

Form 3160-3
(July 1992)

N.M. OIL CON. OPER. OGRID NO. 15445
P.O. BOX 198 PROPERTY NO. 1888
HOBBS, NEW POOL CODE 53800
UNITED STATES DEPT. OF EFF. DATE 4/26/96
BUREAU OF LAND APINO. 30-025-33398

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-86923	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR MYCO INDUSTRIES, INC.		7. UNIT AGREEMENT NAME	
3. ADDRESS AND TELEPHONE NO. 105 South Fourth Street, Artesia, NM 88210		8. FARM OR LEASE NAME, WELL NO. Bitsy Federal #1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1980' FNL and 660' FEL; Unit Letter H. At proposed prod. zone Same		9. API WELL NO.	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 38 miles west and north of Jal, New Mexico		10. FIELD AND POOL, OR WILDCAT Wildcat Sand Dunes	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 7-T23S-R32E Bone Spring	
16. NO. OF ACRES IN LEASE 240		12. COUNTY OR PARISH Lea	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 9400'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3550' GR		22. APPROX. DATE WORK WILL START* ASAP	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48# H-40	870'	550 sacks - Circulate
12 1/4"	8 5/8"	32# J-55	4600'	1500 sacks - Circulate
7 7/8"	5 1/2"	17# K-55	TD	1850 sacks

Myco Industries, Inc. proposes to drill and test the bone spring and intermediate formations. Approximately 870' of surface casing will be set and cement circulated. Approximately 4600' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: FW/Gel to 870'; Brine to 4600'; SW/Gel, Starch to TD.

BOPE PROGRAM: BOPE will be installed on the 13 3/8" casing and tested daily for operational.

Note: Myco wishes to apply for a flowline to follow the road to the Tank Battery located on the Sharbo #1 location in the SE/\$SE/4 of Sec. 7-T23S-R32E as shown on map. No additional arc should be needed.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Cliff R. May TITLE Authorized Agent DATE 3-27-96
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
Application approval does not warrant or certify that 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:

APPROVED BY [Signature] TITLE ASSISTANT AREA MANAGER DATE APR 22 1996

*See Instructions On Reverse Side