

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

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

CASE NO. 12914

OIL CONSERVATION DIVISION
EDDY COUNTY, NEW MEXICO

APPLICATION

Myco Industries Inc. ("Myco"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Morrow formation under the following acreage in Section 13, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico:

- the S/2 to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated East Carlsbad Morrow Pool;
- the SE/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent;
- the N/2 SE/4 to form a standard 80-acre spacing and proration unit for all formations or pools spaced on 80 acres within this vertical extent; and
- the NE/4 SE/4 to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent.

These spacing and proration units are to be dedicated to Myco's proposed Baton Rouge South State Com Well No. 1 to be drilled at a standard location in Section 13. In support of its application Myco states:

1. Myco is a working interest owner in the S/2 of Section 13 and has the right to drill thereon.

2. Myco proposes to dedicate the above-referenced spacing or proration units to its Baton Rouge South State Com Well No. 1 to be drilled to a depth sufficient to test any and all formations to the base of the Morrow formation.

3. Myco has sought and been unable to reach voluntary agreement with certain interest owners in the S/2 of Section 13 identified on Exhibit A to this application for the drilling of this well.

4. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the applicant 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 to be drilled.


WHEREFORE, Myco requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 22, 2002, and that after notice and hearing as required by law the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units;
- B. designating Myco operator of the unit and the well to be drilled thereon;
- C. authorizing Myco to recover its costs of drilling, equipping and completing the well;

- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. imposing a penalty for the risk assumed by the Myco in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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ATTORNEYS FOR MYCO INDUSTRIES, INC.

EXHIBIT A

**IN THE MATTER OF THE APPLICATION
OF MYCO INDUSTRIES, INC., FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.
(Baton Rouge South State Com Well No. 1)**

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1513 Flintridge Road
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Mark T. Owen
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Michael D. Hayes
1406 Vogel Road
Artesia, New Mexico 88210

CASE 12914: In The Matter Of The Application Of Myco Industries, Inc. For Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation under the following acreage in Section 13, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico: the S/2 to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated East Carlsbad Morrow Pool; the SE/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent; the N/2 SE/4 to form a standard 80-acre spacing and proration unit for all formations or pools spaced on 80 acres within this vertical extent; and the NE/4 SE/4 to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent. These spacing and proration units are to be dedicated to Myco's proposed Baton Rouge South State Com Well No. 1 to be drilled at a standard location in Section 13. 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 a charge for risk involved in drilling said well. Said area is located approximately 1 mile north of Carlsbad, New Mexico.