

CASE 13510: *Continued from August 25, 2005, Examiner Hearing.*

Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the W/2 of Section 16, Township 18 South, Range 32 East: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated North Lusk-Morrow Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; and the W/2 NW/4 for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated Young-Strawn Pool; and the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated North Young-Wolfcamp Pool, Young-Bone Spring Pool, Undesignated North Young-San Andres Pool, Undesignated South Maljamar-Grayburg Pool, and Young-Queen Pool. These spacing and proration units are to be dedicated to the Joven "16" State Com Well No. 1 to be drilled to the Morrow formation at a standard gas well location 1800 feet from the North line and 990 feet from the West line of said Section 16. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of EOG Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles south of Maljamar, New Mexico.

CASE 13559: *Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves County, New Mexico.* Applicant seeks approval of the Mortar State Exploratory Unit from the surface to the top of the PreCambrian formation in an area comprising 1600 acres of State of New Mexico lands in Sections 23, 25 and 26 in Township 8 South, Range 27 East, which is located approximately 25 miles northeast of Roswell, New Mexico.

CASE 13560: *Application of Myco Industries, Inc. for Compulsory Pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation underlying the E/2 of Section 32, Township 19 South, Range 26 East, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing; the SE/4 to form a standard 160-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; and the NE/4 SE/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing. These units are to be dedicated to the Elizabeth 32 Fee #1 Well to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line in the NE/4 SE/4 (Unit I) of said Section 32 to test the Morrow formation at a depth of approximately 10,100 feet. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and, pursuant to NMRA 19.15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project. Said area is located approximately 14 miles southeast of Artesia, New Mexico.

CASE 13561: *Application of Myco Industries, Inc. for Compulsory Pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation underlying the E/2 of Section 33, Township 19 South, Range 26 East, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing; the SE/4 to form a standard 160-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; and the SW/4 SE/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing. These units are to be dedicated to the Edward 33 Fee #1 Well, to be drilled at a standard location 660 feet from the South line and 1980 feet from the East line in the SW/4 SE/4 (Unit O) of said Section 33 to test the Morrow formation at a depth of approximately 10,100 feet. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and, pursuant to NMRA 19.15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project. Said area is located approximately 14 miles southeast of Artesia, New Mexico.

CASE 13562: *Application of Myco Industries, Inc. for Compulsory Pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation underlying the W/2 of Section 33, Township 19 South, Range 26 East, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing; the SW/4 to form a standard 160-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; and the NE/4 SW/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing. These units are to be dedicated to the Edna 33 Fee #1 Well, to be drilled at a standard location 1980 feet from the South line and 1980 feet from the West line in the NE/4 SW/4 (Unit K) of said Section 33 to test the Morrow formation at a depth of approximately 10,100 feet. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and,

pursuant to NMRA 19.15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project. Said area is located approximately 14 miles southeast of Artesia, New Mexico.

CASE 13543: *Continued from September 8, 2005, Examiner Hearing*

Application of Cimarex Energy Co. for Compulsory Pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 8, Township 15 South, Range 36 East, to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Caudill-Atoka Gas Pool. The unit is to be dedicated to the Caudill West "8" Fee Well No. 1, to be located at an orthodox gas well location in the SE/4 SE/4 of Section 8. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 4 miles south-southwest of Hillburn City, New Mexico.

CASE 13531: *Continued from September 8, 2005, Examiner Hearing.*

Application of Yates Petroleum Corporation for an Order (1) directing Pride Energy Company to reimburse Yates for the well costs incurred by Yates in its attempt to re-enter the State "X" Well No. 1 (API No. 30-025-01838) located in Section 12, Township 12 South, Range 34 East, NMPM, prior to the time Pride Energy Company assumed operations of the well, (2) directing Pride Energy Company to account for and pay all sums it is now improperly holding pursuant to expired orders of the Division and Commission, and (3) requiring Pride Energy Company to plug and abandon the State "X" Well No. 1, Lea County, New Mexico. Applicant seeks (1) an order directing Pride Energy Company ("Pride") to reimburse Yates for the costs Yates incurred in its re-entry operations on the State "X" Well No. 1 (API No. 30-025-01838) located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 12, Township 12 South, Range 34 East, prior to the time Pride assumed operations of the well, (2) an order directing Pride to account to and refund to Yates all of the portion of the estimated share of well costs for the State "X" Well now improperly held by Pride pursuant to expired orders of the Division and Commission, and (3) an order directing Pride to plug and abandon the State "X" Well. Said well and spacing unit are located approximately 12 miles west northwest of Tatum, New Mexico.

CASE 13547: *Continued from August 25, 2005, Examiner Hearing.*

Application of the New Mexico Oil Conservation Division for an Order Requiring Terry Pate to Properly Plug One Well, Authorizing the Division to Plug Said Well in Default of Compliance by Operator, and Ordering a Forfeiture of Applicable Security, Lea County, New Mexico. The Applicant seeks an order requiring Terry Pate, the operator of one inactive well in Lea County, New Mexico, to properly plug and abandon the same and, if the Operator fails to do so, authorizing the Division to plug said well and forfeiting Operator's plugging security. The affected well is the following: Frances Evelyn Well No. 1 (API No. 30-025-32163) located 990 FSL and 1740FWL (Unit N) of Section 35, Township 19 South, Range 38 East, Lea County, New Mexico.

CASE 13563: *Application of the New Mexico Oil Conservation Division for an Order Requiring CKG Energy, Inc. and/or Cedar Gas Company to Properly Plug 8 Well(s) and to Close Pits, Quay County, New Mexico.* The applicant seeks an order requiring CKG Energy, Inc., the operator of eight inactive well(s) in Quay County, New Mexico, to properly plug and abandon the same, and to properly close abandoned pits located at the sites of said wells, and providing for such other relief as the Director deems appropriate.

HOLLAND & HART^{LLP}



**Ocean Munds-Dry
Associate**

omundsdry@hollandhart.com

August 30, 2005

HAND-DELIVERED

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

Case 13562

Re: Application of Myco Industries, Inc. for compulsory pooling,
Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Myco Industries, Inc. in the above-referenced case as well as a copy of a legal advertisement. Myco requests that this matter be placed on the docket for the September 22, 2005 Examiner hearings.

Very truly yours,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: Ms. Shari Darr Hodges
Myco Industries, Inc.

Holland & Hart LLP

Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF MYCO INDUSTRIES, INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 13562

APPLICATION

MYCO INDUSTRIES, INC. ("Myco"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation underlying the W/2 of Section 33, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing; the SW/4 to form a standard 160-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; and the NE/4 SW/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing.

In support of this application Myco states:

1. Myco is a working interest owner in the W/2 of Section 33 and has a right to drill thereon.
2. Myco proposes to dedicate the above-referenced spacing or proration unit to its Edna 33 Fee #1 Well, to be drilled as a wildcat well at a standard location 1980 feet from the South line and 1980 from the West line in the NE/4 SW/4 (Unit K) of Section 33 to test the Morrow formation at a depth of approximately 10,100 feet.
3. Myco has sought and been unable to obtain a voluntary agreement for the development of these lands from the interest owners identified on Exhibit A to this application.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
5. In order to permit Myco the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Myco should be designated the operator of the well.

WHEREFORE, Myco requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 22, 2005, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration unit;
- B. designating Myco operator of the unit and the well to be drilled thereon;
- C. authorizing Myco to recover its costs of deepening, equipping and re-completing the well;
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision to adjust the rates pursuant to the COPAS accounting procedures; and
- E. imposing the 200% risk penalty provided by Division Rule 19.15.1.35 against any working interest owner who does not voluntarily participate in the drilling of this well.

Respectfully submitted,

HOLLAND & HART, LLP

By: Ocean Munds-Dry
Michael H. Feldewert
Ocean Munds-Dry
P.O. Box 2208
Santa Fe, NM 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MYCO
INDUSTRIES, INC.

EXHIBIT A

**APPLICATION OF MYCO INDUSTRIES, INC.
FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

Edna 33 Fee #1 Well

Tierra Exploration
P.O. Box 56
Midland, Texas 79702

Helen J. Hardgrave & Meredith E. Hardgrave, Trustees
Helen J. Hardgrave & Meredith E. Hardgrave Revocable Living Trust
P.O. Box 514
Antlers, Oklahoma 74523

Charlotte E. Wells & Kaiulani L. Bumpus
78 Dogwood Drive
DeRidder, Louisiana 70634

Stanico Energy Corporation
P.O. Box 32467
Oklahoma City, Oklahoma 73123

Grant A. Swearingen
209 Ashley Park
Wichita, Kansas 67204

Terry A. White, et ux Carla
P.O. Box 27
Tunkawa, Oklahoma 74653

M.D. Vandaveer, et ux Lois
Route 2, Box 1
Miller, Missouri 65707

Edna Mae Watt
400 Holland Drive
Broderick, California 95605

Larry Redford
2608 Pearl
Odessa, Texas 79760

Jimmie Lee Collier, Individually & as P.R.
Estate of James A. Collier, Dec'd
P.O. Box 63
Elgin, Oklahoma 73538

John Collins Major & Stephen Alfred Major, Trustees
John Charles Major Testamentary Trust
P.O. Box 250
Reydon, Oklahoma 73660

Julie J. Bistline Martin
P.O. Box 10911
Southport, North Carolina 28461-0911

Chalmers A. Loughridge, Executor
Estate of George A. Lundblade, Dec'd
3901 Riva Drive
Alexandria, Virginia 22309-3053

J.R. Rowan
P.O. Box 162
Midland, Texas 79702

James A. Brown & Judith A. Brown
P.O. Box 928
Elk City, Oklahoma 73648

Kenneth W. Brown
7677 Jayhawk Drive
Riverside, California 92509

Peggie Sue Lawson
18395 W. FM 2790 South
Lytle, Texas 78052

Trinity Resources
Mr. Jim Pierce
200 West First Street, Suite 859
Roswell, New Mexico 88201

David B. Brown
P.O. Box 2888
Houston, Texas 77525

Ruth D. Roberts
Midland, Texas

Dale M. Richardson
5615 East 39 Ter
Kansas City, Missouri 64130

Harry Richardson
5615 East 39 Ter
Kansas City, Missouri 64130

George E. Richardson
118-A Miami Road
Fitzgerald, Georgia 31750

Thomas P. Johnson
8820 Cosmos
El Paso, Texas 79925

CASE 13562:

Application of Myco Industries, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation underlying the W/2 of Section 33, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing; the SW/4 to form a standard 160-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; and the NE/4 SW/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing. This unit is to be dedicated to the Edna 33 Fee #1 Well, to be drilled at a standard location 1980 feet from the South line and 1980 feet from the West line in the NE/4 SW/4 (Unit K) of said Section 33 to test the Morrow formation at a depth of approximately 10,100 feet. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and, pursuant to NMRA 19.15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project. Said area is located approximately 14 miles southeast of Artesia, New Mexico.



September 1, 2005

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Re: Application of Myco Industries, Inc. for compulsory
pooling, Eddy County, New Mexico.

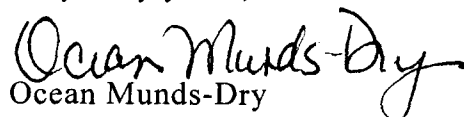
Ladies and Gentlemen:

This letter is to advise you that Myco Industries, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Morrow formation in certain spacing and proration units in the W/2 of Section 33, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. Said pooled units are to be dedicated to Myco's Edna 33 Fee #1 Well to be drilled at a standard location 1980 feet from the South line and 1980 feet from the West line to a depth of approximately 10,100 feet to test the Morrow formation.

This application has been set for hearing before a Division Examiner on September 22, 2005. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



Ocean Munds-Dry
ATTORNEY FOR MYCO INDUSTRIES
INC.