

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

**IN THE MATTER OF THE HEARINGS
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

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

Case No. 13560

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

Case No. 13561

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

Case No. 13562

APPLICANT'S PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by
the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

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2005 SEP 16 PM 2 45

STATEMENT OF CASE

Case No. 13560

Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation underlying the E/2 of Section 32, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing; the SE/4 to form a standard 160-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; and the NE/4 SE/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing. This unit is to be dedicated to the Elizabeth 32 Fee #1 Well to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line in the NE/4 SE/4 (Unit I) of said Section 32 to test the Morrow formation at a depth of approximately 10,100 feet. 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 applicant as operator of the well and, pursuant to NMRA 19.15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project.

Case No. 13561

Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation underlying the E/2 of Section 33, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing; the SE/4 to form a standard 160-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; and the SW/4 SE/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing. This unit is to be dedicated to the Edward 33 Fee #1 Well, to be drilled at a standard location 660 feet from the South line and 1980 feet from the East line in the SW/4 SE/4 (Unit O) of said Section 33 to test the Morrow formation at a depth of approximately 10,100 feet. 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 applicant as operator of the well and, pursuant to NMRA 19.15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project.

Case No. 13562

Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation underlying the W/2 of Section 33, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, to form a standard 320-acre spacing and proration unit for all

formations and/or pools developed on 320-acre spacing; the SW/4 to form a standard 160-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; and the NE/4 SW/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing. This unit is to be dedicated to the Edna 33 Fee #1 Well, to be drilled at a standard location 1980 feet from the South line and 1980 feet from the West line in the NE/4 SW/4 (Unit K) of said Section 33 to test the Morrow formation at a depth of approximately 10,100 feet. 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 applicant as operator of the well and, pursuant to NMRA 19.15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project.

PROPOSED EVIDENCE

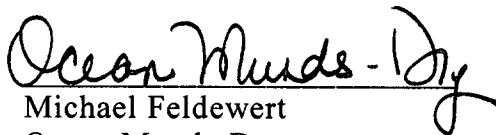
| WITNESS | ESTIMATED TIME | EXHIBITS |
|-------------------|-----------------------|-----------------|
| Shari Darr Hodges | Approx. 10 minutes | Approx. 6 |

PROCEDURAL MATTERS

Myco Industries, Inc., will request that Cases 13560, 13561 and 13562 be consolidated for the purpose of Hearing.

Respectfully Submitted,

Holland & Hart LLP



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