

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

RECEIVED

Submit to appropriate District Office

OCT 28 2004

☐ AMENDED REPORT

ARTESIA

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, NEW MEXICO 88211		² OGRID Number 015445
³ Property Code	³ Property Name PANTHER CITY 31 FEE COM	⁴ API Number 30 - 015 - 33699
⁵ Proposed Pool 1 CARLSBAD MORROW, EAST		⁶ Well No. #1
⁷ Proposed Pool 2		

Surface Location

UL or lot no. A	Section 31	Township 21S	Range 28E	Lot Idn	Feet from the 660'	North/South line NORTH	Feet from the 660'	East/Westline EAST	County EDDY
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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
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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 3141'
¹⁶ Multiple N	¹⁷ Proposed Depth 12,100'	¹⁸ Formation MORROW	¹⁹ Contractor NABORS DRLG	²⁰ Spud Date 12/28/2004
Depth to Groundwater 350-400'		Distance from nearest fresh water well > 1 MILE		Distance from nearest surface water > 1 MILE
Pit: Liner: Synthetic ☒ 20 mil thick Clay ☐ Pit Volume: _____ bbls Drilling Method: _____				
Closed-Loop System ☐ Fresh Water ☒ Brine ☐ Diesel/Oil-based ☐ Gas/Air ☐				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-13/8"	48.0#	475'	500	CIRCULATE
12-1/4"	9-5/8"	36.0#	2200'	900	CIRCULATE
8-3/4"	5-1/2"	17.0#	12100'	2000	CIRCULATE
					2-STAGE

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.

*NOTE: WILL RUN FLUID CALIPER ON ALL STRINGS

NOTE ATTACHED APPLICATION FOR DRILLING - PROCEDURE

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 NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☒.

OIL CONSERVATION DIVISION

Approved by:

TIM W. GUM

Printed name: A.N. MUNCY

A.N. Muncy, PELS

Title:

DISTRICT II SUPERVISOR

Title: EXPL./OPER. MGR.

Approval Date:

OCT 29 2004

Expiration Date: OCT 29 2005

E-mail Address: anmuncy@mycoinc.com

Date: 10/28/2004

Phone: (505)748-4289

Conditions of Approval Attached ☐

**MYCO INDUSTRIES, INC.
PANTHER CITY 31 FEE COM #1
660' FNL & 660' FEL (UNIT A)
E/2 OF SEC. 31-T21S-R28E
EDDY COUNTY, NEW MEXICO**

APPLICATION FOR DRILLING - PROCEDURE

1. The estimated tops of geologic markers are as follows:

Bell Canyon	2650'	Atoka	11,000'
Brushy Canyon	3980'	Morrow "A"	11,400'
Bone Spring LS	5500'	Morrow "B"	11,500'
Wolfcamp	9050'	Morrow "C"	11,750'
Strawn	10,400'	TD	12,100'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water:	350' – 400'
Oil or Gas:	9700' – 11,950'

3. Pressure Control Equipment: BOPE will be installed on the 9-5/8" casing and rated for 5000 BOP. Systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report.

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when Kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

- A. Casing Program: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft.</u>	<u>Grade</u>	<u>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48.0#	H-40	8R	ST&C	0-475'	475'
12 1/4"	9 5/8"	36.0#	J-55	8R	LT&C	0-2200'	2200'
8 3/4"	5 1/2"	17.0#	K/N-80	8R	LT&C	0-12100'	12100'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8

- B. Cementing Program:

Surface Casing: 13 3/8" casing circulate cement 500 sacks.

Intermediate Casing: 9 5/8" casing circulate cement 900 sacks.

Production Casing: 5 1/2" casing circulate cement 2000 sacks, (2-Stage)

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
Spud to 475'	FW	8.6 – 9.8	32-40	N/C
475' – 2200'	FW	10.0 – 10.3	28	N/C
2200' – TD	SW Gel/Starch	9.4 – 9.8	32-40	10cc

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 2500' to TD (12,100')

Logging: Mud Logger (1-man); 2500'-TD *GR 0'-TD, Porosity & Resistivity 2500'-TD

Coring: None anticipated

DST's: None anticipated

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:

From: 0 TO: 425' Anticipated Max. BHP: 200 PSI

From: 425' TO: 2200' Anticipated Max. BHP: 500 PSI

From: 2200' TO: TD Anticipated Max. BHP: 5000 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 170° F

8. ANTICIPATED STARTING DATE:

Plans are to drill spud this well approximately December 28, 2004. It should take approximately 40 days to drill the well with completion taking another 10-20 days.

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1625 N. FRENCH DR., HOBBBS, 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

OIL CONSERVATION DIVISION

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

Form C-102

Revised JUNE 10, 2003

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	Pool Name
Property Code	Property Name PANTHER CITY 31 FEG. COM	Well Number 1
OGRID No.	Operator Name MYCO INDUSTRIES, INC.	Elevation 3141'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	21-S	28-E		660	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

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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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

LOT 1									
LOT 2									
LOT 3									
LOT 4									

GEODETIC COORDINATES
NAD 27 NME
Y=524582.6 N
X=566105.4 E
LAT.=32°26'31.23" N
LONG.=104°07'08.59" W

(E|2)

3142.2' 3144.5'
600' 660'
3138.7' 3142.2'

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

A.N. Muncy, PELS
Signature
A.N. MUNCY
Printed Name
EXPLO.-OPR. M6R.
Title
10-28-2004
Date

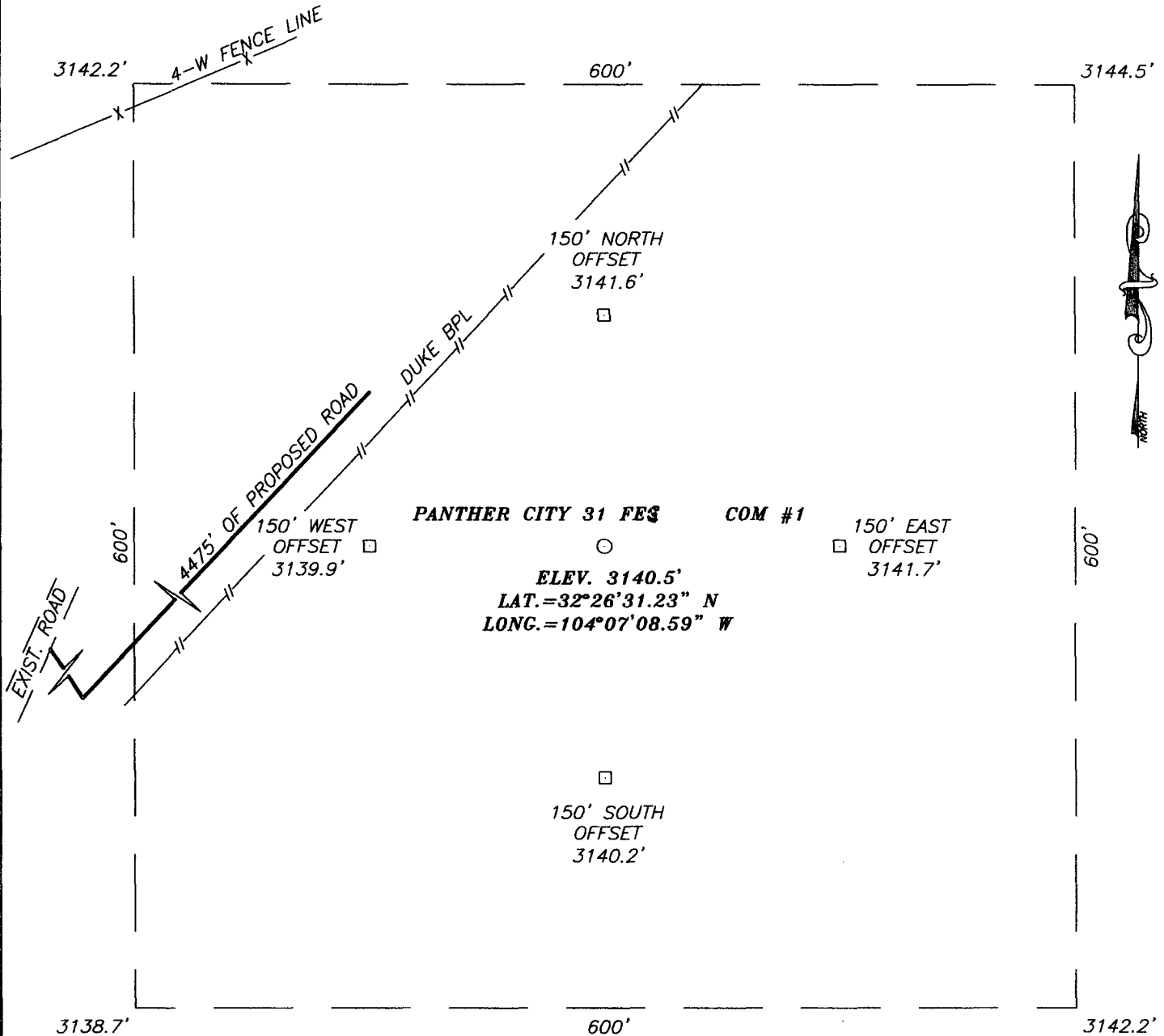
SURVEYOR CERTIFICATION

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.

OCTOBER 19, 2004

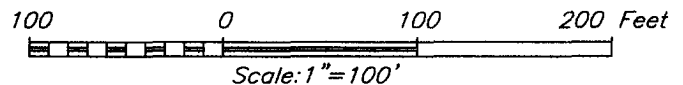
Date Surveyed
Signature & Seal of Professional Surveyor
GARY EIDSON
10/26/04
04.11.1369
Certificate No. **GARY EIDSON** 12641

SECTION 31, TOWNSHIP 21 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



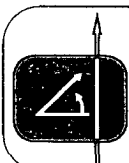
DIRECTIONS TO LOCATION

AT MILE MARKER 42.5± ON U.S. HWY. 62-180
 GO SOUTHEAST ON GOOD CALICHE ROAD 1.75
 MILES TO A CALICHE ROAD ON THE RIGHT. TURN
 RIGHT AND GO SOUTHWEST 0.4 MILES TO WHERE
 ROAD TURNS LEFT. CONTINUE SOUTHEAST ON TWO
 TRACT ROAD (ALONG DUKE BPL) FOR 1650' TO
 PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY
 SOUTHWEST FOR 920' TO A ROAD P.I. THEN TURN
 SOUTH AND FOLLOW ROAD SURVEY 300' TO THIS
 LOCATION.



MYCO INDUSTRIES, INC.

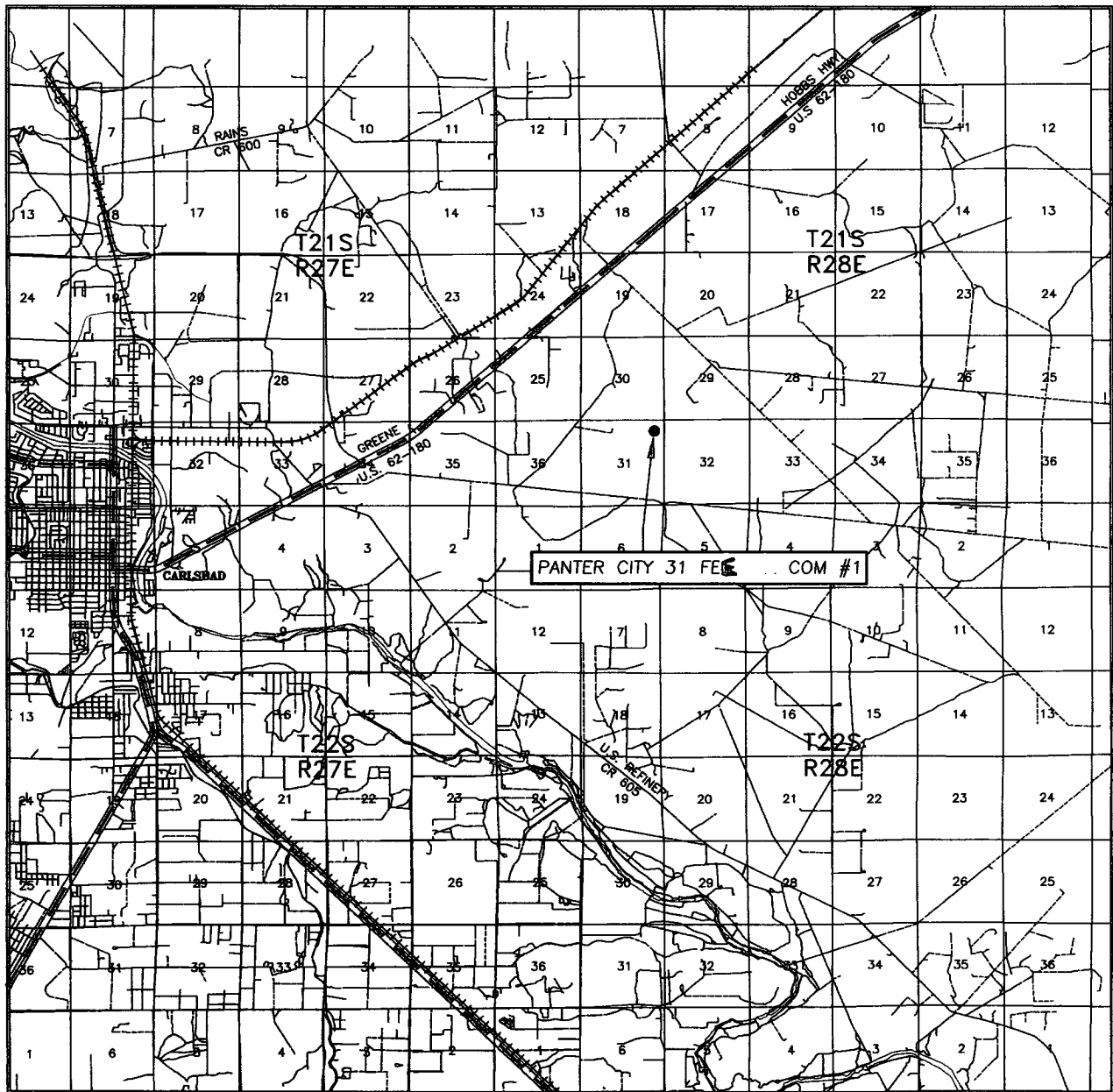
PANTHER CITY 31 FES COM #1 WELL
 LOCATED 660 FEET FROM THE NORTH LINE
 AND 660 FEET FROM THE EAST LINE OF SECTION 31,
 TOWNSHIP 21 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

Survey Date: 10/19/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.1369	Dr By: LA
Date: 10/25/04	Disk: CD#3
04111369	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 31 TWP. 21-S RGE. 28-E

SURVEY N.M.P.M.

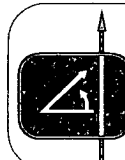
COUNTY EDDY

DESCRIPTION 660' FNL & 660' FEL

ELEVATION 3141'

OPERATOR MYCO INDUSTRIES, INC.

LEASE PANTER CITY 31 FE COM

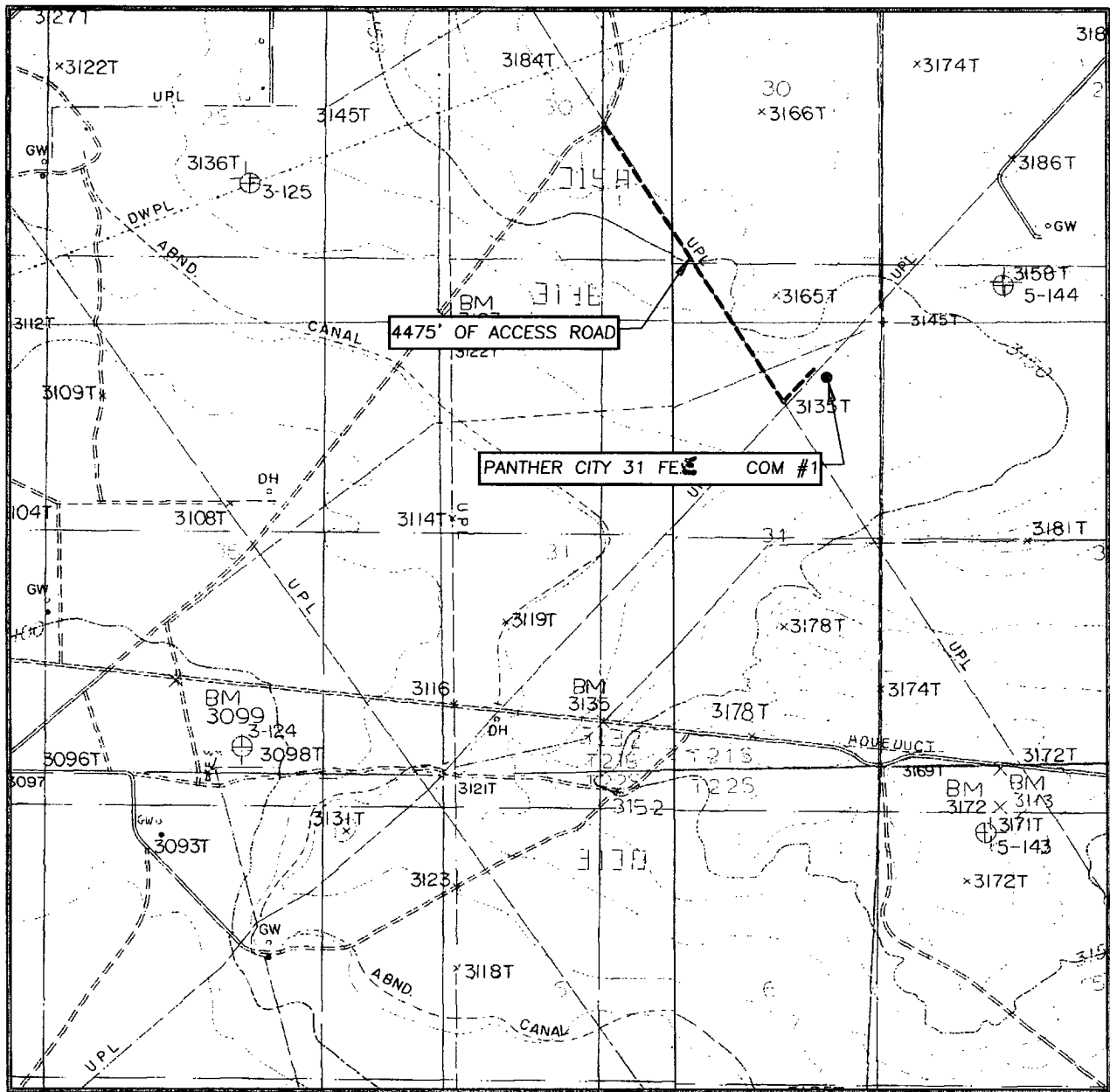


PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEC. 31 TWP. 21-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY

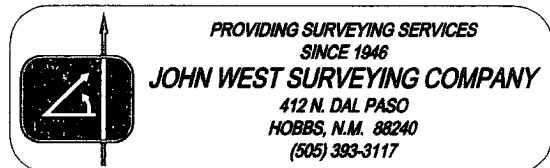
DESCRIPTION 660' FNL & 660' FEL

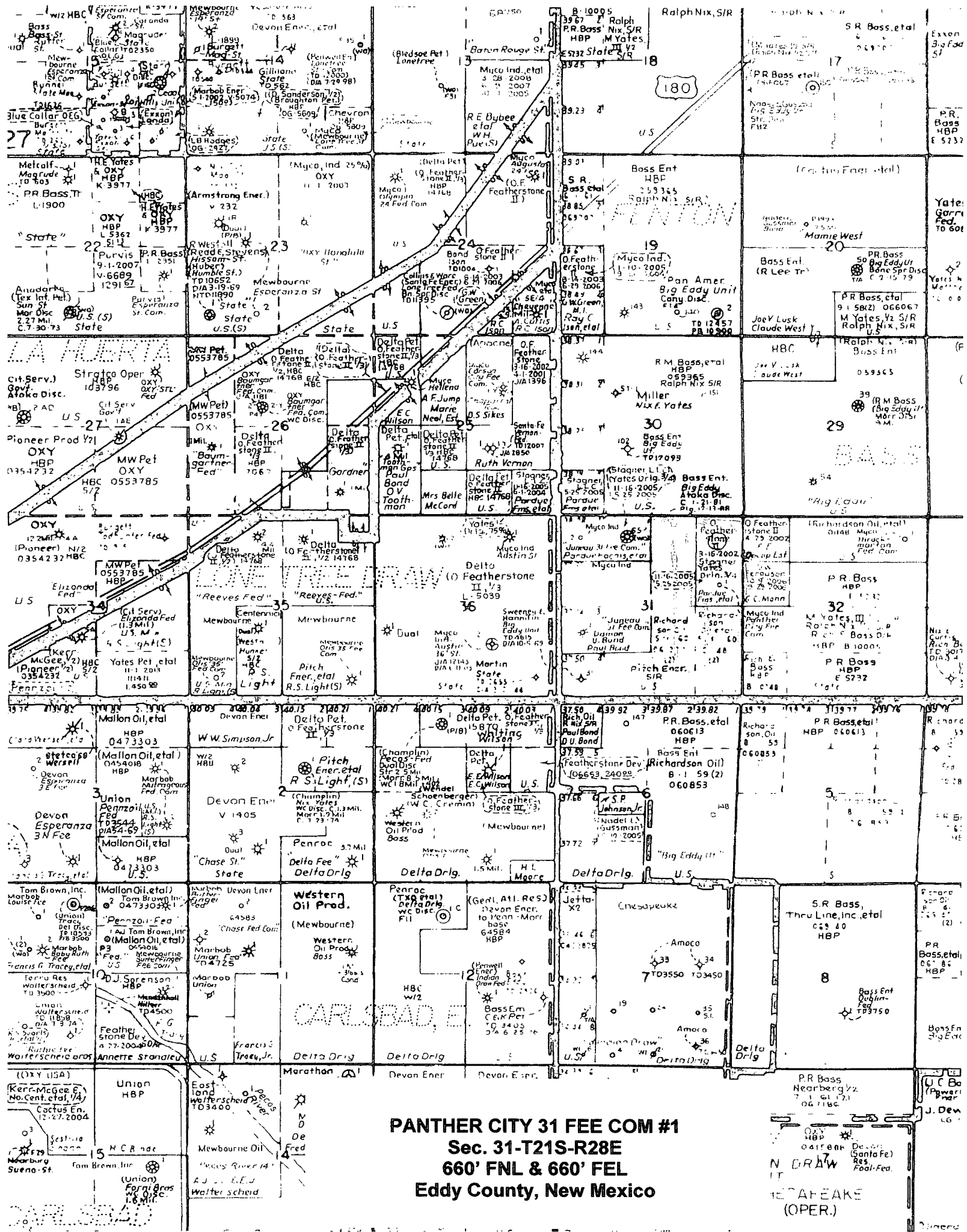
ELEVATION 3141'

OPERATOR MYCO INDUSTRIES, INC.

LEASE PANTHER CITY 31 FEE COM

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

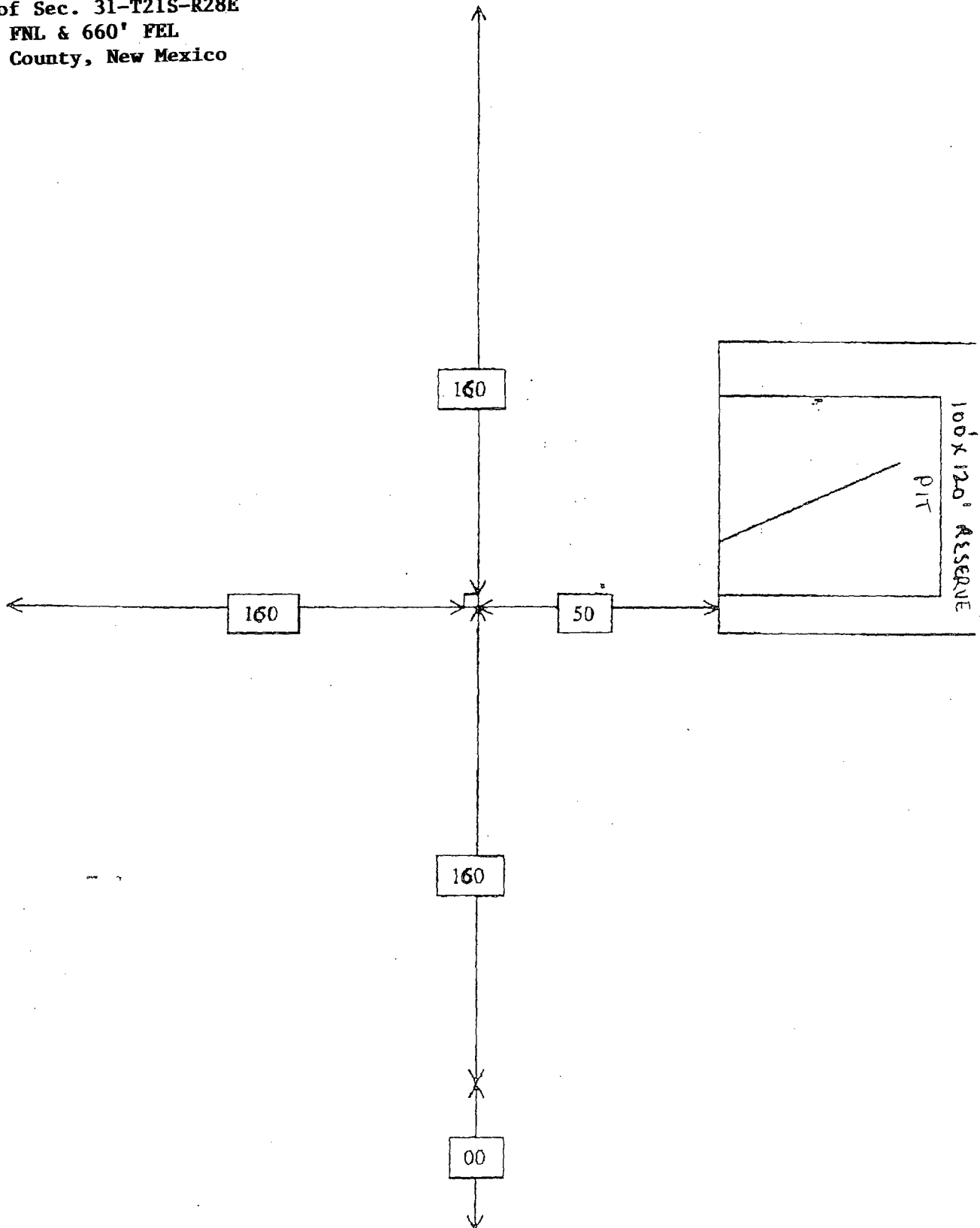




PANTHER CITY 31 FEE COM #1
Sec. 31-T21S-R28E
660' FNL & 660' FEL
Eddy County, New Mexico

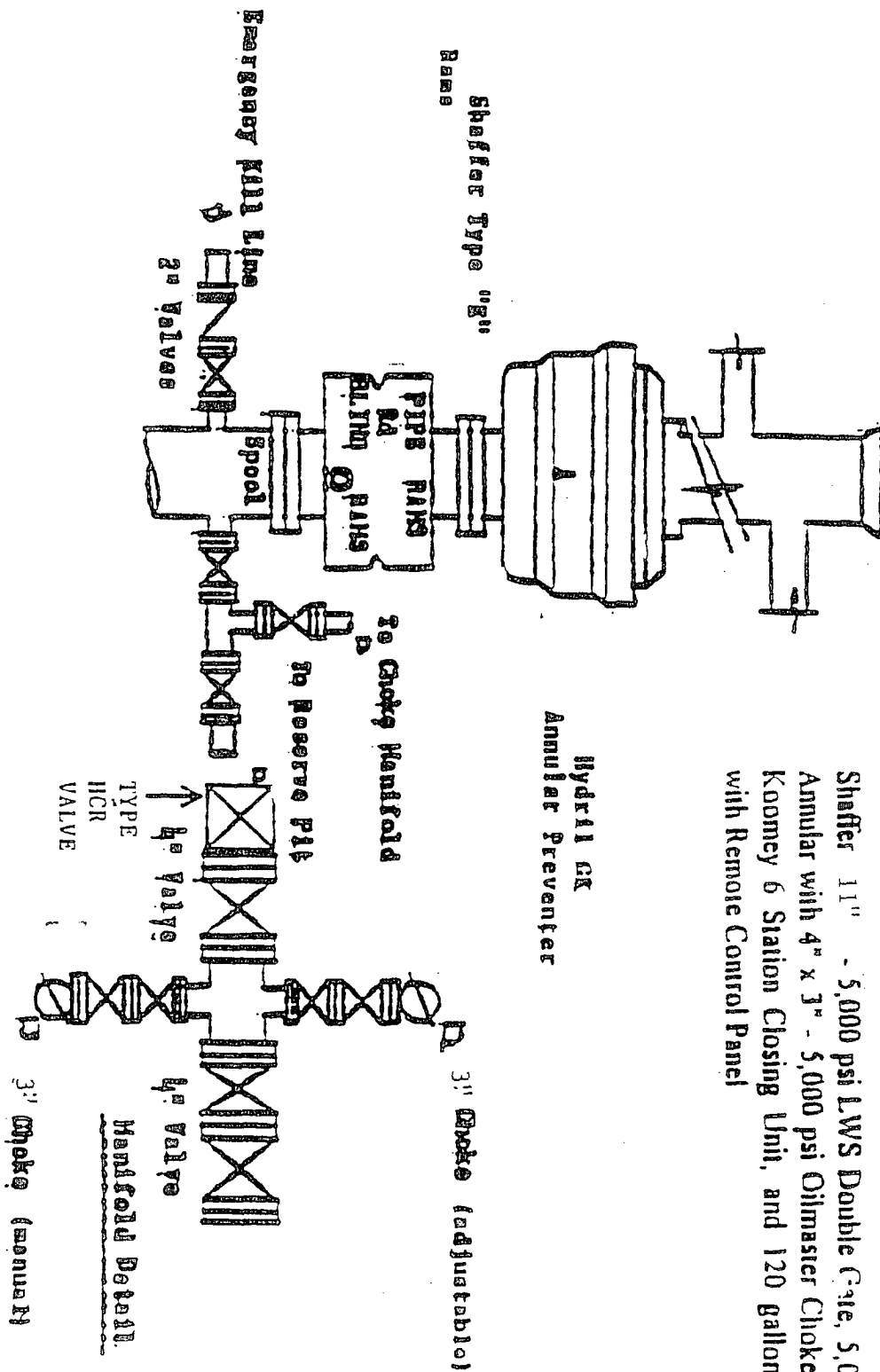
OPER.

Panther City 31 Fee Com #1
E/2 of Sec. 31-T21S-R28E
660' FNL & 660' FEL
Eddy County, New Mexico



BLINDING PREVENTION SCHEME

Panther City 31 Fee Com #1
E/2 of Sec. 31-T21S-R28E
660' FNL & 660' FEL
Eddy County, New Mexico



Shafter 11" - 5,000 psi LWS Double Gate, 5,000 psi Shafter Annular with 4" x 3" - 5,000 psi Oilmaster Choke Manifold and Koomey 6 Station Closing Unit, and 120 gallon Accumulator with Remote Control Panel

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

April 14, 2004

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

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

Companies included in this plan are:

1. Yates Petroleum Corporation
2. Yates Drilling Company
3. Abo Energy Company
4. Myco Industries
5. Agave Energy Company

Yates Petroleum Corporation Et Al is requesting approval to construct, use and close the above described pits, as per the attached diagrams the aforementioned pits will be lines as required, according to the rules and guidelines as set forth in Pit Rule 50.

The attached diagrams are standard pits used on all Yates Petroleum Et Al drilling and workover operations, minor changes may be needed from time to time to work safely with the terrain and environmental conditions on a site-specific basis.

All pits will be constructed to prevent contamination of fresh waters, human health, and the environment.

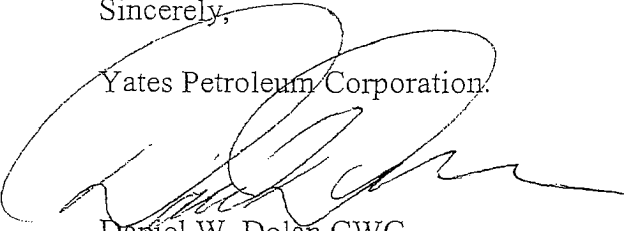
During operations, all pits will be fenced as required to maintain safety for livestock and wildlife.

When the pit is no longer used, it will be closed according to all applicable rules of the OCD, and all required reports will be submitted at that time.

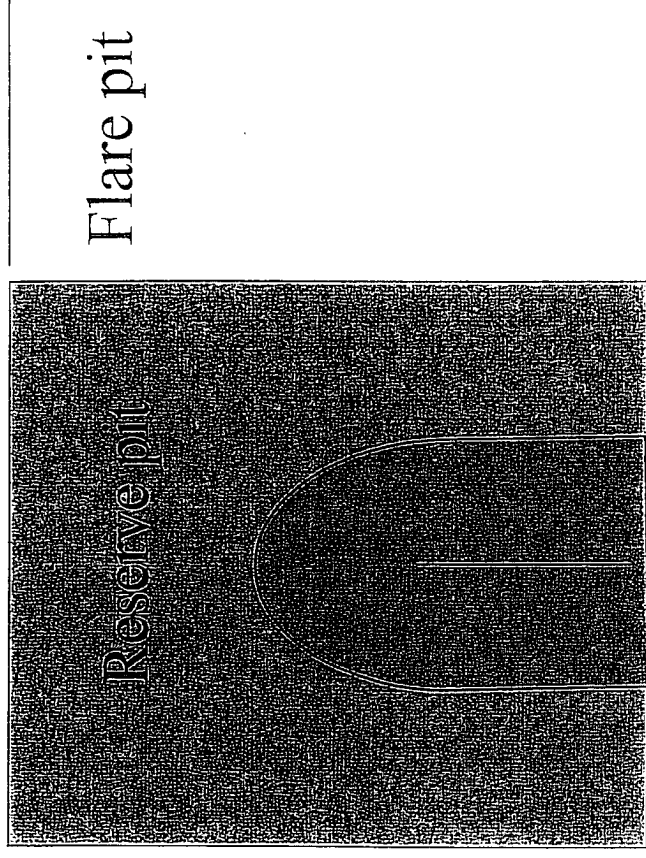
If we can be further assistance, please feel free to call (505) 748-4181.

Sincerely,

Yates Petroleum Corporation.



Daniel W. Dolan CWC
Environmental Field Tech.



Standard reserve pit. All Reserve pits are double
Horse shoe size varies with depth of well

Figure "A"

Built with Dozer
2-Blades wide
60' Long
4' or 5' Deep

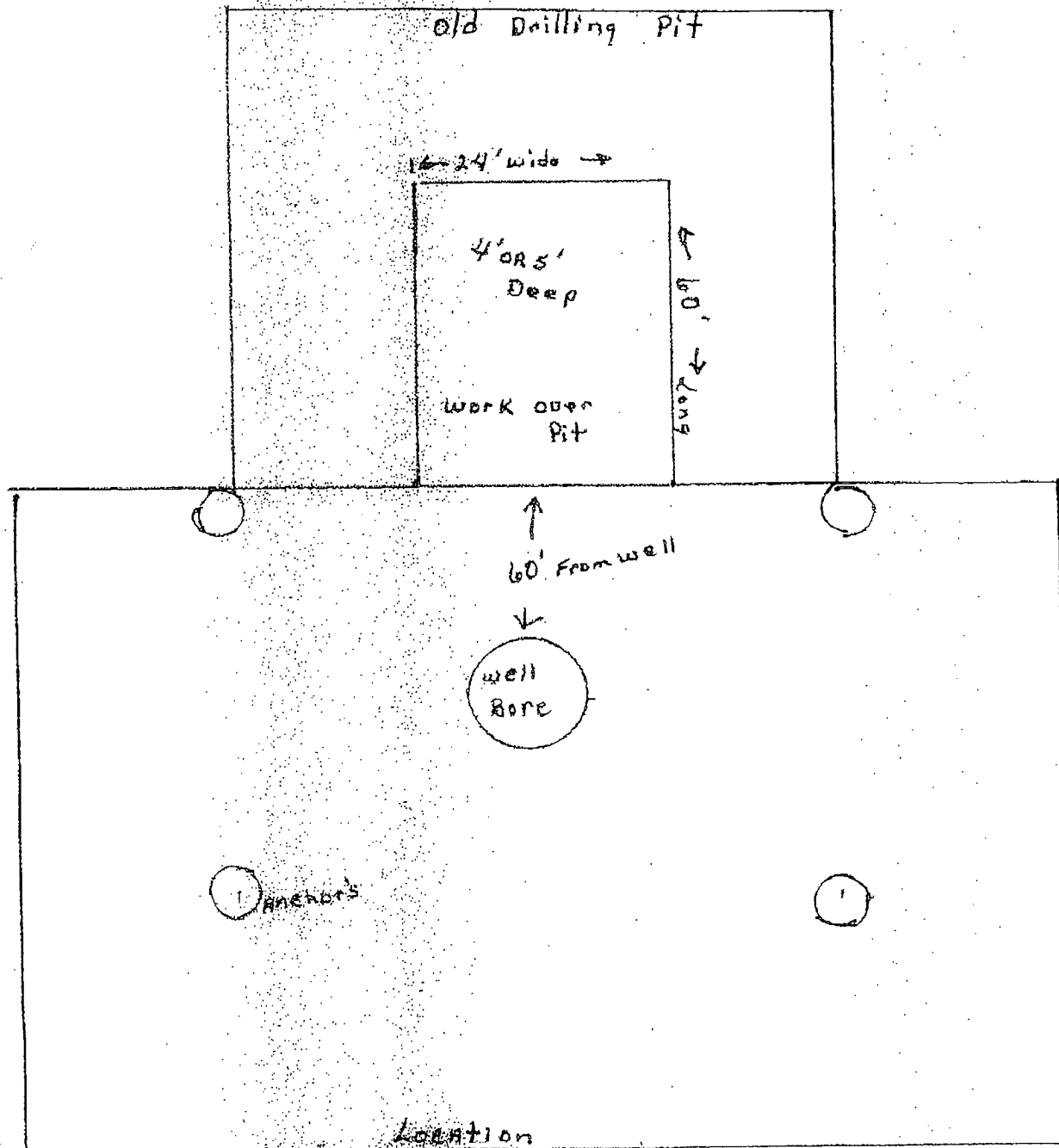


Figure "B"

Built with Dozier
1/8" blade wide
60' Long
4' to 5' Deep

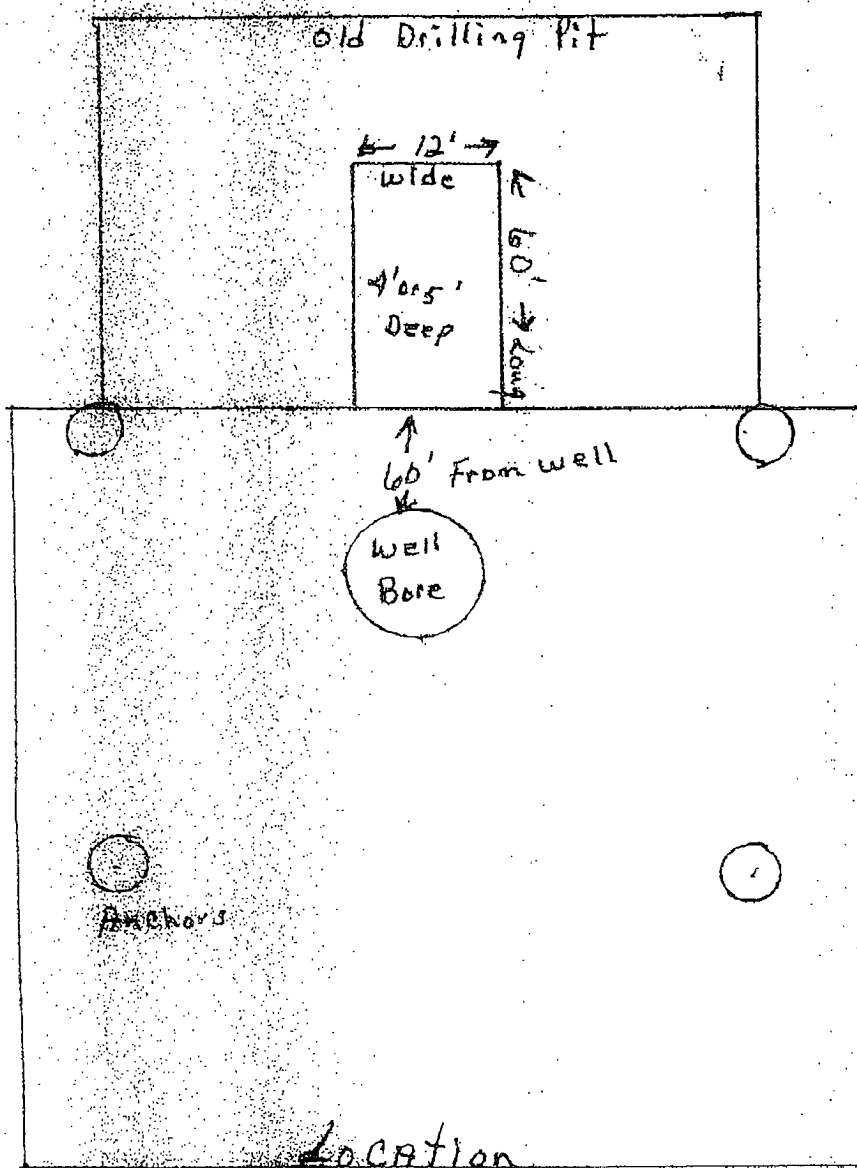


Figure "C"

Built with Backhoe
15' X 15' X 6'
Long - Wide - Deep

