

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.
NM-14768-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
OLYMPIA 24 FED COM #1

9. API Well No.
30-015-33253

10. Field and Pool, or Exploratory
UND. CARLSBAD MORROW, EAST

11. Sec., T., R., M., or Blk. and Survey or Area
SEC. 24 - T21S - R27E, NMPM

12. County or Parish
EDDY

13. State
NM

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator
MYCO INDUSTRIES, INC.

3a. Address P.O. BOX 840
ARTESIA, NM 88210

3b. Phone No. (include area code)
(505)748-4288

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface 660' FNL AND 660' FWL (UNIT D)
At proposed prod. zone SAME

RECEIVED

FEB 24 2004

14. Distance in miles and direction from nearest town or post office*
3/8 MILE NORTH OF CARLSBAD, NM CITY LIMITS

OCD-ARTESIA

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
660'

16. No. of Acres in lease
920

17. Spacing Unit dedicated to this well
320 ACRES (W/2)

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
3000' SW OXY HONOLULU ST #1 (S23-T21S-R27E)

19. Proposed Depth
12,100'

20. BLM/BIA Bond No. on file
STATEWIDE BLM #585971

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3149' GL 3170'

22. Approximate date work will start*
02/15/2004

23. Estimated duration
41 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operation certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature *A. Nelson Muncy, PELS*

Name (Printed/Typed)
A. NELSON MUNCY, PELS

Date
01/20/2004

Title
EXPLORATION AND OPERATIONS MGR.

Approved by (Signature)
/s/ LESLIE A. THEISS

Name (Printed/Typed)
/s/ LESLIE A. THEISS

Date
FEB 23 2004

Title
FIELD MANAGER

Office
CARLSBAD FIELD OFFICE

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

Carlsbad Controlled Water Basin

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name OLYMPIA 24 FEDERAL COM	Well Number 1
OGRID No.	Operator Name MYCO INDUSTRIES, INC.	Elevation 3170'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	21-S	27-E		660	NORTH	660	WEST	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
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

	(W/2)	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>A. N. Munchy, PELS</u> Signature <u>A. N. MUNCHY</u> Printed Name <u>EXPLORATION AND OPERATIONS MANAGER</u> Title <u>JAN 20, 2004</u> Date</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>JANUARY 13, 2004</p> <p>Date Surveyed Signature & Seal of Professional Surveyor <u>GARY E. EDSON</u> Professional Surveyor 1/15/04 04.11.0043 Certificate No. <u>GARY E. EDSON</u> 12641</p>
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MYCO INDUSTRIES, INC.
OLYMPIA 24 FED COM #1
660' FNL & 660' FWL
S24 – T21S- R27E UNIT D (W/2)
EDDY COUNTY, NM
NM-14768-A

1. THE ESTIMATED TOPS OF GEOLOGICAL MARKERS:

B/SALT	600'	STRAWN	10,220'
CAPITAN	1250'	ATOKA	10,640'
DELA. SD.	2840'	MORROW Li	11,220'
B/S Li	5500'	MORROW CL	11,400'
WOLFCAMP	9060'	LWR MORROW	11,650'
PENN	10030'	BARNETT	11,820'

2. THE ESTIMATED DEPTHS AT WHICH ANTICIPATED WATER, OIL OR GAS FORMATIONS ARE EXPECTED TO BE ENCOUNTERED.

WATER	350-400'
OIL OR GAS	9600 – 11950'

3. Pressure control equipment and BOPE will be installed on the 9-5/8" casing and rated for 5000 PSI. Systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from all casing strings which are set and cemented. BOP controls will be installed prior to drilling the surface plug and will remain in use until the well is completed of D/A. BOP equipment will be inspected and operated at least daily to insure proper mechanical integrity, and the inspections will be daily recorded. See Exhibit B.

4. PROPOSED CASING AND CEMENT PROGRAM:

A. CASING PROGRAM (ALL NEW):

<u>HOLE SIZE</u>	<u>CSG SIZE</u>	<u>WT/FT</u>	<u>THD</u>	<u>COUPLING</u>	<u>INTERVAL</u>	<u>LENGTH</u>	<u>WITNESS</u>
17-1/2"	13-3/8"	48#	8RD	ST&C	0-475'	475'	YES
12-1/4"	9-5/8"	36#	8RD	LT&C	0-2400'	2400'	YES
9-5/8"*	5-1/2"	17#	8RD	LT&C	0-12100'	12100'	NO

Max casing design factors: Collapse 1.13, Burst 1.0, Tensil Strength 1.8

* 9-5/8" hole for safety factor to allow running of 7" casing and a 4" liner if high pressure encountered.

B. CEMENTING PROGRAM:

Declared Water Basin

Cement must be circulated behind the 13-3/8" and 9-5/8" casing

DV Tool = 9200' +/- on 5-1/2" long string (2-stage)

5. **LOCATION AND TYPE OF WATER SUPPLY:**

Plan to drill well with fresh water system. The water will be obtained from commercial sources and transported to the drill site over existing and proposed roads shown in Exhibit A-1.

6. **SOURCE OF CONSTRUCTION MATERIALS:**

Dirt contractor will locate nearest pit and obtain any permits and materials needed for construction.

7. **METHODS OF HANDLING WASTE DISPOSAL:**

- A. Drill cuttings will be disposed in reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits.
- C. Any water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted.
- D. Any oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be followed.
- F. All trash and waste materials will be placed in trash cages and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

8. **ANCILLARY FACILITIES:**

None

9. **WELL SITE LAYOUT:**

- A. Exhibit C shows the relative location and dimensions of the well pad, reserve pits, drilling equipment, rig and the access road.
- B. The reserve pits will be plastic lined.
- C. A 600' x 600' area has been staked and flagged.

10. **RESTORATION PLANS:**

- A. After the drilling and/or completion operations, all equipment and other material not needed for future operations will be removed.
- B. Pits will be fenced until restored.
- C. If the well is D/A, all BLM rehabilitation requirements will be performed as expeditiously as possible.

11. **SURFACE OWNERSHIP:**

Federal

MYCO INDUSTRIES, INC.
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

OLYMPIA 24 FEDERAL COM #1
660' FNL & 660' FWL (W/2)
Section 24 T21S, R27E
Eddy County, NM
NM-14768-A

This plan is submitted with the APD (Form 3160-3) covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A & A-1 is a West Engineering Survey Plat showing the well, proposed new road and the existing roads leading to the well site. The proposed well site is approximately 3/8 mile north of the Carlsbad, New Mexico city limits.

DIRECTIONS:

Leave Carlsbad, New Mexico and go East on US 621180 (Hobbs Hwy) for 3 miles. Turn left on the relief route and go North and West for 5.1 miles to Highway 206. Turn North on 206 and go 1.3 miles to Rains Road (Eddy County Road #600). Turn off Eddy County Road #600 heading Southeast on a caliche road and travel 4.4 miles to the location. (Route to Wellsite: Travel 1.4 miles Southeast, then 0.4 miles curving East, then 0.6 miles curving South, then 0.6 miles Northeast to the D/A Mewbourne Lonetree 14 State #1, then 0.5 miles Northeast past the Mewbourne D/A Lonetree 14 State #1 down an improved caliched pipeline road to a cattle guard, then 300' East past the cattle guard, then 0.5 miles Southeast down an improved caliched pipeline road, then South on the same pipeline road 1/10-mile, then due West 829' to the location.) (See Exhibit F)

2. PLANNED ACCESS ROAD:

- A. The proposed access road will be approximately 829' in length due West from the existing N-S pipeline road in the NW/4 of Section 24, Township 21 South, Range 27 East, NMPM.
- B. The new road will be 14' in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side and some traffic turnouts will be built. The road route is visible.

3. LOCATION OF EXISTING WELL:

Exhibit "D" indicates existing wells within the surrounding area.

- A. There is drilling activity within a one mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the drill site.

4. **LOCATION OF EXISTING OR PROPOSED FACILITIES:**

- A. There are no production facilities on the site at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is production oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. **CEMENTING PROGRAM:**

SURFACE CASING: 13-3/8" circulate cement 550-700 SXS.

INTERMEDIATE CASING: 9-5/8" circulate cement 800-1100 SXS.

PRODUCTION STRING: 5-1/2" circulate cement off DV Tool (2-stage) @ approximate 9100' and bring cement back inside 9-5/8" intermediate.

6. **MUD PROGRAM AND AUXILIARY EQUIPMENT:**

<u>INTERVAL</u>	<u>TYPE</u>	<u>WT PPG</u>	<u>VIS</u>	<u>FLUID LOSS</u>
0-475'	FW	8.6-9.8	32-40	N/C
475-2400'	FW <i>FW</i>	10-10.3	28	N/C
2400-12100'	SW Gel/Starch	9.4-9.8	32-40	10CC

Sufficient mud materials to maintain mud properties, control lost circulation will be available at the well site drilling operations. Rig Personnel will check the mud history.

7. **EVALUATION PROGRAM:**

SAMPLES: 2400' – 12100' (TD)

LOGGING: Mud Logger (1-man) 2500' – TD
G/R 0' – TD
Porosity and Resistivity 2500' – TD

8. **ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE AND POTENTIAL HAZARDS:**

ANTICIPATED BHP:

0-475' 200 PSI MAX
475-2400' 500 PSI MAX
2400'-TD 5000 PSI MAX

ABNORMAL PRESSURES ANTICIPATED: NONE

LOST CIRCULATION ZONES ANTICIPATED: NONE

H2S ZONE ANTICIPATED: NONE

MAX BOTTOM HOLE TEMPERATURE: 165° F

9. **ANTICIPATED STARTING DATE:**

Plans are to drill this well as soon as possible after APD approval. The drilling phase is estimated at 41 days and the completion phase is estimated at 10-20 days.

10. **OTHER INFORMATION:**

A. Topography: Refer to the existing archaeological report dated January 19, 2004 (BAS 01-04-09) for a description of the Topography, Flora, Fauna, Soil Characteristics, Dwellings, Historical and Cultural Sites. (See Exhibit E)

B. The primary surface use is grazing.

11. **OPERATORS REPRESENTATIVE:**

Nelson Muncy, PELS
Exploration and Operations Manager
Myco Industries, Inc.
P.O. Box 840, Artesia, NM 88210
Phone: 505.748.4288
505.748.4289
505.365.8840 (cell)

12. **CERTIFICATION:**

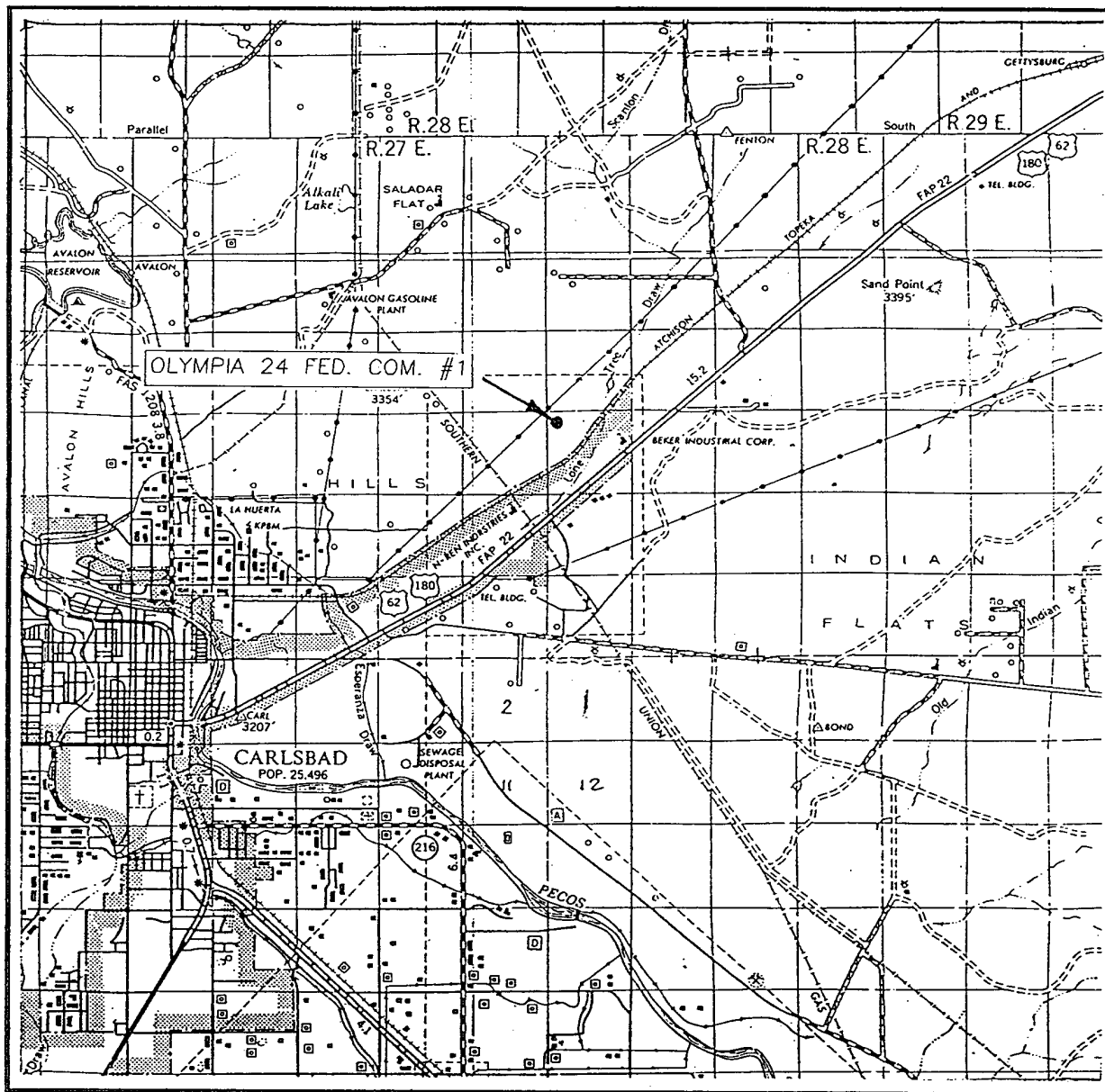
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; I am familiar with the conditions which presently exist; that the statements in this plan are, to the best of my knowledge, true and correct. The work associated with these operations will be performed by Myco Industries, Inc., and its subcontractors in conformity with this plan and the terms and conditions of its approval. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

January 20, 2004
Date

A.N. Muncy, PELS

A.N. MUNCY, PELS
EXPLORATION AND OPERATIONS MANAGER

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 24 TWP. 21-S RGE. 27-ESURVEY N.M.P.M.COUNTY EDDYDESCRIPTION 660' FNL & 660' FWLELEVATION 3170'OPERATOR MYCO INDUSTRIES, INC.LEASE OLYMPIA 24 FEDERAL COM.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117



CONTOUR INTERVAL: 10'
CARLSBAD EAST, N.M.

SEC. 24 TWP. 21-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 660' FWL

ELEVATION 3170'

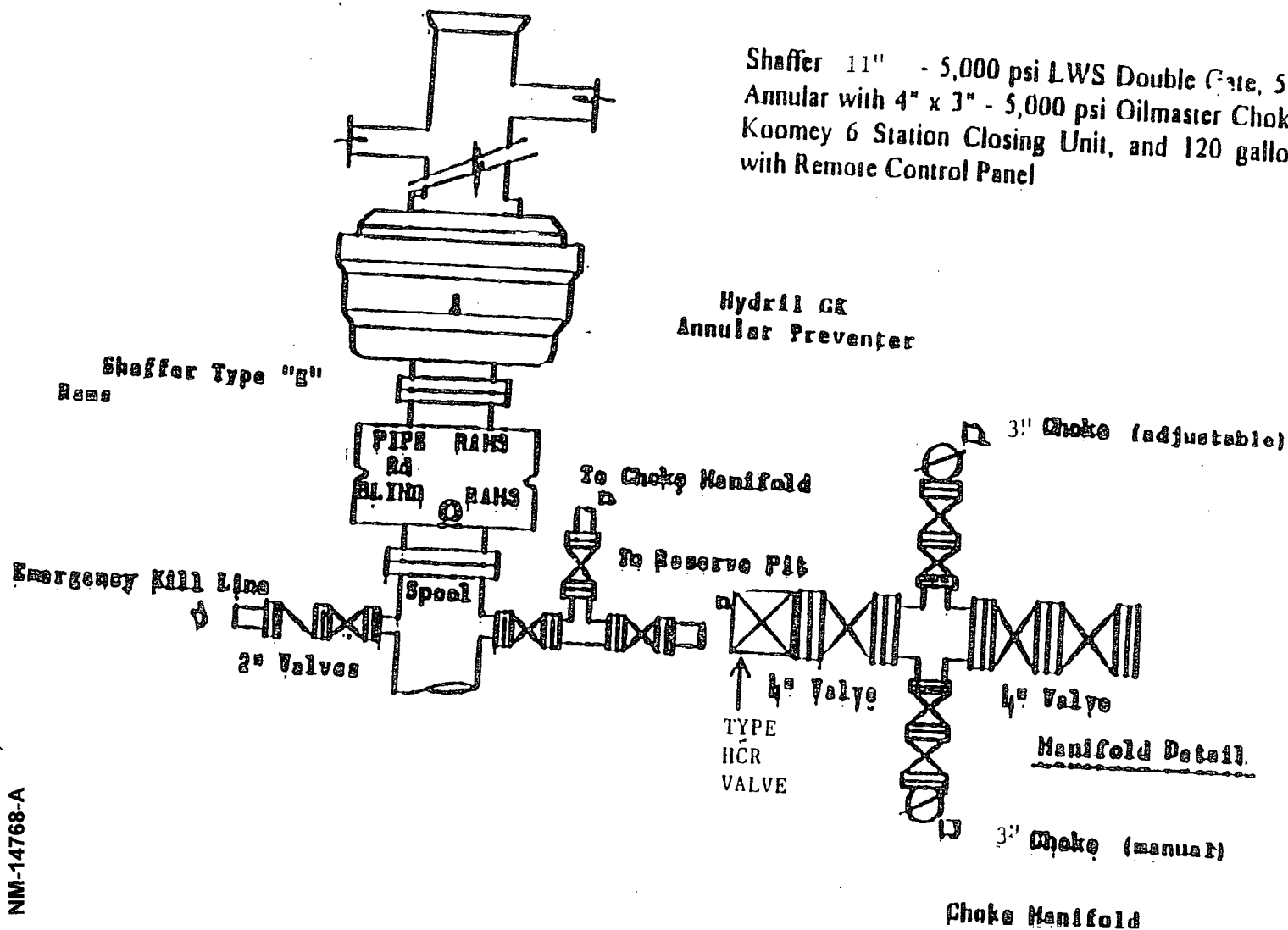
OPERATOR MYCO INDUSTRIES, INC.

LEASE OLYMPIA 24 FEDERAL COM.

U.S.G.S. TOPOGRAPHIC MAP
CARLSBAD EAST, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

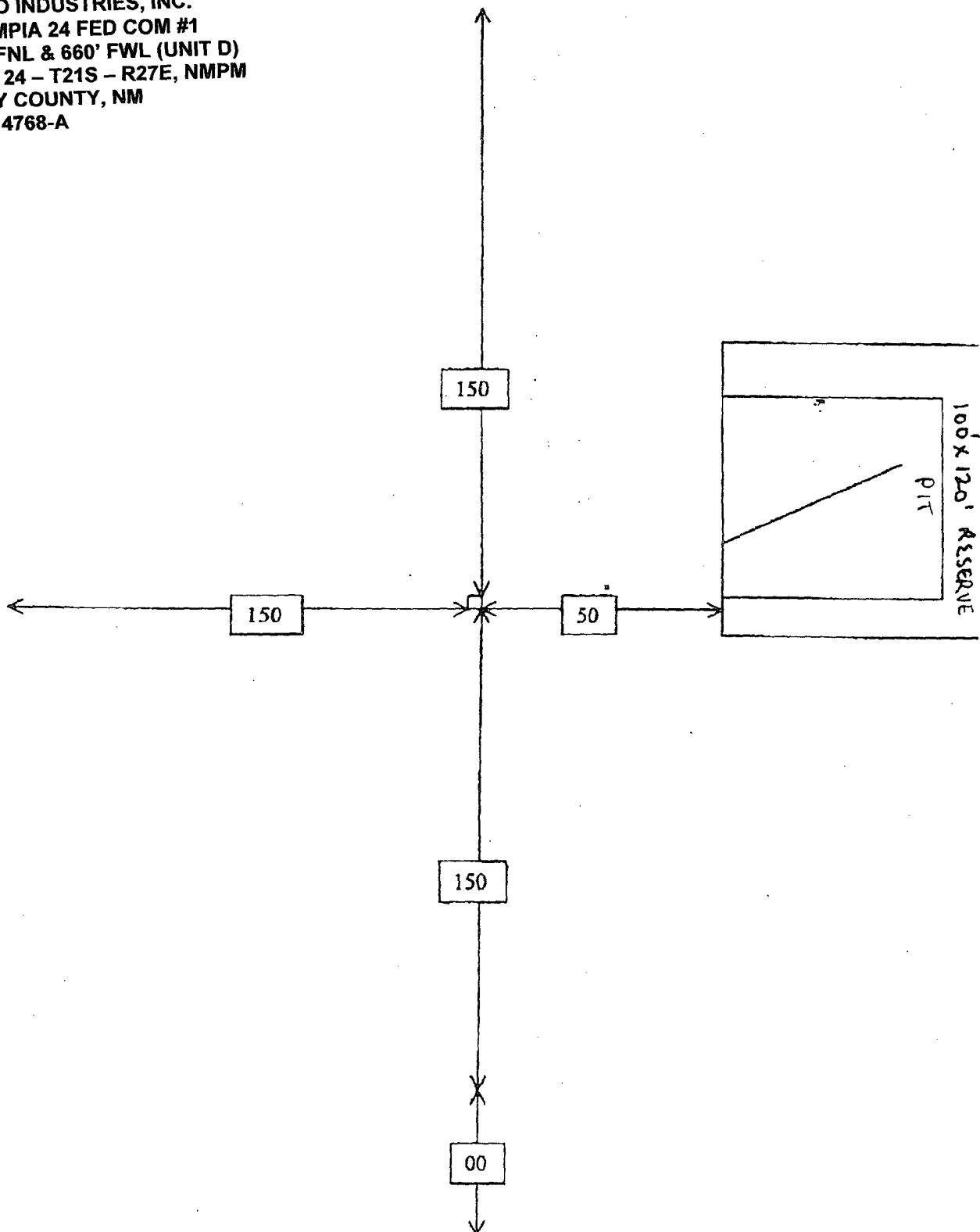
BLOWOUT PREVENTOR SCHEME

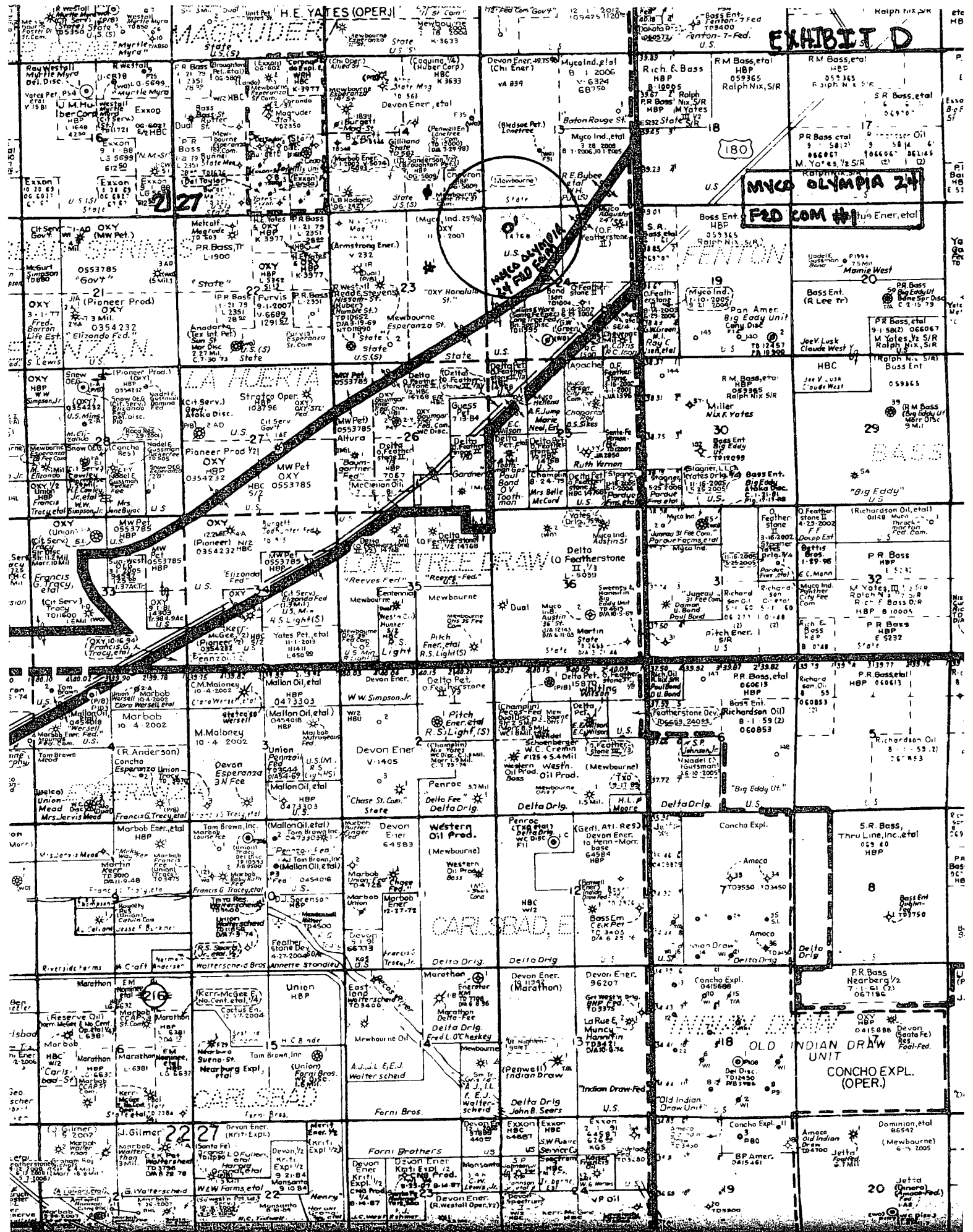


MYCO INDUSTRIES, INC.
OLYMPIA 24 FED COM #1
660' FNL & 660' FWL (UNIT D)
SEC. 24 - T21S - R27E, NMPM
EDDY COUNTY, NM
NM-14768-A

EXHIBIT "C"

MYCO INDUSTRIES, INC.
OLYMPIA 24 FED COM #1
660' FNL & 660' FWL (UNIT D)
SEC. 24 - T21S - R27E, NMPPM
EDDY COUNTY, NM
NM-14768-A







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

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

LEASE NUMBER: NM-14768-A

BOND COVERAGE: STATEWIDE BONDED

LEGAL DESCRIPTION OF LAND:

BLM BOND FILE NUMBER: 58 59 71

Formation (s) (if applicable)

N/A

MYCO INDUSTRIES, INC.

DATE: 1.22.2004

Myco's Reference (well name): Olympia 24 Fed Com #1