



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 32, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico to its proposed Alfalfa 23 Fee Well No. 2H and the existing Alfalfa 32 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 Alfalfa 32 Fee Well No. 1H (API No. 30-005-63850) horizontally drilled from a surface location 660 feet from the South and East lines to an end point or bottom hole location 660 feet from the South and West lines of said Section 32; and
- B. the proposed Alfalfa 32 Fee Well No. 2H (API No. 30-005-63909) to be horizontally drilled from a surface location 1930 feet from the South line and 256 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 West line of said Section 32.

HOLLAND&HART...

Both the penetration point and the bottomhole location for the Alfalfa 32 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 Alfalfa 32 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 West line (Unit L) of Section 32. 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 33 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 32 to the Alfalfa 32 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

							A	\			
				;	State of New	Mexico	MAR - 5 200	: 1			
DISTRICT I	100A, 102 000	•		Beerg, I	Marrie and States of		OCO - ARTINA M		orms C-102		
DISTRICT II						IVISI	10 mm	te Appropriate I			
DISTRICT III			1	1220 S Santa	OUTH ST. W Fc. New M	AN DR. 07505			o - 4 Copies o - 8 Copies		
1000 Me Brusso M	L, Anton, 10	E 07419	_								
DISTRICT IV		er eres			AND ACREA	GE DEDICATION		O AMEDIO	ED REPORT		
APR I	Pender	1		086		موال (در)	Pool Massa (#) (J	2			
Property C	ada .				Property Nam		1, 40	· Wolfean			
OCES He			 	·	Operator Ham			2H Bevetice			
				MYC	O INDUSTRI	es, inc.		346	8'		
		T=	T		Surface Loca						
UL or lot No.	3ection 32	Township 15-S	25-E	Lot life	1930	North/South Man SOUTH	Feet from the 256	EAST	CHAVES		
		1	Bottom	Hole Lo	cation if Diffe	rent Prom Sur					
UL or lot Ma.	Section	Township	Dange	Let ide	Foot from the	North/South Sign	Post from the	Rest/Vest line	County		
Bafforted Agre	32	15-S	25-E	L	1930	SOUTH	660	WEST	CHAVES		
320											
NO ALL	OWABLE					UNTIL ALL INTE		BEN CONSOLU	DATED		
		OR A	NON-STAN	IDARD U	NIT HAS BEEN	APPROVED BY	THE DIVISION				
		1		1		C COORDINATES	1 11	OR CERTIFICA			
				<u> </u>	SURFACE	D 27 NME HOLE LOCATION	Acrelo de Cres my Emocheljo	and belled, and th	the heat of		
Y=71	BOTTOM HOLE LOCATION PENETRATION POINT Y=716446.3 N Y=716440.1 N Y=716445.6 N X=462192.5 E					or entered at the best the	ither enter a verbi Anarel Indoresi in proposed beliess i	the had			
LAT.=3	57816.5 l 2.969489	~ \ \ \ \	X=4617 LAT.=32.9	788.6 E 169518 l	· • • = · · ·	32.969521° N	1	to drill this well and to a contract to a contract to the contract.	or Andread.		
LONG.=1	04.47087	8 11	.ONG. = 104	.457927	M LONG.	104.456610° W	or to a reduced companion or to	tary pooling agrees edge order besets b.	ter against		
		Į.			1						
		1		1			Signature		Date		
		i		, J			A . N	1. Municy,	PELS		
		1		1	1		Prince Ne				
	*****			1	 	···	SURVEY	OR CERTIFIC	ATION		
	//////	\		CT AREA			1	certify that the s	rell Incoting		
IE .		1	2010 AT			3	poten of acts		the er		
660 AN	111111	KILLI	GRID. AZ. HORZ. D	. = 209 NST. = 3		MILILLY SEE 1 38	256'				
18 7		1	PRODU	CING AREA	RID. AZ. = 269	55'01-	JAN JAN	UARY 22, 20	07		
le_1		· ·		<i> </i>	HORZ. DIST. =	404.0' 660'	Date Survey		7/07 AR		
		1			İ		Profession	Surveyor	*		
				1		900	3 4	460			
18 3	777777	· X//////	,,,,,,,,	יוווגו	mm	mmk.	1	07.11.0096	F84/07		
		1			98		Cortifican	o case subgos	12841		
VIIIII.	/////	VIIII.	//////	Sum	under in			A MILLIAM	SOM 3939		
EXHIBIT											
				Ì	Δ						
				3							

State of New Mexico MAR - 5 2007 DISTRICT I Form C-102 DISTRICT II OIL CONSERVATION 1220 SOUTH ST. MAN DR. Santa Fe, New Mes 3 07505 DISTRICT III 1880 Me Brance M., Anton, INE 87418 DISTRICT IV WELL LOCATION AND ACREAGE DEDICATION PLAT II AMENDED REPORT State St. Int 17906 Poul Code API Mumber 96086 Property Code restr Name ALFALFA 32 FEE 2H Operator Name OCIECO No. MYCO INDUSTRIES. INC. 3468 Surface Location Post from the UL or lot No. Township Lot Ma Herth/South line Post from the Rest/Test line 25-E 1930 SOUTH 256 ١ 32 15-S **EAST** CHAVES Bottom Hole Location If Different From Surface Lat Ma Fred from the UL or lot Ho. North/South Bac Rest/Seet Hos 32 15-S 25-E 1930 SOUTH 660 WEST CHAVES ildetien Code Joint or India Dedicated Arrest 320 NO ALLOWARLE VILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BREN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION OPERATOR CERTIFICATION GEODETIC COORDINATES havels is true and complete to the hast of my importely and belief, and that this argumentian after once a variety interest or unboard inhared interest in the hard behinding the proposed bettern hele hondle or has a right to drill this well at this hardless parament to a contract with an owner of such minoral or working interest, or in a relating pooling agreement or a comparison posling arter hardstern entered by the division. NAD 27 NIME SURFACE HOLE LOCATION Y=716446.3 N BOTTOM HOLE LOCATION PENETRATION POINT Y=716440.1 N Y=716445.6 N X=462192.5 E X=457816.5 E X=461788.6 E LAT = 32.969489 N LAT.=32.969521' N LAT.=32.969518" N LONG.=104.470878° W LONG = 104.457927" W LONG.=104.456610" W ain i munuy, PELS A.N. MUNCY, PELS SURVEYOR CERTIFICATION PROJECT AREA I berely certify that the well lease shown on the plot was plotted from the notion of actual servers made by me or under my supervision, and that the ma-trus and correct to the best of my ball ///////////////// GRID. AZ. = 269'55'11" LIXINIIII HORZ. DIST. = 3973.2" 660 PRODUCING AREA JANUARY 22, 2007 CRID. AZ. = 269'55'01" HORZ. DIST. = 404.0 Date Surveyed REV. 2/27/07 Almon 2/39/07 zamajamanajamajamajemajemajemaje. TO CARY STREET 12841 Books L. Mosou VIIII VIII VIIII VIII

State of New Mexico MAR - 5 2007 DISTRICT I OCD . ARTERA RE Porm C-102 DESTRICT II OIL CONSERVATION modele Bistrict Office 1220 SOUTH ST. TANK DR. Santa Fe, New Me. 07505 State Lense - 4 Copt For Laces - 8 Contra DISTRICT III 1836 Min Branco Mi., Autos, 101 87418 DISTRICT IV WELL LOCATION AND ACREAGE DEDICATION PLAT C AMENDED REPORT Post Mame Post Code AFT Bumber Wolfean 96086 Lesildcor: Property Code 2H ALFALFA 32 FEE ocate Ma Operator Name (Dameliae MYCO INDUSTRIES, INC. 3468 Surface Location Let like Section Township Post from the Herth/South line Best/West time III. ee led Ma. Foot from the County 32 25-E ŀ 15-S 1930 SOUTH 256 **EAST** CHAVES Bottom Hole Location If Different From Surface UL or lot No. Section Foot from the Morth/South Non Best/East Mad Post from the Counts 25-E 1930 32 15**-**S SOUTH 660 WEST CHAVES 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 **OPERATOR CERTIFICATION** GEODETIC COORDINATES NAD 27 NME SURFACE HOLE LOCATION BOTTOM HOLE LOCATION Y=716446.3 N PENETRATION POINT Y=716440.1 N X=462192.5 F Y=716445.6 N X=457816.5 E X=461788.6 E LAT.=32.969489" N LAT.=32.969521" N LAT.=32.969518" N LONG.=104.470878" W LONG.=104.457927 W LONG.=104.456610" W UM i Munuy, PELS A.N. MUNCY SURVEYOR CERTIFICATION PROJECT AREA I havely certify that the well lecette shows on this plot was plotted from field notes of sotral surveys made by me or mader my supervision, and that the mass i true and correct to the best of my bellet. [[[[]]]] GRID. AZ. = 269'55'11" -660' ------HORZ. DIST. = 3973.2" PRODUCING AREA GRID. AZ. = 269'55'01" JANUARY 22, 2007 Dets Surveces R2V. 2/27/07 HORZ. DIST. = 404.0 AR 2 Almor 2/89/07 07.14.0096 Curtifical No. GARM EDGON 12641 HI MILLIAN ME SON

State of New Mexico MAR - 5 2007 DISTRICT I OCD - ASTERNA Form C-102 rised October 12, 2006 CONSERVATION IVIS
1220 SOUTH ST. CAN DR.
Santa Fe, New Mo. 07505 DESTRICT II OIL CONSERVATION Per Lunes - S Con DISTRICT III 1000 Me Branco Mi., Antes, 106 07410 DISTRICT IV WELL LOCATION AND ACREAGE DEDICATION PLAT () AMENDED REPORT CORP & ST. PERSONS SEL SHAFEN FO, MAY STREET Pool Code 96086 wildcar: of the state Property Code ALPALFA 32 FEE 2H OCIED No. MYCO INDUSTRIES, INC. 3468 Surface Location UL or let Me. Let like Post from the Herth/South time Foot from the Bast/West time 32 15-S 25-E 1930 256 CHAVES SOUTH **EAST** ı Bottom Hole Location If Different From Surface UL or lot Ma. North/South Hme Township Post from the Bank/Nook Hard 25-E 32 15-S 1930 SOUTH WEST CHAVES 660 adicated Acc Juleat or befill 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 OPERATOR CERTIFICATION GEODETIC COORDINATES NAD 27 NME oly cortify that the in SURFACE HOLE LOCATION BOTTOM HOLE LOCATION Y=716446.3 N PENETRATION POINT or unknowed inhered interest in the lead including the proposed bettem hole lies or has a right to drill this wall at this localine pursuant to a contrast with an expert of such induced or verying inter-Y=716440.1 N X=462192.5 E Y=716445.6 N X=457816.5 E X=461788.6 E LAT.=32.969489 N LAT.=32.969521" N LAT. = 32.969518" N LONG.=104.470878 W LONG.=104.456610" W LONG.=104.457927 W ain meny, PELS A.N. MUNCY SURVEYOR CERTIFICATION PROJECT AREA GRID. AZ. = 269'55'11" HORZ. DIST. = 3973.2' B.H. PRODUCING AREA JANUARY 22, 2007 CRID. AZ. = 269'55'01" Bate Surveyed R2V. 2/27/07 AR HORZ. DIST. = 404.0 A Elmon 2/39/07 07.14.0096 Bo gren enjelon 12641 A STREET L. STON

DISTRICT IV ups a. st. reacts ca., aust API Promabe	7 15 15 15 15 15 15 15 15 15 15 15 15 15		6	AGR DEDICATION	Post Stame	C AMEN
Property Code			ALFALFA 3:	PEE		2 Bore
		M	YCO INDUST	RIES, INC.		34
UL or lot No. Sect	ion Township	Range Let 1	Surface Lo		Feet from the	East/Vest tim
1 3:	2 15-9	5 25-E	1930	SOUTH	256	EAST
				ferent From Sur		
UL or lot Ho. Soci		25-E	Ida Foot from the	SOUTH	Foot from the	Bast/West Ma WEST
		Consulidation Code	Order He.		<u> </u>	L
BOTTOM HOLE Y=716440 X=457810 LAT.=32.968 LONG.=104.4	0.1 N 6.5 E 9489" N	PENETRATION F Y=716445.6 X=461788.6 LAT.=32.96951 LONG.=104.4579	SURFAL YOUNT N E B* N LAT.	TIC COORDINATES IAD 27 NME E HOLE LOCATION =716446.3 N =462192.5 E =32.969521° N =104.456610° W	A hereby herete to tree my knowledge expanienties or an head a hedeling the or has a sigh heading passe other of such	and bellet, and Alber outs a Tes Marti Interest S
	ŧ				ain	meny,
					Signature A : h Printed Haz	4. Muncy

.

OFFSETS IN SECTION 32

MCBRADE			PARALI	EL /	
CAPSTONE	E	3		Н	(2)
	L	ALFAL	.FA 32	-	140
MCBRIDE	М	MYC	0		M4CO
	3 E o G			2 60G	





March 20, 2008

CERTIFIED MAIL RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

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 Alfalfa 32 Fee Well No. 2H to be drilled from a surface location 1930 feet from the South line and 256 feet from the East line and a bottomhole location 1930 feet from the South line and 660 feet from the West line of Section 32, Township 15 South, Range 25 East and the existing Alfalfa 32 Fee Well No. 1H drilled from a surface location 660 feet from the South and East lines and 660 feet from the South and West lines of Section 32, 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.

ATTORNEY FOR MYCO INDUSTRIES, INC.

Enclosures

Exhibit C

Application of Myco Industries, Inc. Simultaneous Dedication of S/2 of Section 32, 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

McBride Oil & Gas Corp. P.O. Box 1515 Roswell, New Mexico 88202

٠	·#					
j						
	DATE IN	SUSPENSE	ENGINEER	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



ornunds dry Chollandhart. Com e-mail Address

MAR 2 4 2008 OCD-ARTESIA

		MINISTRATIVE APPLICATION CHECKLIST	•
T		ATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS	•
Applic	PC-Po	which REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE and Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] ble Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] FX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] and Enhanced Oil Recovery Certification] [PPR-Positive Production Response]	1
[1]	TYPE OF AP [A]	LICATION - Check Those Which Apply for [A]	7
	Check [B]	Location - Spacing Unit - Simultaneous Dedication NSL NSP SD ne Only for [B] or [C] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM	1
	[C]	njection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPI EOR PPR	
	[D]	Other: Specify	
[2]	NOTIFICAT [A]	N REQUIRED TO: - Check Those Which Apply, or Does Not Apply Working, Royalty or Overriding Royalty Interest Owners	
	[B]	Offset Operators, Leaseholders or Surface Owner	
	[C]	Application is One Which Requires Published Legal Notice	
	[D]	Notification and/or Concurrent Approval by BLM or SLO US Bureau of Land Management - Commissioner of Public Lands, State Land Office	
	[E]	For all of the above, Proof of Notification or Publication is Attached, and/or,	
	[F]	Waivers are Attached	
[3]		JRATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE ION INDICATED ABOVE.	
[4] appro appli	oval is <mark>accurate</mark> a	ON: I hereby certify that the information submitted with this application for administrative complete to the best of my knowledge. I also understand that no action will be taken on this ired information and notifications are submitted to the Division.	
_	Note	tatement must be completed by an individual with managerial and/or supervisory capacity.	
Print	ean Mund or Type Name	Dry Clear Much- Dry attorney 3-20-0 Signature Title Date	8