

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
FOR THE PURPOSE OF CONSIDERING:**

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

CASE NO. 13071

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

CASE NO. 13072

RESPONSE OF MYCO INDUSTRIES, INC. TO REQUEST FOR CONTINUANCE

MYCO Industries, Inc. ("MYCO") hereby responds to the May 19, 2003, Request for Continuance of MYCO's applications in the above-referenced cases filed on behalf of Chisholm Trail Ventures, Keystone, Inc., Lee Bass, Inc. Sid R. Bass, Thru Line, Inc. and Bass Enterprises Production Co. (collectively referred to as "Bass"):

1. In Case No. 13071, MYCO seeks an order compulsory pooling the W/2 of Section 31, Township 21 South, Range 28 East, NMPM for its Juneau "31" Fee Com Well No. 1 to be drilled in the NW/4 SW/4 of said Section 31 to test all formations from the surface to the base of the Morrow formation.

2. In Case No. 13072, MYCO seeks an order compulsory pooling the E/2 of Section 31, Township 21 South, Range 28 East, NMPM, for its proposed Panther City "31" Federal Com Well No. 1 to be drilled in the SE/4 SE/4 of said Section 31 to test all formations from the surface to the base of the Morrow formation.

3. MYCO has been attempting to reach an agreement with Bass for the development of the subject area (including the spacing units that are the subject of Cases 13071 and 13072) since August 2001 and as of this date no agreement with Bass has been reached for the drilling of a single well.

4. The parties have not reached an agreement for the development of either spacing unit which is the subject of MYCO's compulsory pooling applications in Case Nos. 13071 or 13072 and MYCO is now ready to drill these wells.

5. Contrary to the representations of Bass in its Request for Continuance and attached letter dated May 14, 2003 attached thereto, there is no agreement between MYCO and Bass for the development of any other spacing unit in this area including the W/2 of Section 19 and the W/2 of Section 30. Bass' "agreement" for the development of the W/2 of Section 30 is for a well at a location different from the location proposed by MYCO. Their "agreement" to participate in a well in the W/2 of Section 19 is conditioned on Bass' assuming operation of the well. Furthermore, even though Bass has advised the Division that it has reached an agreement with MYCO for the development of the W/2 of Section 19, Bass has advised MYCO that it is filing its own pooling application covering that spacing unit.

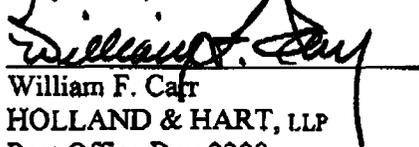
6. The first well MYCO proposes to drill is its Juneau "31" Fee Com Well No.1 in the W/2 of Section 31. MYCO owns 75% of the working interest in this unit and is prepared to drill as soon as regulatory authorizations are obtained. With its proposal, Bass is attempting to control the order of development of this area and force MYCO to first develop tracts in which Bass owns large interests.

7. MYCO states that no agreement can be negotiated based on the May 14, 2003 letter from Bass and a continuance will only result in a delay in the development of these spacing and proration units.

8. MYCO has met all statutory requirements for orders pooling each of the spacing units that are the subject of Cases 13071 and 13072 and is opposed to the Request of Bass for a continuance of the hearing on these applications.

WHEREFORE, MYCO Industries, Inc. requests that the continuance sought by Bass of the hearings in Cases 13071 and 13072 be denied and that the May 22, 2003 hearings proceed as scheduled.

Respectfully submitted



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ATTORNEYS FOR MYCO INDUSTRIES, INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Response to Request for Continuance was served upon the following counsel of record via facsimile and/or first class mail this 20th day of May 2003.

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