

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 22 2008

Submit to appropriate District Office

OCD-ARTESIA

☐ 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 |
| ³ Property Code 35683 | ⁵ Property Name STARR 34 FEE | ⁴ API Number 30 - 005 - 64023 |
| ⁹ Proposed Pool 1 COTTONWOOD CREEK; WOLFCAMP | | ⁶ Well No. #3H |
| ¹⁰ Proposed Pool 2 | | |

⁷ Surface Location

| | | | | | | | | | |
|--------------------|---------------|-----------------|--------------|---------|------------------------|---------------------------|-----------------------|-----------------------|------------------|
| UL or lot no. H | Section 34 | Township 15S | Range 24E | Lot Idn | Feet from the 2598' | North/South line NORTH | Feet from the 201' | East/Westline EAST | County CHAVES |
|--------------------|---------------|-----------------|--------------|---------|------------------------|---------------------------|-----------------------|-----------------------|------------------|

⁸ Proposed Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|--------------------|---------------|-----------------|--------------|---------|------------------------|---------------------------|-----------------------|-----------------------|------------------|
| UL or lot no. L | Section 34 | Township 15S | Range 24E | Lot Idn | Feet from the 1980' | North/South line SOUTH | Feet from the 660' | East/Westline WEST | County 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 3556' |
| ¹⁶ Multiple NO | ¹⁷ Proposed Depth 9250' | ¹⁸ Formation WOLFCAMP | ¹⁹ Contractor | ²⁰ Spud Date 07/01/2008 |
| Depth to Groundwater 100' | | Distance from nearest fresh water well <1000' | | Distance from nearest surface water >1000' |
| Pit: Liner: Synthetic <input type="checkbox"/> milstuck Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: _____ Closed-Loop System <input checked="" 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 |
| | | | | | |
| | | | | | |

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 USING A CLOSED LOOP SYSTEM, NO DRYING PAD, ALL CUTTINGS WILL BE HAULED.

ATTACHED: PERMIT INFORMATION, C-102, H2S CONTINGENCY PLAN.

*NOTE: DETAILED WELL SURVEY PROFILE TO FOLLOW.

NOTE: NEW PIT RULE

| | | | |
|---|----------------------|--|--|
| 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 <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | | OIL CONSERVATION DIVISION | |
| Printed name A.N. MUNCY, PELS <i>anmuncy</i> | | Approved by <i>Don W. Gunn</i> | |
| Title: EXPLORATION/OPERATIONS MANAGER | | Title: <i>District Supervisor</i> | |
| E-mail Address anmuncy@mycoinc.com | | Approval Date: 5/29/08 Expiration Date: 5/29/10 | |
| Date: 05/21/2008 | Phone: (575)748-4289 | Conditions of Approval Attached <input type="checkbox"/> | |

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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 75250 | Pool Name |
| Property Code | Property Name STARR 34 FEE | Well Number 3H |
| OGRID No. 015445 | Operator Name MYCO INDUSTRIES, INC. | Elevation 3556' |

Surface Location

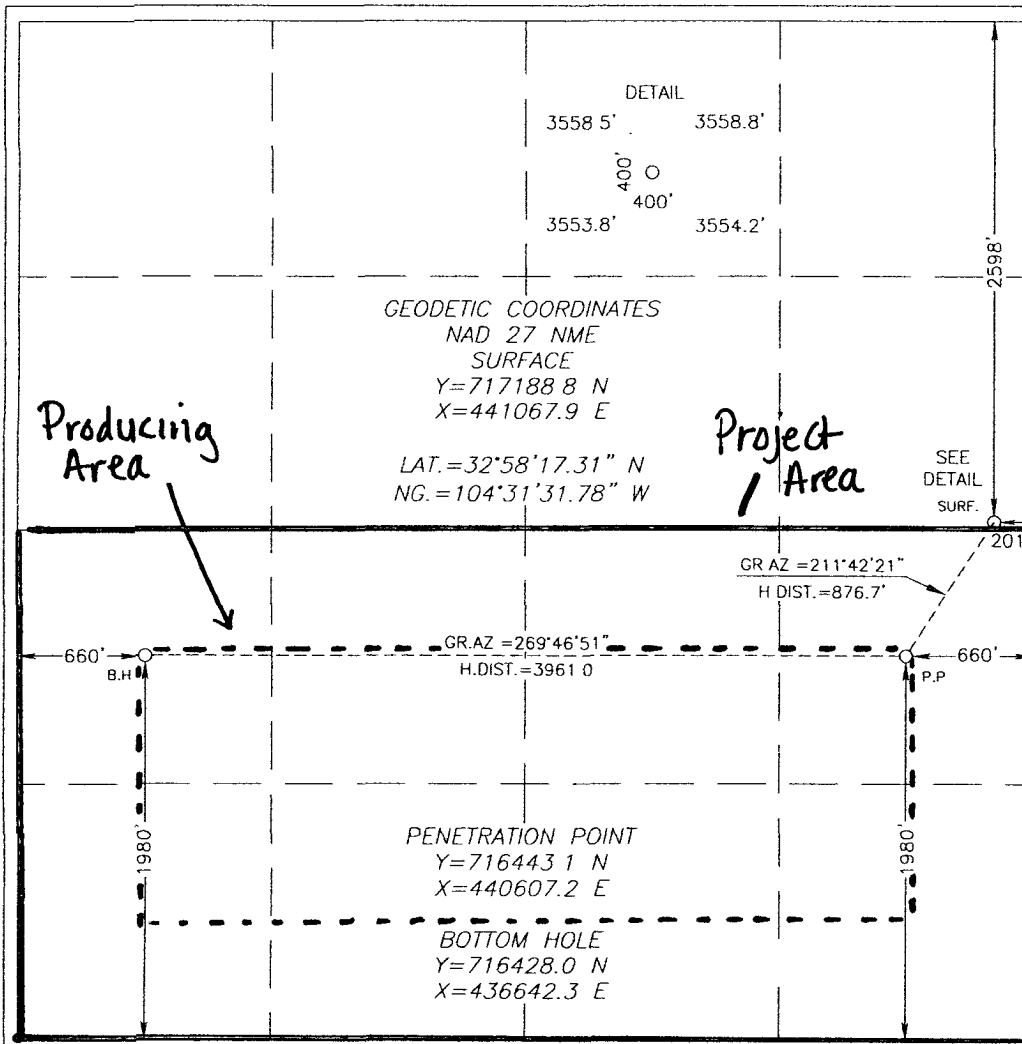
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 34 | 15-S | 24-E | | 2598 | NORTH | 201 | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L | 34 | 15-S | 24-E | | 1980 | SOUTH | 660 | WEST | CHAVES |

| | | | |
|------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 320 | 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



OPERATOR CERTIFICATION

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.

A. NIMMITY-PELS
Signature Date
A. NIMMITY 5/20/08
Printed Name

SURVEYOR CERTIFICATION

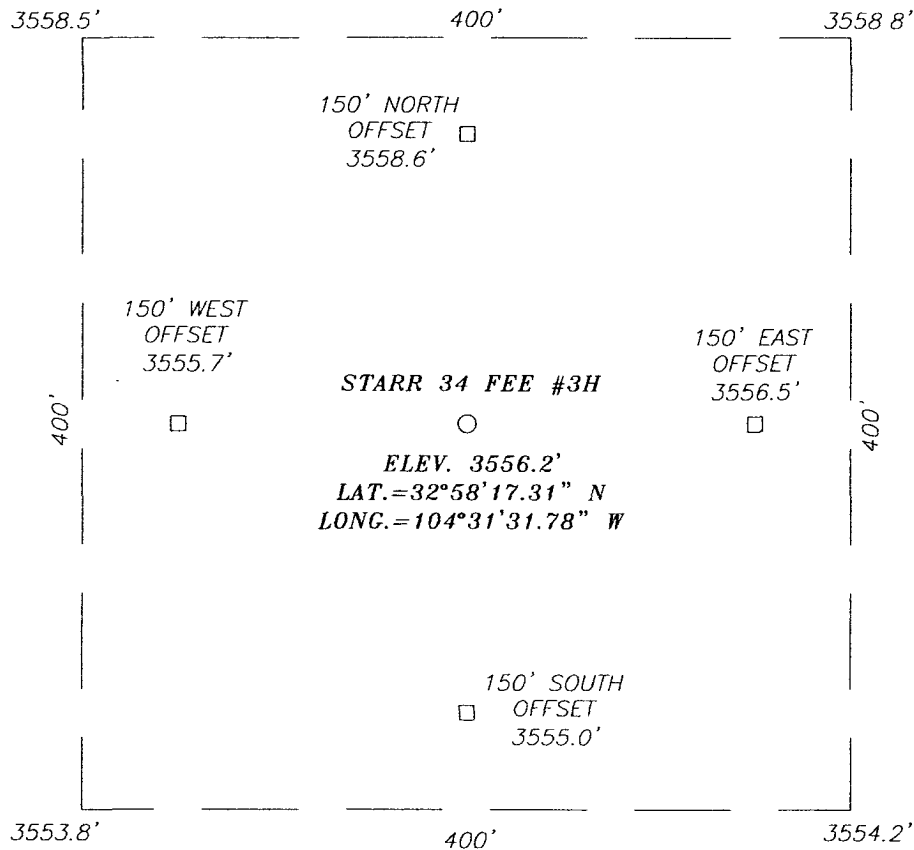
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Surveyed
Signature & Seal of Professional Surveyor
3239

Ronald J. Eidson
5/20/08
08-13-0784

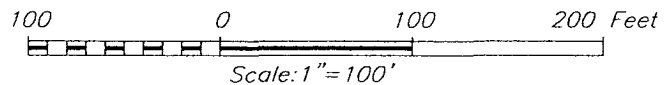
Certificate No. GARY EIDSON 12641
RONALD EIDSON 3239

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. TURN RIGHT AND GO NORTH APPROX. 0.6 MILES. THIS LOCATION IS APPROX. 200' WEST.



MYCO INDUSTRIES, INC.

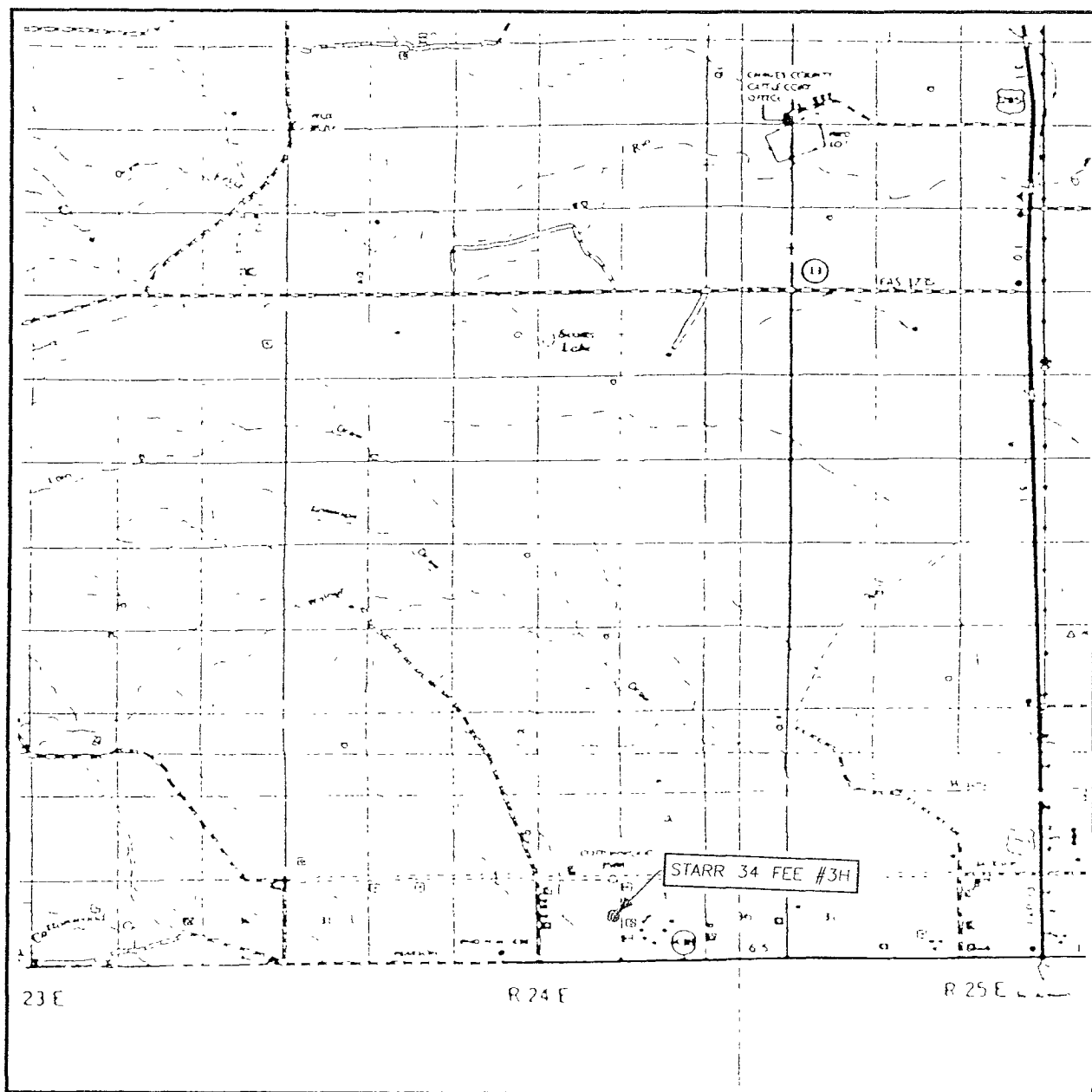
STARR 34 FEE #3H WELL
 LOCATED 2598 FEET FROM THE NORTH LINE
 AND 201 FEET FROM THE EAST LINE OF SECTION 34,
 TOWNSHIP 15 SOUTH, RANGE 24 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.

| | |
|------------------------|---------------------|
| Survey Date: 05/02/06 | Sheet 1 of 1 Sheets |
| W O Number: 08.13.0784 | Dr By: LA |
| Date: 5/20/08 | 08130784 |
| | Scale: 1"=100' |



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

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 2598' FNL & 201' FEL

ELEVATION 3556'

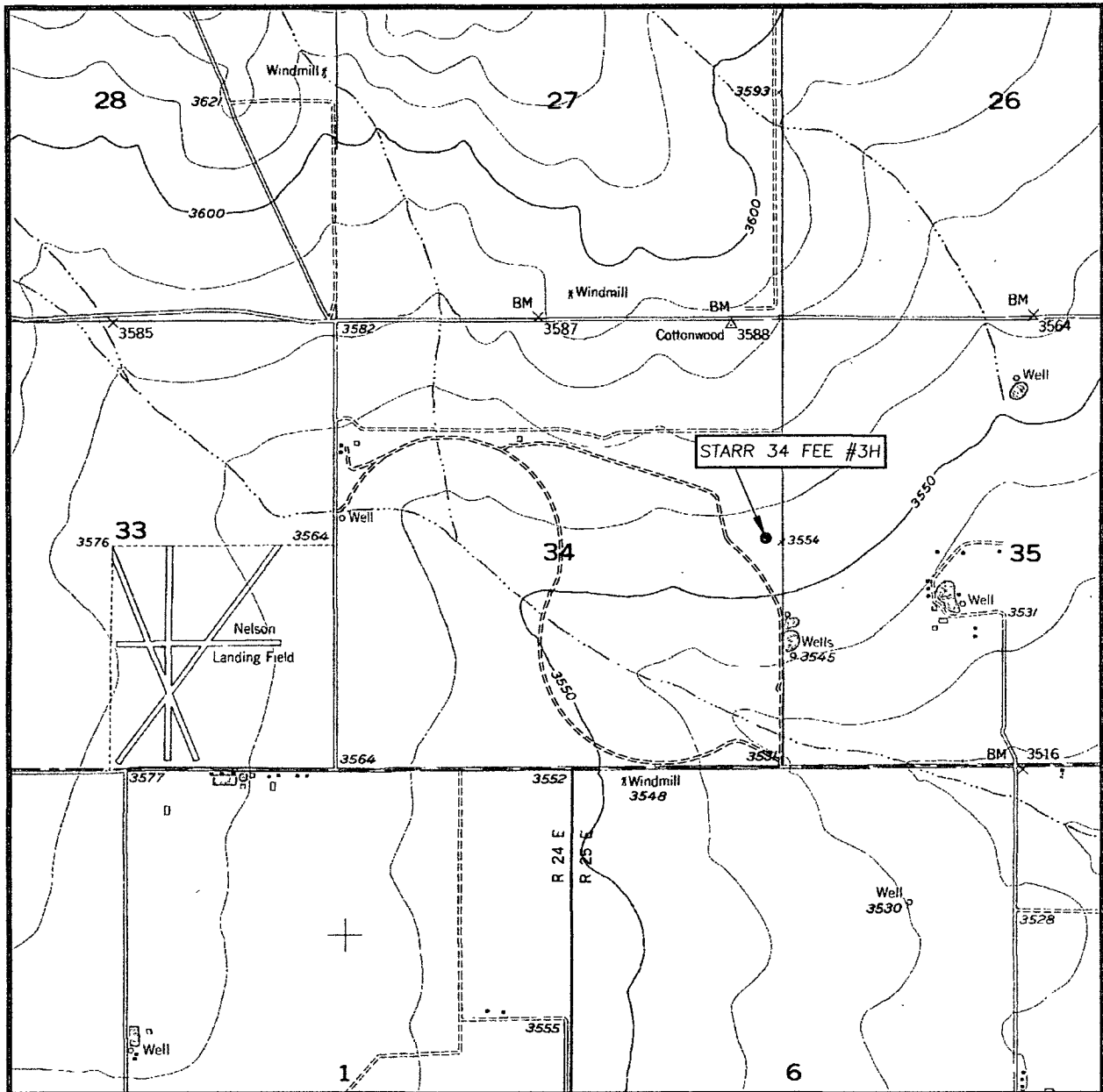
OPERATOR MYCO INDUSTRIES, INC

LEASE STARR 34 FEE



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:
HOPE NE, N.M. - 10'

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

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO


DESCRIPTION 2598' FNL & 201' FEL

ELEVATION 3556'

OPERATOR MYCO INDUSTRIES, INC.

LEASE STARR 34 FEE

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



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

MYCO INDUSTRIES, INC.

Well Name: Starr 34 Fee #3H

Location:

SL 2598' FNL & 201' FEL, Section 34, T-15-S, R-24-E, Chaves Co, NM

BHL 1980' FSL & 660' 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 |



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

May 21, 2008

New Mexico Oil Conservation Division
Kimberly Wilson
1301 W. Grand
Artesia, New Mexico 88210

Re: Myco Industries, Inc.
Starr 34 Fee #3H
H2S Contingency Plan

Dear Ms. Wilson:

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
Operations/Engineering Manager

ANM:hp
Enclosure

Myco Industries, Inc.

**423 W. Main Street
Artesia, NM 88210**

Hydrogen Sulfide (H₂S) Contingency Plan

For

Starr 34 Fee #3H

2598' FNL & 201' FEL (Surface)

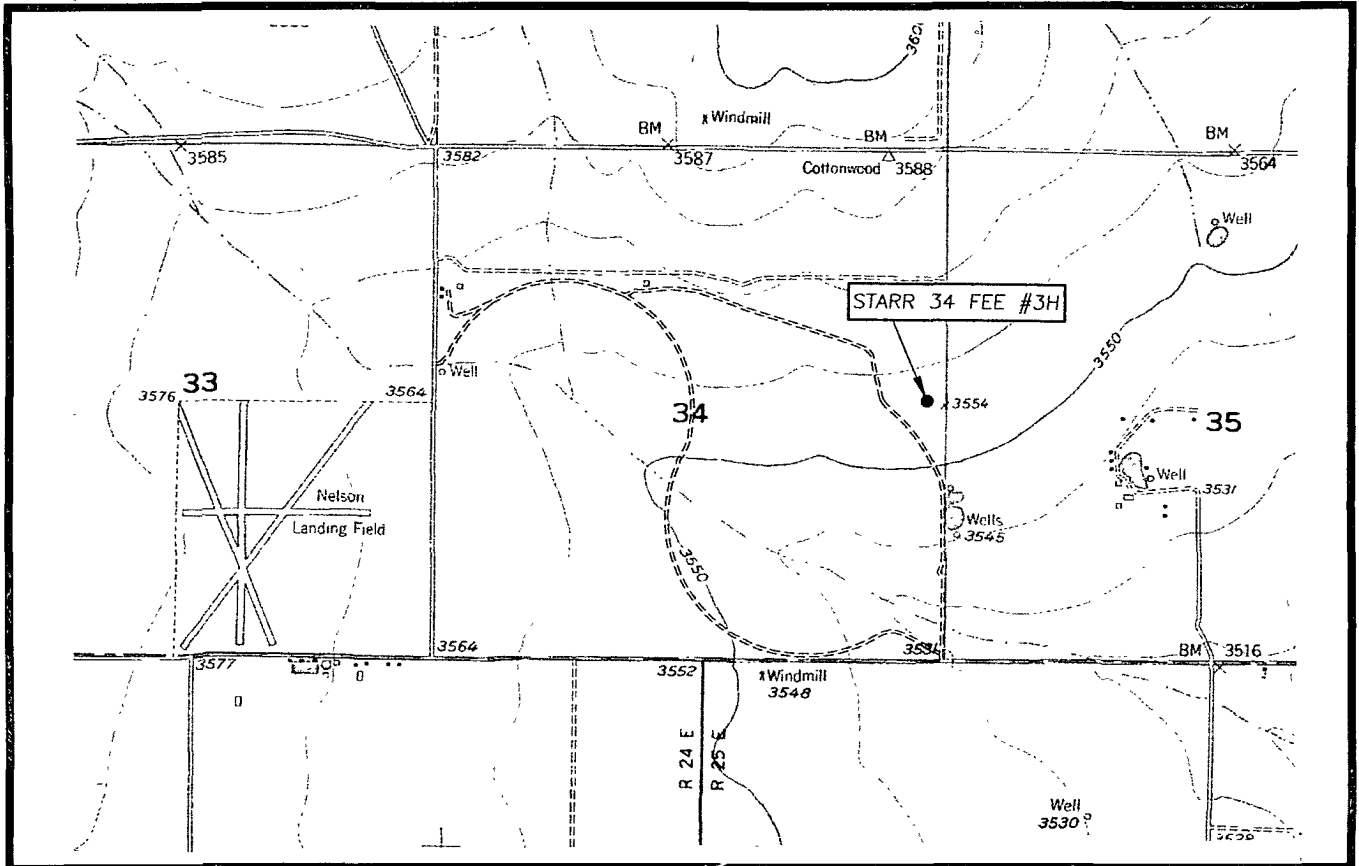
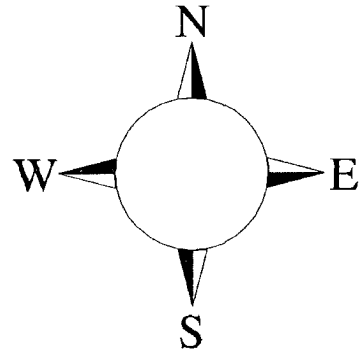
1980' FSL & 660' FWL (Bottom-Hole)

Sec-34, T-15S, R-24E

Chaves County NM

Starr 34 Fee #3H 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 ROE = 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 H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S 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 Concentration |
|------------------|------------------|------------------|-----------------|-----------------|----------------------|
| 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 | (575) 748-4280 |
| Nelson Muncy/Operations Engineering Manager | (575) 748-4289 |
| | (575) 308-3502 |
| Carlos Guerrero/Field Supervisor | (575) 746-7318 |
| | (575) 513-2492 |
| Artesia Answering Service | (575) 748-4302 |
| (During non-office hours) | |

Agency Call List

Eddy County (575)

Artesia

| | |
|---|----------|
| State Police | 746-2703 |
| City Police..... | 746-2703 |
| Sheriff's Office | 746-9888 |
| Ambulance..... | 911 |
| Fire Department | 746-2701 |
| LEPC (Local Emergency Planning Committee) | 746-2122 |
| NMOCD..... | 748-1283 |

Carlsbad

| | |
|--|----------|
| State Police | 885-3137 |
| City Police..... | 885-2111 |
| Sheriff's Office..... | 887-7551 |
| Ambulance..... | 911 |
| Fire Department | 885-2111 |
| LEPC (Local Emergency Planning Committee)..... | 887-3798 |
| US Bureau of Land Management..... | 887-6544 |

| | |
|---|--------------------|
| New Mexico Emergency Response Commission (Santa Fe) | (505) 476-9600 |
| 24 HR | (505) 827-9126 |
| New Mexico State Emergency Operations Center..... | (505) 476-9635 |
| National Emergency Response Center (Washington, DC) | ... (800) 424-8802 |

Other

| | |
|----------------------------|----------------------------------|
| Boots & Coots IWC | 1-800-256-9688 or (281) 931-8884 |
| Cudd Pressure Control..... | (915) 699-0139 or (915) 563-3356 |
| Halliburton | (575) 746-2757 |
| B. J. Services..... | (575) 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 | (505) 842-4949 |