District I -1625 N. French Dr., Hobbs, NM 88240 District 11

1301 W. Grand Avenue, Artesia, NM 88210

District III.

1.

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



Phone:

(505)748-4288

Date:

11/05/2007

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

Submit to appropriate District Office

☐ AMENDED REPORT

NOV 05 2007 APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN PARGES QK, OR ADD A ZONE

Operator Name and Address
Operator Name and Address
Operator Name and Address 015445 MYCO INDUSTRIES, INC P.O. BOX 840, ARTESIA, NM 88211 30.015-7 Well No. ³ PropertyCode ⁵ Property Name TRAP 11 STATE COM 36096 #1H Proposed Pool 1 10 Proposed Pool 2 WILDCAT; WOLFCAMP GAS ⁷ Surface Location UL or lot no Section Township Range Lot Idn Feet from the North/South line Feet from the East/Westline County 18S 21E 1980' 11 NORTH 660 **EAST EDDY** Н ⁸ Proposed Bottom Hole Location If Different From Surface UL or lot no Township Feet from the North/South line Feet from the East/Westline Section Range County 18S 1980' E 11 21E NORTH 660' WEST **EDDY** Additional Well Information 11 Work Type Code 12 Well Type Code 13 Cable/Rotary 15 Ground Level Elevation 14 Lease Type Code N G R 4101' 16 Multiple 17 Proposed Depth 18 Formation 20 Spud Date 19 Contractor 52001 WOLFCAMP 07/01/2008 Distance from nearest fresh water well Depth to Groundwater Distance from nearest surfacewater > 300' > 1000' Pit: Liner Synthetic X 12 milsthick Clay Pit Volume: 10100bbls DrillingMethod: Closed-Loop System Fresh Water X Brine Diesel/OI-based Gas/Air **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-55 400 SXS **CIRCULATE** 1050 17# / N-80 7-7/8" 5-1/2" 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 NMOCD OF SPUD AND WITNESS CMT SURFACE CASING. INSTALL 3000# DOUBLE-RAM B.O.P. AND TEST DAILY. DRILL PILOT HOLE TO 5200'. PLUG BACK AND DRILL A 3400' LATERAL DUE WEST PER NMOCD RULE #111. ATTACHED: PERMIT INFORMATION, C-102, GENERAL PIT PERMIT, H2S CONTINGENCY PLAN, C-144 (FRESH WATER FRAC PIT). *NOTE: DETAILED WELL SURVEY PROFILE TO FOLLOW. NOTIFY OCD TO WITNESS ALL CASING STRINGS ²³ I hereby certify that the information given above is true and complete to the best OIL CONSERVATION DIVISION of my knowledge and belief I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit X, or Approved by: an (attached) alternative OCD-approved play . BRYAN G. ARRANT HANNAH PALOMIN Title: Printed name DISTRICT II GEOLOGIST Approval Date: NOV 0 5 2007 **ENGR/LAND TECHNICIAN** Title: Expiration Date NOV 0 5 2008 E-mail Address: hannah@mycoinc.com

Conditions of Approval Attached

State of New Mexico

DISTRICT I 1625 N. FRENCH DR., MONRS, NM 86240

Energy, Minerals and Natural Resources Department

DISTRICT II

DISTRICT IV

1301 W. GRAND AVENUR, ARTESIA, NM 88210

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

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

1220 S. ST. FRANCIS DR., SANTA PE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Nar	ne
30-015-35199	97489	Wildcat; Wolfcamp	
Property Code	Prop	erty Name	Well Number
36096	TRAP 11	STATE COM	1H
OGRID No.	Oper:	ator Name	Elevation
015445	MYCO IND	USTRIES, INC.	4101'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Н	11	18-S	21-E		1980	NORTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

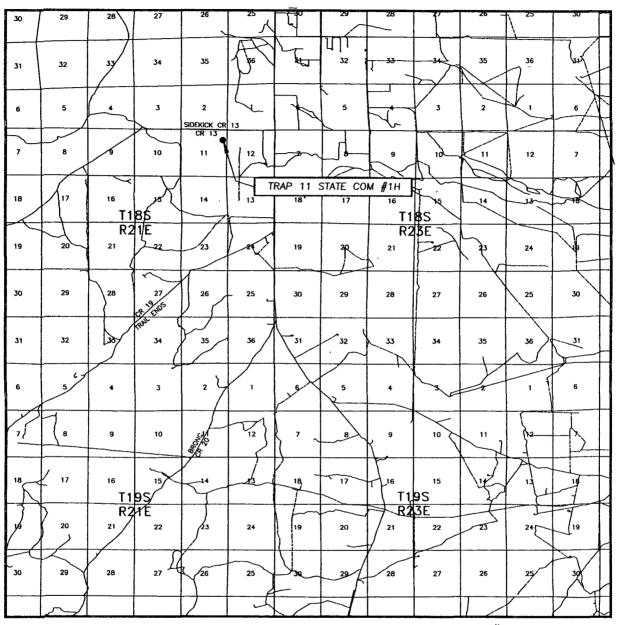
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	11	18-S	21E		1980	NORTH	660	WEST	EDDY
Dedicated Acres Joint or Infill Consolidation Code Order No.									
320									

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

OK A NON-SIAI	NUARD UNIT HAS BEEN APPROVED BY TH	E DIVISION
\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	<i>\``````````\\\\\\\\\\\\\\\\\\\\\\\\\\</i>	OPERATOR CERTIFICATION
PROJE	ĊT AREA	I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this
.00/ //////////////////////////////////		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
PRODUC	CING AREA	owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
BH CPID 47		Hannal Palomin 11.5.07 Signature Date
2 660, - 9 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	=270°24'46" SL 660'	Hannah Palomin Printed Name
<u> </u>	<u> </u>	SURVEYOR CERTIFICATION
	GEODETIC COORDINATES NAD 27 NME	I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or
BOTTOM HOLE Y=641959.2 N	SURFACE Y=641930.7 N	under my supervision, and that the same is true and correct to the best of my belief.
X=365391.6 E	X=369345.9 E	
	LAT.=32.764039* N	OCTOBER 6, 2006
	LONG.=104.758366° W	Date Surveyed G. E/D JR Signature & Seal of Solution Professional Surveyor Ville
		Professional Surveyor
		Barn & 20m 10978/06
		1 06:1-1:1538: S
		Certificate No. GARY EIDSON 12841
L		L

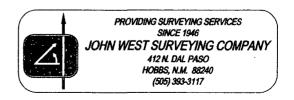
SECTION 11, TOWNSHIP 18 SO	UTH, RANGE 21 EAST, N.M.P.M.,
68	00'
OFF	NORTH ISET 15.4'
OFFSET 4104.4' ELEV. LAT.=32.7	ATE COM #1H 150' EAST OFFSET 4101.3' 764039° N .758366° W
OFF	SOUTH FSET 03.6'
60	90'
DIRECTIONS TO LOCATION	
FROM FROM THE INTERSECTION OF CO. RD. #12 (ARMSTRONG RD.) AND CO. RD. #13 (SIDEKICK RD.) GO SOUTH ON CO. RD. #12 APPROX. 0.4 MILES. THIS LOCATION IS APPROX. 1.1 MILES WEST.	100 0 100 200 Feet Scale:1"=100' MYCO INDUSTRIES, INC.
PROVIDING SURVEYING SERVICES SINCE 1946 JOHN WEST SURVEYING COMPANY 412 N. DAL PASO HOBBS, N.M. 88240 (505) 393-3117	TRAP 11 STATE COM #1H LOCATED 1980 FEET FROM THE NORTH LINE AND 660 FEET FROM THE EAST LINE OF SECTION 11, TOWNSHIP 18 SOUTH, RANGE 21 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO. Survey Date: 10/06/06 Sheet 1 of 1 Sheets W.O. Number: 06.11.1538 Dr By: J.R. Rev 1: Date: 10/16/06 Disk: CD#6 06111538 Scale:1"=100'

VICINITY MAP



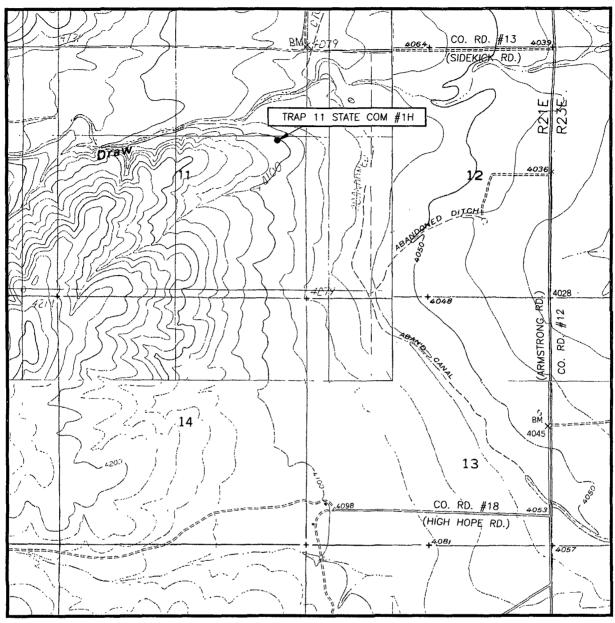
SCALE: 1" = 2 MILES

SEC11	TWP. 18-5 RGE. 21-E					
SURVEY	N.M.P.M.					
COUNTY	EDDY STATE NEW MEXI	СО				
DESCRIPTIO	N <u>1980' FNL & 660' F</u>	EL				
ELEVATION_	4101'					
OPERATOR	MYCO INDUSTRIES, INC	· .				
-	TRAP 11 STATE COM					





LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SEC. 11 TWP. 18—S RGE. 21—E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 1980' FNL & 660' FEL

ELEVATION 4101'

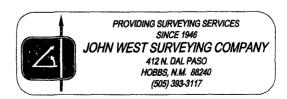
OPERATOR MYCO INDUSTRIES, INC.

LEASE TRAP 11 STATE COM

U.S.G.S. TOPOGRAPHIC MAP

TEEL RANCH, N.M.

CONTOUR INTERVAL:
HOPE, N.M. – 10'
TEEL RANCH, N.M. – 20'
HOLT TANK, N.M. – 20'
ANTELOPE SINK, N.M. – 10'





MYCO INDUSTRIES, INC.

Well Name: Trap 11 State Com #1H

Location:

SL 1980' FNL & 660' FEL, Section 11, T-18-S, R-21-E, Eddy Co, NM

BHL 1980' FNL & 660' FWL, Section 11, T-18-S, R-21-E, Eddy Co, NM

Casing Program:

Casing	Setting	Hole	Casing	Casing	Casing	Desired
_	Depth	Size	Size	Weight	Grade	TOC
Surface	1050'	12-1/4"	8-5/8"	32#	J-55	Surface
Production	9250'	7-7/8"	5-1/2"	17#	N-80	Surface

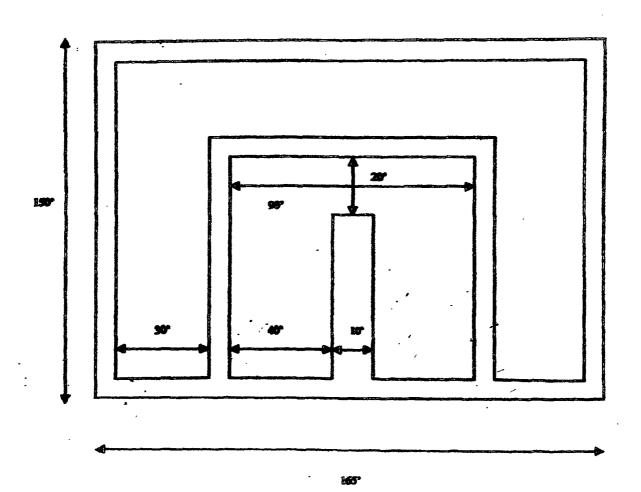
Cement Program:

Depth	No. Sacks	Slurries:
1050'	150	Lead: Premium Plus + 2% CaCl ₂ + 3% Econolite + ¼ pps Flocele
	250	Tail: Premium Plus + 2% CaCl ₂ + ½ pps Flocele
9250'	500	Lead: Interfill C + 1/4 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
0-1050'	Fresh-Gel	8.6-8.8	28-34	N/c
1050-4400'	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

Double Horseshoe Reserve Pit Design



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



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 MARTÍN VATES, III 1912 - 1985 FRANK W YATES 1936 - 1986



CHAIRMAN OF THE BOARD

JOHN A YATES

PRESIDENT

PEYTON YATES

EXECUTIVE VICE PRESIDEN

RANDY G PATTERSC

SECRETARY

DENNIS G KINSEY

TREASURER

S, P YATES

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (505) 748-1471

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.

Dan Dolan

Sincerek

Yates Petroleum Corp. et al

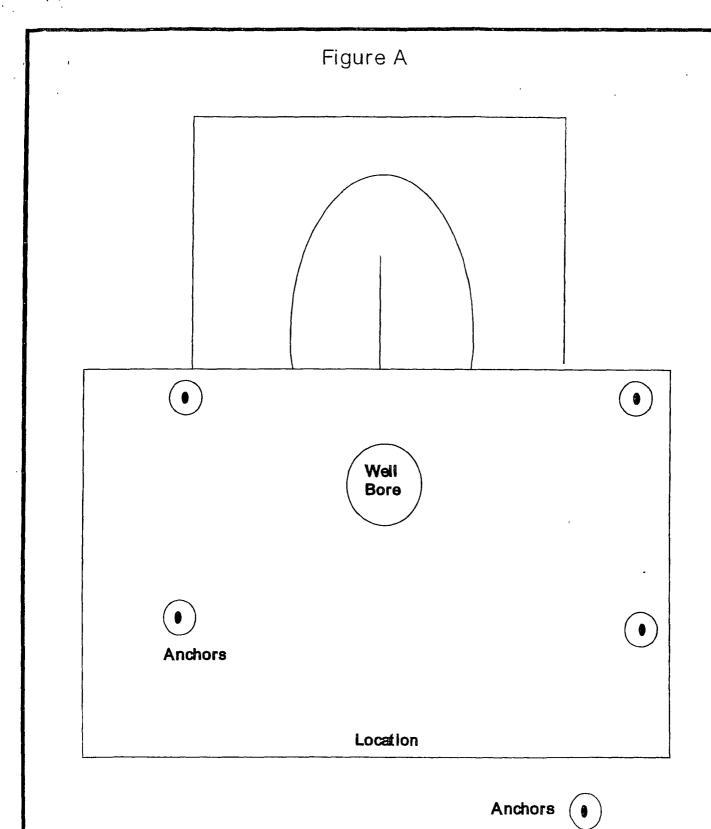
General Plan Pit Permitting, Construction and Closure December 7, 2004

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.
 - 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. <u>Pit Closure</u>—Pits will be closed based on site specific conditions pursuant to Part IV of Guidelines by one of the following methods:
 - a. <u>Excavation and removal</u>. Wastes will be excavated and disposed of at an off-site OCD-approved facility or location.
 - b. <u>Below Grade Encapsulation</u>. Encapsulation will be pursuant to Part IV.B.2 of Guidelines.
 - c. <u>Capping and Encapsulation Insitu</u>. Capping and encapsulation will be pursuant to Part IV.B.3(a) of Guidelines.
 - d. <u>Deep Trench Burial and Capping</u>. 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. <u>Exemption</u>: 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.

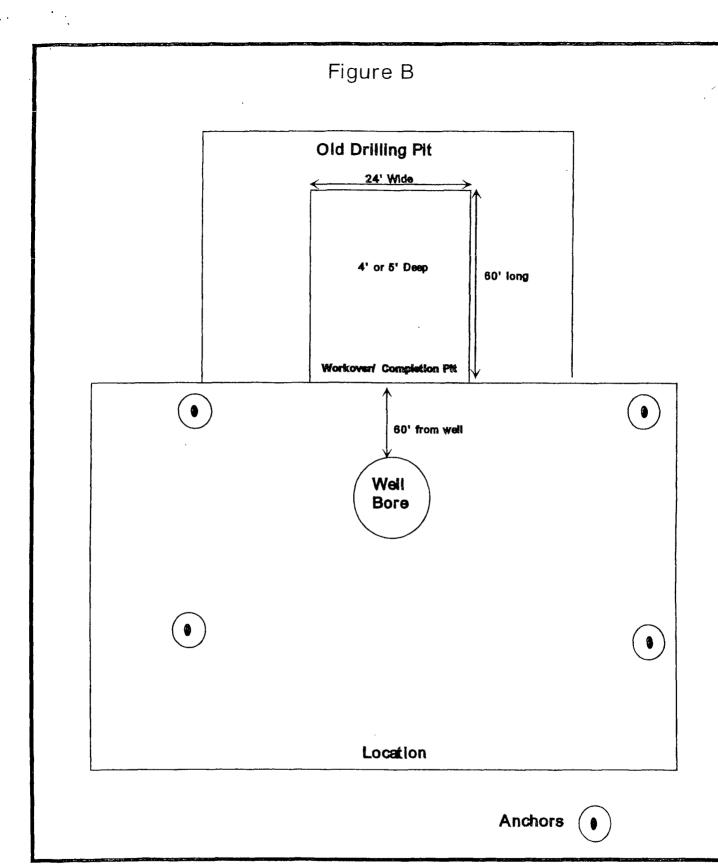
If, due to site specific conditions encountered during the course of operations, Yates proposes to change the method of closure, a request outlining the new plan will be submitted on a C-144 for OCD approval prior to closure.



Yates Petroleum Standard Reserve Pit

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

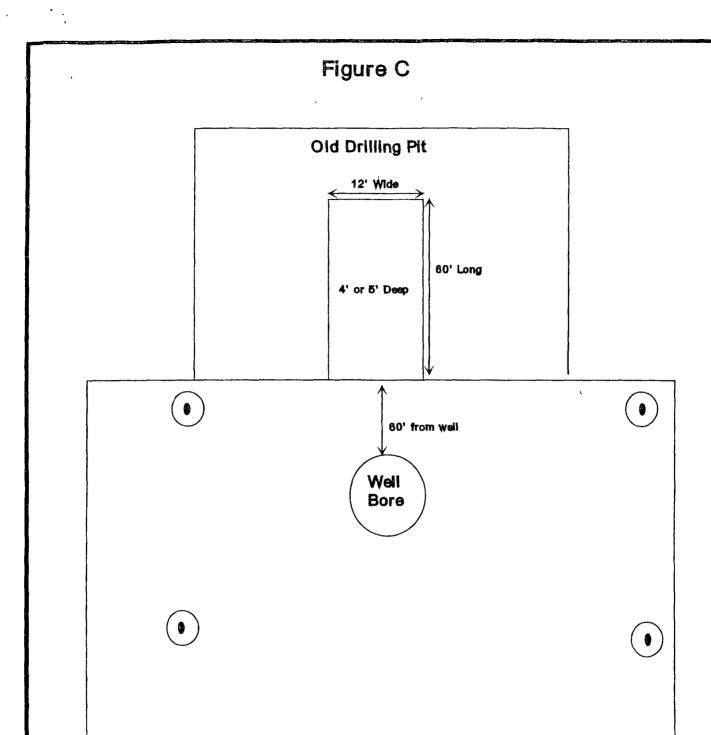




Yates Petroleum Workover/ Completion Pit Design

Built with Dozer





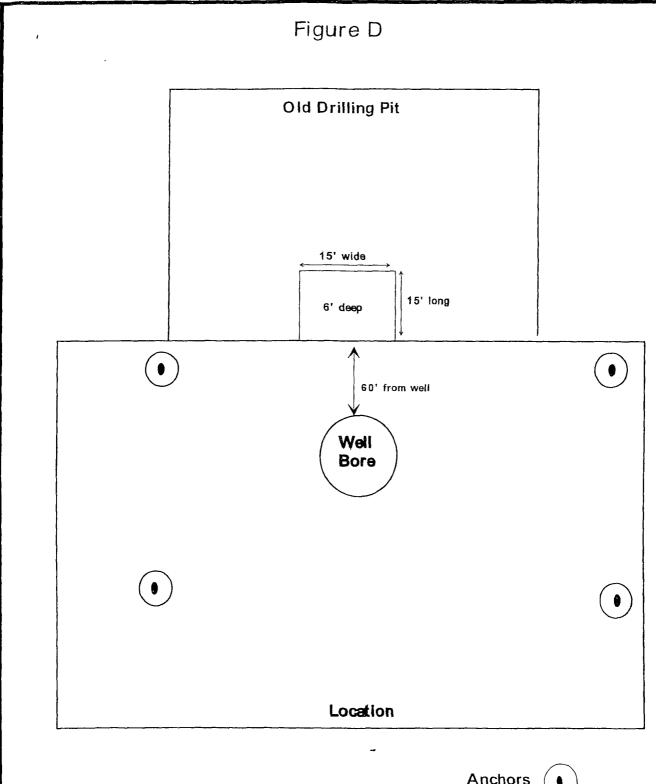
Anchors (

Yates Petroleum Workover/ Completion Pit Design

Location

Built with Backhoe 12/8/04





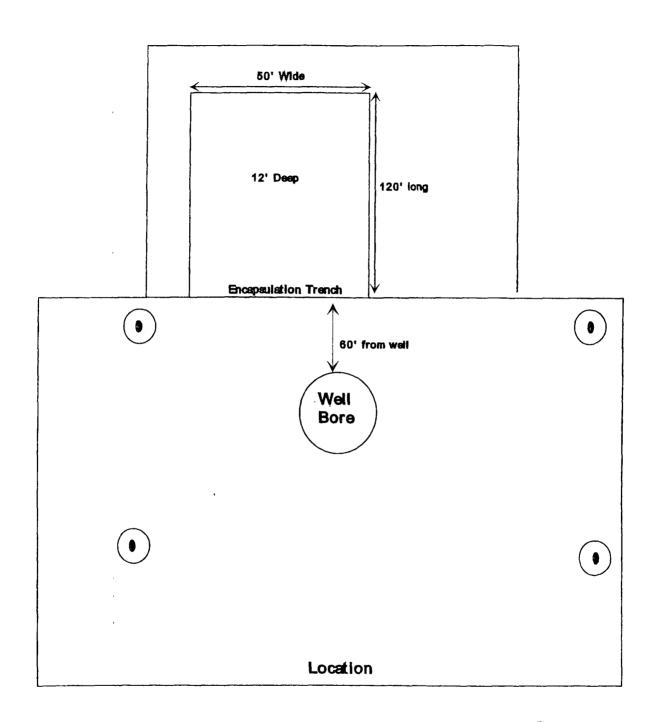
Anchors



Yates Petroleum Workover/ Completion Pit Design
Built with Backhoe



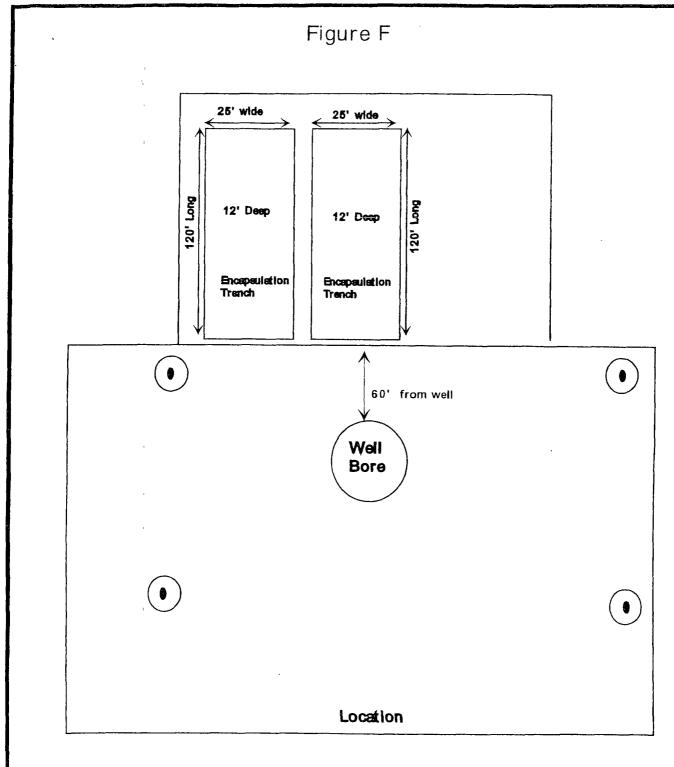
Figure E





Yates Petroleum Deep Trench Encapsulation



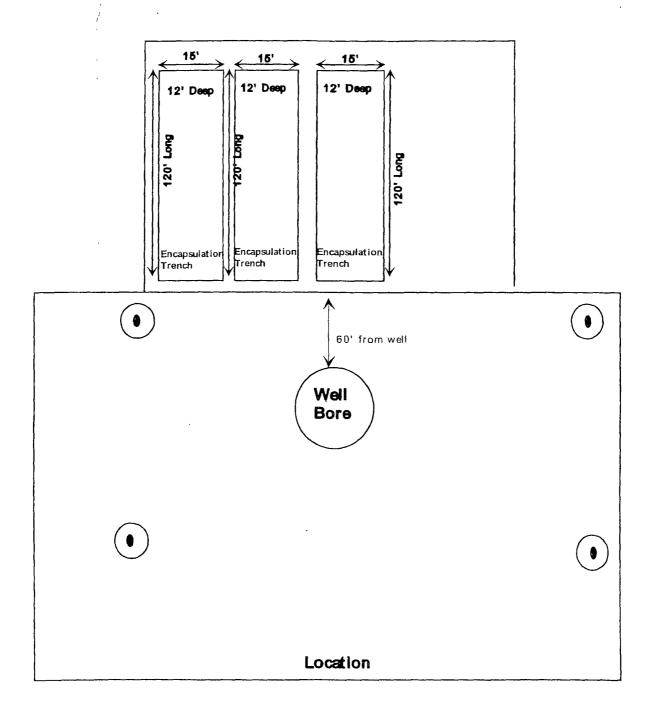


Anchors

Yates Petroleum Deep Trench Encapsulation Built with Backhoe



Figure G



Anchors (



Yates Petroleum Deep Trench Encapsulation





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Governor

Loomo Prukop

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



TELEPHONE (505) 748-1471

PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G PATTERSON SECRETARY

105 SOUTH FOURTH STREET DENNIS G. KINSEY TREASURER

ARTESIA, NEW MEXICO 88210-2118

Mr. Van Barton Oil Conservation Division State of New Mexico 1301 West Grand Ave. Artesia, NM 88210 RECEIVED
DEC 30 2004
MARKET MARTERIAN

S P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES

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.

Sincerety,

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

November 5, 2007

New Mexico Oil Convervation Division Bryan Arrant 1301 W. Grand Artesia, New Mexico 88210

Re: Myco Industries, Inc.

Trap 11 State Com #1H H2S Contingency Plan

Dear Mr. Arrant:

Sources at Myco Industries, Inc. have relayed information to me that they believe there will not be enough H2S found from the surface through the Wolfcamp Formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Please note that I have enclosed our Contingency Plan for this well based on a remote chance that Rule 118 might become applicable.

Thank you,

MYCO INDUSTRIES, INC.

A.N. Muncy, PELS / hp

Operations/Engineering Manager

ANM:hp Enclosure

Myco Industries, Inc.

423 W. Main Street Artesia, NM 88210

Hydrogen Sulfide (H₂S) Contingency Plan

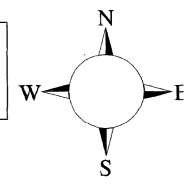
For

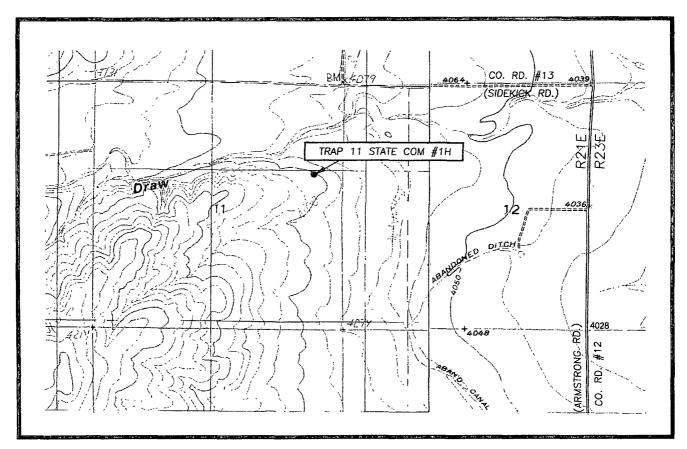
Trap 11 State Com #1H

1980' FNL & 660' FEL (Surface) 1980' FNL & 660' FWL (Bottom-Hole) Sec-11, T-18S, R-21E Eddy County NM

Trap 11 State Com #1H Location

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.





Assumed 100 ppm. 15.00 ppm 3000?
100 ppm H2S concentration shall trigger activation of this plan.

Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H_2S , measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H_2S monitors and air packs in order to control the release. Use the "buddy system' to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentr- ation
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Myco personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. Myco Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Myco Industries, Inc. Phone Numbers

Myco Office	(505) 748-4280
Nelson Muncy/Operations Engineering Manager	(505) 748-4289
	(505) 308-3502
Carlos Guerrero/Field Supervisor	
1	
Artesia Answering Service	(505) 748-4302
(During non-office hours)	(
Agency Call List	
Eddy County (505)	
Audust	
Artesia State Police	746 2702
City Police	
Sheriff's Office	
Ambulance	
Fire Department	
LEPC (Local Emergency Planning Committee)	
NMOCD	748-1283
Cowlehed	
Carlsbad	005 2127
State Police	
City Police	
Sheriff's Office	
Ambulance	
Fire Department	
LEPC (Local Emergency Planning Committee)	
US Bureau of Land Management	887-6544
New Mexico Emergency Response Commission (Santa Fe)	` /
	(505) 827-9126
New Mexico State Emergency Operations Center	(505) 476-9635
National Emergency Response Center (Washington, DC)	(800) 424-8802
Other	
Boots & Coots IWC1-800-256-9688 or (281) 931-8884	
Cudd Pressure Control(915) 699-0139 or (915) 563-3356	
Halliburton(505) 746-2757	
B. J. Services(505) 746-3569	
. ,	
Flight For Life -4000 24th St, Lubbock, TX	(806) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX	(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM	(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM	
X ' Y	