



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 22, 2004

Mr. William F. Carr
Holland & Hart
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Dear Mr. Carr:

Based upon the reasons stated in your letter of November 22, 2004, and in accordance with the provisions of Division Order No. R-12056-A, Myco Industries, Inc. is hereby granted an extension of time until March 23, 2005, in which to complete the re-entering of the well pooled by this order.

Sincerely,

A handwritten signature in black ink, appearing to read "MEF" followed by a flourish.

Mark E. Fesmire, P.E.
Director

fd/

cc: ✓ Case No. 13325
OCD - Artesia



2004 NOV 22 PM 3 36

November 22, 2004

VIA HAND DELIVERY

Mark E. Fesmire, P.E.
Director
Oil Conservation Commission
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Re: Application of Myco Industries, Inc. for compulsory pooling and a non-standard Atoka spacing unit, Eddy County, New Mexico. Order No. R-12056-A

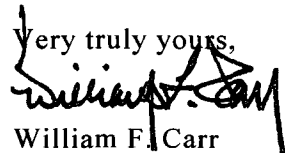
Dear Mr. Fesmire:

On November 17, 2004, the Division entered Order No. R-12056-A granting the application of Myco Industries, Inc. in the above-referenced matter thereby approving the re-entry of the "Lonetree" 14" State Com well NO. 1 Located in Unit O of Section 14, Township 21 South, Range 27 East, NMPM. Ordering Paragraph 6 provides that:

"Should the proposed well not be re-entered and completed within 120 days after commencement thereof, Ordering Paragraph (1) shall be of no further effect, and the unit created by this Order shall terminate unless the operator appears before the Division Director and obtains an extension of time to complete the well for good cause demonstrated by satisfactory evidence."

Re-entry operations were commenced on this well on July 22, 2004 and the operations were halted pending the entry of the order in this case. The well has not been completed. Under the provision of Order No. R-12056-A quoted above, the pooling provisions of this order terminate on November 23, 2004 unless extended by the Director of the Division.

Myco requests that the Division grant a 120-day extension of the provisions of Ordering Paragraph 6 of Order No. R-12056-A. This extension will permit Myco to complete its efforts to extend a pipeline to the well and finish its completion operations. Please advise if you would like to have a representative of Myco appear before you to further explain this matter.

Very truly yours,

William F. Carr

cc: Ms. Sherri Darr Hodges
Myco Industries, Inc.

Submit 3 Copies To Appropriate District
Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised June 10, 2003

WELL API NO.	30-015-32851
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name LONETREE 14 STATE COM	
8. Well Number #1	
9. OGRID Number 015445	
10. Pool name or Wildcat	

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	RECEIVED AUG 09 2004 NM-ARTESIA
2. Name of Operator MYCO INDUSTRIES, INC.	
3. Address of Operator P.O. BOX 840 ARTESIA, NM 88211	
4. Well Location Unit Letter <u>O</u> : <u>660'</u> feet from the <u>SOUTH</u> line and <u>1980'</u> feet from the <u>EAST</u> line Section <u>14</u> Township <u>21S</u> Range <u>27E</u> NMPM County <u>EDDY</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3205' GL	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐
OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☒
OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

7/26/04 - MIRU PATTERSON/UTI DRILLING RIG #74 FOR RE-ENTRY. NOTIFIED MAY MORGAN W/ NMOCD @ 0700 HRS 7/27/04. DRILLED OUT 5 CEMENT PLUGS AT THE FOLLOWING DEPTHS: 1ST PLUG - 25-30'; 2ND PLUG - 340-470'; 3RD PLUG - 2628-2730'; 4TH PLUG - 3059-3159'; 5TH PLUG - 5059-5169'

7/28/04 - SET 9-5/8" RBP @ 2025'. PU & TEST RBP TO 600 PSI. PU & SET 9-5/8" PACKER @ 1525'. TEST CASING TO 1000 PSI BELOW PACKER. RU DRILLING PUMP ON 9-5/8" - 4-1/2" DP ANNULUS. PRESSURE ANNULUS TO 500 PSI W/ 13-3/8" - 2" BALL VALVE OPEN TO CELLAR. NO FLOW TO CELLAR.

7/29/04 - DRILL OUT CEMENT PLUGS @ THE FOLLOWING DEPTHS: 6TH PLUG - 9050-9158'; 7TH PLUG - 9652-9892'

SEE ATTACHED SHEET.

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

SIGNATURE Wm. Craig Bailey TITLE FIELD ENGINEER DATE 08/06/2004

Type or print name CRAIG BAILEY E-mail address: cbailey@mycoinc.com Telephone No. (505)748-4294
(This space for State use)

APPROVED BY FOR RECORDS ONLY DATE AUG 09 2004
Conditions of approval, if any:

Myco Industries, Inc.
Lonetree 14 State Com #1
Sundry Notice – Casing Test and Cement Job

13. Continued

7/30/04 - Drill out last cement plug from 11,850 – 11,900. Continue in hole to TD @ 11,962 by DP tally. Terminated re-entry @ 11,962'.

Notified NMOCD – Mr. Mike Bratcher of TD, running 5.5" casing and cementing @ 1600 hrs, 7/30/04

7/31/04 – Run 11,962' 5-1/2" 17# N80 & P110 LT&C casing. PU and set casing @ 11,950'.

8/1/04 – Cement with 2300 sx's total in two stages as follows:

Stage #1 – 500 gal. Mud Clean I followed by 700 sx's super "H" modified (15-61-11) w/ additives. Mixes @ 13.6 ppg, 1.47 cf/sx

Stage #2 – Load w/ 1500 sx's (35:65:6) POZ "C" w/ additives. Mixed @ 12.7 ppg, 1.86 cf/sx. Tail w/ 100 sx's Class "H" neat cement. Mixed @ 15.6 ppg, 1.18 cf/sx.

Release Patterson/UTI Rig #74 @ 0400 hrs MDT, 8/1/04.