

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

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

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

Case No. 13,855

VERIFIED STATEMENT OF SHARI HODGES

Shari Hodges, being duly sworn upon her oath, deposes and states:

1. I am a landman for Myco Industries, Inc., and have personal knowledge of the matters stated herein.
2. Pursuant to Division Rule 1207.A(1)(b), the following information is submitted in support of the compulsory pooling application filed herein:
 - (a) No opposition to this application is expected because the mineral interest owners being pooled are (i) unlocatable, or (ii) have failed to respond to lease offers and well proposals.
 - (b) A plat outlining the spacing unit being pooled, and marking the location of the proposed well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 33, Township 15 South, Range 25 East, NMPM, to form a 320-acre gas spacing unit (project area) in the Wolfcamp formation. The unit is to be dedicated to the Milo 33 Fee Well No. 1, a horizontal well which will have an orthodox location within the producing area.
 - (c) The parties being pooled, their interests in the well unit, and their last known addresses, are listed on Exhibit B.
 - (d) Copies of the proposal letters and other correspondence sent to the uncommitted mineral interest owners are attached hereto as Exhibit C.
 - (e) Interest owners who were not locatable are identified on Exhibit B. To locate these interest owners, Myco Industries, Inc. examined the Chaves County records, telephone directories and county records in the counties of residence of the out-of-county or out-of-state owners, contracted with a private investigator, and internet directories.

Oil Conservation Division

Case No. _____

Exhibit No. /

EXHIBIT "B"

Milo 33 Fee #1
S/2 Sec. 33-T15S-R25E
Chaves County, NM

Sep 06 06 02:30p

John West Surveying

505393-450

p.2

DISTRICT I

4000 N. FORT ST., ALBUQUERQUE, NM 87109

DISTRICT II

1000 W. GARDEN AVENUE, ALBUQUERQUE, NM 87102

DISTRICT III

1000 W. GARDEN AVENUE, ALBUQUERQUE, NM 87102

DISTRICT IV

1000 W. GARDEN AVENUE, ALBUQUERQUE, NM 87102

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DRIVE

Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Appropriate District Office

State Lease - 4 Copies

New Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

C AMENDED REPORT

API Number	Feed Code 96086	Feed Name Wildcat
Property Code	Property Name MILO 33 FEE	Well Number 1
OCED No.	Operator Name MYCO INDUSTRIES, INC.	Elevation 3430'

Surface Location

UL or Lot No.	Section	Township	Range	Lot No.	Feet from the	North/South Line	Feet from the	East/West Line	County
P	33	15-S	25-E		247	SOUTH	345	EAST	CHAVES

Bottom Hole Location if Different From Surface

UL or Lot No.	Section	Township	Range	Lot No.	Feet from the	North/South Line	Feet from the	East/West Line	County
M	33	15-S	25-E		660	SOUTH	660	WEST	CHAVES

Reflected Area	Admit or Refill	Computation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

BOTTOM HOLE LOCATION Y=715378.6 N X=463106.3 E LAT.=32.966039° N LONG.=104.453625° W		PENETRATION POINT Y=715188.8 N X=467078.2 E LAT.=32.966079° N LONG.=104.440675° W		GEODEIC COORDINATES NAD 27 NME SURFACE HOLE LOCATION Y=714778.0 N X=467393.3 E LAT.=32.984951° N LONG.=104.439646° W	
OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or surface mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>A. N. MUMFORD</u> Date: <u>8-6-06</u> Printed Name: <u>A. N. MUMFORD</u>					
SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. AUGUST 24, 2006 State Surveyor: <u>LA</u> REV: 9/6/06 Signature & Seal of Professional Surveyor: <u>Darryl A. Salomon</u> 06.11.1365 Certification No. <u>06.11.1365</u> 12841					

EXHIBIT

A

EXHIBIT "B"

MILO 33 FEE #1
Force Pool Parties

<u>Name & Address</u>	<u>Working Interest</u>
NRLL, Inc. Attn: Todd Gladis 1 Mauchly Irvine, CA 92618	0.8488%
Elaine B. Flint, deceased Western Commerce Bank, Trustee P.O. Box 1627 Lovington, NM 88260	0.3013%
Margaret L. Doyle & John S. Doyle Address Unknown	0.1507%
Albert Smith & Dorothy Smith Address Unknown	0.0377%
Emily K. Flint Boyd Address Unknown	0.1959%
Rosemary Flint Wayte Address Unknown	0.1959%
Billy Bob Webb Heirs Address Unknown	0.1061%

EXHIBIT "C"

Milo 33 Fee #1
S/2 Sec. 33-T15S-R25E
Chaves County, NM



MYCO INDUSTRIES, INC.
OIL PRODUCERS
POST OFFICE BOX 840
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471

November 20, 2006

Via Federal Express 7915 8817 2924

Mr. Robert D. Friedman
27551 Boothhill Court
Laguna Hills, CA 92653


Dear Mr. Friedman:

MYCO Industries Inc. (MYCO) is a family owned oil and gas operator in the State of New Mexico. In a search of the public records, we ran across N.R.L.L., Inc., a California Corporation. Further search revealed that this company does not exist in the California Corporation directories but may have been absorbed by another company, Allbright Homes. This research leads us to you.

If you by chance have knowledge of N.R.L.L. or Allbright Homes, we would certainly appreciate receiving a call or e-mail from you. We can be reached at 505.748.4290 or sharihodges@mycoinc.com.

If it would be more convenient for you to fill in the blanks at the bottom of this letter and return a copy to us, please feel free to do that instead.

Best regards,
MYCO INDUSTRIES, INC.


Shari Darr Hodges, CPL
Land Manager

_____ I have no knowledge of N.R.L.L., Allbright Homes or their successors.

_____ I do have knowledge of N.R.L.L. and Allbright Homes and would be pleased to visit with you. I can be reached at _____.

By: _____

Shari Hodges

From: Shari Hodges [sharihodges@mycoinc.com]
Sent: Monday, November 27, 2006 1:20 PM
To: 'Todd Gladis'
Cc: 'Rob Friedman'; 'Hannah Palomin'
Subject: RE: Oil & Gas

Todd: Thank you for your follow up on this. I would like to visit with you on the phone regarding these minerals. You can reach me at 505.748.4290 (o) or 505.308.3040 (c). If you would prefer that I phone you, that would be fine. Best, Shari

From: Todd Gladis [mailto:ToddG@landstaff.com]
Sent: Friday, November 24, 2006 8:17 AM
To: sharihodges@mycoinc.com
Cc: Rob Friedman
Subject: FW: Oil & Gas

Greetings Sahri:

Please feel free to contact me at your earliest convenience.

Thank you.

Todd Gladis

From: Rob Friedman
Sent: Thu 11/23/2006 8:39 PM
To: sharihodges@mycoinc.com
Cc: toddg@landstff.com
Subject: Oil & Gas

Hi Sahri

I have just received your package and am one of the principals of NRLL, I will be out of the office for the next ten days. However please feel free to contact Todd Gladis at the above email address to help you with your endeavor.

Regards

Rob Friedman

11/27/2006



MYCO INDUSTRIES, INC.
OIL PRODUCERS
POST OFFICE BOX 840
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471

November 29, 2006

Via Federal Express 7901 2540 6757

NRLL, Inc.
Attn: Todd Gladis
1 Mauchly
Irvine, CA 92618

Re: Leasing Request
Chaves County, New Mexico

Dear Mr. Gladis:

Thank you for your time on the phone yesterday. A check of the public records shows that NRLL, Inc. owns a mineral interest in the following lands:

T15S, R25E, N.M.P.M.

Section 32: SE4

(0.8488% mineral interest in 160.00 acres – 1.35806 acres)

Section 33: S2, NE4

(0.8488% mineral interest in 480.00 acres – 4.07430 acres)

Section 34: SE4

(0.8488% mineral interest in 160.00 acres – 1.35806 acres)

TOTAL ACRES: 800.00 gross / 6.79042 net, more or less

MYCO Industries, Inc. (MYCO) respectfully requests that you consider granting it a 1/5th, 3 year oil and gas lease for a bonus consideration of \$250 per net acre.

If this offer is acceptable to you, we ask that you review the enclosed oil and gas lease, have it executed where indicated before a Notary Public and return one original to our office in the enclosed self-addressed stamped envelope. Upon receipt of the properly executed and notarized lease, we will forward a check to you in the amount of \$1,697.61 as full bonus consideration for your 6.79042 net mineral acres. I believe I told you NRLL had 1.35 acres, my apologies for the wrong information.

This offer will remain open until the close of business on December 8, 2006. If you wish to discuss anything, please feel free to call me at 505.748.4290. We will be glad to help in any way possible.

Best regards,
MYCO INDUSTRIES, INC.


Shari Darr Hodges
Land Manager

SDH/hp

Shari Hodges

From: Shari Hodges [sharihodges@mycoinc.com]
Sent: Thursday, December 21, 2006 7:10 AM
To: 'Todd Gladis'
Cc: 'Hannah Palomin'
Subject: MYCO/Alfalfa: NRLL Interest
Attachments: 243-918 MD.tif

Todd: I am forwarding to you the information we received from Bonnie, our contract landman on this project. This along with the other e-mail being forward will hopefully answer your questions about what and how NRLL owns under this property? Thanks, S.

From: LimpusJones, LLC [mailto:bljones@plateautel.net]
Sent: Wednesday, December 20, 2006 11:01 AM
To: Shari Hodges
Cc: Hannah Palomin
Subject: NRLL Interest

Shari,

N.R.L.L. acquired its interests from Leah B. Waltrip, who acquired her interest from 2 sources:

0.3264%

Don Angle

to Flint Production Company, Inc.
to Leah B. Waltrip
to N.R.L.L., Inc.

and

0.5224%

Don Angle

to Flint Production Company, Inc.
to Anna M. Flint, a/k/a Mrs. T. H. Flint
to Leah B. Waltrip
to N.R.L.L., Inc.

Here is the Mineral Deed into Leah B. Waltrip and Anna M. Flint from Flint Production Company, Inc. (Deed Book 243-918).

Bonnie

State of New Mexico, } ss.
County of Chaves }

FILED FOR RECORD

Rec #34194

Fee \$2.75

NOV 22 1966

at 9:05 o'clock A.M. and recorded in
book 243 page 918

Dorothy Herring, County Clerk

Jayne Herring, Deputy

MINERAL DEED

FLINT PRODUCTION COMPANY, INC., a New Mexico corporation, hereinafter called "Grantor", in consideration of the sum of Ten and No/100 Dollars, cash in hand paid, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, convey and assign an undivided 333/2631 interest in and to all of the oil, gas and other minerals in and under and that may be produced from the following described lands in Eddy and Chaves Counties, New Mexico:

Lots 1 to 12 inclusive of Section 1, Lot 1, except a five-acre tract in the Northeast Corner thereof, described as follows: Beginning at the Northeast Corner of Lot 1, thence West 46 rods, thence South 18 rods, thence East 46 rods, thence North 18 rods to place of beginning; Lots 2, 7, 8 of Section 2, Lots 1, 2, 3, 6, 7, 8, 9, 10, 11 of Section 3, Township 16 South, Range 25 East, SE/4 SE/4 of Section 7, S/2 SW/4 and SW/4 SE/4 of Section 8, Township 16 South, Range 26 East, N.M.P.M., Eddy County, New Mexico; and E/2 E/2 of Section 22, NE/4, E/2 NW/4, SW/4 NW/4, Section 23, W/2 NW/4, NW/4 SW/4 Section 24, NW/4 NW/4, W/2 NE/4 NW/4 Section 26, E/2 SE/4, W/2 SE/4, E/2 SW/4 Section 27, SE/4 Section 32, E/2, SW/4 Section 33, SE/4 Section 34, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico, and containing 2631 acres, more or less.

SUBJECT TO Agreement dated March 23, 1950, between Don Angle, et al, and Flint Production Company, Inc., recorded in Book 94 at Page 344 of the Oil and Gas Records of Eddy County, New Mexico; and

SUBJECT TO an Oil and Gas Lease dated March 31, 1959, between Carper Drilling Company, Inc., et al, and Edward E. Kinney, recorded in Book 100 at Page 291 of the Oil and Gas Records of Eddy County, New Mexico,

together with the right of ingress and egress at all times for the purpose of mining, drilling, exploring, operating and developing said lands for oil, gas and other minerals, and storing, handling, transporting and marketing the same therefrom, unto the Grantees hereinafter named, their heirs and assigns, in the proportions set opposite their names, to-wit:

UNDIVIDED INTEREST

BETTY MAE BAYER	1702/66000 of 333/2631
J. W. BERRY	22000/66000 of 333/2631
C. J. DEXTER	22000/66000 of 333/2631
MRS. T. H. FLINT	13621/66000 of 333/2631
W. E. FLINT	1571/66000 of 333/2631
NEVA SUE FLOORE	1702/66000 of 333/2631
KITTY CALE LIVINGSTON	1702/66000 of 333/2631
LEAH B. WALTRIP	1702/66000 of 333/2631

This sale is made subject to any rights now existing to any lessee or assigns under any valid and subsisting oil and gas lease of record heretofore executed, it being understood and agreed that said Grantees shall have, receive and enjoy the herein granted undivided interests in and to all bonuses, rents, royalties and other benefits which may accrue under the terms of said lease insofar as it covers the above described land from and after the date hereof, precisely as if the Grantees herein had been at the date of the making of said lease the owners of a similar undivided interest in and to the lands described and Grantees one of the lessors therein.

Grantor agrees to execute such further assurances as may be requisite for the full and complete enjoyment of the rights herein granted and likewise agrees that Grantees herein shall have the right at any time to redeem for said Grantor by payment, any mortgage, taxes, or other liens on the above described land upon default in payment by Grantor, and be subrogated to the rights of the holder thereof.

TO HAVE AND TO HOLD said undivided interest in the oil, gas and other minerals in and under said land unto said Grantees, their heirs and assigns, forever. This Mineral Deed is made without warranty of title either express or implied.

EXECUTED this 1st day of December, 1959.

ATTEST:

FLINT PRODUCTION COMPANY, INC.

Leah B. Waltrip
Assistant Secretary

By J. W. Berry
Vice President

STATE OF NEW MEXICO)

: ss.

COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 1st day of December, 1959, by J. W. BERRY, Vice President of FLINT PRODUCTION, INC., a New Mexico corporation, on behalf of said corporation.

My commission expires:

March 13, 1961

John P. [Signature]
Notary Public

Shari Hodges

From: Shari Hodges [sharihodges@mycoinc.com]
Sent: Thursday, December 21, 2006 7:12 AM
To: 'Todd Gladis'
Cc: 'Hannah Palomin'
Subject: MYCO/Alfalfa: N.R.L.L.

Attachments: 259-975 AORI-NRLL.pdf



259-975

259-975 AORI-NRLL.pdf (126 KB)

Todd: here is the assignment into NRLL. This along with the document in the other e-mail will hopefully answer your questions. Let me know if you need something else. Best, S.

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

KNOW ALL MEN BY THESE PRESENTS: THAT, WHEREAS, the undersigned is the owner of an interest in valid and subsisting oil and gas leases in and under the following described property situated in Chaves COUNTY, New Mexico, to wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

It is understood that any monies found or currently held in suspense and attributable to these interests shall become the property of

THAT IN CONSIDERATION of the sum of Ten and no/100 (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, Leah B. Waltrip, a widow, whose address is 88 Scott Swamp Rd., No. 110N, Farmington, CT 06032 referred to as "Assignor" does hereby assign, transfer, sell and convey unto N.R.L.L., Inc., A California Corporation, whose address is Nine Goodyear, Irvine, Ca. 92718, his heirs and assigns, hereinafter referred to as "Assignee". All right, title and interest in the oil, gas and casinghead gas, and other hydrocarbon substances produced, saved and sold from the leases upon above land during the term thereof, same to be delivered the pipeline free of cost to assignee, except gross production and other taxes properly assessable thereof.

TO HAVE AND TO HOLD, the above described property and easement with all and singular the rights, privileges, and appurtenances thereunto or in any way belonging to the said Grantee herein, their heirs, successors, personal representatives, administrators, executors, and assigns forever, and Grantor does hereby warrant said title to Grantee their heirs, executors, administrators, personal representatives, successors and assigns forever and does hereby agree to defend all and singular the said property unto the said Grantee herein, their heirs, successors executors, personal representatives, and assigns against every person whomsoever claiming or to claim the same or any part thereof.

SIGNED, EXECUTED AND DELIVERED this 22 day of November, 1990.

T. Travers Waltrip
T. Travers Waltrip
Attorney in Fact

STATE OF Connecticut)

) SS. AVON

COUNTY OF HARTFORD)

I, Florence P. Stahl, a Notary Public in and for the County of HARTFORD and residing therein in the State aforesaid, do hereby certify that T. Travers Waltrip personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered the said instrument as his/her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal the 22nd day of NOVEMBER, 1990.

My Commission Expires

Florence P. Stahl
Notary Public

Certification Placed in

The microphotographic copy of the record on this file is to be maintained in the records of the Department of the State of Connecticut. This copy is to be maintained in the records of the Department of the State of Connecticut. This copy is to be maintained in the records of the Department of the State of Connecticut.

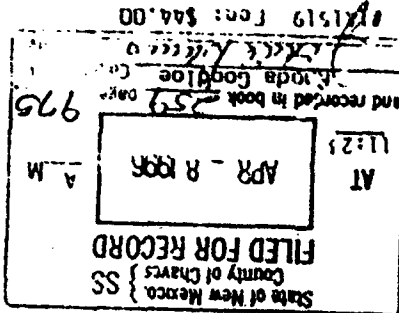
2.000 18.000 4/9/91

EXHIBIT "A"

Attached hereto and made a part of that certain overriding royalty assignment dated November 22, 1995, by and between Leah B. Waltrich, Grantor, and N.R.L.L., Inc., Grantee.

NRL Inc., 9 Goodyear
Irvine, Ca 92718

DESCRIPTION	COUNTY	STATE
E/2 Sec. 22, Twp. 15S, Rge 25E	Chaves	New Mexico
NE/4; E/2 NW/4; SW/4 NW/4 Sec. 23 Twp. 15S, Rge 25E	Chaves	New Mexico
W/2 NW/4; NW/4 SW/4 Sec. 24, Twp. 15S, Rge. 25E	Chaves	New Mexico
NW/4 NW/4; W/2 NE/4 NW/4, Sec. 26, Twp. 15S, Rge. 25E	Chaves	New Mexico
E/2 SE/4; W/2 SE/4; E/2 SW/4, Sec. 27, Twp. 15S, Rge. 25E	Chaves	New Mexico
SE/4 Sec. 32, Twp. 15S, Rge 25E	Chaves	New Mexico
E/2, SW/4, Sec. 33, Twp. 15S, Rge 25E	Chaves	New Mexico
SE/4 Sec. 34, Twp. 15S, Rge 25E	Chaves	New Mexico



Shari Hodges

From: Shari Hodges [sharihodges@mycoinc.com]
Sent: Tuesday, December 19, 2006 10:24 AM
To: 'Todd Gladis'
Subject: RE: MYCO/Dung: Alfalfa.NRLL

Todd: could you please give me a call – 505.748.4290. We are proceeding on our well and need to wrap this up one way or another before the state steps in to do it for us. You gain more by leasing that letting the state step in and I'd like to discuss that with you. Thanks!! Shari

From: Todd Gladis [mailto:ToddG@landstaff.com]
Sent: Tuesday, December 19, 2006 9:22 AM
To: Shari Hodges
Subject: RE: MYCO/Dung: Alfalfa.NRLL

Sorry Shari. APN. An Assessor's Parcel Number of some kind to ID it to the county. We are having trouble locating in our system on just the legal description. Just thought I would ask. It can be located.

Todd C. Gladis
Vice President of Compliance
NRP Holding Co., Inc.
LandAuction.com
One Mauchly
Irvine, California 92618
Phone/Fax: (949)672-3687
Email: toddg@landstaff.com
www.nationalrecreationalproperties.com
www.landauction.com

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From: Shari Hodges [mailto:sharihodges@mycoinc.com]
Sent: Tuesday, December 19, 2006 7:56 AM
To: Todd Gladis
Subject: RE: MYCO/Dung: Alfalfa.NRLL

Good morning Todd: I am not sure what you mean by APN? I'll give you a call. S.

From: Todd Gladis [mailto:ToddG@landstaff.com]
Sent: Monday, December 18, 2006 6:29 PM
To: Shari Hodges
Subject: RE: MYCO/Dung: Alfalfa.NRLL

Shari:

Do you have any .APN numbers or other identifiers for this property?

Todd C. Gladis
Vice President of Compliance
NRP Holding Co., Inc.
LandAuction.com
One Mauchly
Irvine, California 92618
Phone/Fax: (949)672-3687
Email: toddg@landstaff.com
www.nationalrecreationalproperties.com
www.landauction.com

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From: Shari Hodges [mailto:sharihodges@mycoinc.com]
Sent: Tuesday, December 12, 2006 9:54 AM
To: Todd Gladis
Cc: 'Hannah Palomin'
Subject: MYCO/Dung: Alfalfa.NRLL

Todd: just thought I'd touch base on this. Do you have any questions? Thanks, Shari

From: Todd Gladis [mailto:ToddG@landstaff.com]
Sent: Friday, November 24, 2006 8:17 AM
To: sharihodges@mycoinc.com
Cc: Rob Friedman
Subject: FW: Oil & Gas

Greetings Sahri:

Please feel free to contact me at your earliest convenience.

Thank you.

Todd Gladis

From: Rob Friedman
Sent: Thu 11/23/2006 8:39 PM
To: sharihodges@mycoinc.com
Cc: toddg@landstff.com
Subject: Oil & Gas

Hi Sahri

12/19/2006

I have just received your package and am one of the principals of NRLL, I will be out of the office for the next ten days. However please feel free to contact Todd Gladis at the above email address to help you with your endeavor.

Regards

Rob Friedman



MYCO INDUSTRIES, INC.
OIL PRODUCERS
POST OFFICE BOX 840
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471

January 3, 2007

VIA Federal Express #7980.7763.2229

Mr. Todd C. Gladis
NRP Holding Co., Inc.
One Mauchly
Irvine, California 92618

Re: Oil and Gas Lease

Dear Todd:

So, this is where MYCO Industries, Inc. (MYCO) stands on this mystery. As you know, MYCO first became aware of NRLL's mineral position after our very competent contract landman, Bonnie, researched the county records. After several conversations with you and others at NRLL it became clear to us that you had nothing in your records so we began to wonder ourselves.

We asked Bonnie to consult with the number one oil and gas title attorney in Roswell, NM. Bonnie's analysis was confirmed. In Bonnie's words, and in the attorney's words, although the 1995 document is titled "Assignment of Overriding Royalty", it was clear that Leah Waltrip's intent was to convey all her right, title and interest in the oil gas and casinghead gas, and other hydrocarbons substances produced.

We recently received a Drilling Title Opinion prepared by a very well respected oil and gas attorney in Midland, Texas and he has confirmed Bonnie's interpretation and the Roswell attorney's interpretation.

When we prepare to drill a well, we rely heavily on a Drilling Title Opinion- it is considered the true and correct ownership breakdown. There is a title requirement as to the NRLL interest and that is to "Submit for examination a corrected deed in which Leah B. Waltrip clearly describes the interest conveyed thereby". Since Ms. Waltrip passed away in June 1997 that would be difficult because it would involve tracking down whomever has the right to execute that sort of document.

In spite of the mystery, MYCO is still willing to lease the 6.790460 acres shown to belong to NRLL for \$250/acre with a 1/5th royalty and a 3 year primary term. We will prepare the lease paperwork for your review. We are more than willing to discuss all of this with you. You can reach me during normal business hours at 505.748.4290 or after hours at 505.308.3040.

Best regards,
MYCO INDUSTRIES, INC.


Shari Darr Hodges, CPL
Land Manager

SDH/me
Enclosures



MYCO INDUSTRIES, INC.
OIL PRODUCERS
POST OFFICE BOX 840
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471

September 26, 2006

Via Certified Mail/Return Receipt Requested

Elaine B. Flint
P.O. Box 1627
Lovington, NM 88260

Re: Leasing Request
Chaves County, New Mexico

Dear Ms. Flint:

A check of the public records shows that you own mineral interest in the following lands:

T15S, R25E, N.M.P.M.

Section 32: SE4

(0.3013% mineral interest in 160.00 acres – 0.48203 acres)

Section 33: S2, NE4

(0.3013% mineral interest in 480.00 acres – 1.44620 acres)

TOTAL ACRES: 640.00 gross / 1.92823 net, more or less

MYCO Industries, Inc. (MYCO) respectfully request that you consider granting it a 1/5th, 5 year oil and gas lease for a bonus consideration of \$135 per net acre. If these terms are not agreeable to you, we invite you to present a counter offer.

If this offer is acceptable to you, please sign where indicated below and return to our office by the close of business on October 9, 2006. Upon receipt of your acceptance, we will prepare the oil and gas lease and forward for your signature. Should you have a preference as to the oil and gas lease form, we would be more than willing to review it.

If you wish to discuss this offer, please feel free to call Shari Hodges at 505.748.4290. We will be glad to help in any way possible.

Best regards,
MYCO INDUSTRIES, INC.


Shari Darr Hodges
Land Manager

SDH/me

Agreed to and accepted the above oil and gas lease terms this _____ day of _____, 2006.

Elaine B. Flint, a widow

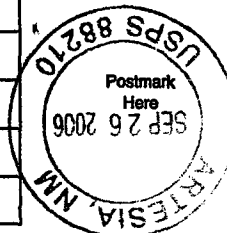
0502 0000 0600 5002

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To Elaine B. Flint
 Street, Apt. No., or PO Box No. P.O. Box 1627
 City, State, ZIP+4 Lovington, NM 88260

PS Form 3800, June 2002

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Elaine B. Flint
 P.O. Box 1627
 Lovington, NM 88260

2. Article Number

(Transfer from service label)

7005 0390 0004 3833 2050

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name) R. Capul Jr. C. Date of Delivery 9/27/06

D. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type

<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Express Mail
<input type="checkbox"/> Registered	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Insured Mail	<input type="checkbox"/> C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

Melo's
Alfalfa

Flint

Date/Time	Contact Person/Company/Phone	Notes on Conversation
11.28.2006	Notes:	1) Decided to do about Elaine?
		2) other "Flint" folks
11.29.2006	SD to Rita @ Western Comm 505.396.2831	He was out to lunch - left a message - calling about Elaine Flint
1.5.2007 10:00am	SD to Rita @ Western Commerce	1) Know matter? 2) Rosemary Flint Waite 3) Emily Katherine Flint Boyl
	Rita called back -	→ Kathy Gil Livingston 505.838.0831 - ↓ Kathy older than Ann -
		Source David Guswell works for Del - son of Ann, grandson of Elaine 505.923.8706 (w) 505.235.0180 (c)
		Ann Pick 883-0673 Lynne Long
1.5.2007	SD to Lynne Long 505.883.0673	Lil only a helper on Fax 505.883.5834

Elaine



MYCO INDUSTRIES, INC.
OIL PRODUCERS
POST OFFICE BOX 840
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471

January 16, 2007

Via Certified Mail

Western Commerce Bank
P.O. Box 1627
Lovington, NM 88260
Attn: Rita

Re: Elaine B. Flint Estate

Dear Rita:

As a follow through to our conversation on January 5, 2007, enclosed is an oil and gas lease covering the minerals shown to belong to Elaine B. Flint. It is MYCO Industries, Inc.'s understanding that Western Commerce Bank is the Trustee of the Elaine B. Flint Estate which holds any and all interests owned by Elaine B. Flint at the time of her death.

At your request, MYCO has furnished title information to Lynda Lloyd at the Laflin, Pick & Heer, P.A. law firm who is the firm handling the probate for the Estate of Elaine B. Flint.

During our January 5, 2007 conversation, you agreed, as Trustee of the Elaine B. Flint Estate, to execute an oil and gas lease for these minerals. MYCO requests that you also execute this letter agreement acknowledging that in the event other documents need to be signed to effectuate this oil and gas lease, the bank will deliver such documents.

Please notice that we have left the Lessor blank on the enclosed oil and gas lease. We ask that you complete the blank prior to executing the oil and gas lease. We were unsure exactly how you wanted it drafted. When you return the lease and this letter agreement, please include a copy of the document that gives you the authority to sign on behalf of the Western Commerce Bank and the Estate of Elaine B. Flint.

Upon receipt of the documents, we will forward to you the bonus consideration of \$250.00/acre for the 2.41033 net acres. In the meantime, should you have any questions, please feel free to call at 505.748.4290.

Best regards,
MYCO INDUSTRIES, INC.


Shari Darr Hodges, CPL
Land Manager

On this the ____ day of January, 2007, on behalf of Western Commerce Bank, I acknowledge the understanding and acceptance of this letter.

By: _____
Print: _____
Title: _____

EXHIBIT "D"

Milo 33 Fee #1
S/2 Sec. 33-T15S-R25E
Chaves County, NM

Phone (905) 748-1471

NEW DRILLING, RECOMPLETION & RE-ENTRY

Recompletion	
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X	Gas
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<input checked="" type="checkbox"/>	Exploratory
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AFE DATE

9.5.2006

MAFEND (mg 8/00)

☒ Original

Original
Revised

Final

Supplemental

LOCATION

S/2 of S33-T15S-R25E (Surface-710'S & 186'E-Sec. 32) (Bottom-hole- 710'S & 660'E-Sec. 33)

See

WOLF CAMP
Bottom 1-1

Oil & Gas Division

BRANCH NAME

BRANCH NAME

PROGNOSIS: NEW WELL - VERTICAL PILOT HOLE TO 5200'. PLUG BACK AND DRILL 3400' LATERAL IN THE WOLFCAMP, PER NMOCD RULE #111.

DRY HOLE COMP'D WELL

	DRILLER	OWNER'S FEES
920-100 Staking, Permit & Legal Fees	5,000	5,000
920-110 Location, Right-of-Way	34,000	34,000
920-120 Drilling, Footage		
920-130 Drilling, Daywork 32-DAYS @ \$18500/DAY	592,000	592,000
920-140 Drilling Water, Fasline Rental	27,000	27,000
920-150 Drilling Mud & Additives	45,000	45,000
920-160 Mud Logging Unit, Sample Bags	24,000	24,000
920-170 Cementing - Surface Casing	33,000	33,000
920-180 Drill Stem Testing, OHT		
920-190 Electric Logs & Tape Copies	35,000	35,000
920-200 Tools & Equip. Rntl., Trkg. & Welding AND DIRECTIONAL TOOLS	225,000	225,000
920-205 Control of Well-Insurance	4,500	4,500
920-210 Supervision & Overhead	35,000	35,000
920-220 Contingency	10,000	20,000
920-230 Coring, Tools & Service		
920-240 Bits, Tool & Supplies Purchase	48,000	48,000
920-350 Cementing - Production Casing	68,000	68,000
920-410 Completion Unit - Swabbing		48,000
920-420 Water for Completion		20,000
920-430 Mud & Additives for Completion		2,000
920-440 Cementing - Completion		
920-450 Elec. Logs, Testing, Etc. - Completion		25,000
920-460 Tools & Equip. Rental, Etc. - Completion		30,000
920-470 Stimulation for Completion		305,000
920-480 Supervision & O/H - Completion		15,000
920-490 Additional LOC Charges - Completion		65,000
920-495 Control of Well-Insurance - Completion		
920-510 Bits, Tools & Supplies - Completion		2,000
920-500 Contingency for Completion		50,000
TOTAL INTANGIBLE DRILLING COSTS	1,183,500	1,755,500

INVOICE EQUIPMENT COSTS:			
930-010	Christmas Tree & Wellhead	8,000	15,000
930-020	Casing 8-5/8" @ 950'	22,000	22,000
	5-1/2" @ 9200'		168,000
930-030	Tubing 2-3/8" @ 5200'		54,000
930-040	Packer & Special Equipment		15,000
940-010	Pumping Equipment		
940-020	Storage Facilities		55,000
940-030	Separation Equip., Flowlines, Misc.		50,000
940-040	Trucking & Construction Costs		28,000
TOTAL TANGIBLE EQUIPMENT COSTS		30,000	407,000

TOTAL COSTS

1,213,500	2,162,500
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IT IS RECOGNIZED THAT THE AMOUNTS PROVIDED FOR HEREIN ARE ESTIMATED ONLY AND APPROVAL OF THIS AFE SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED WHETHER MORE OR LESS THAN HEREIN SET OUT.

Prepared By	H. P.	Operations Approval	<i>Alvin Murray</i>
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[illegible]

BY _____ DATE _____

DATE _____

DATE _____ BY _____
