

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

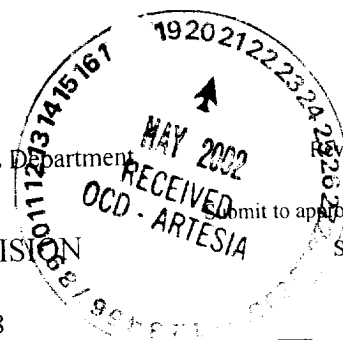
DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 8750

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
PO BOX 2088
Santa Fe, NM 87504-2088



Form C-101

Revised March 17, 1999
Instructions on back
Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

*CISF
BWM
Bjfm*

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address MYCO INDUSTRIES, INC. P. O. BOX 840 Artesia, New Mexico 88211-0840		2 OGRID Number 015445
		3 API Number 30- 015-32305
4 Property Code 29786	5 Property Name AUGUSTA 24 FEE	6 Well No. 1

7 Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
A	24(E/2)	21S	27E	-	660'	NORTH	660'	East	EDDY

8 Proposed Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	County
9 Proposed Pool 1 UND. CARLSBAD MORROW, EAST						NOTIFY SPUD & TIME TO WITNESS CEMENTING of 9-5/8" CASING

11 Work Type Code N	12 Well Type Code G	13 Cable/Rotary R	14 Lease Type Code FEE	15 Ground Level Elevation 3149
16 Multiple N	17 Proposed Depth 12,100'	18 Formation MORROW	19 Contractor PATTERSON/UTI	20 Spud Date 6/1/2002

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/feet	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	450'	600-SXS	CIRCULATE
12/1/4"	9-5/8"	36#	2100' - 2400'	1,000-SXS	CIRCULATE
8-3/4"	5-1/2"	17#	12,100'	2,000-SXS	CIRCULATE

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new production.

Describe the blowout prevention program, if any. Use additional sheets if necessary.
BOP DIAGRAM ATTACHED. NIPPLE-UP BOP ON 9-5/8". **NOTE:** WELL LOCATED IN FAR EAST EDGE OF THE CITY LIMITS OF CARLSBAD IN THE INDUSTRIAL PARK AREA NORTH OF BECKER PLANT. APPLICATION HAS BEEN SUBMITTED TO CITY OF CARLSBAD. CITY COUNCIL HEARING SCHEDULED FOR MAY 28, 2002. **NOTE:** THIS WELL LIES IN THE SAME PRORATION UNIT (E/2 SEC. 24) AS THE MYCO CHEYENNE #1 (660' FSL & 660' FEL). API # 30-015-31624. ATTACHED (C-102, C-104 & C-105)

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *A. Nelson Muncy, PELS*

Printed name: **A. NELSON MUNCY, PELS**

Title: **OPERATIONS MANAGER**

Date: **05/17/02**

Phone: **(505) 365-8840**

OIL CONSERVATION DIVISION	
Approved by: <i>[Signature]</i>	ORIGINAL SIGNED BY TIM W. GUM
Title:	DISTRICT II SUPERVISOR
Approval Date: MAY 28 2002	Expiration Date: MAY 28 2003
Conditions of Approval	Attached <input type="checkbox"/>

OPERATOR TO COMPLY WITH ANY CITY, COUNTY, OR FAA ORDINANCE THAT APPLIES

DISTRICT I
1828 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1900 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87508

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name AUGUSTA "24" FEE	Well Number 1
OGRID No.	Operator Name MYCO INDUSTRIES	Elevation 3149'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	24	21 S	27 E		660	NORTH	660	EAST	EDDY

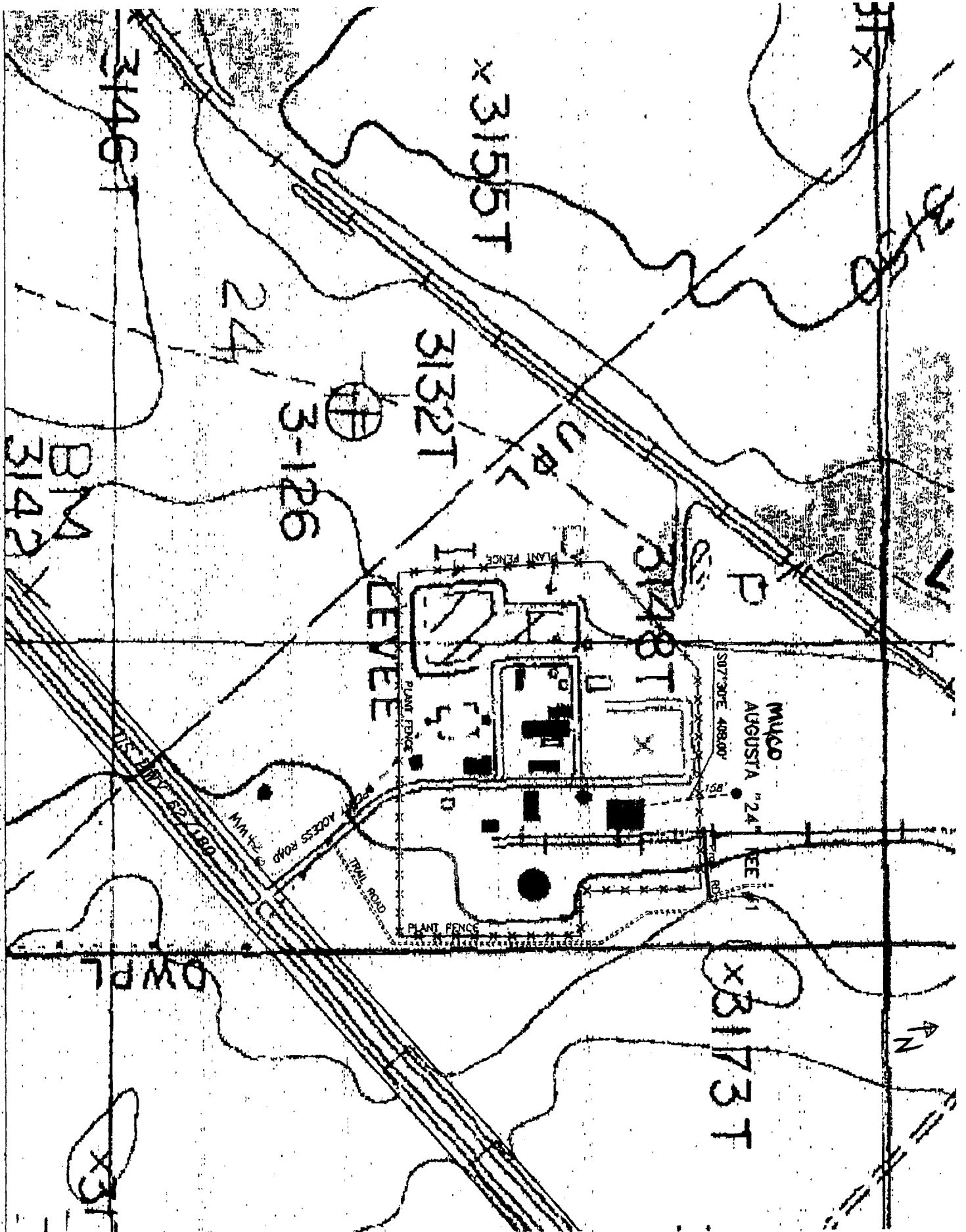
Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>[Signature]</i> Signature A.N. Muncy Printed Name OPER MGR Title 5-20-02 Date</p>	
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MAY 20, 2002 Date Surveyed Signature & Seal of Professional Surveyor</p>	
	<p>W.O. No. 2523</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>	
	<p>5-1</p>	



Submit to Appropriate
 District Office
 State Lease --6 copies
 Fee Lease --5 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-105
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 PO Box 1980, Hobbs, NM 88240

DISTRICT II
 PO Drawer DD, Artesia, NM 88210

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

WELL API NO. 30-015-31624
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER _____		7. Lease Name or Unit Agreement Name CHEYENNE	
b. Type of Completion: NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF <input type="checkbox"/> WELL OVER BACK RESVR OTHER _____		8. Well No. 1	
2. Name of Operator MYCO INDUSTRIES, INC.		9. Pool name or Wildcat UND.CARLSBAD MORROW, EAST	
3. Address of Operator P.O. BOX 840, ARTESIA, NM 88211-0840 (505) 746-0246			
4. Well Location Unit Letter <u>P</u> : <u>660'</u> Feet From The <u>SOUTH</u> Line and <u>660'</u> Feet From The <u>EAST</u> Line Section <u>24</u> Township <u>21S</u> Range <u>27E</u> NMPM <u>EDDY</u> County			
10. Date Spudded 3-27-01	11. Date T.D. Reached 5-09-01	12. Date Compl. (Ready to prod.) 6-25-01	13. Elevations (DF, RKB, RT, GR, ETC.) 3149' GL
14. Elev. Casinghead 3149'	15. Total Depth 12,074'		
16. Plug, Back T.D. 12,029'	17. If Multiple Compl. How Many Zones? -		18. Intervals Drilled By Rotary Tools Cable Tools 0-12,074'
19. Producing Interval(s), of this Completion -Top, Bottom, Name 11,682 - 92' MORROW			20. Was Directional Survey Made TOTCO-ATTACHED
21. Type Electric and Other Logs Run SCHLUMBERGER "PLATFORM EXPRESS", CBL			22. Was Well Cored NO

23. **CASING RECORD (Report all strings set in well)**

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	48#	479'	17-1/2"	425-SXS (CIRCULATED)	
9-5/8"	36#	2510'	12-1/4"	1,950-SXS (CIRCULATED)	
5-1/2"	17#		8-3/4"	STAGE I: 625-SXS (CIRCULATED)	
				STAGE II: 1670-SXS (TOC 4,734' CBL)	
				(DV @ 9052')	

24. **LINER RECORD** 25. **TUBING RECORD**

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2-7/8"	11,602'	11,602'

26. **Perforation Record (Interval, size and number)**

DEPTH INTERVAL	AMOUNT AND KIND OF MATERIAL USED
11,682 - 92' (TCP) 4-SPF (0.52") 40-HOLES TOTAL	

28. **PRODUCTION**

Date First Production 6-28-01	Production Method (Flowing, gas lift, pumping-size and type of pump) FLOWING	Well Status (Prod. or shut-in) PRODUCING
Date of Test 6-26-01	Hours Tested 24	Choke Size
Flow Tubing Press. 2537 #	Casing Pressure 0	Calculated 24-Hour Rate
Prod'n For Test Period Oil - BBL. 0	Gas - MCF 9,171	Water - BBL. 1
Oil - BBL. 0	Gas - MCF 9,171	Water - BBL. 1
Oil Gravity - API (Corr.)		

29. Disposition of Gas (Sold, used for fuel, vented, etc.)
 SOLD FIRST GAS SALES 6-28-01
 Test Witnessed By
 RANDY DUTTON

30. List of Attachments
 OPEN HOLES LOGS, CBL, TOTCO

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature A. N. Muncy, PECS Printed Name A. N. MUNCY Title OPER-ENGR MGR Date 6-28-01

DISTRICT I

PO Box 1980, Hobbs, NM 88240

DISTRICT II

PO Drawer DD, Artesia, NM

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P. O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-104

Revised February 10 1994

Instructions on back

Submit to Appropriate District Office

5 Copies

AMENDED REPORT

REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

1 Operator name and Address MAYCO INDUSTRIES, INC. P O BOX 840 ARTESIA, NM 88211-0840 (505)746-0246		2 OGRID Number 015445	
3 API Number 30 - 015-31624		4 Reason for Filing Code NW	
5 Pool Name UND CARLSBAD MORROW, EAST		6 Pool Code 73920	
7 Property Code 27523		8 Property Name CHEYENNE	
		9 Well Number 1	

II. 10 Surface Location

Oil or lot no.	Section	Township	Range	Lot Id.	Feet from the	North/South Line	Feet from the	East/West Line	County
P	24	T21S	R27E		660'	SOUTH	660'	EAST	EDDY

11 Bottom Hole Location

Oil or lot no.	Section	Township	Range	Lot Id.	Feet from the	North/South Line	Feet from the	East/West Line	County

12 Log Code
P

13 Producing Method Code
FLOWING

14 Gas Connection Date
6/26/01

15 C-129 Permit Number

16 C-129 Effective Date

17 C-129 Expiration Date

III. Oil and Gas Transporters

18 Transporter OGRID	19 Transporter Name and Address	20 POD	21 O/G	22 POD ULSTR Location and Description
138648	AMOCO PRODUCTION COMPANY 502 NORTHWEST AVE. LEVELLAND, TX 79336	2829332	O	UNIT P SEC. 24-T21S-R27E 660' FSL & 660' FEL EDDY CO, NM NMPM
036785	DUNE ENERGY P O BOX 50020 MIDLAND, TX 79710-0020	2829333	G	UNIT C SEC. 31-T21S-R28E 660' FSL & 1400' FEL EDDY CO, NM NMPM

IV. Produced Water

23 POD	24 POD ULSTR Location and Description
2829734	UNIT P SEC. 24-T21S-R27E

V. Well Completion Data

25 Spud Date	26 Ready Date	27 TD	28 PBTD	29 Perforations
3/27/01	6/25/01	12,074'	12,029'	11,682 - 92'
30 Hole Size	31 Casing & Tubing Size	32 Depth Set	33 Sacks Cement	
17-1/2"	13-3/8"	479'	425-SXS (CIRCULATED)	
12-1/4"	9-5/8"	2510'	1,950-SXS (CIRCULATED)	
8-3/4"	5-1/2"		STAGE I: 625-SXS (CIRCULATED)	
			STAGE II: 1670-SXS (TOC 4.734' CBL) (DV @ 9052')	

VI. Well Test Data

34 Date New Oil	35 Gas Delivery Date	36 Test Date	37 Test Length	38 Tbg. Pressure	39 Csg. Pressure
	6/26/01	6/26/01	24	2537#	0
40 Ck-ck Size	41 Oil	42 Water	43 Gas	44 AOP	45 Test Method
		1	9.171		F

46 I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Isabel Lopez*

Printed Name: ISABEL LOPEZ

Title: ENGINEERING TECHNICIAN

Date: 6-28-01 Phone: (505)746-0246

Approved by: *[Signature]* OIL CONSERVATION DIVISION ORIGINAL SIGNED BY TIM W. GUN DISTRICT IV SUPERVISOR

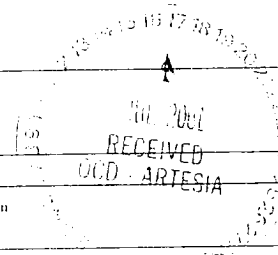
Title:

Approval Date:

47 If this is a change of operator fill in the OGRID number and name of the previous operator.

Previous Operator Signature	Printed Name	Title	Date

[Handwritten initials]



JUL 26 2001

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
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
Property Code	Property Name CHEYENNE	Well Number 1
OGRID No.	Operator Name MYCO INDUSTRIES, INC.	Elevation 3149

Surface Location

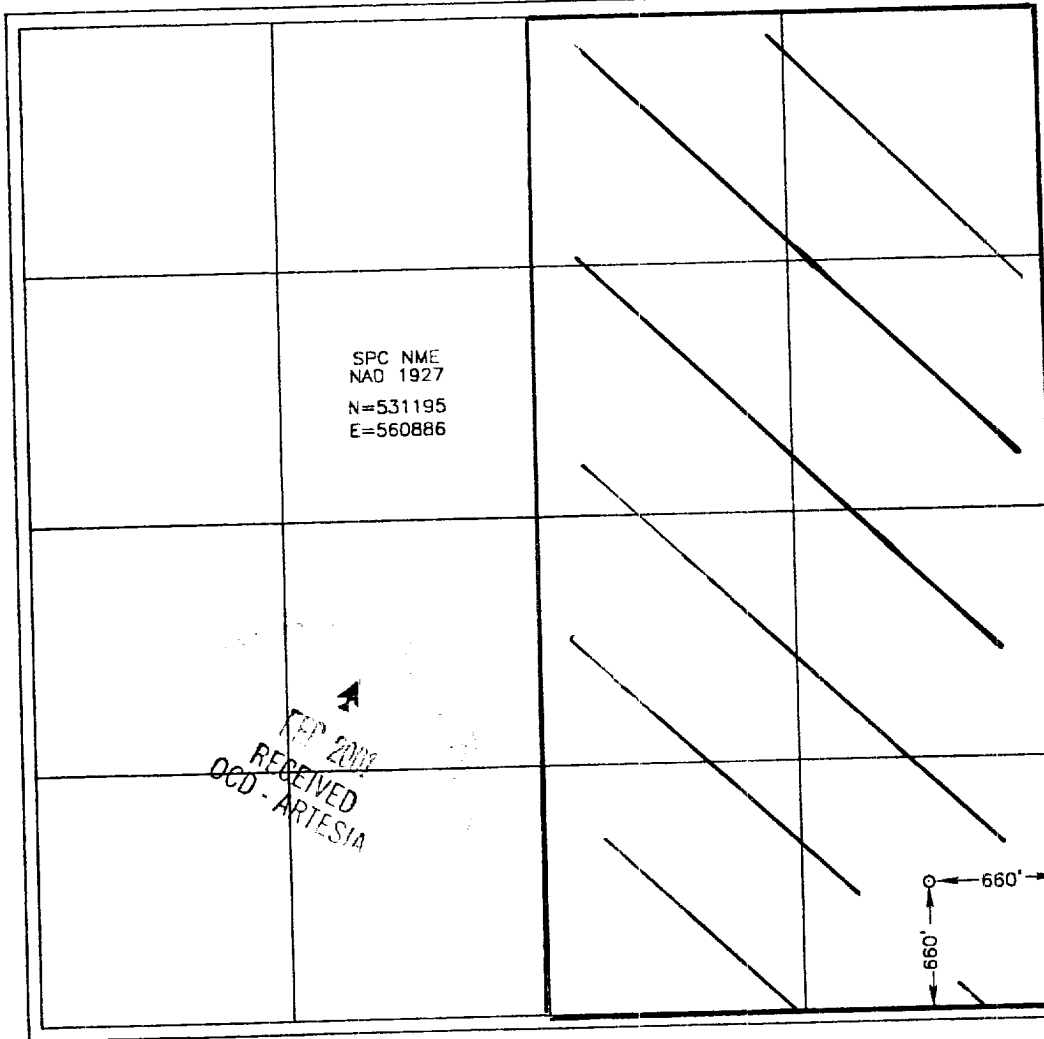
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	24	21-S	27-E		660	SOUTH	660	EAST	EDDY

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

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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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 the the information contained herein is true and complete to the best of my knowledge and belief.

A.N. MUNCY, PELS
Signature

A.N. MUNCY
Printed Name

OPER. MGR.
Title

02-01-2001
Date

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 8, 2001
Date Surveyed

AWB
Signature & Seal of Professional Surveyor

Ronald J. Eidson 02/01/01
01-11-0002

Certificate No. **RONALD J. EIDSON 3239**
GARY EIDSON 12841

CITY OF CARLSBAD
P. O. BOX 1569
CARLSBAD, NM 88221

OIL, GAS, PIPELINE APPLICATION FOR PERMIT/LICENSE

A separate application shall be required for each well, trunkline pipeline and each water or gas repressurizing or injection facility.

INSIDE CITY LIMITS

- Drill Well
- Re-enter/Deepen Existing Well
- Water/Gas Repressurizing/injection Facility
- Construct/Operate Pipeline

IN WELLHEAD PROTECTION AREA

- Drill Well
- Re-enter/Deepen Existing Well
- Water/Gas Repressurizing/injection Facility
- Construct/Operate Pipeline
- Crossing City Water Facilities

Applicant Name: MYCO Industries, Inc.		Filing Date: 5.17.02
If not Corporation, name of local Agent:		
If Corporation, Name of Registered Agent: Sharon Snowden, Corporate Secretary		
Telephone number(s): (505) 748-9764 / (505) 365-8840 A.N. Muncy (Oper Manager)		
Applicant Address: P.O. Box 840		City, State, Zip Code: Artesia, NM 88211
Proposed site (including location of gathering lines, crossings, etc.): E/2 Section 24, Township 21 South, Range 27 East 660' FNL & 660' FEL *See attached survey plat		
Name of lease owner: Minerals: MYCO Industries, Inc. Surface: Louisiana Chemical Equipment Co.		
Accurate description of location (with legal description of all acreage dedicated to well or legal description of easements to be used by pipeline, crossing, etc.): E/2 Section 24, Township 21 South, Range 27 East (320 ac) dedicated to the well **An amended application will be filed if well is commercial.		
Location with respect to property lines, right-of-way boundaries, and surface contours: *See attached survey plat **If a commercial well is completed, an amended application will be submitted for the pipeline.		
If in City limits, identify location of public notice signage: 1) Carlsbad Current Argus 2) Well sign posted		

Application continues on reverse side

Note: Attach all applications and forms submitted to or received from OCD, State Land

Ground elevation at well site: Survey plat attached (NMOCD C-102)
Type of derrick, if applicable: Double - Patterson/UTI Rig #507
Proposed depth of well or pipeline: 12,100' Morrow test
Detailed explanation of operating pressures of pipelines and facilities: If this test is completed as commercial, an amended application will be filed for pipeline facilities
Location and operating characteristics of compressor, compressor control or safety devices: Same as above
Typed or printed name of Emergency Contact with telephone number(s): Randy Dutton (505) 748.7614 (505) 748.1471
Have you attached a current certified financial statement: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No previously submitted

Signature of authorized agent: <i>A.N. Muncy, PELS</i> Date: 5.17.2002
Typed or Printed name of authorized agent: A.N. Muncy

This application shall be filed with the City Administrator and accompanied by a filing fee of \$500.00 in cash, company check, cashier's check or certified check made payable to the City of Carlsbad.

Cash, Company check, Cashier's check, or Certified check accompanies application.
2 checks: \$500 for application and \$2500 for inspection fee

License: Preliminary Approval Date: _____

City Administrator

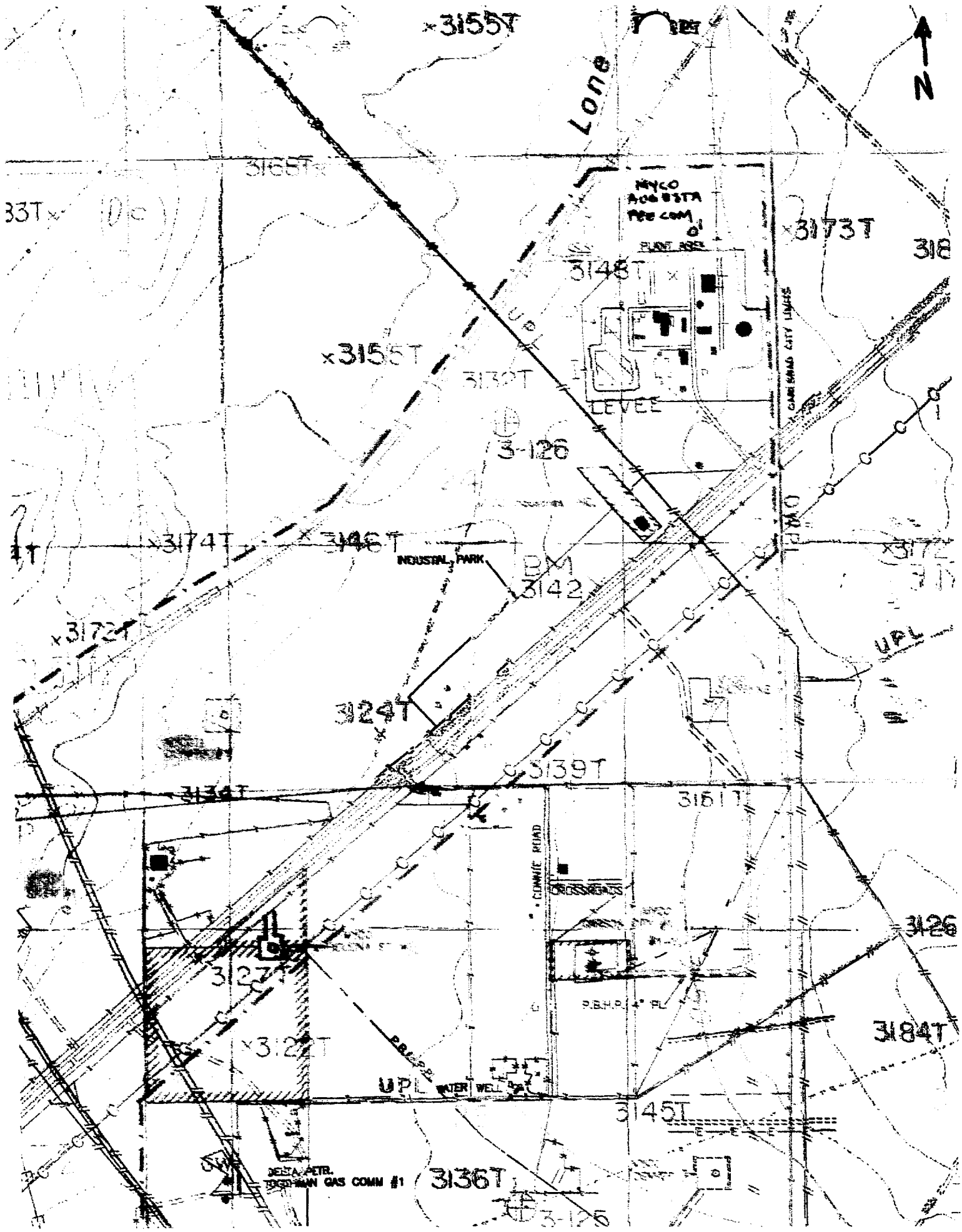
Final Approval Date: _____

City Administrator

Permit: Approved Disapproved by Council Date: _____

This Permit incorporates by reference and requires compliance with all applicable City Ordinances and regulations, and all applicable laws, rules, regulations and requirements of the Oil Conservation Commission, the Oil Conservation Division, the State Land Office and the Bureau of Land Management.

City Administrator Date



**GULF INSURANCE COMPANY
HARTFORD, CONNECTICUT
POWER OF ATTORNEY**

ORIGINALS OF THIS POWER OF ATTORNEY ARE PRINTED ON BLUE SAFETY PAPER WITH TEAL INK.

KNOW ALL MEN BY THESE PRESENTS: That the Gulf Insurance Company, a corporation duly organized under the laws of the State of Connecticut, having its principal office in the city of Irving, Texas, pursuant to the following resolution, adopted by the Finance & Executive Committee of the Board of Directors of the said Company on the 10th day of August, 1993, to wit:

"RESOLVED, that the President, Executive Vice President or any Senior Vice President of the Company shall have authority to make, execute and deliver a Power of Attorney constituting as Attorney-in-Fact, such persons, firms, or corporations as may be selected from time to time; and any such Attorney-in-Fact may be removed and the authority granted him revoked by the President, or any Executive Vice President, or any Senior Vice President, or by the Board of Directors or by the Finance and Executive Committee of the Board of Directors.

RESOLVED, that nothing in this Power of Attorney shall be construed as a grant of authority to the attorney(s)-in-fact to sign, execute, acknowledge, deliver or otherwise issue a policy or policies of insurance on behalf of Gulf Insurance Company

RESOLVED, that the signature of the President, Executive Vice President or any Senior Vice President, and the Seal of the Company may be affixed to any such Power of Attorney or any certificate relating thereto by facsimile, and any such powers so executed and certified by facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond and documents relating to such bonds to which they are attached."

Gulf Insurance Company does hereby make, constitute and appoint

CHARLENE M. WARD

S. GARY SIMS

its true and lawful attorney(s)-in-fact, with full power and authority hereby conferred in its name, place and stead, to sign, execute, acknowledge and deliver in its behalf, as surety, any and all bonds and undertakings of suretyship, and to bind Gulf Insurance Company thereby as fully and to the same extent as if any bonds, undertakings and documents relating to such bonds and/or undertakings were signed by the duly authorized officer of the Gulf Insurance Company and all the acts of said attorney(s)-in-fact, pursuant to the authority herein given, are hereby ratified and confirmed.

The obligation of the Company shall not exceed five million (5,000,000) dollars.

IN WITNESS WHEREOF, the Gulf Insurance Company has caused these presents to be signed by any officer of the Company and its Corporate Seal to be hereto affixed.

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS

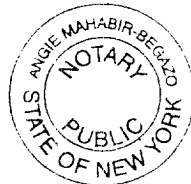


GULF INSURANCE COMPANY

Lawrence P. Miniter
Lawrence P. Miniter
Executive Vice President

On this 1st day of October, AD 2001, before me came Lawrence P. Miniter, known to me personally who being by me duly sworn, did depose and say: that he resides in the County of Bergen, State of New Jersey; that he is the Executive Vice President of the Gulf Insurance Company, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instruments is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name, thereto by like order.

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS



Angie Mahabir-Begazo
ANGIE MAHABIR-BEGAZO
Notary Public, State of New York
No. 01MA6019988
Qualified in Kings County
Commission Expires February 16, 2003

I, the undersigned, Senior Vice President of the Gulf Insurance Company, a Connecticut Corporation, DO HEREBY CERTIFY that the foregoing and attached POWER OF ATTORNEY remains in full force.

Signed and Sealed at the City of New York.



Dated the 21st day of May, 20 02

George Biancardi
George Biancardi
Senior Vice President

Gulf Insurance Company
San Diego, California

Bond No. B32645776

Augusta 24 Fee Com #1

OIL WELL DRILLING AND PLUGGING BOND

KNOW ALL MEN BY THESE PRESENTS, That we, MYCO Industries, Inc.

and Gulf Insurance Company, as Surety, a corporation duly incorporated under the laws of the State of Connecticut, and authorized to do business in the State of New Mexico, are held and firmly bound unto the CITY OF CARLSBAD, NEW MEXICO, in the penal sum of FIFTY THOUSAND AND no/100 Dollars (\$50,000.00), for the payment of which sum well and truly to be made, we the said Principal and the said Surety, hereby bind ourselves, our heirs, executors and administrators, jointly and severally by these presents.

THE CONDITIONS OF THIS BOND ARE SUCH, that the said Principal has applied for a permit to drill an oil or gas well in accordance with the requirements under Chapter 34 of the City of Carlsbad Code of Ordinances, and has agreed to hold said City harmless from any damage by reason of his engaging in said business.

NOW, THEREFORE, if said Principal shall faithfully perform all the duties under Chapter 34 of the City of Carlsbad Code of Ordinances, and protect said City, from any damage as hereinabove stated, then this obligation shall be null and void; otherwise to remain in full force and effect.

Signed, sealed and dated the 21st day of May, 2002.

MYCO INDUSTRIES, INC.

Attest By [Signature]
Secretary

MYCO INDUSTRIES, INC.

By [Signature]
President
(Seal)

Post Office Box 840
Artesia, New Mexico 88211-0840

Witness: Edwina S. Martin

GULF INSURANCE COMPANY

By [Signature]
Attorney-in-Fact
(Seal)

101 South Fourth Street
Artesia, New Mexico 88210-2177

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
05/21/2002

PRODUCER (505)746-2796 FAX (505)746-4244
J.S. Ward & Son, Inc.
 101 South Fourth Street
 Artesia, New Mexico 88210-2177
 S. Gary Sims

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED **MYCO Industries, Inc.**
 Post Office Box 840
 Artesia, New Mexico 88211-0840

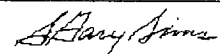
INSURER A: **St. Paul Fire & Marine Insurance Company**
 INSURER B:
 INSURER C:
 INSURER D:
 INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/>	VK08300018	12/03/2001	12/03/2002	EACH OCCURRENCE \$ 1,000,000
					FIRE DAMAGE (Any one fire) \$ 100,000
					MED EXP (Any one person) \$ 5,000
					PERSONAL & ADV INJURY \$ 1,000,000
					GENERAL AGGREGATE \$ 2,000,000
					PRODUCTS - COMP/OP AGG \$ 2,000,000
					GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC <input type="checkbox"/>
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	VK08300018	12/03/2001	12/03/2002	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
					BODILY INJURY (Per person) \$
					BODILY INJURY (Per accident) \$
					PROPERTY DAMAGE (Per accident) \$
A	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> Parking Garage	VK08300018-03	12/03/2001	12/03/2002	AUTO ONLY - EA ACCIDENT \$ 1,000,000
					OTHER THAN AUTO ONLY: EA ACC \$ 2,000,000 AGG \$
A	EXCESS LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10,000	VK08300018	12/03/2001	12/03/2002	EACH OCCURRENCE \$ 20,000,000
					AGGREGATE \$ 20,000,000
					\$
					\$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	WVA8300586	12/03/2001	12/03/2002	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER
					E.L. EACH ACCIDENT \$ 500,000
					E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
Oil/gas lease operations; Property Owner - State of New Mexico and Texas

CERTIFICATE HOLDER	ADDITIONAL INSURED; INSURER LETTER:	CANCELLATION
City of Carlsbad Post Office Box 1569 Carlsbad, NM 88221-1569		SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL <u>10</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.
		AUTHORIZED REPRESENTATIVE S. Gary Sims/TERRY 



J. S. Ward & Son, Inc.

INSURANCE • BONDS

ARTESIA, NEW MEXICO 88210

101 South Fourth St.

Telephone (505) 746-2796

jswine@pvtnetworks.net

Fax (505) 746-4244

MYCO Industries, Inc.
Post Office Box 840
Artesia, NM 88211-0840

INVOICE

CLIENT	MYCO Industries, Inc.	888
DATE	05/21/2002	
CLIENT	Charlene Ward	
SERVICE	Edwina Martin	
PAGE	of 1	

PAYMENT INFORMATION	
INVOICE SUMMARY	
PAYMENT AMOUNT	Invoice #38995
PAYMENT FOR:	B32645776

Thank You

PLEASE DETACH AND RETURN WITH PAYMENT

Client: MYCO Industries, Inc.

INVOICE	EFFECTIVE	TRANSACTION	DESCRIPTION	AMOUNT
38995	05/21/2002	New business	Policy #B32645776 05/21/2002-05/21/2005 Gulf Insurance Company Bonds - New business 550,000 Oil Well Drilling And Plugging Bond to the City of Carlsbad, New Mexico Augusta 24 Fee Com #1	1,875.00

TOTAL
1,875.00

Thank You

Handwritten: 5/21/2002

Handwritten: AUGUSTA 24 FEE #1

J.S. Ward & Son, Inc.
(505)746-2796

DATE
05/21/2002



J. S. Ward & Son, Inc.

101 South Fourth Street
(505) 746-2796
Artesia, New Mexico
88210-2177

Insurance
Bonds

May 21, 2002

MYCO Industries, Inc.
Post Office Box 840
Artesia, New Mexico 88211-0840

Attention: Mrs. Shari Hodges

Re: \$50,000 Oil Well Drilling & Plugging Bond
to the City of Carlsbad, New Mexico
Augusta 24 Fee Com #1

Dear Mrs. Hodges:

Per your request, please find enclosed the original of the above captioned bond which you wish to file with the City of Carlsbad, New Mexico and a Certificate of Insurance.

Please have the president, or, vice-president of the corporation sign the bond where checked in red. Please have his signature attested by the secretary of the corporation and the corporate seal impressed. Please keep the Power of Attorney attached to the bond. Also enclosed is our invoice, in the amount of \$1,875.00, for the three-year premium. **When the bond is executed, please return a copy to our office.**

We trust you find this entirely in order. Please feel free to call on us if you should have any questions.

Very truly yours,

J. S. Ward & Son, Inc.

By *D. Gary Simons*

SGS:esm

Enclosures



MYCO INDUSTRIES, INC.
OIL PRODUCERS
POST OFFICE BOX 840
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471

17 May 2002

Current Argus
620 South Main Street
Carlsbad, New Mexico 88220

Re: **Publication Request**

Ladies and Gentlemen:

In accordance with Ordinance No. 2001-05, Chapter 34, Articles, I, II and III of the City of Carlsbad Code of Ordinances regarding oil and gas wells and pipelines, MYCO Industries, Inc. (MYCO), as "Applicant" for the drilling of the Augusta 24 Fee #1 is required to publish notice of the following information:

1. Information of a person with MYCO who is able to respond to requests for information about the application: Nelson Muncy, MYCO Industries, Inc., P.O. Box 840, Artesia, New Mexico 88211, phone 505.746.0246.
2. Type of activity sought to be permitted, including well depth: Drilling of a 12,100' Morrow Gas Well.
3. Legal description of the location of the activity sought to be permitted: Township 21 South, Range 27 East, Section 24: E/2 (660'FN&EL).
4. Plain language description of the location of the activity sought to be permitted, including the distance to and names of the nearest street intersection: Approximately five miles east of Carlsbad on Highway 62 to Hobbs just east of the Industrial Park. Turn north at mile marker 42, 1800' to location. Location is between plant and railroad tracks.
5. Date, time and place of the public hearing before the City Council: Tuesday, May 28, 2002 at 6:00 pm in the Council Chambers located at 101 North Halagueno, Carlsbad, New Mexico.

Please publish this information in accordance with the above stated ordinance. Please publish on Friday, May 24, 2002, Saturday May 25, 2002, and Sunday, May 26, 2002. Should you need any further information, please let us know.

Yours truly,


Shari Darr Hodges
Landman

cc: City of Carlsbad, Attn: John Tully