

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

MAY 04 2006

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address MYCO INDUSTRIES, INC. P.O. BOX 840, ARTESIA, NM 88211-0840		² OGRID Number 015445
		⁷ API Number 30 - 005-63821
³ Property Code 35683	⁵ Property Name STARR 34 FEE	⁶ Well No. #1
⁹ Proposed Pool 1 WILDCAT ; WOLFCAMP		¹⁰ Proposed Pool 2 96086

7 Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Westline	County
P	34	15S	24E		241'	SOUTH	198'	EAST	CHAVES

8 Proposed 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/Westline	County
M	34	15S	24E		660'	SOUTH	1228'	WEST	CHAVES

Additional Well Information				
¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3532'
¹⁶ Multiple NO	¹⁷ Proposed Depth 5200'	¹⁸ Formation WOLFCAMP	¹⁹ Contractor	²⁰ Spud Date 09/01/2006
Depth to Groundwater 100'		Distance from nearest fresh water well > 1000'		Distance from nearest surface water > 1000'
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mil thick Clay <input type="checkbox"/> Pit Volume: 10100 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

21 Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	32#/J-55	950'	400 SXS	CIRCULATE
7-7/8"	5-1/2"	17#/N-80	9250'	1200 SXS	CIRCULATE
NOTE: SET 40' OF 20" CONDUCTOR PIPE & CIRCULATE CEMENT					

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.
NOTIFY NMOC D OF SPUD AND WITNESS CMT. SURFACE CASING. INSTALL 3000# DOUBLE-RAM B.O.P. AND TEST DAILY. DRILL PILOT HOLE TO 5,200'. PLUG BACK AND DRILL A 3,400' LATERAL DUE WEST (270°) INTERCEPTING THE BASE OF THE WOLFCAMP (APPROX. 4,635') AT 660' FSL & 660' FEL PER NMOC D RULE #111.

ATTACHED: PERMIT INFORMATION, C-102, GENERAL PIT PERMIT, WAIVER REQUEST H2S CONTINGENCY PLAN, C-144 (FRESH WATER FRAC PIT).

*NOTE: DETAILED WELL SURVEY PROFILE TO FOLLOW.

NOTIFY OCD OF SPUD & TIME
TO WITNESS CEMENTING OF
SURFACE CASING

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC D guidelines <input type="checkbox"/> , a general permit <input checked="" type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved by:	
	BRYAN G. ARRANT	
	Title: DISTRICT II GEOLOGIST	
	Approval Date: MAY 05 2006 Expiration Date: MAY 05 2007	
Printed name: A.N. MUNCY, PELS		
Title: OPERATIONS/EXPLORATION MGR.		
E-mail Address: anmuncy@mycoinc.com		
Date: 05/04/2006	Phone: (505)748-4289	Conditions of Approval Attached <input type="checkbox"/>

DISTRICT I

1625 N. FRENCH DR., BOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, 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 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	Pool Code 96086	Pool Name W.C., WOLF CAMP
Property Code	Property Name STARR FEE	Well Number 1
OGRID No.	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

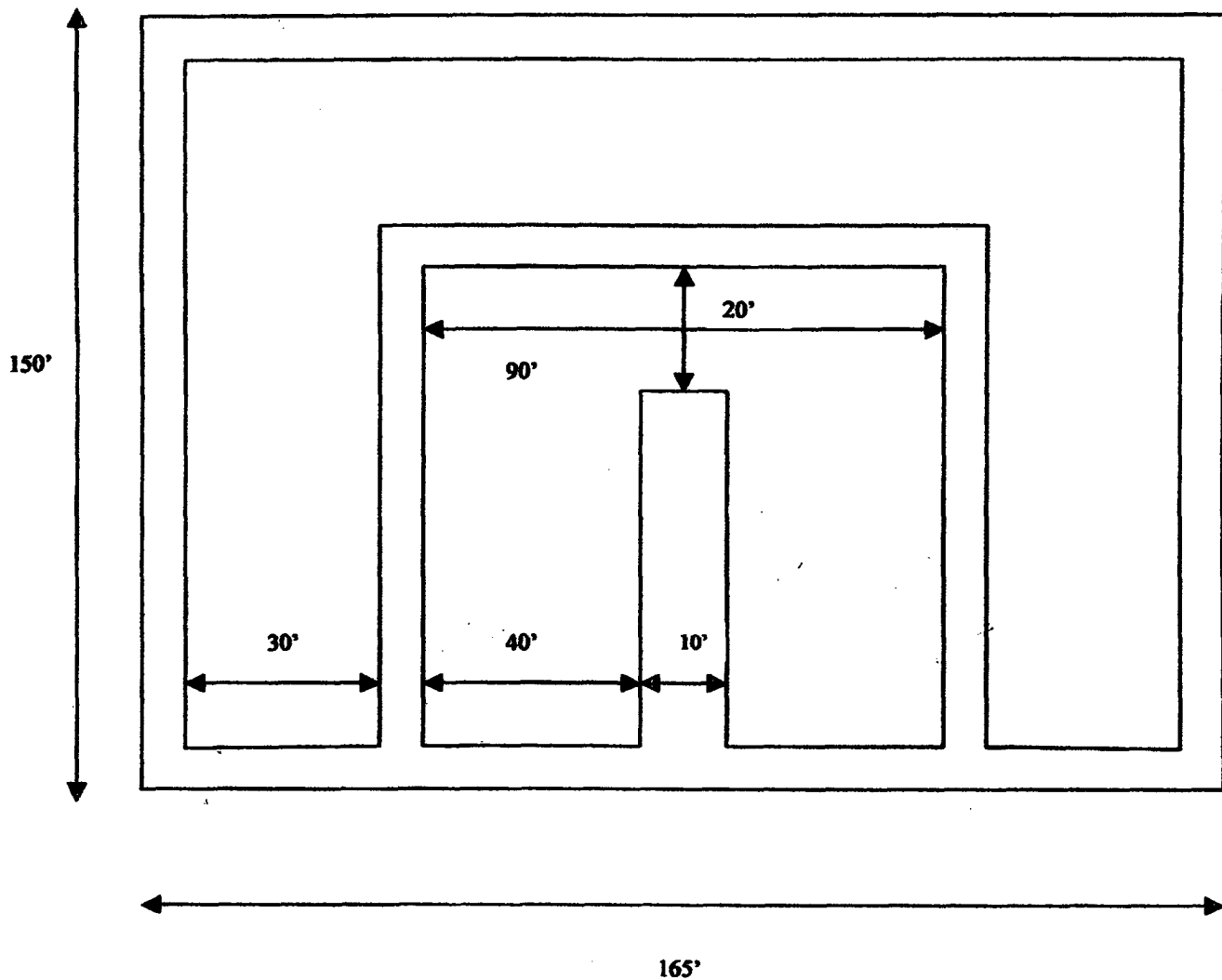
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	15-S	24-E		660	SOUTH	1228	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
32c			

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

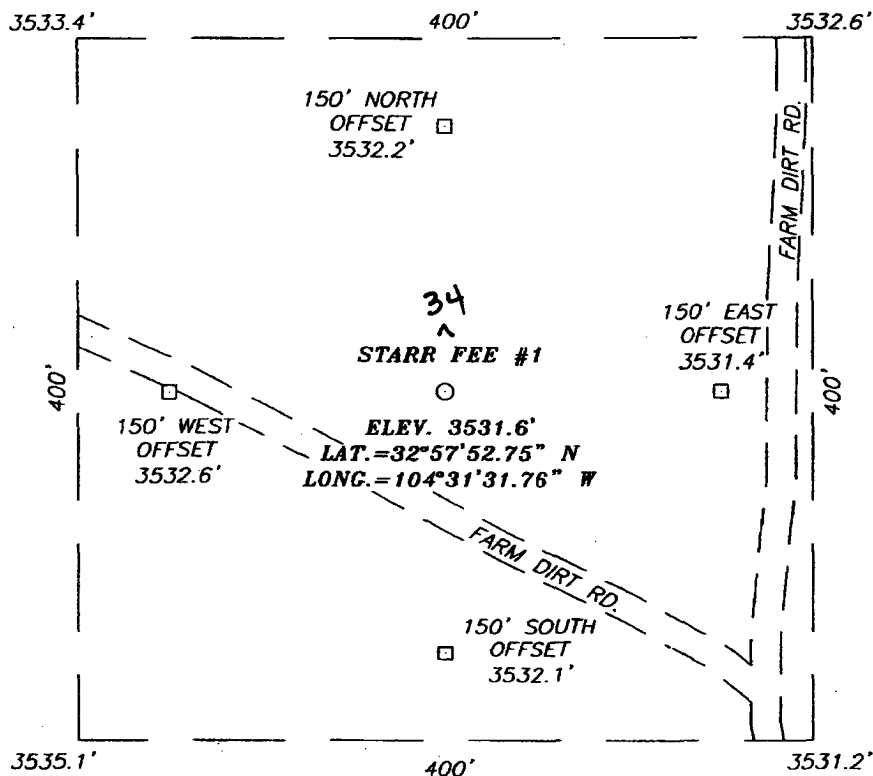
<p>Producing Area</p> <p>Project Area</p> <p>GEODETIC COORDINATES NAD 27 NME SURFACE Y=714706.4 N X=441064.9 E</p> <p>LAT.=32°57'52.75" N LONG.=104°31'31.76" W</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, 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><u>ANIMUNNY, PELS</u> Signature Date <u>A.N. MUNNY</u> 5-3-06 Printed Name</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>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</p> <p><u>Ronald J. Eidson</u> 5/3/06 06.11.0668</p> <p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>

Double Horseshoe Reserve Pit Design



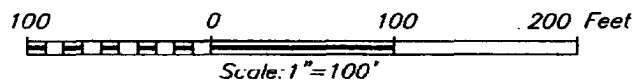
Approximate Inside Reserve Volume: 4500 bbls
Approximate Outside Reserve Volume: 5800 bbls

SECTION 34, TOWNSHIP 15 SOUTH, RANGE 24 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO




DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #285 AND ST. HWY. #438. GO WEST ON ST. HWY. #438 APPROX. 5.0 MILES. THIS LOCATION IS APPROX. 200' NORTH.



MYCO INDUSTRIES, INC.

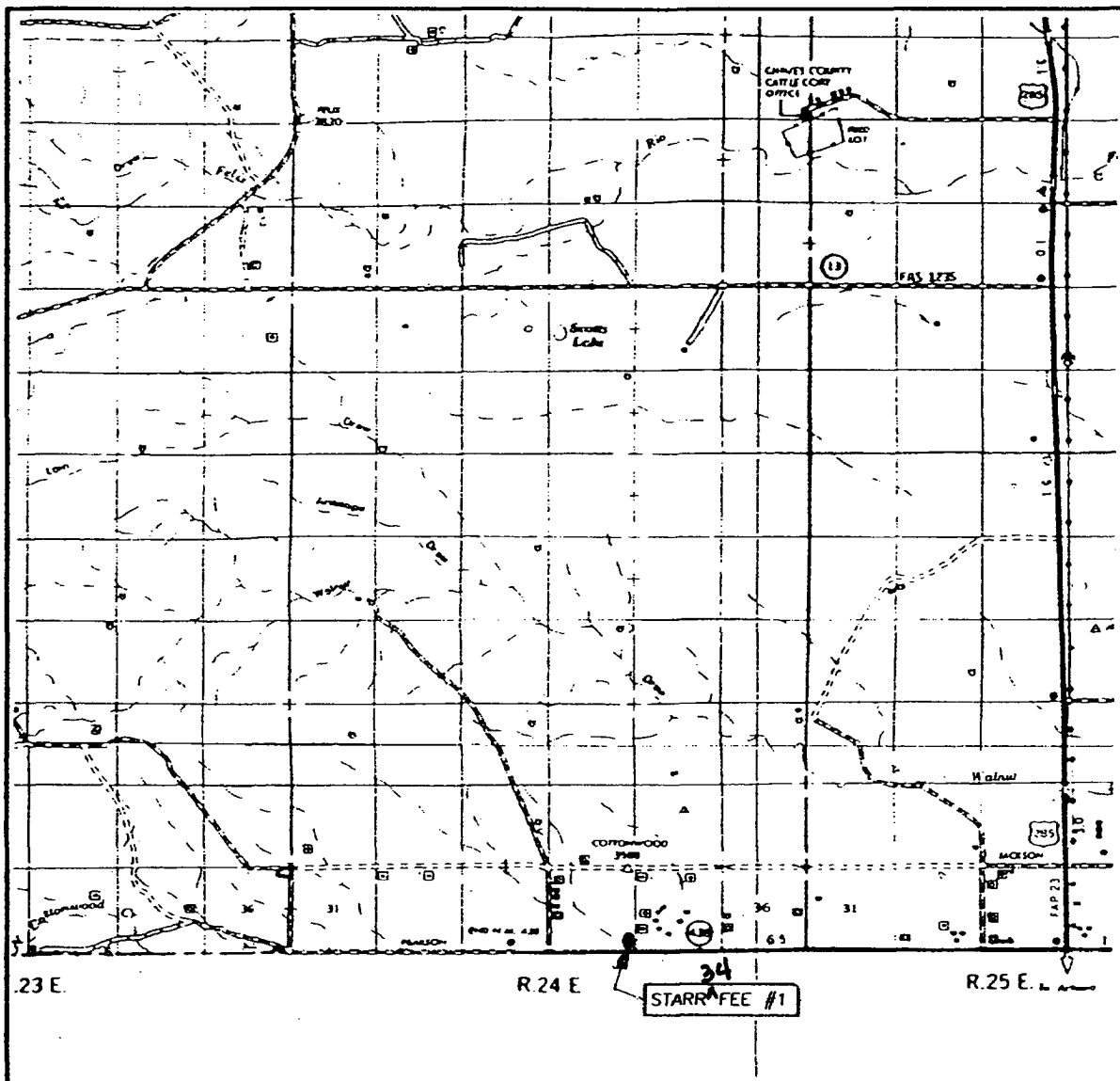
STARR FEE #1 WELL
 LOCATED 241 FEET FROM THE SOUTH LINE
 AND 198 FEET FROM THE EAST LINE OF SECTION 34,
 TOWNSHIP 15 SOUTH, RANGE 24 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.



PROVIDING SURVEYING SERVICES
 SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

Survey Date: 05/01/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.0668	Dr By: J.R.
Date: 05/03/06	Disk: CD#6
06110668	Scale: 1"=100'

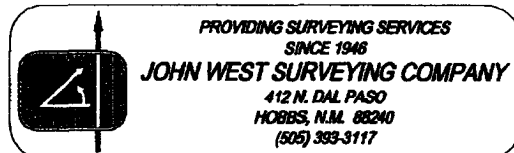
VICINITY MAP



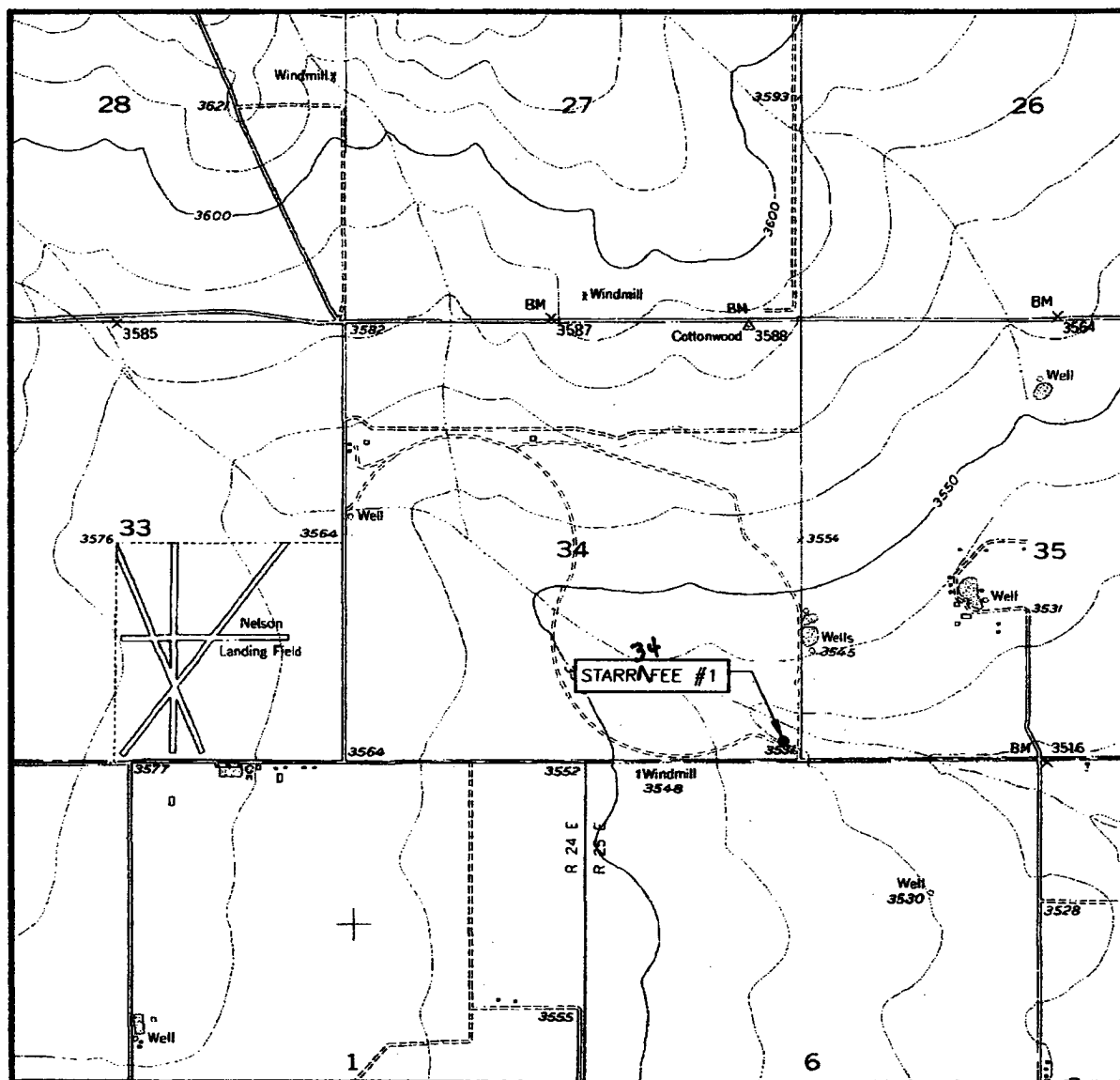
SCALE: 1" - 2 MILES

SEC. 34 TWP. 15-S RGE. 24-E
 SURVEY N.M.P.M.
 COUNTY CHAVES STATE NEW MEXICO
 DESCRIPTION 241' FSL & 198' FEL
 ELEVATION 3532'
 OPERATOR MYCO INDUSTRIES, INC.
 LEASE STARR FEE

34



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOPE NE, N.M. - 10'

SEC. 34 TWP. 15-S RGE. 24-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

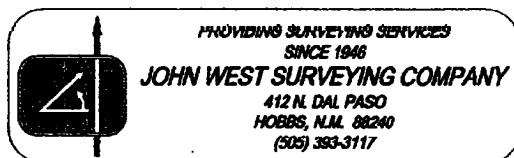
DESCRIPTION 241' FSL & 198' FEL

ELEVATION 3532'

OPERATOR MYCO INDUSTRIES, INC.

LEASE STARR FEE

U.S.G.S. TOPOGRAPHIC MAP
HOPE NE, N.M.





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

20 December 2004

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

RE: General Plan

Dear Mr. Dolan:

The Artesia District of the Oil Conservation Division is in receipt of a General Plan (copy attached) submitted by Yates Petroleum Corporation dated 7 December, 2004. After review the Oil Conservation Division has accepted and approved the Plan. This plan shall be in effect as of 20 December, 2004 and will supersede the "General Plan" dated 14 April, 2004 submitted by Yates Petroleum Corporation.

Van Barton
Field Rep. II

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

Mr. Tim Gum
Oil Conservation Division
State of New Mexico
1301 West Grand Ave.
Artesia, NM 88210

December 7, 2004

**Re: General Plan
Drilling, Workover, and Blowdown Pit design and closure.**

Dear Tim,

Yates Petroleum Corp. (Yates) appreciates your meeting with us on December 1, 2004 to help clarify some issues in connection with *Rule 50* and the *November 1, 2004 Pit and Below Grade Tank Guidelines*.


As you know Yates submitted and received approval of a general plan for opening and closing of drilling and workover pits on April 15, 2004. In an effort to simplify the required paperwork, we would now like to modify that plan to include more detailed information.

For purpose of this plan Yates, et al (Yates) includes:

1. Yates Petroleum Corp.
2. Yates Drilling Company
3. Abo Petroleum Corp.
4. Myco Industries, Inc.

The modified plan is attached for your review and approval. Please contact me at 505-748-4181 if you have any questions or need further information.

Sincerely,



Dan Dolan

Yates Petroleum Corp. et al
General Plan
Pit Permitting, Construction and Closure
December 7, 2004

1. Pit Permitting and Opening –

- a. Application for the pit permit shall be made on the Application for Permit to Drill (APD). The APD will include the following:
 - i. Site Ranking.
 - ii. Reference to this “General Plan” approved by NMOCD.
 - iii. Description of the proposed disposal method as outlined below.
 - I. When deep trench burial is proposed, approval of the APD will constitute a permit for both the drilling pit and the encapsulation pit(s). *A separate Form C-144 will not be required.*
- b. All pits will be designed and constructed pursuant to Part II of *November 1, 2004 Pit and Below Grade Tank Guidelines (Guidelines)*. Pits shall be constructed as depicted in attached *Figures A, B, C or D* based on site specific requirements.

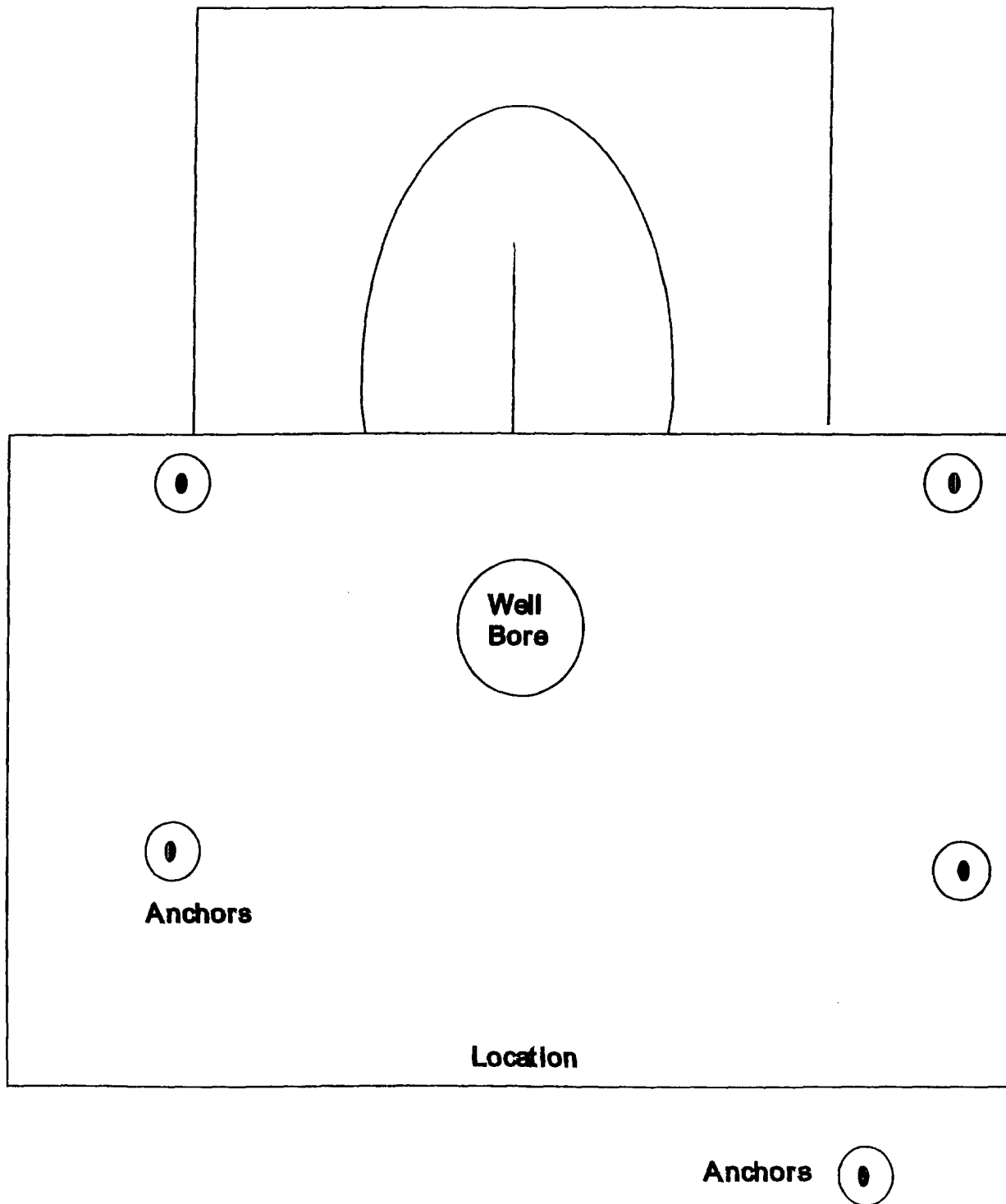
2. Pit Closure –Pits will be closed based on site specific conditions pursuant to Part IV of Guidelines by one of the following methods:

- a. Excavation and removal. Wastes will be excavated and disposed of at an off-site OCD-approved facility or location.
- b. Below Grade Encapsulation. Encapsulation will be pursuant to Part IV.B.2 of Guidelines.
- c. Capping and Encapsulation Insitu. Capping and encapsulation will be pursuant to Part IV.B.3(a) of Guidelines.
- d. Deep Trench Burial and Capping. Deep trench burial and capping will be pursuant to Part IV.B.3(b) of Guidelines. Attached *Figures E, F and G* depict standard types of encapsulation pits utilized by Yates. Each encapsulation trench type is designed to hold 2000 cubic yards of drill cuttings.
- e. Exemption: Yates may request an exemption on a site specific basis as provided for in 19.15.2.50 NMAC (Rule 50).

The proposed method for pit closure will be indicated on the APD as one of the above methods. Approval of the APD will constitute approval of the closure plan. No other closure plan will be submitted. Yates will notify OCD 48-hours prior to closure of pit and submit a C-144 when pit is closed.

If, due to site specific conditions encountered during the course of operations, Yates proposes to change the method of closure, a request outlining the new plan will be submitted on a C-144 for OCD approval prior to closure.

Figure A



**Yates Petroleum
Standard Reserve Pit**

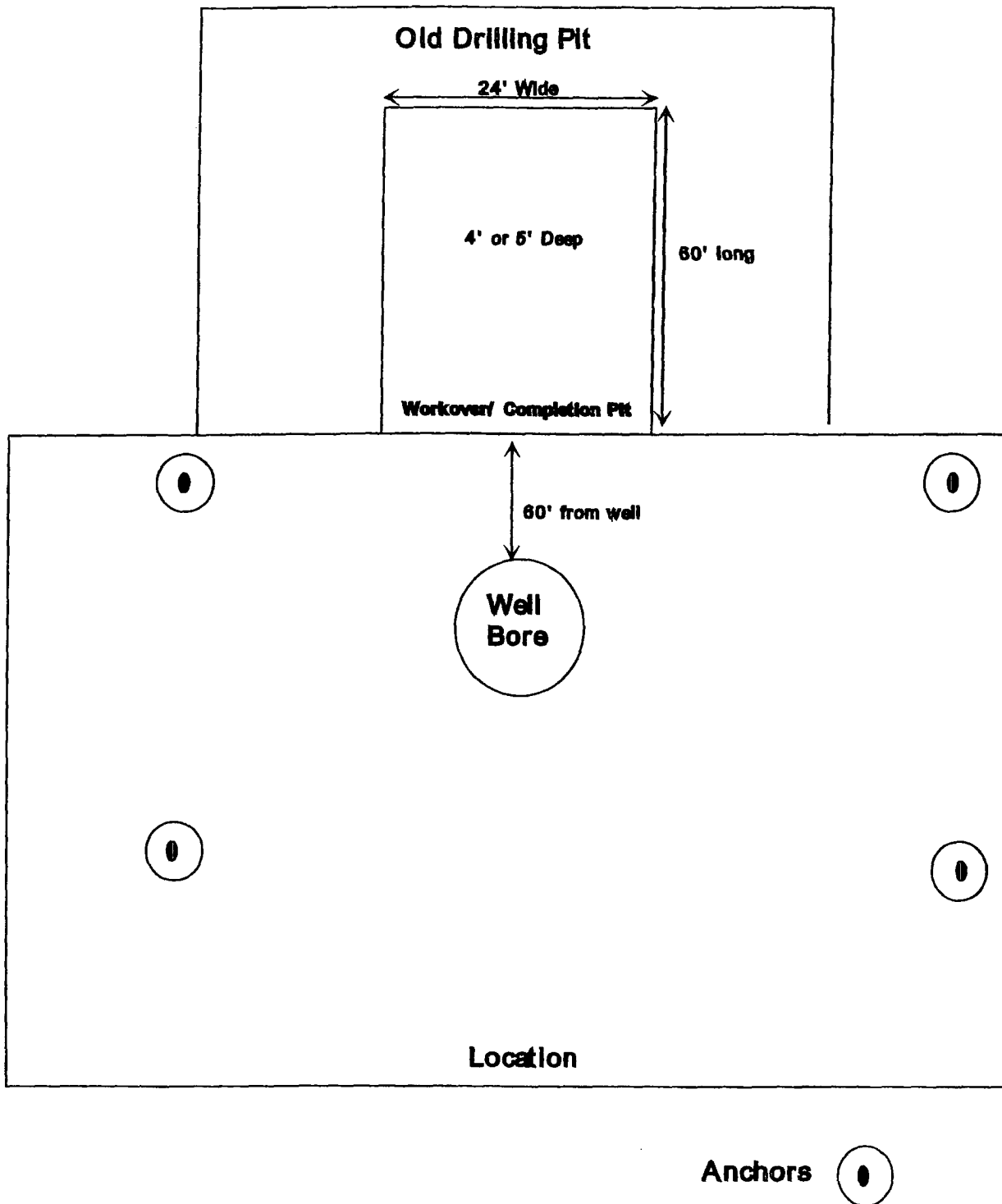
All Reserve Pits are double horse shoe.
Size varies with depth of well

12/8/04

(Not to Scale)



Figure B



Yates Petroleum
Workover/ Completion Pit Design

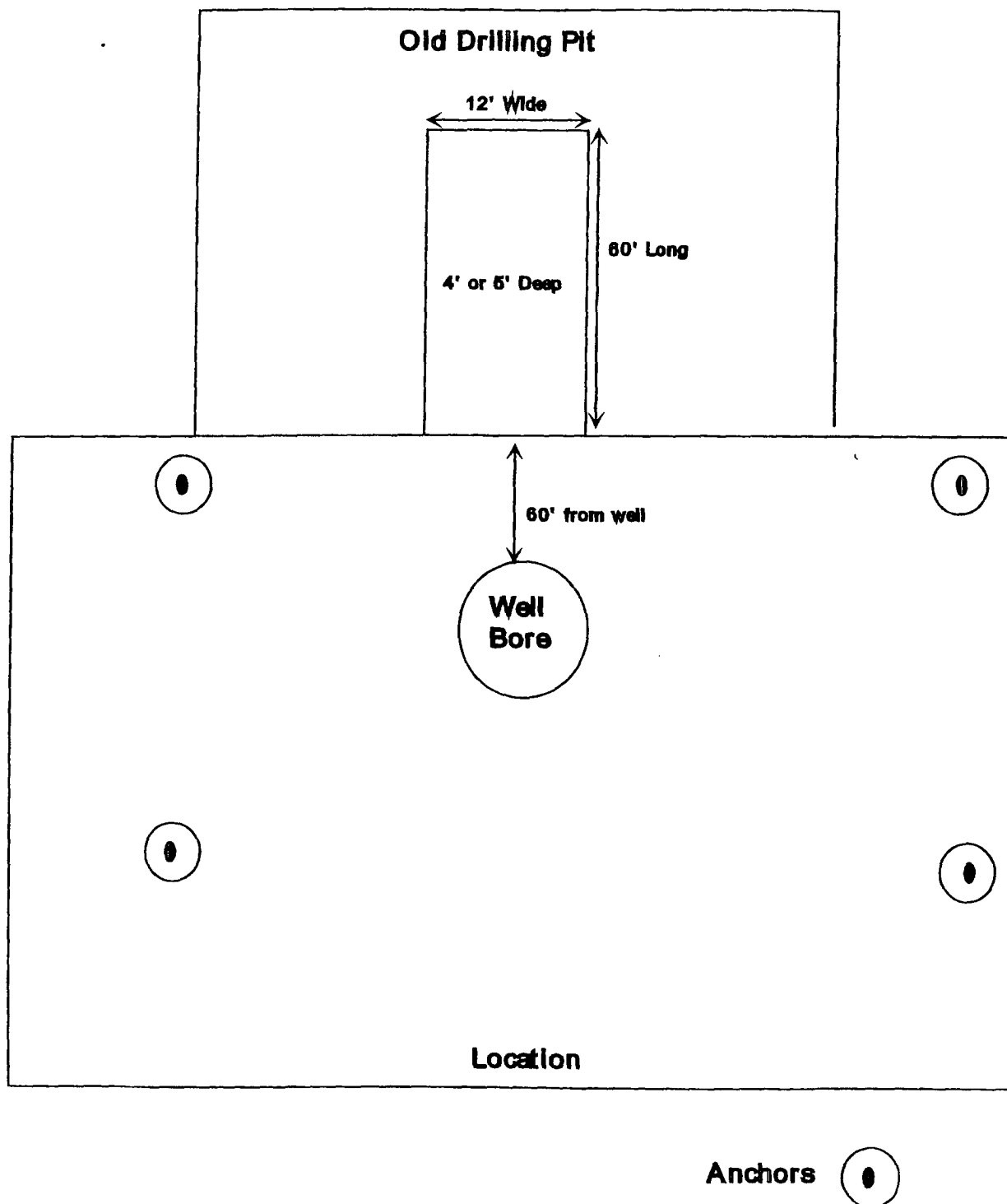
Built with Dozer

12/8/04

(Not to Scale)



Figure C



**Yates Petroleum
Workover/ Completion Pit Design**

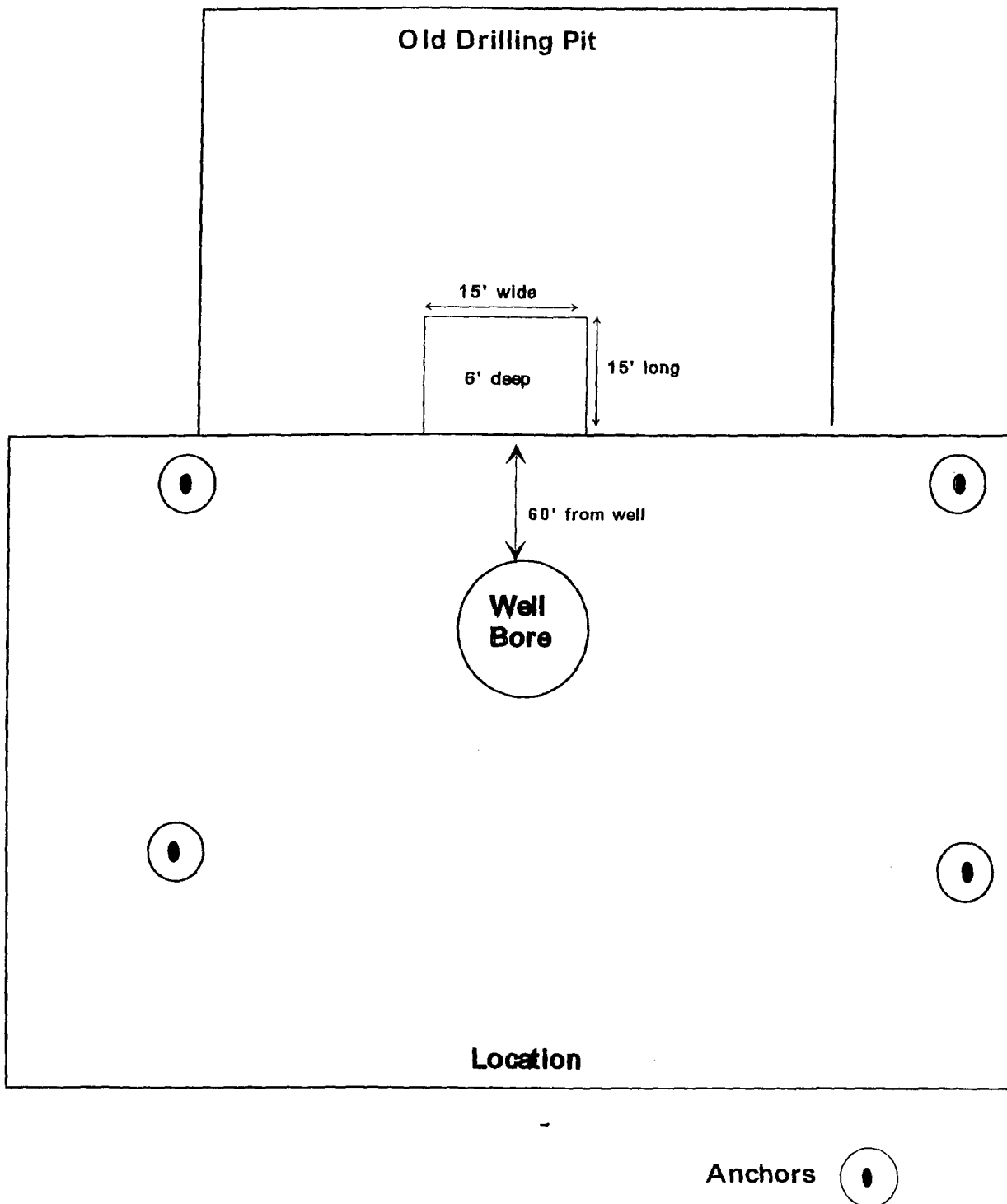
Built with Backhoe

12/8/04

(Not to Scale)



Figure D



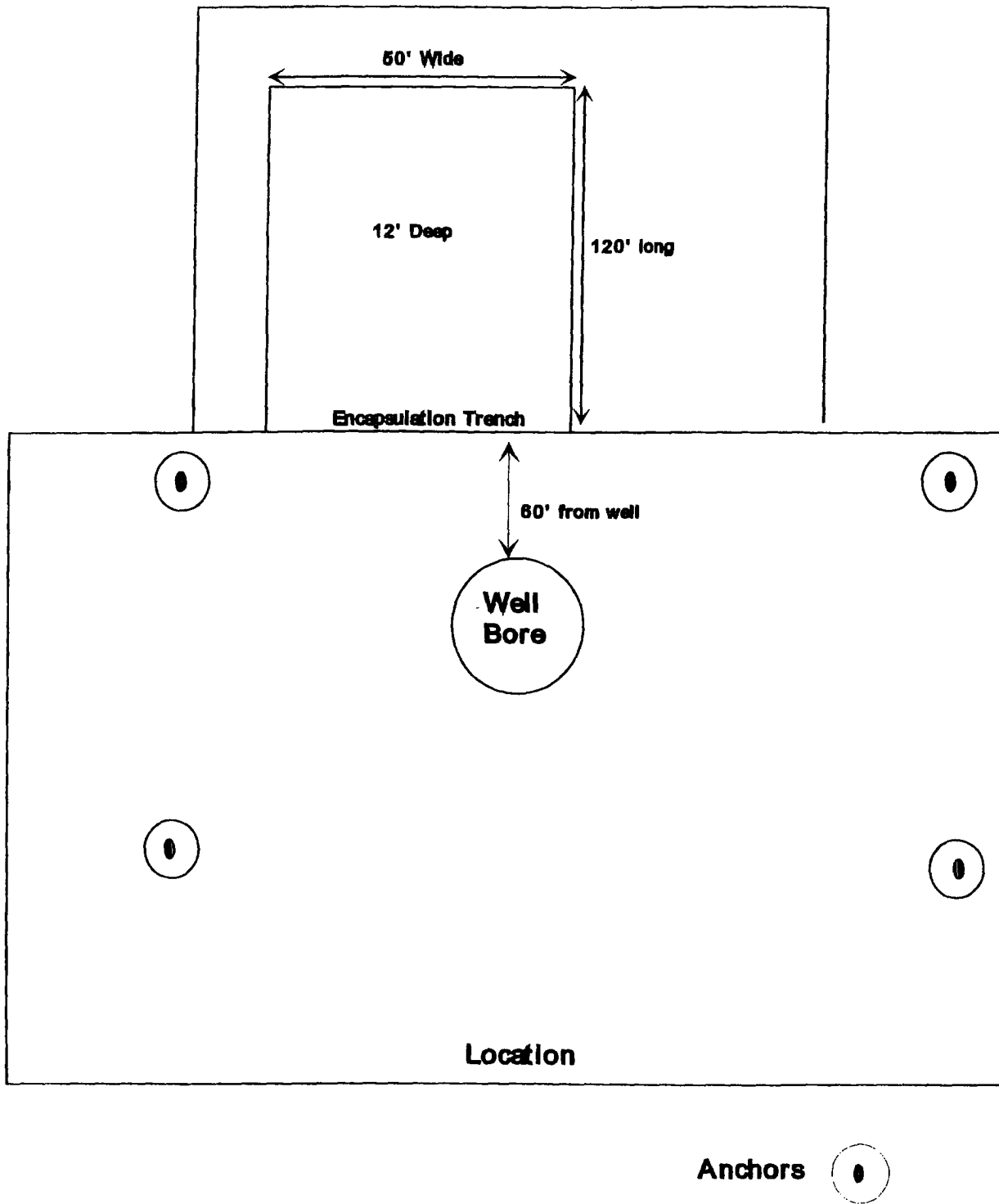
Yates Petroleum
Workover/ Completion Pit Design
Built with Backhoe

12/8/04

(Not to Scale)



Figure E



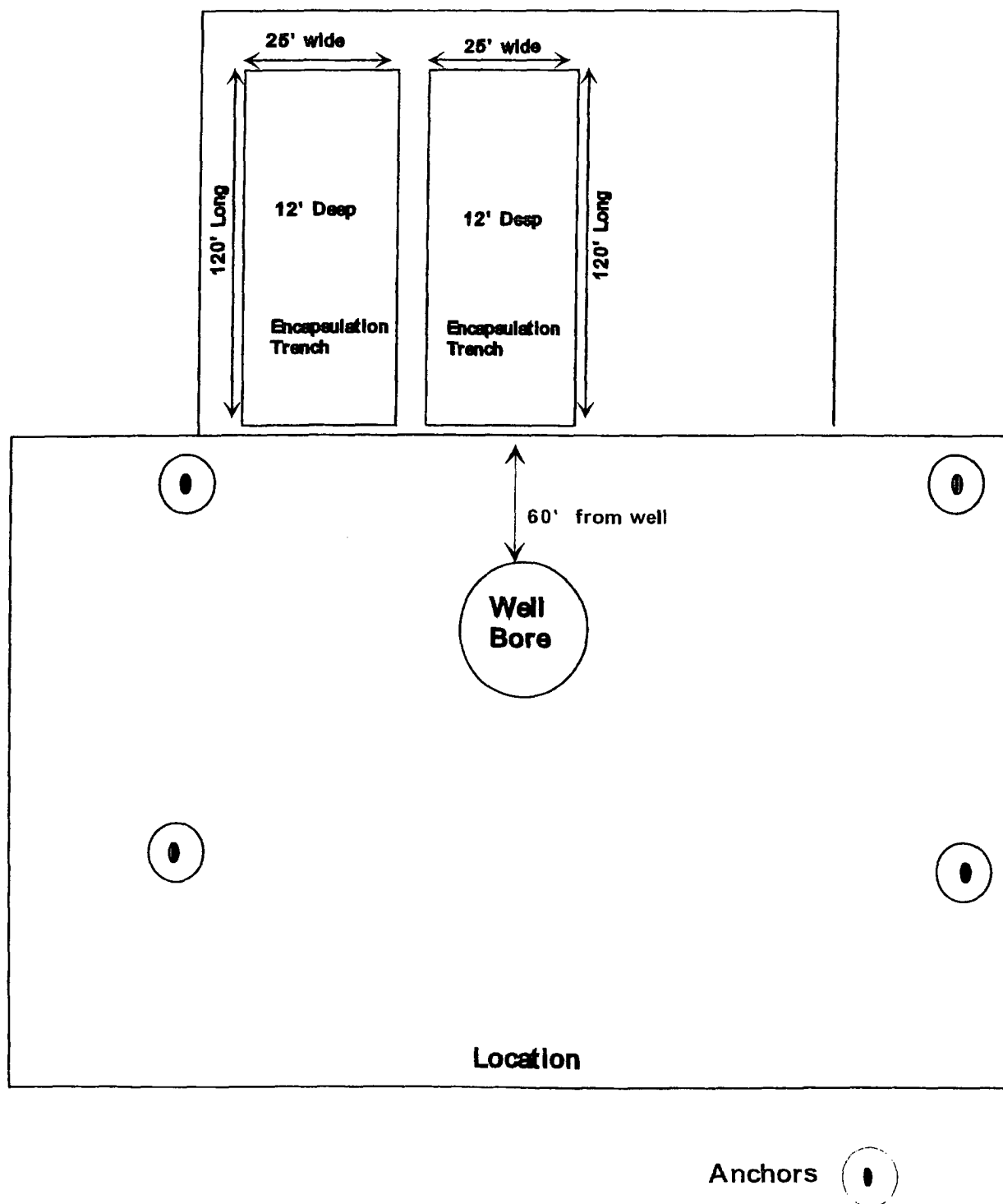
Yates Petroleum
Deep Trench Encapsulation

12/8/04

(Not to Scale)



Figure F



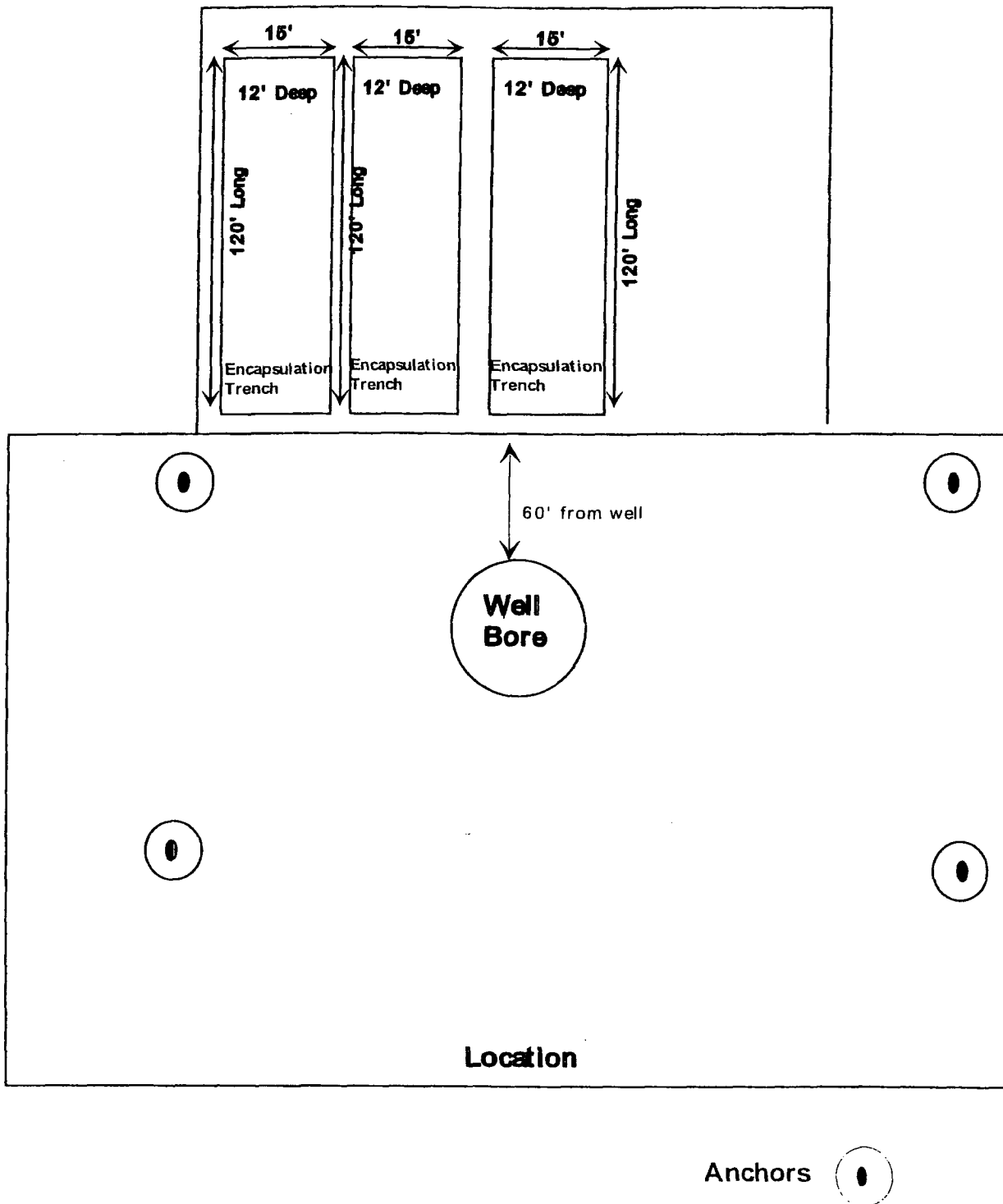
Yates Petroleum
Deep Trench Encapsulation
Built with Backhoe

12/8/04

(Not to Scale)



Figure G



Yates Petroleum
Deep Trench Encapsulation

12/8/04

(Not to Scale)





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

4 January 2005

Mr. Dan Dolan
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

RE: General Plan – John A. Yates Jr., Oil Producer

Dear Mr. Dolan:

The Artesia District of the Oil Conservation Division on 30 December, 2004 received a request for "John A. Yates Jr., Oil Producer" to be covered by the General Permit submitted by you on 20 December, 2004. This request is approved. John A. Yates Jr., Oil Producer will be added to the Yates Companies that are covered by the Plan.

Van Barton
Field Rep. II

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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DENNIS G. KINSEY
TREASURER

Mr. Van Barton
Oil Conservation Division
State of New Mexico
1301 West Grand Ave.
Artesia, NM 88210

RECEIVED
DEC 30 2004
HPP/ARTESIA

December 30, 2004

**Re: General Plan
Drilling, Workover, and Blowdown Pit Design and closure.**

Dear Van,

As you know Yates submitted and received approval of a general plan for opening and closing of drilling and workover pits on December 20, 2004, this was an amended plan, submitted for clarification and simplification of the original plan, approved by you on April 15, 2004.

We are requesting the addition of "John A. Yates Jr., Oil Producer", to the Yates Companies on the approved plan.

Please contact me at 505-748-4181 if you have any questions or need further information.

Sincerely,

Daniel W. Dolan CWC
Environmental Regulatory Agent



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

May 4, 2006

State of New Mexico Energy, Minerals and Natural Resources
Oil Conservation Division
1301 W. Grand Avenue
Artesia, NM 88210

To Whom It May Concern:

I am writing to request a waiver for the inclusion of an H₂S Contingency Plan for the Starr 34 Fee #1. The current plan is to complete this well in the Wolfcamp, which is sweet, and I do not anticipate encountering any H₂S bearing formations during drilling operations.

Sincerely,

MYCO INDUSTRIES, INC.

Jim Schlueter
Geologist

JS/hp

MYCO INDUSTRIES, INC.

Well Name: Starr 34 Fee #1

Location:

SL 241' FSL & 198' FEL, Section 34, T-15-S, R-24-E, Chaves Co, NM

BHL 660' FSL & 1228' FWL, Section 34, T-15-S, R-24-E, Chaves Co, NM

Casing Program:

Casing	Setting Depth	Hole Size	Casing Size	Casing Weight	Casing Grade	Desired TOC
Surface	950'	12-1/4"	8-5/8"	32#	J-55	Surface
Production	9250'	7-7/8"	5-1/2"	17#	N-80	Surface

Cement Program:

Depth	No. Sacks	Slurries:
950'	150	Lead: Premium Plus + 2% CaCl ₂ + 3% Econolite + ¼ pps Flocele
	250	Tail: Premium Plus + 2% CaCl ₂ + ¼ pps Flocele
9250'	500	Lead: Interfill C + ¼ pps Flocele
	700	Tail: Premium Cement + 100% Acid Soluable Additive + 0.6% Halad®-344 + 0.8% Econolite + 0.2% HR-55

Mud Program:

Depth	Type	Weight (ppg)	Viscosity	Water Loss
0-950'	Fresh-Gel	8.6-8.8	28-34	N/c
950-4400'	Cut Brine	8.8-9.2	28-34	N/c
4400-5200'	Cut Brine	8.8-9.2	28-34	10-15
4468-9250'	Polymer (Lateral)	9.0-9.4	40-45	10-20