

HOLLAND & HART LLP



RECEIVED
Ocean Munds-Dry
Associate

omundsdry@hollandhart.com

2008 JUL 8 PM 4 03

July 8, 2008

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 14155

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 August 7, 2008 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. _____

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 Delaware formation underlying the NE/4 SW/4 of Section 15, Township 21 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing included but not limited to the Undesignated Catclaw Draw Delaware Pool.

In support of this application Myco states:

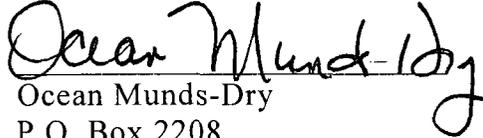
1. Myco is a working interest owner in the NE/4 SW/4 of Section 15 and has a right to drill thereon.
2. Myco proposes to dedicate the above-referenced spacing or proration unit to its Basin 15 Federal Well No.1, to be drilled at a location 1745 feet from the South line and 1455 feet from the West line in the NE/4 SW/4 (Unit K) of Section 15 to test the Delaware formation at a depth of approximately 4,000 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 August 7, 2008, 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



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**

Basin 15 Federal Well No. 1

Cimarex Energy Corporation
600 N. Marienfeld Suite 600
Midland, Texas 79701

CASE _____:

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 Delaware formation underlying the NE/4 SW/4 of Section 15, Township 21 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing including but not limited to the Catclaw Delaware Pool. This unit is to be dedicated to the Basin 15 Federal Well No. 1, to be drilled at a location 1745 feet from the South line and 1455 feet from the West line in the NE/4 SW/4 (Unit K) of said Section 15 to test the Delaware formation at a depth of approximately 4,000 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 8 miles west of Carlsbad, New Mexico.