

(June 1990)

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**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT----" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well:

Oil ☐ Gas ☐
☒ Well ☐ Well ☐ Other

2. Name of Operator

MYCO INDUSTRIES, INC.

3. Address and Telephone No.

P.O. BOX 840, Artesia, NM 88210 (505)748-4274

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SEC. 7 (ALL) T23S-R32E

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31, 1993

5. Lease Designation and Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

9. API Well No.

10. Field and Pool, Or Exploratory Area

11. County or Parish, State

LEA CO, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
- ☐ Subsequent Report
- ☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
- ☐ Recompletion
- ☐ Plugging Back
- ☐ Casing Repair
- ☐ Altering Casing
- ☒ Other SURFACE COMMINGLING
- ☐ Change of Plans
- ☐ New Construction
- ☐ Non-Routine Fracturing
- ☐ Water Shut-off
- ☐ Conversion to Injection
- ☐ Dispose Water

OFF LEASE STORAGE MEASUREMENT

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) *

MYCO INDUSTRIES, INC., RESPECTFULLY REQUESTS APPROVAL FOR SURFACE COMMINGLING, OFF-LEASE STORAGE AND MEASUREMENT PER THE ATTACHED APPLICATION.

OCT 23 2000

CERTIFIED RETURN: 7000 0520 0017 1084 8348

14. I hereby certify that the foregoing is true and correct

Signed

MINIMUNY, PELS

Title

OPERATIONS MANAGER

Date

10/ 8/00

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes 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.

* See Instruction on Reverse Side



MYCO INDUSTRIES, INC.
OIL PRODUCERS
P.O. BOX 840 / 331 WEST MAIN, SUITE C
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471

October 04, 2000

New Mexico Oil Conservation Division
P.O. Box 6429
Santa Fe, NM 87505-6429

Attention: Lori Wrotenbury, Director

Re: Surface commingling, off lease storage and measurement approval from the Bone Springs and Delaware formations Section 7 (All) T23S-R32E NMPM, Lea Co. NM ("Section 7"). Pooled all depths, Operating Agreement dated: 06/19/95, Myco Industries, Inc. as Operator. Comprised of three (3) Federal leases: NM-62223, NM-86151 and NM-86923 (663.92 acres-total).

Dear Mrs. Wortenbury:

Myco Industries, Inc., ("MYCO") respectfully requests administrative approval for surface commingling, off lease storage and measurement approval for Bone springs and Delaware production from the wells in the above referenced pooled ("Section 7"). The first three wells drilled by "MYCO" in "Section 7" after pooling were completed in the Bone Springs and are listed as follows:

SHARBRO FEDERAL #1

(API # 30-025-33054)
660' FSL & 660' FEL NM-62223
SPUD: 08/30/95
COMP: 12/12/95
DTD: 10,630'
PBSD: 10,529'
PERFS: 8674'-9208' (Bone Springs)
CURRENT PRODUCTION: 14-BOPD, 1-BWPD, 35-MCFD
DATE SHUT-IN: 08/26/00 (Waiting on surface commingling approval)

BLUE QUAIL FEDERAL #1

(API # 30-025-33222)
660' FSL & 1980' FEL NM-86151
SPUD: 12/27/95
COMP: 01/26/96
DTD: 8850'
PBSD: 8810'
PERFS: 8620'-8676' (Bone Springs)
CURRENT PRODUCTION: 9-BOPD, 1-BWPD, 22-MCFD
DATE SHUT-IN: 08/26/00 (Waiting on surface commingling approval)

BITSY FEDERAL #1

(API # 30-025-33398)

1980' FNL & 660' FEL NM-86923

SPUD: 05/04/96

COMP: 06/13/96

DTD: 9442'

PBTD: 9386'

PERFS: 8978'-9137' (Bone Springs)

CURRENT PRODUCTION: 7-BOPD, 2-BWPD, 25-MCFD

DATE SHUT-IN: 08/26/00 (Waiting on surface commingling approval)

No additional wells were drilled in "Section 7" after the Bitsy Federal #1 (Spudded: 05/04/96) until this year when four (4) Delaware wells were drilled as follows:

BLUE QUAIL FEDERAL #2

(API # 30-025-35047)

660' FSL & 660' FWL NM-86151

SPUD: 06/09/00

COMP: 08/25/00

DTD: 9400'

PBTD: 8210' (CIBP)

PERFS: 6710'-7585' (Delaware)

CURRENT PRODUCTION: 61-BOPD, 327-BWPD, 60-MCFD

STATUS: Producing

SHARBRO FEDERAL #6

(API # 30-025-35048)

990' FNL & 660' FWL NM-62223

SPUD: 08/09/00

COMP: Test allowable – well not finaled

DTD: 8522'

PBTD: 8424'

PERFS: 7396'-8364' (Delaware)

CURRENT PRODUCTION: 71-BOPD, 365-BWPD, 65-MCFD

STATUS: Producing

SHARBRO FEDERAL #7

(API # 30-025-35144)

1980' FSL & 660' FWL NM-62223

SPUD: 08/29/00

COMP: Completion in progress

DTD: 8510'

PBTD: 8442'

PERFS: 8239'-8416' (Delaware)

CURRENT PRODUCTION: 14-BOPD, 365-BWPD, 15-MCFD

STATUS: First oil 10/05/00

SHARBRO FEDERAL #8

(API # 30-025-35154)

990' FNL & 710' FWL NM-62223

SPUD: 09/20/00

COMP: Waiting for drilling rig to move

DTD: 8600'

PBTD: Not known at this date

PERFS: None as of this date (Delaware)

CURRENT PRODUCTION: No first oil as of this date.

STATUS: Completion not commenced

MYCO has filed APD's with BLM to drill four (4) additional Delaware wells in "Section 7".

(1)	Blue Quail Federal #3 – N	NM-86151	Delaware Test (8700')
(2)	Sharbro Federal #9 – K	NM-62223	Delaware Test (8700')
(3)	Bitsy Federal #2 – F	NM-86923	Delaware Test (8700')
(4)	Bitsy Federal #3 – C	NM-86923	Delaware Test (8700')

Please note the following attachments:

- (A) Ownership map depicting all wells and respective lease numbers. (Drilled and proposed).
- (B) Facility site diagram depicting the Common Tank Battery for "Section 7" which is located in S7-T23S-R32E (Unit P).
- (C) Working interest owner list for "Section 7" with notices.
- (D) Royalty owner list for "Section 7" with notices.
- (E) BLM application (Form 3160-3 and attachment BLM application for surface commingling, off lease storage and measurement approval.)
- (F) Working interest (WI) owner & overriding royalty interest (ORI) owner lists.

The common tank battery for all wells in "Section 7" is located in S7-T23S-R32E (Unit P) and is located adjacent to the Sharbro Federal #1 (660' FSL & 660' FEL) Lea County, NM.

The request is made in order to reduce the costs for storage and treating, thus extending the economic life of each well. This request is in the interest of conservation and will not result in reduced royalty or improper production measurement.

Please contact me for any additional information or queries at (505)748-4274.

Sincerely,



A.N. Muncy, PEELS
Operations Manager

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING,
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88221-1778

MYCO INDUSTRIES, INC. ("MYCO") is requesting approval for
surface commingling and off-lease storage and measurement of
hydrocarbon production from the following formation(s) and well(s)
on Federal Lease No. NM-62223 ; Lease Name: SHARBRO FED.
NM-86151
NM-86923 BLUE QUAIL FED.
BITSY FED.

<u>WELL</u> { <u>No.</u>	<u>UNIT</u> <u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>SHARBRO FED #6,7,8,9</u>	<u>E,L,D,K</u>	<u>7</u>	<u>23S</u>	<u>32E</u>	<u>DELAWARE</u>
<u>BLUE QUAIL FED #2,3</u>	<u>M,N</u>	<u>7</u>	<u>23S</u>	<u>32E</u>	<u>DELAWARE</u>
<u>BITSY FED #2,3</u>	<u>C,F</u>	<u>7</u>	<u>23S</u>	<u>32E</u>	<u>DELAWARE</u>

with hydrocarbon production from the following formation(s) and
well(s) on Federal lease No. NM-62223 ; Lease Name: SHARBRO FED
NM-86151
NM-86923 BLUE QUAIL FED
BITSY FED

<u>WELL</u> { <u>No.</u>	<u>UNIT</u> <u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>	<u>FED LSE. #</u>
<u>SHARBRO FED #1</u>	<u>P</u>	<u>7</u>	<u>23S</u>	<u>32E</u>	<u>BONE SPRINGS</u>	<u>NM-62223</u>
<u>BLUE QUAIL FED #1</u>	<u>O</u>	<u>7</u>	<u>23S</u>	<u>32E</u>	<u>BONE SPRINGS</u>	<u>NM-86151</u>
<u>BITSY FED #1</u>	<u>H</u>	<u>7</u>	<u>23S</u>	<u>32E</u>	<u>BONE SPRINGS</u>	<u>NM-86923</u>

Production from the wells involved is as follows: ☒ SHUT-IN WAITING ON
COMMINGLING APPROVAL

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>COMMENTS:</u>
<u>SHARBRO FED #1</u>	<u>14</u>	<u>42°</u>	<u>-</u>	<input checked="" type="radio"/> <u>SHUT-IN- BONE SPRINGS.</u>
<u>SHARBRO FED #6</u>	<u>71</u>	<u>40°</u>	<u>-</u>	<u>PRODUCING</u>
<u>SHARBRO FED #8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>DRILLED - NOT COMP.</u>
<u>SHARBRO FED #9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>APD FILED-DELAWARE</u>
<u>BLUE QUAIL FED #1</u>	<u>9</u>	<u>42°</u>	<u>-</u>	<input checked="" type="radio"/> <u>SHUT-IN- BONE SPRINGS.</u>
<u>BLUE QUAIL FED #2</u>	<u>61</u>	<u>40°</u>	<u>-</u>	<u>PRODUCING</u>
<u>BLUE QUAIL FED #3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>APD FILED-DELAWARE</u>
<u>BITSY FED #1</u>	<u>7</u>	<u>42°</u>	<u>-</u>	<input checked="" type="radio"/> <u>SHUT-IN- BONE SPRINGS.</u>
<u>BITSY FED #2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>APD FILED-DELAWARE</u>
<u>BITSY FED #3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>APD FILED-DELAWARE</u>
<u>SHARBRO FED #7</u>	<u>14</u>	<u>40°</u>	<u>20</u>	<u>TEST ALLOW., PRODUCING</u>

NOTE: SEC 7 (ALL) T 23S- R32E, LEA CO., NM IS POOLED TO ALL DEPTHS
(NM-62223, NM-86151 { NM-86923) 6/19/95 DATE OPER. AGREE.
"MYCO" OPERATOR.

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at SE -1/4, Sec. 1, (UNIT P)
T22S, R32E, on lease No. NM 62223, Lea County, New Mexico. BLM
will be notified if there is any future change in the facility
location.

Details of the proposed method for allocating production to contributing sources is as follows:

CALIBRATED "NATCO" PORTA-CHECK TEST RUN ON EACH
WELL FOR 24-HRS. ONE TIME PER MONTH, AND
MORE FREQUENTLY IF WARRANTED.
NOTE: "SEC 1" ALL WORK-INT. AND ROYALTY IS THE SAME.

The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Additional wells require additional commingling approvals.

Signature: A. Nelson Muncy, PELS

Name: A. NELSON MUNCY

Title: OPERATIONS MANAGER

Date: OCT. 4' 2000

ANM
10/3/00

MYCO INDUSTRIES, INC.

OPERATOR 6119195 OPER. ACRES.
SEC. 7 (ALL) - T235 - R32E, NMPM
LEA CO., N.M.

(663.92 ACRES)
POOLED ALL DEPTHS

SHAR BRO FEDERAL

NM-62223

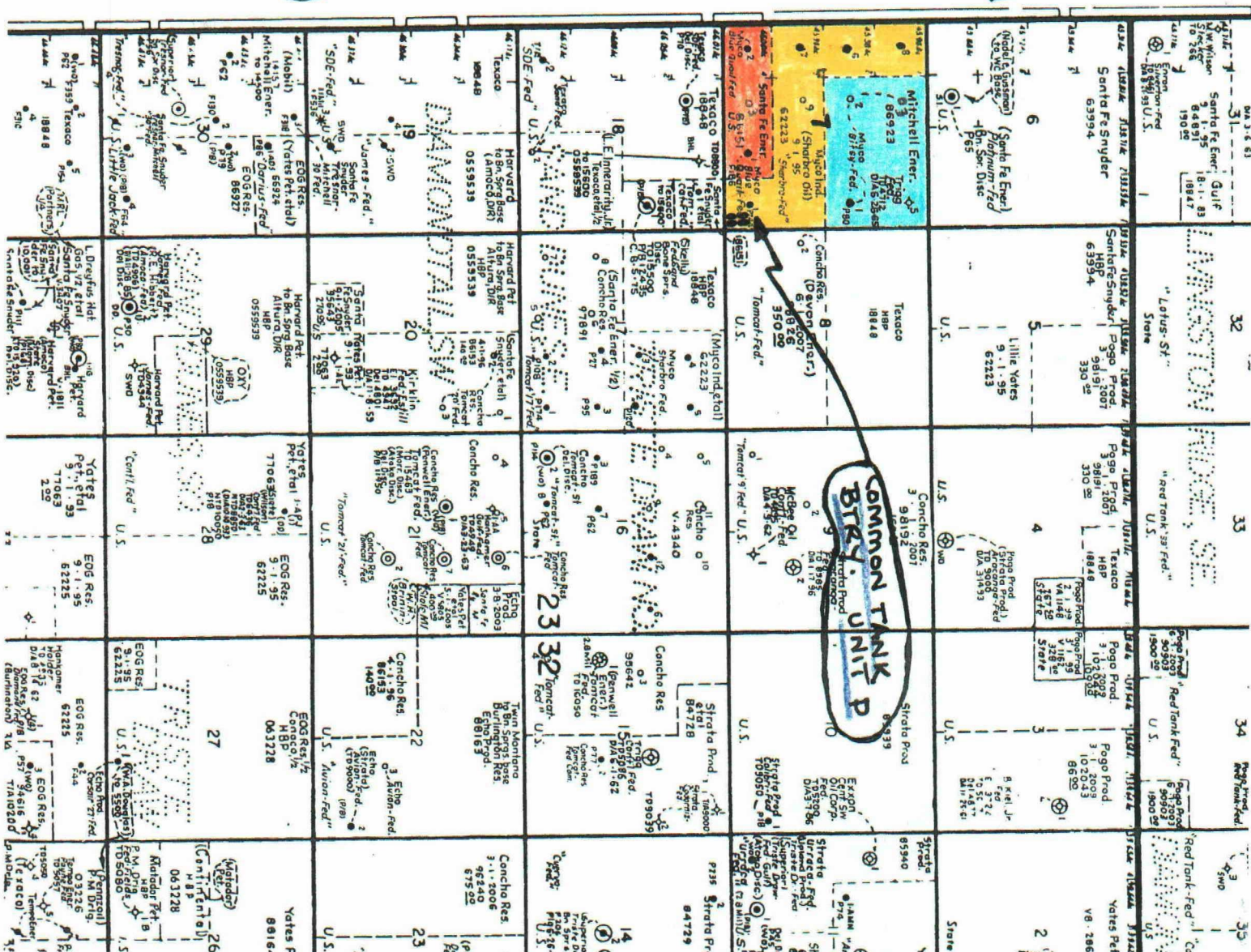
BLUE QUAIL FEDERAL

NM-86151

BITS Y FEDERAL

NM-86923

• = DRILLED (ENCL. COMPLETION
STAGE)
o = PROPOSED
APD FILED



STATUS
=====

CO - Company Pay Code
CP - Company Purchased Production
CT - Company Tax Partnership Interest
GC - City Government Interest
GI - Federal Government Interest
GS - State Government Interest
NP - Paid Direct
PA - Pay

STATUS CONTINUED
=====

SA - Unknown Address
SB - Beneficial Interest Revision
SC - Suspense - Contracts
SD - Suspense - Waiting on Division Order
SJ - Suspense - Delinquent JIB
SM - Suspense - Miscellaneous
ST - Suspense - Title Requirement
SX - Suspense - Mesa Conversion

LEASE: Myco-Bitsy Federal #1
SE1/4NE1/4 Sec. 7, T23S-R32E, NMPM
Containing 40.00 acres, more or less
Lea County, New Mexico

YATES PETROLEUM CORPORATION
Division of Interest
Effective: May 1, 1999
Including Prior Adjustments

Lease: 013235
Well: 001
File No.: 5401-1-G
kfp

OWNER NUMBER	OWNER NAME	INTER CO.#	BASIC INTEREST	640010 MYCO	992701 LMVEST	797400 SHARBRO	774800 SANTA FE	613800 MITCHELL	TOTALS	TYPE	STATUS
611540	MINERALS MANAGEMENT SERVICE		.1250000	0.0280456	0.0140228	0.0140228	0.0344544	0.0344544	0.1250000	RI	GI
992701	S. P. YATES, FRANK YATES, JR., AND B. W. HARPER, PERSONAL REPRESENTATIVES OF THE ESTATE OF LILLIE M. YATES, DECEASED BY ROYALTY LTD. CO. MYCO INDUSTRIES, INC. S. P. YATES, FRANK YATES, JR., AND B. W. HARPER, PERSONAL REPRESENTATIVES OF THE ESTATE OF LILLIE M. YATES, DECEASED		.0210341	0.0140227		0.0070114			0.0210341	ORI	PA
137365			.1682733	0.1682733					0.1682733	WI	PA
640010			.0981594		0.0981594				0.0981594	WI	PA
992701											
797400	SHARBRO OIL LTD. CO.		.0841366			0.0841366			0.0841366	WI	PA
774800	SANTA FE SNYDER CORPORATION		.2411812				0.2411812		0.2411812	WI	PA
613800	MITCHELL ENERGY CORPORATION		.2411812					0.2411812	0.2411812	WI	PA
			1.0000000	0.2243644	0.1121822	0.1121822	0.2756356	0.2756356	1.0000000		