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William F. Carr

wcarr@hollandhart.com

March 31, 2003

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**RECEIVED**

APR 29 2003

Oil Conservation Division

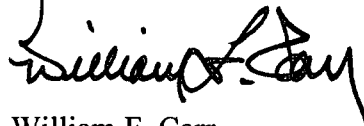
*Case 13072*

Re: Application of MYCO Industries, Inc. for Compulsory Pooling, Eddy County,  
New Mexico

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of MYCO Industries, Inc. in the above-referenced case as well as a copy of the legal advertisement. MYCO Industries, Inc. requests that this matter be placed on the docket for the May 22, 2003 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Ms. Sheri Hodges  
MYCO Industries, Inc.  
105 South Fourth Street  
Artesia, New Mexico 88210

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

**RECEIVED**

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

APR 29 2003

CASE NO. **13072**  
Oil Conservation Division

**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 in all formations from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 31, Township 21 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the East Carlsbad-Morrow Gas Pool, Undesignated West Indian Flats-Atoka Gas Pool, Undesignated Tansill Dam-Atoka Gas Pool, East Carlsbad-Strawn Pool, Undesignated East Carlsbad-Wolfcamp Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre spacing; and the SE/4 SE/4 for all formations and/or pools developed on 40-acre spacing; and in support of its application states:

1. MYCO is a working interest owner in the E/2 of said Section 31 and has the right to drill thereon.
2. MYCO proposes to dedicate the above-referenced spacing or proration units to its Panther City "31" Federal Com Well No. 1 to be drilled at a standard gas well location 882 feet from the South line and 660 feet from the East line (Unit P) of said Section 31, to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation.
3. MYCO has sought and been unable to obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing units who are 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 to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and MYCO Industries, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, MYCO Industries, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 22, 2003 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 units,
- B. designating MYCO Industries, Inc. operator of these units and the well to be drilled thereon,
- C. authorizing MYCO Industries, Inc. 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 MYCO Industries, Inc. 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: 

WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR MYCO INDUSTRIES, INC.

**EXHIBIT A**

**APPLICATION OF  
MYCO INDUSTRIES, INC.  
FOR COMPULSORY POOLING  
E/2 OF SECTION 31, TOWNSHIP 21 SOUTH, RANGE 28 EAST, N.M.P.M.  
EDDY COUNTY, NEW MEXICO.**

Chisholm Trail Ventures  
Keystone, Inc.  
Lee M. Bass, Inc.  
Sid R. Bass  
Thru Line, Inc.  
201 Main  
Ft. Worth, Texas 76102-3105

Attention: Wayne Bailey

CASE 1307A

**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 in all formations from the surface to the base of the Morrow Formation in the following described spacing and proration units located in the E/2 of Section 31, Township 21 South, Range 28 East, N.M.P.M: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the East Carlsbad-Morrow Gas Pool, Undesignated West Indian Flats-Atoka Gas Pool, Undesignated Tansill Dam-Atoka Gas Pool, East Carlsbad-Strawn Pool, Undesignated East Carlsbad-Wolfcamp Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre; and the SE/4SE/4 for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Panther City "31" Federal Com Well No. 1 to be drilled at a standard gas well location 882 feet from the South line and 660 feet from the East line (Unit P) of said Section 31. 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 MYCO Industries, Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 1.5 miles Southeast of mile marker 42..5 on Highway 62-180 east of Carlsbad, New Mexico.

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William F. Carr  
wcarr@hollandhart.com

March 31, 2003

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**ALL AFFECTED INTEREST OWNERS:**

Re: Application of MYCO Industries, Inc. for compulsory pooling, Eddy  
County, New Mexico.

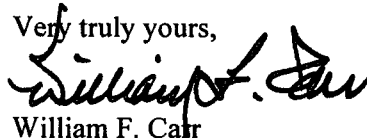
Ladies and Gentlemen:

This letter is to advise you that MYCO Industries, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the E/2 of Section 31, Township 21 South, Range 28 East, NMPM, Eddy County, New Mexico. Said units will be dedicated to MYCO Industries, Inc. proposed Panther City "31" Federal Com Well No. 1 which it proposes to drill at a standard gas well location in the SE4 SE/4 of said Section 31 to test all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on May 22, 2003. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr

cc: Sheri Hodges  
MYCO Industries, Inc.