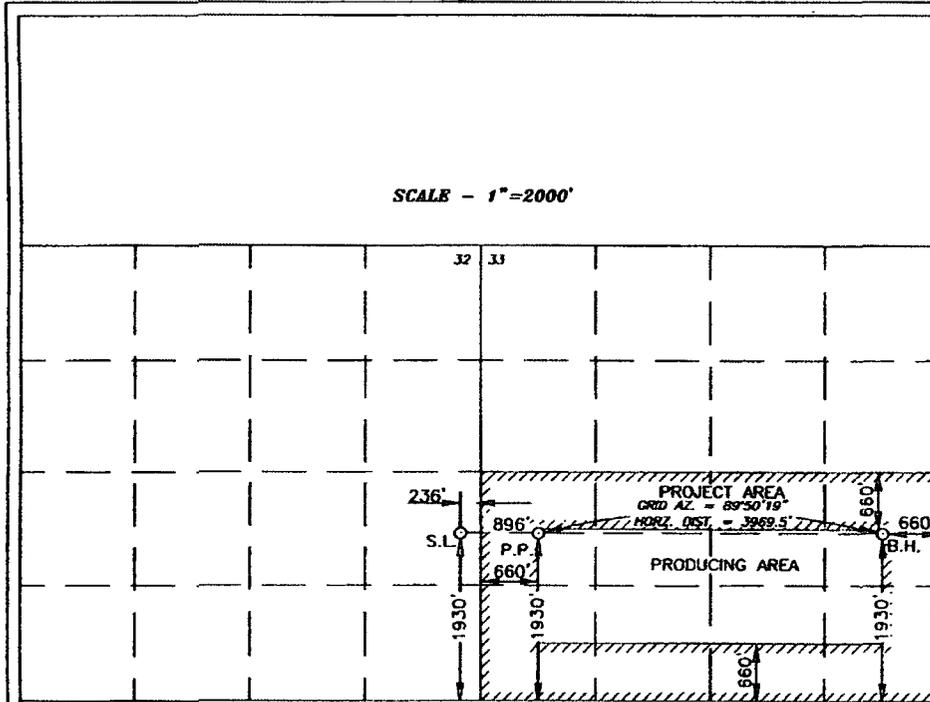
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Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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Shari Nodgett 3.5.2007
Signature Date
SHARI NODGETT
Printed Name

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JANUARY 22, 2007
Date Surveyed REV. 2/22/07 AR
Signature & Seal of Professional Surveyor

Garrett Edson 2/27/07
07.11.0097
Certificate No. GARY EDSON 12841
RONALD Y. EDSON 3239

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LONG.=104.453624° W

BOTTOM HOLE LOCATION
Y=716459.6 N
X=467076.8 E
LAT.=32.969572° N
LONG.=104.440684° W

OFFSETS IN SECTION 33

	D	C	B	A	CAPSTONE
	E	F	G	H	
32	L	K	J	I	34
MYCO	M	N	O	P	EOG
	2			1	
	EOG			EOG	



Exhibit C

**Application of Myco Industries, Inc.
Simultaneous Dedication of
S/2 of Section 33, Township 15 South, Range 25 East, NMPM
Chaves County, New Mexico**

EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79702

Parallell Petroleum Corp.
Post Office Box 10587
Midland, Texas 79702

Capstone Oil & Gas Company
P.O. Box 10187
Midland, Texas 79702