



MYCO INDUSTRIES, INC.  
OIL PRODUCERS  
P.O. BOX 840 / 331 WEST MAIN, SUITE C  
ARTESIA, NEW MEXICO 88211-0840  
Phone (505) 748-1471

June 4, 1997

Mr. David Catanach  
NMOCD Hearing Examiner  
2040 S. Pacheco  
Santa Fe, NM 87505

COPY

Re: Administrative Approval  
Form C-107-A  
MYCO Industries, Inc.  
Bitsy Federal #1 (NM-86923)  
S7-T23S-32E Unit H

Dear Sir:

The Bitsy Federal #1 was spudded 5/4/96 and after frac it was completed on 5/31/96 pumping 80-BOPD, 223-MCFD and 1-BWPD from the Bone Springs (8978-9137'). This zone rapidly depleted so the Avalon Sand-Bone Springs (8679-91') was perforated and fractured. On 7/27/96 both Bone Springs Zones were combined (8978-9137' + 8679-91') and the well was placed on pump. The well is in the Sand Dunes Bone Springs Pool (53800).

Production declined to 11-BOPD, 82-MCFD & 1-BWPD by last April '97 so it was decided to test the Delaware (8350-8499'). This zone was only acidized and was not fractured because it tested a slight show of Oil, TSTM Gas & 5-BWPD.

MYCO has determined that it will be more economical to request commingling the Bone Springs with the water production (5-BWPD) from the Delaware than to squeeze the Delaware and drill out.

The Bitsy Federal #1 shares a common tank battery with the Sharbro Federal #1 (NM-62223) and the Blue Quail Federal #1 (NM-86151). The Sharbro Federal #1 and the Blue Quail #1 are completed in the Bone Springs and the common tank battery is located in S7-T23S-R32E (Unit P).

Attachments are submitted as required by (16.) Form C-107-A.  
Please contact me at (505)748-4274 if you have any questions  
pertaining to this application.

Sincerely,

MYCO Industries, Inc.  
Nelson Muncy, PE/LS  
Operations Manager

copies:

Santa Fe Energy  
Mitchell Energy  
Lillie M. Yates Estate  
Union Oil Co. of California  
Bearing Service  
Texaco, Inc.  
NMOCD-Hobbs  
BLM-Hobbs  
BLM-Roswell  
file