

JAMES BRUCE
ATTORNEY AT LAW

RECEIVED

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

2008 MAY 5 PM 4 10

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

May 5, 2008

Case 14138

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Myco Industries, Inc., are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the June 12, 2008 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Myco Industries, Inc.

Parties Being Pooled

Chesapeake Exploration Limited Partnership
Chesapeake Energy Corporation
P.O. Box 18496
Oklahoma City, Oklahoma 73154-0496

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

RECEIVED

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

2008 MAY 5 PM 4 10

Case No. 14138

APPLICATION

Myco Industries, Inc. applies for an order pooling all mineral interests in the Wolfcamp formation underlying the S½ of Section 34, Township 15 South, Range 24 East, N.M.P.M., Chaves County, New Mexico, and in support thereof, states:

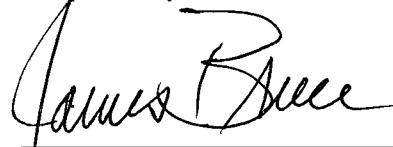
1. Applicant is an interest owner in the S½ of Section 34, and has the right to drill a well thereon.
2. Applicant proposes to drill its Starr 34 Fee Well No. 1H, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate the S½ of Section 34 to the well to form a standard 320 acre gas spacing unit (project area) in the Wolfcamp formation (Cottonwood Creek-Wolfcamp Gas Pool). The well will be a horizontal well, and its location will be orthodox within the producing area. A Form C-102 for the well is attached as Exhibit A.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 34 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 34, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 34 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the S½ of Section 34 in the Wolfcamp formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Myco Industries, Inc.

DISTRICT I

1625 N. FRANCE DR., BOBBS, NM 86240

DISTRICT II

1361 W. GRAND AVENUE, ARTESIA, NM 86210

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 Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <i>30-005-64018</i>	Pool Code <i>75250</i>	Pool Name <i>Cottonwood Creek, Wolfcamp (G)</i>
Property Code <i>35683</i>	Property Name STARR 34 FEE	Well Number 1H
OCRID No. <i>15445</i>	Operator Name MYCO INDUSTRIES, INC.	Elevation 3532'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	34	15-S	24-E		241	SOUTH	198	EAST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	15-S	24-E		660	SOUTH	1228	WEST	CHAVES
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			

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

<p>Producing Area</p> <p>Project Area</p> <p>GEODETIC COORDINATES NAD 27 NME SURFACE Y=714706.4 N X=441064.9 E</p> <p>LAT.=32°57'52.75" N LONG.=104°31'31.76" W</p> <p>PENETRATION POINT Y=715123.5 N X=440604.2 E</p> <p>BOTTOM HOLE Y=715110.5 N X=437205.1 E</p> <p>152</p> <p>GR.AZ.=269°46'48" H.DIST.=5399.1</p> <p>GR.AZ.=312°09'35" H.DIST.=621.5'</p> <p>SEE DETAIL</p> <p>660'</p> <p>198'</p> <p>241'</p>		<p>OPERATOR CERTIFICATION</p> <p>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 unleased 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.</p> <p><i>A.N. MUNCY</i>, PELS Signature _____ Date _____ A.N. MUNCY Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MAY 1, 2006</p> <p>Date Surveyed _____ JR</p> <p>Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 5/03/06 06.11.0668</p> <p>Certificate No. GARY EIDSON 12041 RONALD J. EIDSON 3239</p>
--	--	---

EXHIBIT

A

PROPOSED ADVERTISEMENT

Case No. 14138: Application of Myco Industries, Inc. for compulsory pooling, Chaves County, New Mexico. Myco Industries, Inc. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 34, Township 15 South, Range 24 East, NMPM, to form a 320-acre gas spacing unit (project area) in the Wolfcamp formation. The unit is to be dedicated to the Starr 34 Fee Well No. 1H, a horizontal well which will have an orthodox location within the producing area. Also to be considered will be the cost of drilling and completing the 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 a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9-1/2 miles west-southwest of Lake Arthur, New Mexico.

RECEIVED
2008 MAY 5 PM 4 10