

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

414

OK

OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.

NM-14768 A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

27621

8. Lease Name and Well No.

BOISE FEDERAL #1

9. API Well No.

30-015-31648

10. Field and Pool, or Exploratory

CARLBAD MORROW, EAST

11. Sec., T., R., M., or Blk. and Survey or Area

S35-T21S-R27E

12. County or Parish

EDDY

13. State

NM

1a. Type of Work: DRILL REENTER

b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator
MYCO INDUSTRIES, INC.

3a. Address:
P.O. BOX 840

3b. Phone No. (include area code)
(505) 746-0246/0247

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

A: surface 1877' FNL & 1312' FEL (UNIT H)
A: proposed prod. Zone SAME

14. Distance in miles and direction from nearest town or post office*

3 - MILES EAST OF CARLSBAD, NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
1312'

16. No. of Acres in lease

17. Spacing Unit dedicated to this well
320

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
0.6 - MILES

19. Proposed Depth
12,100'

20. BLM/BIA Bond No. on file
BLM# 585971

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3102' GL

22. Approximate date work will start*
MARCH 1, 2001

23. Estimated duration
45-DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized office.

25. Signature: *Nelson A. Muncy, PECS* Name (Printed/Typed): Nelson A. Muncy Date: 2/2/01

Title: Operations Manager

Approved by: (Signature) *[Signature]* Name (Printed/Typed): [Name] Date: MAR 7 2001

Title: [Signature] Office: [Signature]

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)



RECEIVED
OCD - ARTESIA

OCD Bryan Arrant

Approved to proceed to produce in Basin in N/2 Production Unit

MYCO INDUSTRIES, INC.
BOISE FEDERAL #1
1877' FNL & 1312' FEL
Section 35 -T21S-R27E Unit Letter H (N/2)
Eddy County, New Mexico
NM-14768

1. The estimated tops of geologic markers are as follows:

Bell Canyon	2650'	Atoka	11,000'
Brushy Canyon	3980'	Morrow "A"	11,400'
Bone Spring LS	5500'	Morrow "B"	11,500'
Wolfcamp	9050'	Morrow "C"	11,750'
Strawn	10,400'	TD	12,100'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 350' - 400'
 Oil or Gas: 9,700'-11,950'

3. Pressure Control Equipment: BOPE will be installed on the 9-5/8" casing and rated for 5000 BOP. Systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft.</u>	<u>Grade</u>	<u>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48.0#	H-40	8R	ST&C	0-475'	475'
12 1/4"	9 5/8"	36.0#	J-55	8R	LT&C	0-2,500'	2,500'
8 3/4"	5 1/2"	17.0#	K/N-80	8R	LT&C	0-12,100'	12,100'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8

*Proposed casing program...
 Cement volume...
 Casing must be installed*

*Proposed casing program...
 Cement volume...
 Casing must be installed*

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

Dirt contractor will locate nearest pit and obtain any permits and materials needed for construction.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

8. ANCILLARY FACILITIES: None

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION:

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

11. SURFACE OWNERSHIP: Fee

B. CEMENTING PROGRAM:

Surface Casing: 13 3/8" casing circulate cement 550 sacks.

Intermediate Casing: 9 5/8" casing circulate cement 900 sacks.

Production Casing: 5 1/2" casing circulate cement 900 sacks, (Est. TOC @ 8100').

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>FluidLoss</u>
Spud to 475'	FW	8.6- 9.8	32-40	N/C
475'-2500'	Cut Brine	10.0 -10.3	28	N/C
2500'-TD	SW Gel/Starch	9.4-9.8	32-40	10cc

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 2500' to TD (12.100').

Logging: Mud Logger (1-man); 2500'- TD * GR 0'-TD, Porosity & Resistivity 2500'- TD.

Coring: None anticipated

DST's: None anticipated

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:

From: 0 TO: 450' Anticipated Max. BHP: 200 PSI

From: 450' TO: 2500' Anticipated Max. BHP: 500 PSI

From: 2500' TO: TD Anticipated Max. BHP: 5000 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 170 Degrees F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 40 days to drill the well with completion taking another 10-20 days.

MULT' JOINT SURFACE USE AND OPERATION PLAN
Myco Industries, Inc.
Boise Federal #1
1877' FNL & 1312' FEL (N/2)
Section 35, T21S-R27E Unit Letter H
Eddy County, New Mexico
NM-14768

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 2.5 miles east of Carlsbad, New Mexico. The access route to the location is indicated on Exhibit A.

DIRECTIONS: From Carlsbad, NM go 2.5 miles east on Hobbs Hwy and turn (right) south 562' to location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 562 Ft. in length south from the point of origin off the Hobbs Hwy to the drilling pad. The road will lie in a south direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side. Some traffic turnouts will be built.
- D. The route of the road is visible.

3. LOCATION OF EXISTING WELL:

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

12. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE:

Nelson Muncy, PELS
Operations Manager
Myco Industries, Inc.
P.O. Box 840
Artesia, New Mexico 88210
Phone: (505)746-0246 / (505)746-0247 / (505) 365-8840

14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Myco Industries, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

02/05/01

Nelson Muncy, PELS

OPERATIONS MANAGER

DISTRICT I
P.O. Box 1990, Hobbs, NM 88241-1990

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer 80, Artesia, NM 88211-0710

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name BOISE FEDERAL	Well Number 1
OCRID No.	Operator Name MYCO INDUSTRIES, INC.	Elevation 3102'

Surface Location

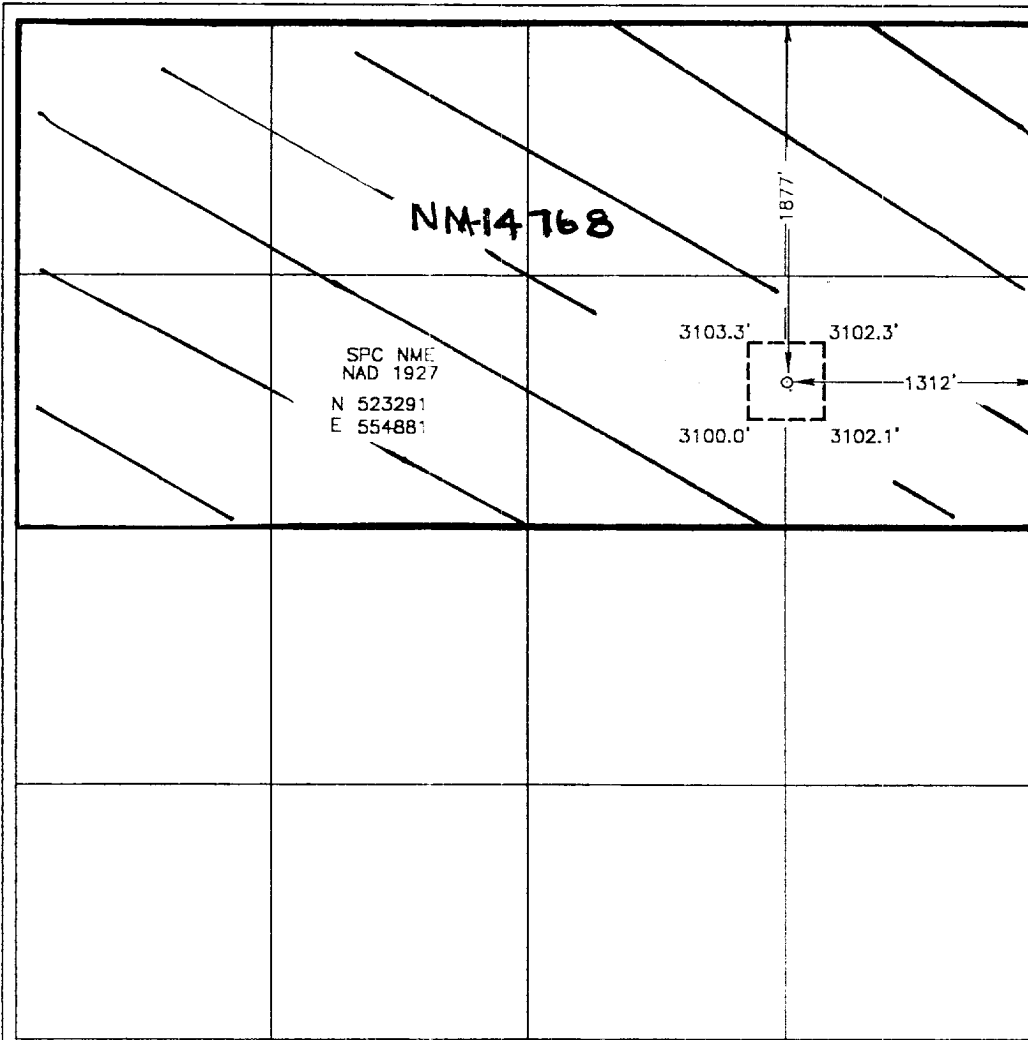
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	35	21-S	27-E		1877	NORTH	1312	EAST	EDDY

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 knowledges and belief.

A.N. Muncy, PECS
Signature
A. N. MUNCY
Printed Name
OPER. MGR.
Title
01-31-2001
Date

SURVEYOR CERTIFICATION

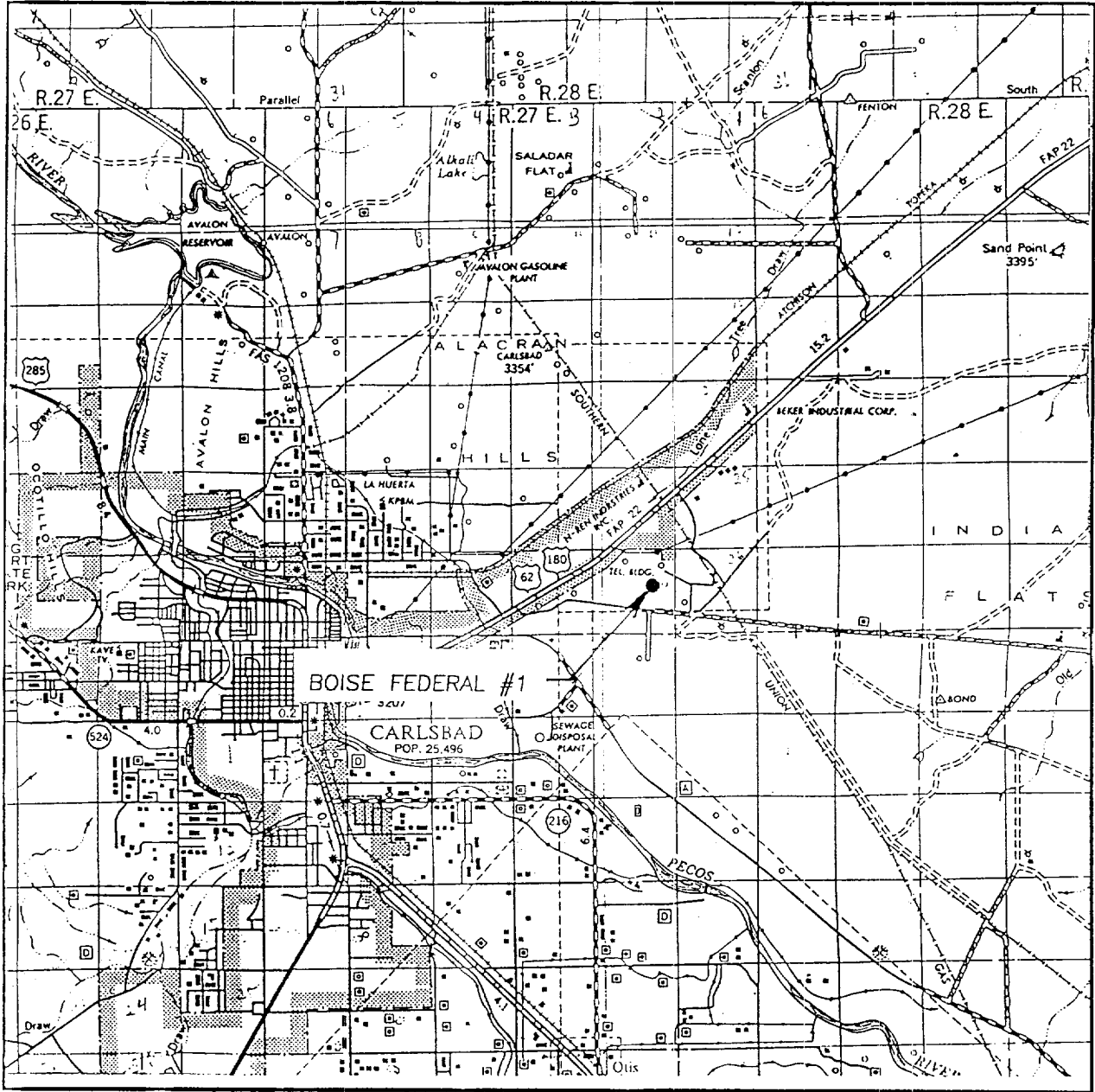
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

JANUARY 30, 2001
Date Surveyed
AWB
Signature & Seal of Professional Surveyor
Ronald J. Edson 01/31/01
01-11-0001

Certificate No. **RONALD J. EIDSON 3239**
GARY EIDSON 12641

VICINITY MAP

EXHIBIT A



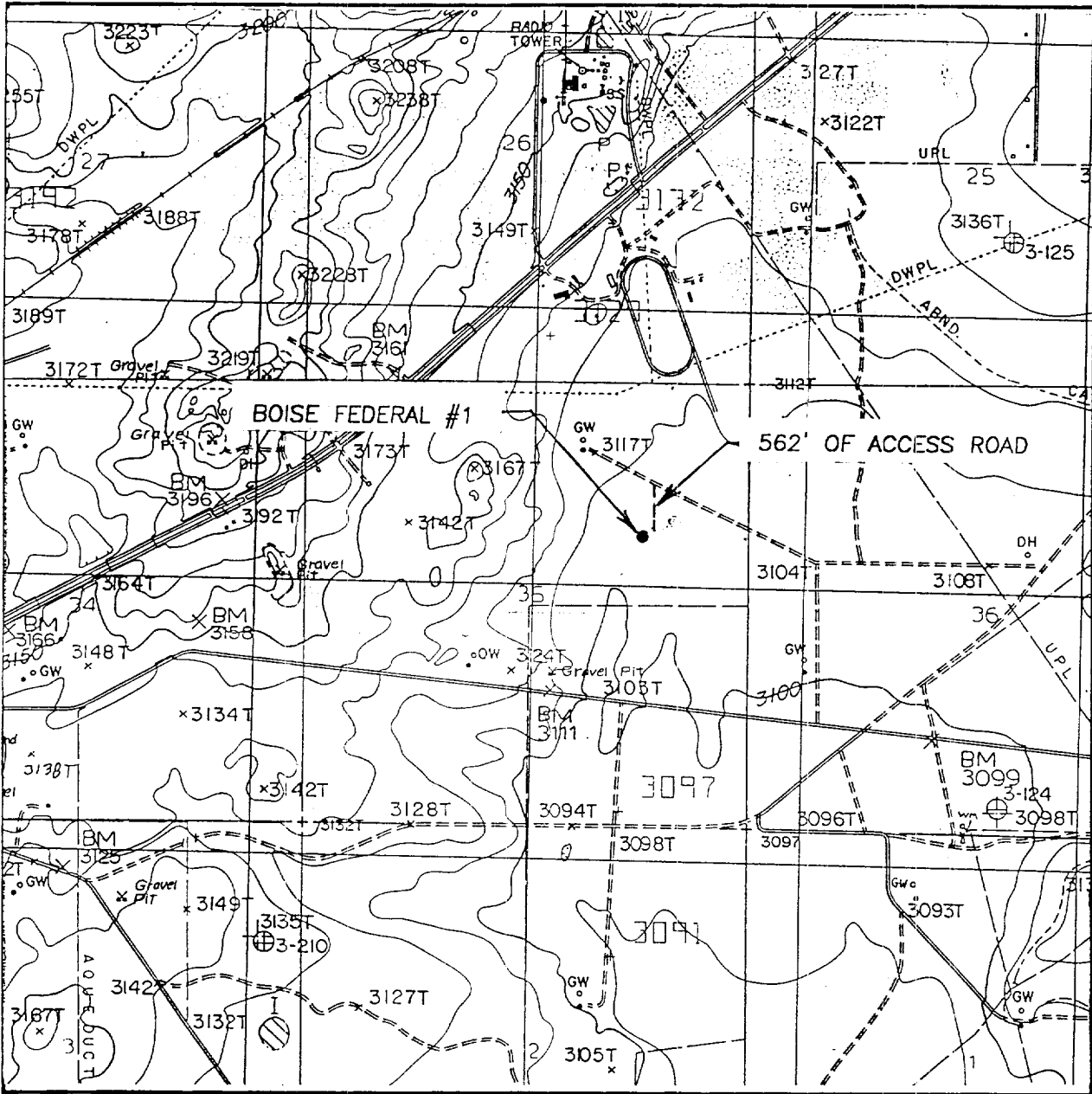
SCALE: 1" = 2 MILES

SEC. 35 TWP. 21S RGE. 27-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 1877'FNL & 1312'FEL
 ELEVATION 3102'
 OPERATOR MYCO INDUSTRIES, INC.
 LEASE BOISE FEDERAL

JOHN WEST SURVEYING
 HOBBS, NEW MEXICO
 (505) 393-3117

LOCATION VERIFICATION MAP

EXHIBIT A-1



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
CARLSBAD EAST N.M.

SEC. 35 TWP. 21S RGE. 27-E

SURVEY _____ N.M.P.M.

COUNTY _____ EDDY

DESCRIPTION 1877'FNL & 1312'FEL

ELEVATION _____ 3102'

OPERATOR MYCO INDUSTRIES, INC.

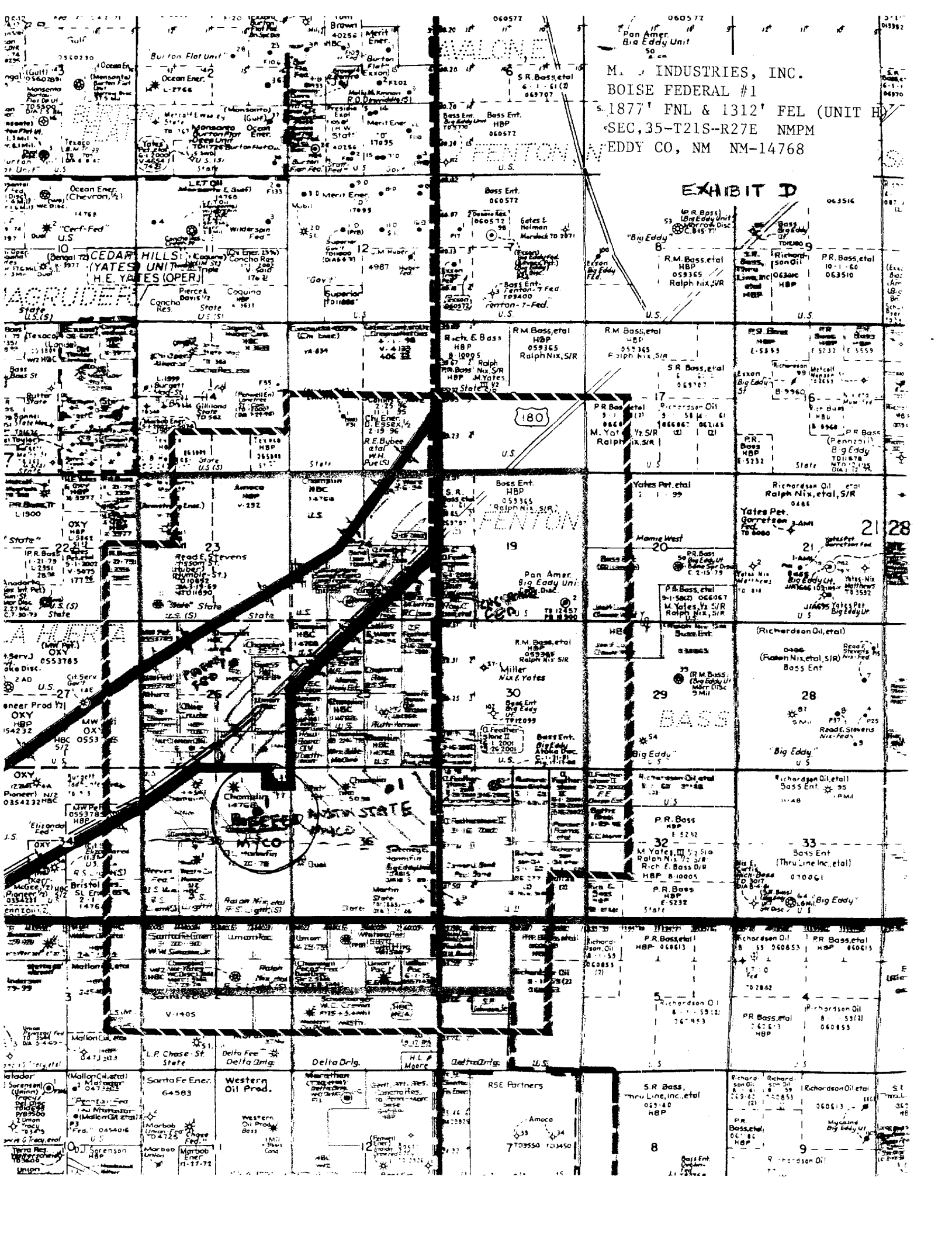
LEASE _____ BOISE FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
CARLSBAD EAST N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

M. INDUSTRIES, INC.
BOISE FEDERAL #1
S. 1877' FNL & 1312' FEL (UNIT H)
SEC. 35-T21S-R27E NMPM
WEDDY CO, NM NM-14768

EXHIBIT D



180

WEDDY CO

MTCO

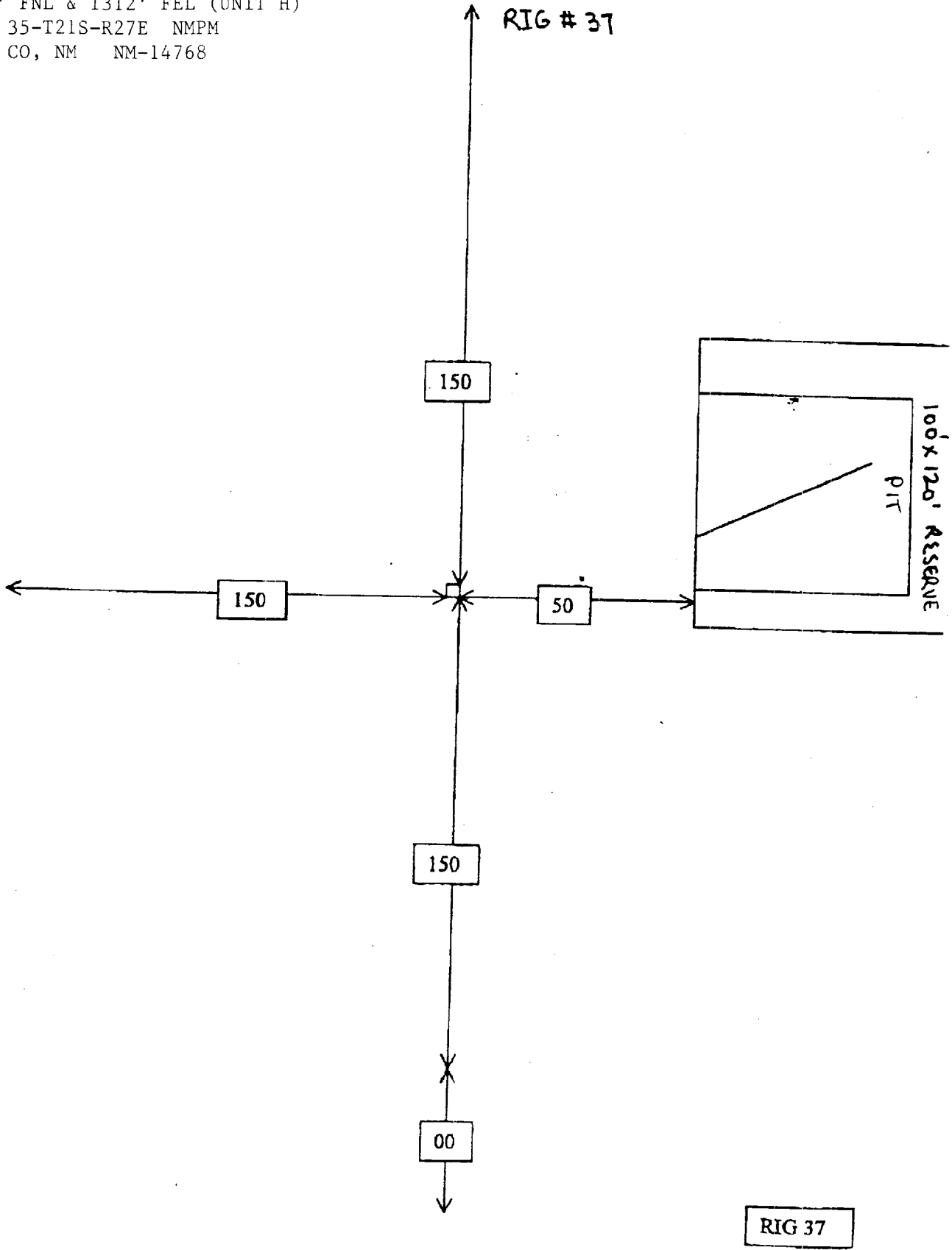
BASS

Map containing numerous owner names and tract identifiers, including: Pan Amer. Big Eddy Unit, R.M. Bass, et al, Yates Pet. et al, Richardson Oil et al, Merit Ener., Superior, Concho Res., State, Oxy, HBP, HBC, HBA, HBB, HBD, HBE, HBF, HBG, HBH, HBI, HBJ, HBK, HBL, HBK, HBM, HBN, HBO, HBP, HBR, HBS, HBT, HBU, HBV, HBW, HBX, HBY, HBZ, HCA, HCB, HCC, HCD, HCE, HCF, HCG, HCH, HCI, HCL, HCM, HCN, HCO, HCP, HCR, HCS, HCT, HCU, HCV, HCW, HCX, HCY, H CZ, HDA, HDB, HDC, HDD, HDE, HDF, HDG, HDH, HDI, HDJ, HDK, HDL, HDM, HDN, HDO, HDP, HDR, HDS, HDT, HDU, HDV, HDW, HDX, HDY, HDZ, HEA, HEB, HEC, HED, HEE, HEF, HEG, HEH, HEI, HEJ, HEK, HEL, HEM, HEN, HEO, HEP, HER, HES, HET, HEU, HEV, HEW, HEX, HEY, HEZ, HFA, HFB, HFC, HFD, HFE, HFF, HFG, HFH, HFI, HFL, HFJ, HFK, HFL, HFN, HFO, HFP, HFR, HFS, HFT, HFU, HFV, HFW, HFX, HFY, HFZ, HGA, HGB, HGC, HGD, HGE, HGF, HGG, HGH, HGI, HGL, HGJ, H GK, HGL, HGN, HGO, HGP, HGR, HGS, HGT, HGU, HGV, HGW, HGX, HGY, HGZ, HHA, HHB, HHC, HHD, HHE, HHF, HHG, HHH, HHI, HHL, HHJ, HHK, HHL, HHN, HHO, HHP, HHR, HHS, HHT, HHU, HHV, HHW, HHX, HHY, HHZ, HIA, HIB, HIC, HID, HIE, HIF, HIG, HIH, HII, HIL, HIJ, HIK, HIL, HIN, HIO, HIP, HIR, HIS, HIT, HIU, HIV, HIW, HIX, HIY, HIZ, HJA, HJB, HJC, HJD, HJE, HJF, HJG, HJH, HJI, HJL, HJM, HJN, HJO, HJP, HJR, HJS, HJT, HJU, HJV, HJW, HJX, HJY, HJZ, HKA, HKB, HKC, HKD, HKE, HKF, HKG, HKH, HKI, HKJ, HKK, HKL, HKM, HKN, HKO, HKP, HKR, HKS, HKT, HKU, HKV, HKW, HKX, HKY, HKZ, HLA, HLB, HLC, HLD, HLE, HLF, HLG, HLH, HLI, HLL, HLJ, HLK, HLL, HLN, HLO, HLP, HLR, HLS, HLT, HLU, HL V, HLW, H LX, HLY, HLZ, HMA, HMB, HMC, HMD, HME, HMF, HMG, HMH, HMI, HML, HMJ, HMK, HML, HMN, HMO, HMP, HMR, HMS, HMT, HMU, HMV, HMW, HMX, HMY, HMZ, HNA, HNB, HNC, HND, HNE, HNF, HNG, HNH, HNI, HNL, HNJ, HNK, HNL, HNN, HNO, HNP, HNR, HNS, HNT, HNU, HNV, HNW, HNX, HNY, HNZ, HOA, HOB, HOC, HOD, HOE, HOF, HOG, HOH, HOI, H OJ, HOK, HOL, HON, HOO, HOP, HOR, HOS, HOT, HOU, HOV, HOW, H OX, HOY, HOZ, HPA, HPB, HPC, HPD, HPE, HPF, HPG, HPH, HPI, HPL, HPJ, HPK, HPL, HPN, HPO, HPP, HPR, HPS, HPT, HPU, HPV, HPW, HPX, HPY, HPZ, HQA, HQB, HQC, HQD, HQE, HQF, HQG, HQH, HQI, HQJ, HQK, HQL, HQM, HQN, HQO, HQP, HQR, HQS, HQT, HQU, HQV, HQW, HQX, HQY, HQZ, HRA, HRB, HRC, HRD, HRE, HRF, HRG, HRH, HRI, HRL, HRJ, HRK, HRL, HRN, HRO, HRP, HRR, HRS, HRT, HRU, HRV, HRW, HRX, HRY, HRZ, HSA, HSB, HSC, HSD, HSE, HSF, HSG, HSH, HSI, HSL, HSJ, HSK, HSL, HSN, HSO, HSP, HSR, HSS, HST, HSU, HSV, HSW, H SX, HSY, HSZ, HTA, HTB, HTC, HTD, HTE, HTF, HTG, HTH, HTI, HTJ, HTK, HTL, HTM, HTN, HTO, HTP, HTR, HTS, HTT, HTU, HTV, HTW, HTX, HTY, HTZ, HUA, HUB, HUC, HUD, HUE, HUF, HUG, HUH, HUI, HUL, H UJ, HUK, HUL, HUN, HUU, HUV, HUW, HUX, HUY, HUZ, HVA, HVB, HVC, HVD, HVE, HVF, HVG, HVH, HVI, HVJ, HVK, HVL, HVN, HVO, HVP, HVR, HVS, HVT, H VU, HVV, HVW, HVX, HVY, HVZ, HWA, HWB, HWC, HWD, HWE, HWF, HWG, HWH, HWI, HWJ, HWK, HWL, HWN, HWO, HWP, HWR, HWS, HWT, HWU, HWV, HWW, HWX, HWY, HWZ, HXA, HXB, HXC, HXD, HXE, HXF, HXG, HXH, HXI, HXL, HXJ, HXK, HXL, HXN, HXO, HXP, HXR, HXS, HXT, HXU, HXV, HXW, HX X, HXY, HXZ, HYA, HYB, HYC, HYD, HYE, HYF, HYG, HYH, HYI, HYJ, HYK, HYL, HYN, HYO, HYP, HYR, HYS, HYT, HYU, HYV, HYW, HYX, HY Y, HYZ, HZA, HZB, HZC, HZD, HZE, HZF, HZG, HZH, HZI, HZJ, HZK, HZL, HZN, HZO, HZP, HZR, HZS, HZT, HZU, HZV, HZW, HZX, HZY, HZZ

MYCO INDUSTRIES, INC.
BOISE FEDERAL #1
1877' FNL & 1312' FEL (UNIT H)
SEC. 35-T21S-R27E NMPM
EDDY CO, NM NM-14768

KEY ENERGY DRILLING

EXHIBIT C





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

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No. NM-14768A

Bond Coverage: Individually Bonded

Legal Description of Land:
Township 21 South, Range 27 East
Section: 35: N/2
Eddy County, New Mexico

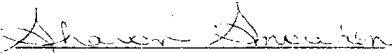
BLM Bond File No.: 58 59 71

Formation (s) (if applicable):

N/A

MYCO INDUSTRIES, INC.

Date: 2/10/2002


Corporate Secretary

C. Mark Maloney
Independent Landman
P.O. Box 2627
Roswell, NM 88202-2627

(505) 622-9907 *Voice*
(505) 622-8340 *Fax*

February 13, 2001

MYCO Industries, Inc.
P.O. Box 840
Artesia, NM 88211-0840

Attn: Mr. A.N. (Nelson) Muncy
Operations Manager

Re: Surface Damage Settlement
Paul Bond et al
MYCO Capitol Prospect
MYCO Industries, Inc. Boise Federal No. 1
N1/2 Sec. 35, T-21-S, R-27-E, NMPM
Eddy County, New Mexico

Dear Mr. Muncie:

Per our previous agreement with the Bonds on surface damage settlement for MYCO's Austin State No. 1 located in Section 36 of T-21-S- R-27-E, NMPM, this is to confirm receipt of your check No. 19325 in the amount of \$ 2,500.00, tendered as surface damage payment for MYCO's Boise Federal No. 1, the location of which is also on the Bonds' lands in NE1/4 of Section 35, T-21-S, R-27-E, NMPM.

Thank you very much for your attention in this and all related matters and please feel free to call should you require anything further.

Very truly yours,



C. Mark Maloney, Agent

cmu/wp2
encs.