

Ocean Munds-Dry
omundsdry@hollandhart.com

30 005 63910

March 20, 2008

#### **HAND-DELIVERED**

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Myco Industries, Inc. for Administrative Approval of the Simultaneous Dedication of the S/2 of Section 33, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico to its proposed Milo 33 Fee Well No. 2H and the existing Milo 33 Fee Well No. 1H.

#### Dear Mr. Fesmire:

Myco Industries, Inc. ("Myco") is the operator of a standard 320-acre spacing unit comprised of the S/2 of Section 33, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico. This spacing unit is dedicated to Myco's Milo 33 Fee Well No. 1H which has been horizontally drilled and produces from the Wolfcamp formation.

Myco seeks administrative approval of the simultaneous dedication of this standard 320-acre gas spacing unit to the following two horizontal gas wells:

- A. the existing Milo 33 Fee Well No. 1H (API No. 30-005-63849) horizontally drilled from a surface location 710 feet from the South line and 186 feet from the East line of Section 32, Township 15 South, Range 25 East to an end point or bottom hole location 710 feet from the South line and 660 feet from the East line of said Section 33; and
- B. the proposed Milo 33 Fee Well No. 2H (API No. 30-005-63910) to be horizontally drilled from a surface location 1930 feet from the South line and 236 feet from the East line of said Section 32 to a proposed end point or bottomhole location 1930 feet from the South line and 660 feet from the East line of said Section 33.

# HOLLAND&HART.

Both the penetration point and the bottomhole location for the Milo 33 Fee Well No. 1H are at a standard location in the Wolfcamp formation pursuant to Division Rules 104.C (2) (a) and 111.A (7). Myco now intends to horizontally drill and complete its proposed Milo 33 Fee Well No. 2H to be drilled to the targeted subsurface end-point or bottomhole location 1930 feet from the South line and 660 feet from the East line (Unit I) of Section 33. Myco proposes to drill this well in compliance with the set-back requirements of Division Rules 104.C(2)(b) and 111.A(7) for deep gas wells in southeast New Mexico.

Attached hereto as **Exhibit A** is a copy of Division Form C-102 for this well that shows the proposed surface and bottomhole location of the well.

**Exhibit B** is a map of offset operators around the spacing unit in Section 33. **Exhibit C** is a list of affected parties as defined by Division Rules. Myco is also the working interest owner in the S/2 of Section 32 and ownership is common. As required by Rule 1210, a copy of this application (with attachments) has been sent to those affected parties in accordance with Rule 1207(A)(5) and they have been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

The simultaneous dedication of the S/2 of said Section 33 to the Milo 33 Fee Well Nos. 1H and 2H will afford Myco the opportunity to efficiently produce the Wolfcamp formation under this spacing unit. Myco's's proposed simultaneous dedication of these wells does not exceed the number of wells allowed by Division Rule for this spacing unit.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry

Attorney for Myco Industries, Inc.

Enclosures

State of No. 16 MAR - 5 2007 DISTRICT I OCD - ARTEMA MA Form C-108 DESTRICT II OIL CONSERVATIO 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505 DISTRICT III 1000 Me Brones Ma, Aphre, 184 87418 DISTRICT IV WELL LOCATION AND ACREAGE DEDICATION PLAT () AMENDED REPORT DE 10. MATE 15. NO ARREST LEFO & SE. PR. Post Code Seed House 96086 Wildcar: Wolfcame Property Code MILO 33 FEB 2H OCEAN No. Operator Many MYCO INDUSTRIES, INC. 3468 Surface Location UL or lot No. Section Let Me Frest from the North/South Mas Foot from the Seet/Vest Mar 1 32 15~S 25-E 1930 SOUTH 236 **EAST** CHAVES Bottom Hole Location if Different From Surface -UL or had Ho. Last Man Front from the Herth/Seath Mae East/Vest Mas 25-E 1 33 15-S 1930 SOUTH 660 **EAST** CHAVES Miletten Cade Badlested Acres Joint or built 320 NO ALLOVABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION OPERATOR CERTIFICATION proposed by the limit proposed by the limit proposed bottom halo limit to dell this well at this way to a construct with me to analyze a construct with me to analyze a construct with me to analyze agreement. SCALR - 1"=2000" n n 3.5.7007 SHARI SURVEYOR CERTIFICATION PROJECT AREA 896 P.P. PRODUCING AREA 560 3 JANUARY .. 22 ... 2007 Date Surveyed REV. 2/72/07 GEODETIC COORDINATES BOTTOM HOLE LOCATION NAD 27 NME SURFACE HOLE LOCATION PENETRATION POINT Y=716448.4 N Y=716459.6 N X=463108.3 E X=467076.8 E Y=716446.3 N LAT. =32.969530" N LAT. =32.969572" N X=462212.5 E LONG. = 104.453624" W LONG. = 104.440684° W



LAT. =32.969521° N

LONG.=104.456544" W

Certificate

12641

DISTRICT	Į.		
MARK S. PERSON	<b>.</b>	GERRE,	<b>Stepol</b>

State of No (Mayero

Month - Year MAR - 5 2007 OCD - ARMMA, MM

Ports. C-101 Burland October 12, 2001 Appropriate Matriet COMes State Lense - 4 Copies

## MANUAL PRODUCTION OF STREET, THE STREET

DISTRICT II

DESTRICT III

OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

DISTERCT IV

UP A REPORT TO AMENDED REPORT

DISTERCT IV

WELL LOCATION AND ACREAGE DEDICATION PLAT

Description of the second se

96086 Wildcot; Wolfcom

MILO 33 FER

OCCUPATION

MYCO INDUSTRIES, INC.

3468'

Surface Location

	UE or lot No.	Section	Township	Rungo	Let Ma	Post from the	Herth/South Has	Post from the	Sent/Vest Mas	County	ĺ
-	ŧ	32	15-5	25-E		1930	SOUTH	236	EAST	CHAVES	l

Bottom Hole Location If Different From Surface

1	UL or led Ho.	Section.	Toronto	Bunge	Let like	Foot from the	North/Bouth Mac	Post from the	East/Vest Mas	County
	1	33	15-S	25-E		1930	SOUTH	660	EAST	CHAVES
-	Dollosted Acres	Jedat .	-	mentifetien (	Code On	der He.				
	320	j	1		1					

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

[			
	SCALR - 1"-2000'		OPERATOR CERTIFICATION  A berney early that the information berney to tree and complete to the best of my Executions and best, and that the executions allowed best of the best of making allowed best of the formation of the proposed best on the best of the proposed best on the best of the best of right to dell this well of this leasting particular to a control with an order of making best of the proposed of the proposed best on the best of the formation particular to a control of the order of making particular order of companions product order berefaters entered
	22 22		Resolute Bate  SHARI Holdes  Printed Name
	2.36' (2.46) S.L. (2.46) (2.46	PRODUCING AREA	SURVEYOR CERTIFICATION  About a could be feel the out beatless as the feel was plotted from field and a could be could be feel for an arrange make by one or under my supervision, and that the same in true and correct to the heat of my belief.
GEODETIC COORDINATES NAD 27 NME SURFACE HOLE LOCATION Y=716446.3 N X=462212.5 E	PENETRATION POIN Y=716448.4 N X=463108.3 E LAT.=32.969530' LONG.=104.453624'	Y=716459.6 N X=467076.8 E LAT.=32.969572 N	JANUARY 22 2007  Date Surrey & Rev. 1/17/07 AR  Regarders & Surface Conference Conferenc
LAT.=32.969521" N LONG.=104.456544" W			Certificate with a party throat 12541

DISTRICT (

State of No. 16

MAR - 5 2007 OCD - ARTHUM, MAN

DISTRICT II

OIL CONSERVATIO 1220 SOUTH ST. FRANCIS DR.

DESTRICT III

Santa Fe, New Mexico 87505

DISTRICT IV WELL LOCATION AND ACREAGE DEDICATION PLAT D AMENDED REPORT ----Post Code 96086 Wildcar: Wolfcamo Property Code Tell Breeker MILO 33 FEE 2H OCHE No. Operator Phone Develop MYCO INDUSTRIES, INC. 3468

Surface Location

UL or lot No.	Section	Torontal	Backs	Let Ma	Fret frem the	Herth/Sweth Has	Fost from the	Sart/Vest Mare	County
1	32	15-5	25-E		1930	SOUTH	236	EAST	CHAVES

Bottom Hole Location if Different From Surface

1	UK or led No.	Section	Township	Bunge	Let like	Post from the	North/South Mac	Post from the	Enst/Vent Mas	County
	1	33	15-S	25-E		1930	SOUTH	660	EAST	CHAVES
1	Dedicated Acres	John o	India C	andidation (	Code Or	der No.			<u> </u>	
ı	320	1	- 1		- {					

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

	SCALE 1"=2000"	OPERATOR CERTIFICATION  I havely certify that the information havels in true and complete to the heat of my invention and build, and that this expensions either once a vertility informat or unknown mineral interest in the hand involving the proposed bettern hate heating or has a right to dell this well at this heating parament to a sentered with an enter of such mineral or weighty informat, or in a relating peaking agreement or a
	39 33	Mathema Bata  SHARI Hodges  Printed Name
	2.36. PRODUCING AREA  S.L. P.P. PRODUCING AREA	SURVEYOR CERTIFICATION  / burnly cartify that the self baseline shows on this plot was plotted from field action of extend surveys made by one or B.H.  brus and correct to the back of any bellet.
GEODETIC COORDINATES	PENETRATION POINT BOTTOM HOLE LOCATI	Professional Surveyor
NAD 27 NME SURFACE HOLE LOCATION Y=716446.3 N X=462212.5 E LAT.=32.969521° N LONG.=104.456544° W	Y=716448.4 N X=463108.3 E LAT.=32.969530' N LONG.=104.453624' W  BUTTOM FILLE LOCATI Y=716459.6 N X=467076.8 E LAT.=32.969572' N LONG.=104.440684'	Mars A 20 - 2 27/07

DISTI	UCT	ı		
		m,	MARKET,	

12 State of No.

MAR - 5 2007 OCD - ARTHUA, MA

3468

# DISTRICT II

DISTRICT III

OIL CONSERVATIO 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

DESTRICT IV WELL LOCATION AND ACREAGE DEDICATION PLAT C AMENDED REPORT LAND & ME PRANTIN DR., MARTIN DR., ME SPORT Pool Code 96086 Wolfcam Wildcor: Property Code MILO 33 FEE 2H Operutor Home OCER No. Dorution MYCO INDUSTRIES, INC.

#### Surface Location

-	UE or lot No.	Section	Torrectily	Bango	Let Ida	Post from the	Herth/South time	Post from the	East/Vest Mass	County
	t	32	15-S	25-E		1930	SOUTH	236	EAST	CHAVES

#### Bottom Hole Location if Different From Surface

UL or lat Ho.	Section	Toronth	Renge	Let Ma	Post from the	Harth/Bouth Had	Post from the	East/Foot Mas	County
1	33	15-S	25-E		1930	SOUTH	660	EAST	CHAVES
Sufficated Serves   Johnt or Infill   Councildation Code					der No.		<u> </u>	<u> </u>	<b></b>
320	-								

NO ALLOVABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED

		I MAD BEEN AFFROVED DI (M	
	SCALE 1°-2000'		OPERATOR CERTIFICATION  I havely certify that the information havels to true and complete to the best of my knowledge and belief, and that the expendention atther owns a working interest or uniteseed atthered in the land including the proposed believe hele leasting or has a right to dell take seed at the leasting partners in a contrary state or event of make makenia or working determit,
	39 33		Signature Bata SHARI Hold + S Printed House
	238'   898'	PRODUCING AREA  PRODUCING AREA  PRODUCING AREA	SURVEYOR CERTIFICATION  / Acrely careful that the unit heartime at the plant was platfed from field acres of careful acres, and that the many is true and carrent to the least of any helical.
GEODETIC COORDINATES NAD 27 NINE SURFACE HOLE LOCATION Y=716446,3 N	PENETRATION POIN Y=716448.4 N X=463108.3 E	BOTTOM HOLE LOCATION Y=716459.6 N X=467076.8 E	JANUARY 22 2007  Date Surveyed REV 1/21/07 A  Elementary & Bred of Professional Surveyer  Plants A 20 1 252/6
X=462212.5 E LAT.=32.969521" N LONG.=104.456544" W	LAT.=32,969530° N LONG.=104.453624°	V LAT.=32.969572" N	Certificate M. Certificate 12841

DIST			
100 F.	ML,		****

# State of New Me

MAR - 5 2007 OCD - ARTHUA MM

DISTRICT II

OIL CONSERVATION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

DISTRECT III 1000 Blo Bresso M., Auton, 184 87410

DISTRICT IV	WELL LOCATION AND	ACREAGE DEDICATION	PLAT D AMENDED REPORT
API Number	Pool Code		Post Name
	94.094	101:100	Land Car

APL Nambar	Peel Code	Pee	t Name		
	96086	Wildcar; W	olfcara		
Property Code	Prop	Property House			
	MILO	MILO 33 FEE			
OCRED No.		Acr Nume	Elevation		
	MYCO IND	MYCO INDUSTRIES, INC.			

#### Surface Location

UL or lot No.	Saction	Toroship	Renge	Let Ma	Post from the	North/Bouth line	Post from the	East/Vest Mas	County
1	32	15~S	25-E		1930	SOUTH	236	EAST	CHAVES

#### Bottom Hole Location if Different From Surface

ſ	UE or had He.	Section	Torreship	Range	Lot Ma	Foot from the	North/South Mas	Foot from the	Shet/Work Mass	Consulty
1		33	15-S	25-E		1930	SOUTH	660	EAST	CHAVES
t	Dedicated Acres	Judent a	r tenfille Co	arabidation (	Codo On	for No.			<u> </u>	<b></b>
١	320									

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

		·	OPERATOR CERTIFICATION  / hereby seriely that the information hereby to the and anaplets to the heat of my travelings and heat, and that the experience deliver one or working the
	SCALE - 1"-2000	•	or minimal to prosperior bettern his hearten decideding the prosperior bettern his hearten or has a right to dell this well at this location paramet to a sealerest with an mour or such minimal or conting between, or to a valuating pooling agreement or a computing packing critic hardening and by fig., dichina.
	39 33		Matther 35.7007 Signature Bata SHARI HOLGES
	236'1	PROJECT AREA	SURVEYOR CERTIFICATION  ( Acrety certify that the graft heating
	S.L. 696.	PRODUCING AREA	shown on the plot was picked from field solve of estual surveys made by me or water my experience, and that the seaso is brow and correct to the heat of my heliot.
GEODETIC COORDINATES	Lucius		JANUARY, 22, 2007  Date Surveyed REV. 2/72/07 AR  Signature & Seel of Profundhead Surveyor
NAD 27 NME SURFACE HOLE LOCATION Y=718446.3 N X=462212.5 E	PENETRATION POI Y=716448.4 N X=463108.3 E LAT.=32.969530' LONG.=104.453624	Y=716459.6 N X=467076.8 E N LAT.=32.969572 N	Man A 20 1 2/27/07
LAT.=32.969521" N LONG.=104.456544" W			Certificate in a celt things 12641

## OFFSETS IN SECTION 33

	Ď	PARAL	LEL B	A .	CAPSTONE
(20)	, B	3	3) / /	/ н	
120 PA10		K	0 33	ī	EOG
	М	MY	CO	P	
	(D) EOG	, ,	<u>.</u> 1	O EoG	





March 20, 2007

# CERTIFIED MAIL RETURN RECEIPT REQUESTED

#### AFFECTED INTEREST OWNERS

Re: Application of Myco Industries, Inc., for simultaneous dedication, Chaves County, New Mexico.

#### Ladies and Gentlemen:

This letter is to advise you that Myco Industries, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the simultaneous dedication of the proposed Milo 33 Fee Well No. 2H to be drilled from a surface location 1930 feet from the South line and 236 feet from the East line in Section 32, Township 15 South, Range 25 East and a bottomhole location 1930 feet from the South line and 660 feet from the East line of Section 33, Township 15 South, Range 25 East and the existing Milo 33 Fee Well No. 1H drilled from a surface location 710 feet from the South line and 186 feet from the East line of Section 32 and a bottomhole location 710 feet from the South line and 660 feet from the East line of Section 33 to the S/2 of Section 33, Township 15 South, Range 25 East, NMPM, Chaves County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico. 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Very truly yours,

Ocean Munds-Dry

ATTORNEY FOR MYCO INDUSTRIES, INC.

Enclosures

### Exhibit C

# Application of Myco Industries, Inc. Simultaneous Dedication of S/2 of Section 33, Township 15 South, Range 25 East, NMPM Chaves County, New Mexico

EOG Resources, Inc. Post Office Box 2267 Midland, Texas 79702

Parallell Petroleum Corp. Post Office Box 10587 Midland, Texas 79702

Capstone Oil & Gas Company P.O. Box 10187 Midland, Texas 79702

DATÉ IN	SUSPENSE	ENGNEER	LOGGEDIN	TYPE	APP NO

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -1220 South St. Francis Drive, Santa Fe, NM 87505



MAR 24 2009 OCIMATESIA

		ADMI	NISTRA	TIVE AP	PLICA'	TION C	HECKLIST	
1	THIS CHECKLIST IS M			IISTRATIVE APP E PROCESSING				AND REGULATIONS
Appil	[DHC-Down	si ndard Loc nhole Cor ol Commi [WFX-Wa [SW	:ation] [NSF nmingling] ingling] [C terflood Exp D-Salt Water	'-Non-Standa [CTB-Lease )LS - Off-Lease ansion] [P r Disposal]	rd Proration Comming Se Storage MX-Pressu [1PI-inject	on Unit] [SD fing] [PLC] ] [OLM-Of ire Maintena ion Pressure	-Simultaneous D :-Pool/Lease Con f-Lease Measure ince Expansion]	nmingling] ment[
[1]	TYPE OF AP [A]	Locatio NS	n - Spacing I SL NS	Jnit - Simulta P SD				昌双四
	Check [B]	Commi		C] age - Measuro B		: 🗌 ols	OLM	RECE IS MIS 20
	[C]			- Pressure Ind IX SW				M Z
	[D]	Other: S	Specify		<del> </del>			39 C
[2]	NOTIFICAT [A]			: - Check Th lty or Overrid			Does Not Apply vners	-
	[B]	<b>⊠</b> of	fset Operator	rs, Leaseholde	ers or Surfa	ice Owner		
	[C]	☐ Ap	plication is	One Which R	equires Pul	olished Lega	l Notice	
	[D]	☐ No	otification an Bureau of Land Me	d/or Concurre	ent Approva	al by BLM o Lands, State Land	r SLO Office	
	[E]	☐ Fo	r all of the al	oove, Proof o	f Notificati	on or Publica	ntion is Attached,	and/or,
	[F]	□ W:	aivers are At	tached				
[3]	SUBMIT AC OF APPLICA				FORMATI	ION REQU	RED TO PROC	CESS THE TYPE
		nd compl	ete to the be	st of my knov	vledge. I al	so understan	d that no action	for administrative will be taken on this
	Note	Statemen	t must be com	oleted by an ind	ividual with n	nanagerial and	or supervisory capa	city.
O <u>cea</u> Print	an Munds- or Type Name	<u>Dry</u>	Ocean Signature	Mund	Bry	<u>A Hor</u> Title	-	3-20-08 Date
						Omun.	dodry@hol	landhart.com