

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒x

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER ☐

SINGLE ZONE ☐

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

MYCO INDUSTRIES, INC.

3. ADDRESS AND TELEPHONE NO.

P.O. BOX 840, Artesia, NM 88210 (505) 748-4274

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

2230-1980' FNL & 1980' FEL

At proposed prod. zone

SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

38-Miles West and North of Jal, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE

617.92

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

8650'

20. ROTARY OR CABLE TOOLS

ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3667' GL

22. APPROX. DATE WORK WILL START*

FEBRUARY 1, 2000

23.

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" H-40	48#	600'	500-sxs. CIRCULATE
12 1/2"	8 5/8" J-55	32#	4600'	1300-sxs. CIRCULATE
7 7/8"	5 1/2" K-55	17#	8650'	1500-sxs. (TIE BACK)

NOTE: APPROXIMATELY 40' OF 20" CONDUCTOR PIPE, PRIOR TO DRILLING, WILL BE SET & CEMENTED.

MYCO INDUSTRIES, INC. PROPOSES TO DRILL AND TEST THE DELAWARE SANDS. APPROXIMATELY 600' 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 TO TIE BACK. WELL WILL BE PERFORATED AND STIMULATED FOR PRODUCTION.

MUD PROGRAM: F/W Gel TO 600', BRINE TO 4600' & CUT BRINE TO TD.

BOPE PROGRAM: BOPE WILL BE INSTALLED ON THE 8 5/8" SURFACE CASING AND TESTED DAILY.

OPER. GRID NO. 15445
PROPERTY NO. 17341
POOL CODE 17647
EFF. DATE 1-20-2000
API NO. 30-025-34868

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

* If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

[Signature] PELS

TITLE OPERATIONS MANAGER

DATE 12-15-99

(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:

LARRY D. BRAY

Assistant Field Office Manager
Lands and Minerals

JAN 18 2000

APPROVED BY

TITLE

DATE

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34868	Pool Code 17647	Pool Name Diamondtail, Delaware
Property Code 17341	Property Name SHARBRO FEDERAL	Well Number 3
OGRID No. 15445	Operator Name MYCO INDUSTRIES, INC.	Elevation 3675

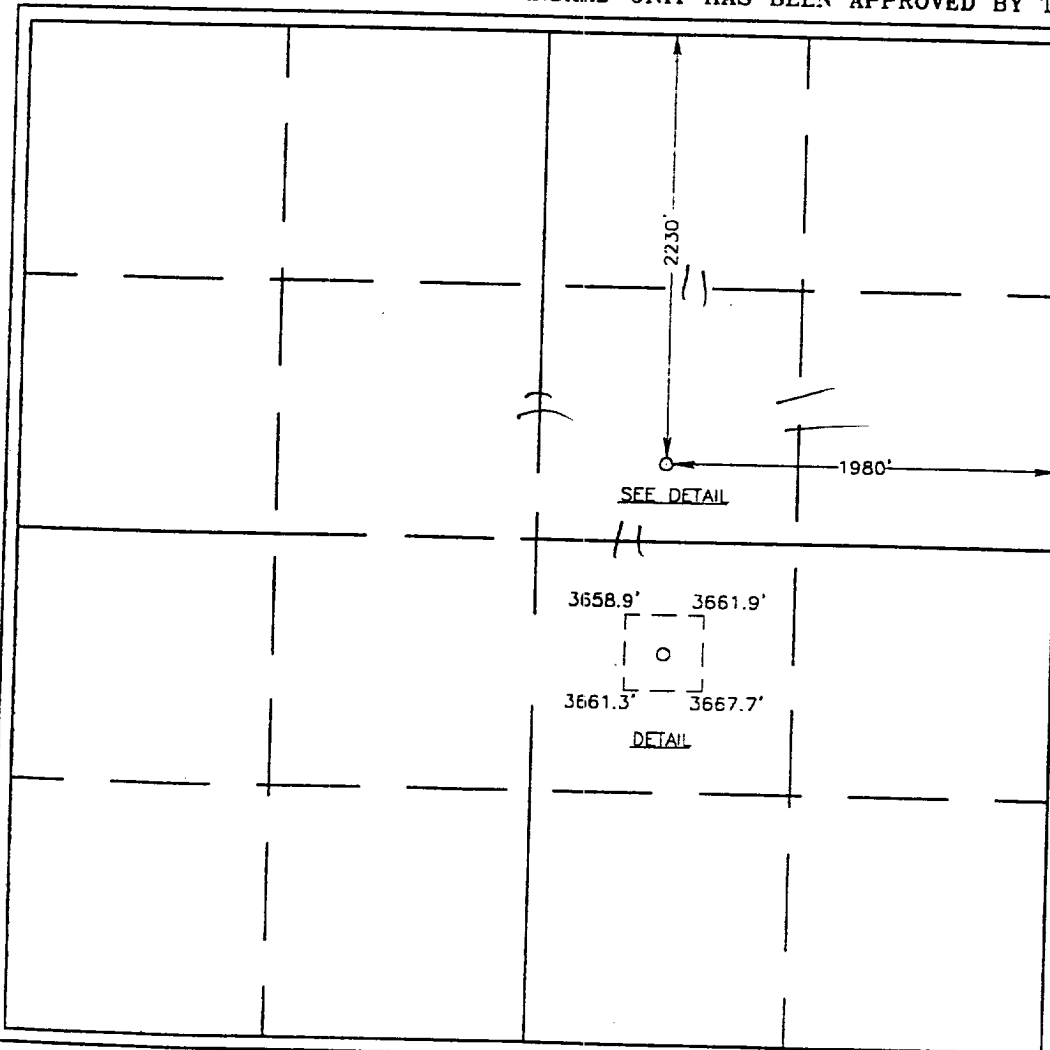
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	17	23 S	32 E		2230	NORTH	1980	EAST	LEA

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 40	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 contained herein is true and complete to the best of my knowledge and belief.

Signature
A. N. MUNCY
Printed Name
OPER MGR
Title
1-3-00
Date

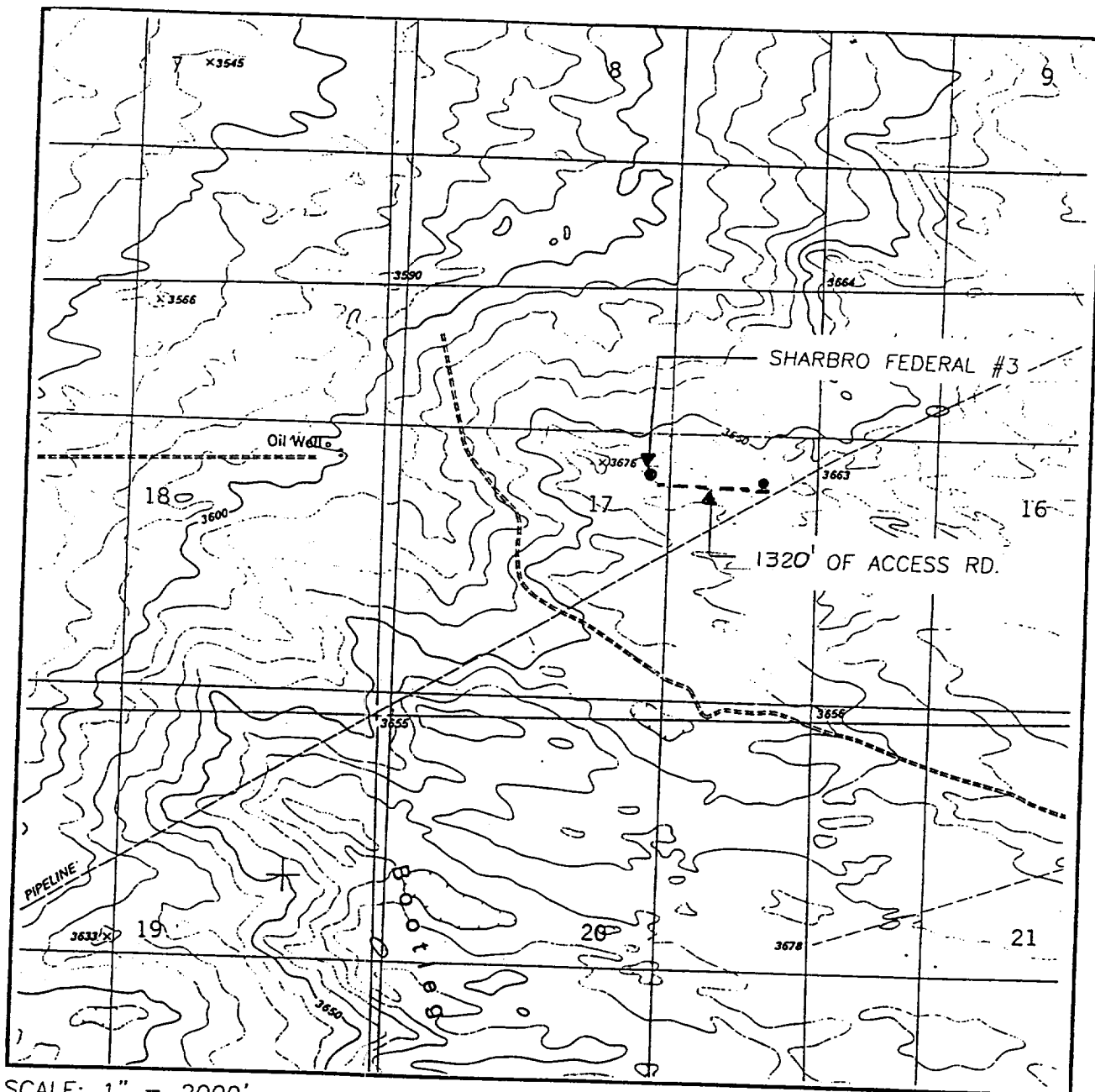
SURVEYOR CERTIFICATION

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.

DECEMBER 27, 1999

Date Surveyed
Signature
Professional Surveyor
RONALD L. EDSON
Certificate No. RONALD L. EDSON 3239
GARY EDSON 12641
MARTIN McDONALD 12185

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
BOOTLEG RIDGE - 10'

SEC. 17 TWP. 23-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2230' FNL & 1980' FEL

ELEVATION 3675

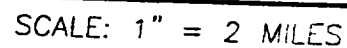
OPERATOR MYCO INDUSTRIES, INC.

LEASE SHARBRO FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

BOOTLEG RIDGE, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505 393-3117)



SEC. 17 TWP. 23-S RGE. 32-E
SURVEY _____ N.M.P.M. _____
COUNTY _____ LEA _____
DESCRIPTION 2230' FNL & 1980' FEL
ELEVATION _____ 3675 _____
OPERATOR MYCO INDUSTRIES, INC.
LEASE SHARBRO FEDERAL

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505 393-3117



MYCO INDUSTRIES, INC.
SHARBRO FEDERAL #3
1980' FNL & 1980' FEL
S17-T23S-R32E NMPM
LEA COUNTY, NM

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

Rustler	1020'	Cherry Canyon	5650'
Bottom of Salt	4420'	Brushy Draw	7500'
Top of Delaware	4650'	TD	8650'

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

Water:	150-250'
Oil or Gas	7500' and 8500'

3. **PRESSURE CONTROL EQUIPMENT:** BOPE will be installed on the 13 3/8" casing and rated for 3M 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. See Exhibit B.

AUXILIARY EQUIPMENT:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, and 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#	H-40	8R	ST&C	0-600'	600'
12 1/4"	8 5/8"	32#	J-55	8R	LT&C	0-4600	4600'
7 7/8"	5 1/2"	17#	K-55	8R	LT&C	0-8650'	8650'

Minimum Casing Design Factor: Collapse 1.3, Burst 1.5, Tensile Strength 2.0

- B. **CEMENTING PROGRAM:**

Surface casing : 300 sx. "C" w/ 4% Gel, 2% CaCl₂
(wt. 13.5 ppg. Yield 1.74 cu. ft) & 200 sx. Class "C" w/ 2% CaCl₂ (wt. 14.8 ppg. yield 1.34 cu. ft)
Circulate to surface.

Intermediate Casing: 1300 sx. 35/65 Poz "H" w/6% Gel 5% NaCl, 1/4# Flocele (12.8 ppg. 1.94 cu. ft.) + 200 sx. Class "H" (wt. 15.6 ppg. Yield 1.18 cu ft.) Circulate to surface.

Production Casing: 1st stage: 750 sx. 50/50 Poz "H" w/2% Gel, 5% NaCl, 1/4# Flocele (wt. 14.2 ppg Yield 1.35 cu. ft.) DV Tool; set at approx. 6400 ft.

2nd Stage: 750 sacks 35/65 Poz "H" w/6% Gel, 5% NaCl, 1/4# Flocele (12.8 ppg 1.94 cu. ft.) + 200 sacks "H" (wt. 15.6 ppg Yield 1.18 ft3). Tie back to intermediate casing (100').

5. **MUD PROGRAM AND AUXILIARY EQUIPMENT:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-600	FWGel	8.4/8.9	32-36	N/C
600-4600	Brine	10.0	28	N/C
4600-TD	Cut Brine	8.9/9.3	28	<15cc

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: Every 10' from intermediate casing to TD
Logging: G/R from surface to TD; CNL/LTD & DLL/MSFL 4600' to TD.
Coring: None anticipated
DST's: 1 to 2 in Delaware Sands.

7. **Abnormal Conditions, Bottom hole pressure and anticipated BHP:**

From: 0	To: 600	Anticipated Max. BHP: 250 PSI
From: 600	To: 4600	Anticipated Max. BHP: 750 PSI
From: 4600	To: 8650 (TD)	Anticipated Max. BHP: 2800 PSI

Anticipated Potential Hazards: None

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 165 Degrees F

8. **ANTICIPATED STARTING DATE:**

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 15 days to drill the well with completion taking another 20 days. **DRILLING OPERATIONS MUST BE COMPLETED PRIOR TO 3-15-00 AS THIS LOCATION LIES IN THE DESIGNATED PRARIE CHICKEN AREA.**

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Myco Industries, Inc.
SHARBRO FEDERAL #3
1980' FNL & 660' FEL
S17-T23S-R32E NMPM
LEA COUNTY, NM

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 38 miles West and North of Jal, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS: Go SouthEast out of Carlsbad, New Mexico on Highway 285 to 31. Go east on 31 to 128 (Jal Hwy.) Go approximately 16 miles to Red Road (County Road 802). Turn north and go approximately 4.2 miles and turn right (East) on lease road and go approximately 1.7 miles on existing caliche lease road where the new access road for the Sharbro Federal #2 will start. Go 0.17 miles to the location..

2. PLANNED ACCESS ROAD

- A. The proposed new access road will 4,967' in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a East direction as shown on exhibit A.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The New road will be bladed with drainage on one side. Two traffic turnouts will be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. A right-of-way (Exhibit A) has been applied for the Sharbro Federal #2 which includes a 4,967' access road that runs thru the South edge of this pad. This right-of-way will be used for the electrical line and the gas sales line. Additionally, a right-of-way has been applied for a SWD line (7,144') running due North from the Sharbro Federal #2. This well will be tied into the SWD line. (Exhibit A). Survey plats are attached for the forementioned right-of ways.

5. **LOCATION AND TYPE OF WATER SUPPLY:**

- A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. **SOURCE OF CONSTRUCTION MATERIALS:**

- A. It will be the responsibility of the dirt contractor to obtain caliche from a source of their choice. A likely source would be in the SE/4 NE/4 of Section 2-T23S-R31E.

7. **METHODS OF HANDLING WASTE DISPOSAL:**

- A. Drill cuttings will be disposed of in the reserve pits.
B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
C. Water produced during operations will be collected in tanks until hauled to an approval disposal system, or separate disposal application will be submitted.
D. Oil produced during operations will be stored in tanks until sold.
E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
F. All trash, junk and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

8. **ANCILLARY FACILITIES: NONE**

9. **WELLSITE LAYOUT:**

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
B. The reserve pits will be plastic lined.
C. A 400' x 400' area has been staked and flagged and is detailed on NMOCD Form C-102 (Attached).

10. **PLANS FOR RESTORATION**

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and debris to leave the wellsite in as aesthetically pleasing a condition as possible.
B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level after they have evaporated and dried.

11. **SURFACE OWNERSHIP:** Federal surface administered by BLM.

12. **OTHER INFORMATION:**

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
B. The primary surface use is for grazing.

13. **OPERATOR'S REPRESENTATIVE**

Nelson Muncy, PELS
Operations Manager
Myco Industries, Inc.
P.O. Box 840
Artesia, New Mexico 88211-0840
Phone (505) 748-4274



14. **CERTIFICATION:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Myco Industries, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Ami Munnif, PELS

OPERATIONS MANAGER

12/7/99 Date

EXHIBIT A

MYCO INDUSTRIES, INC.

SHARBRO FED.#2

S17-T235-R32E NMRM

1980'ENL, 660'FEL

EDDY CO., NM

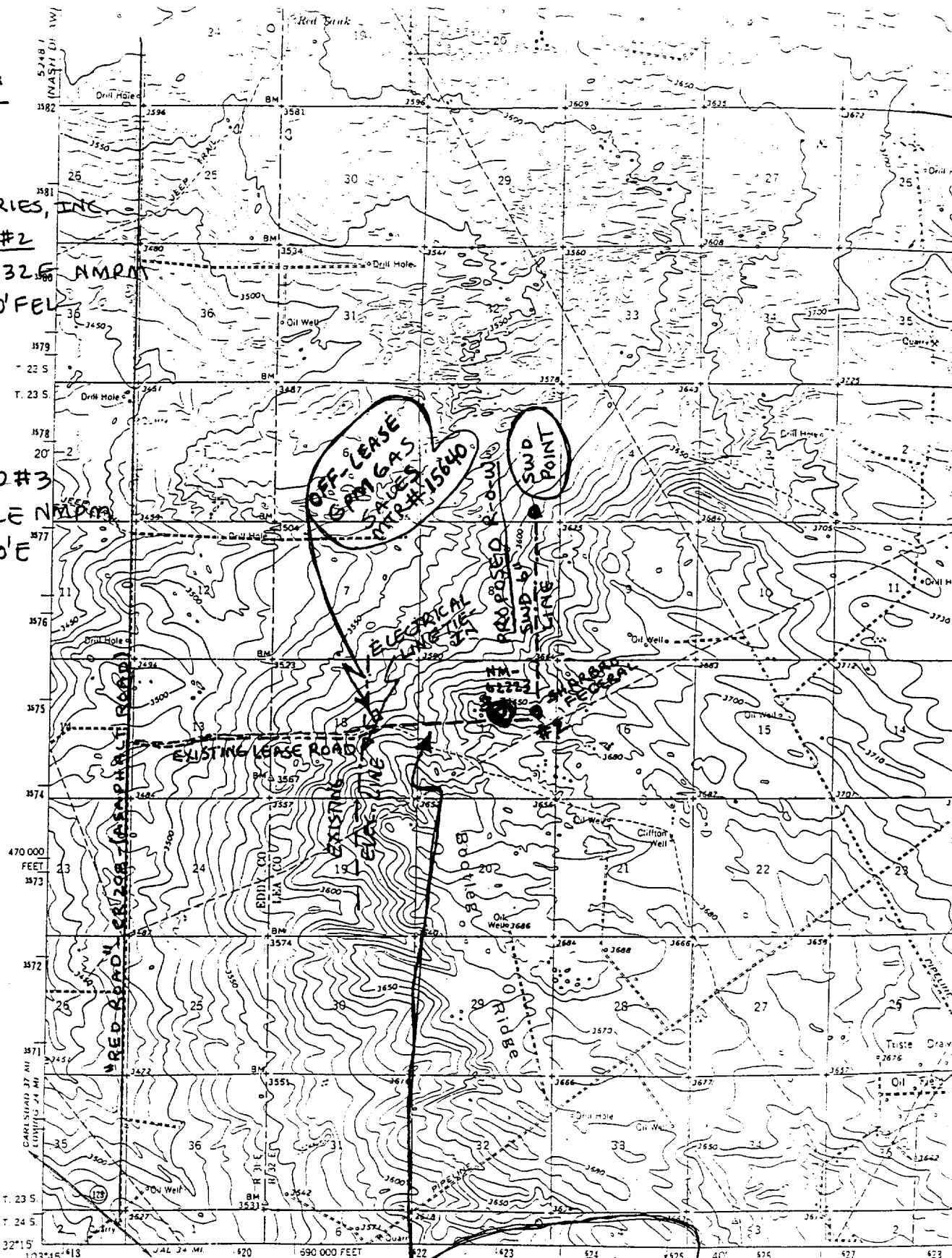
AND

SHARBRO FED.#3

S17-T235-R32E NMRM

1980'N, 1980'E

EDDY CO., NM



Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

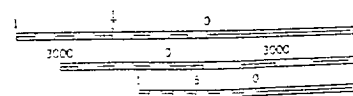
Planimetry by photogrammetric methods from aerial photographs taken 1957. Topography by planetable surveys 1963

Polyconic projection: 1927 North American datum
10,000-foot grid based on New Mexico coordinate system, east zone
1000 meter Universal Transverse Mercator grid ticks, zone 13, shown in blue

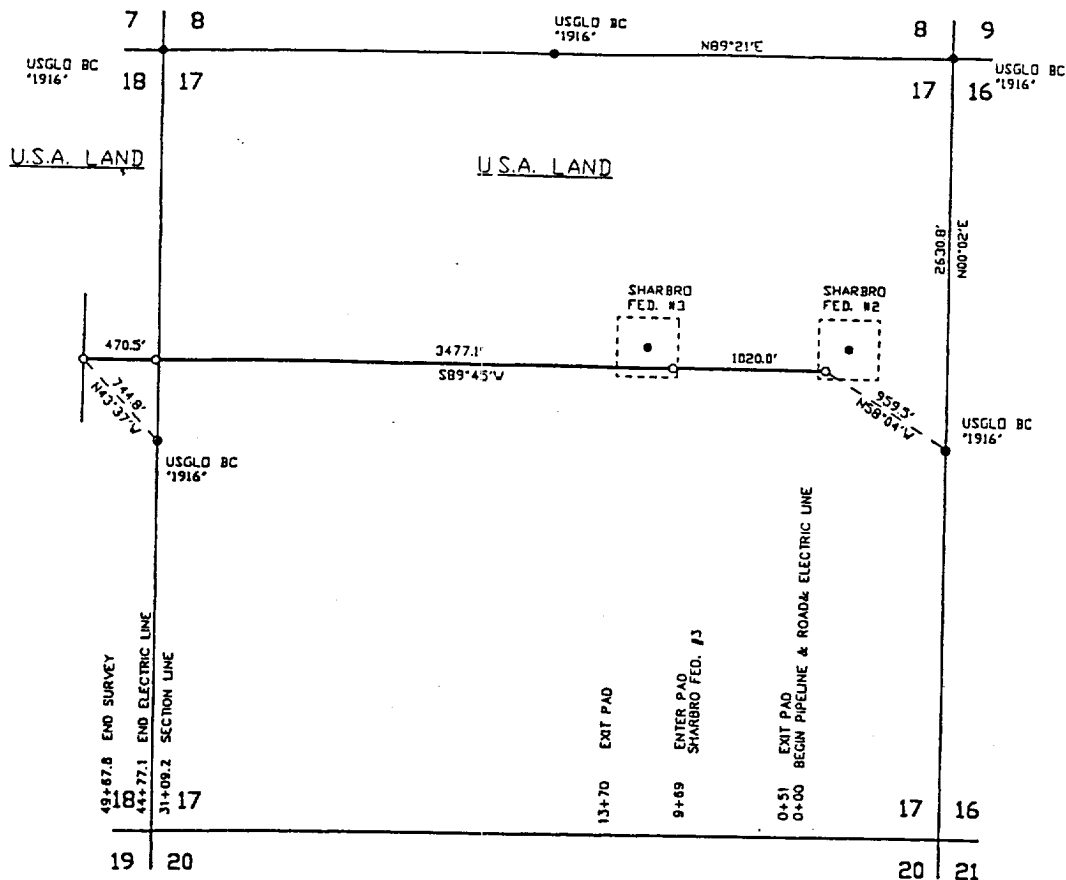
Revisions shown in purple compiled from aerial photographs taken 1972. This information not field checked

PROPOSED 4,967' R-O-W
FOR LEASE ACCESS
ROAD
AND
GAS SALES
LINE

UTM GRID AND 1972 MAGNETIC NORTH
DIRECTION AT CENTER OF SHEET



SECTIONS 17 & 18, TOWNSHIP 23 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

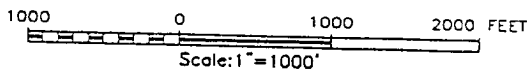


DESCRIPTION

A STRIP OF LAND 50.0 FEET WIDE, 4967.8 FEET OR 0.941 MILES IN LENGTH AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE CENTERLINE SURVEY.

4477.1' - ELECTRIC LINE
4967.8' - ROAD
4952.6' - PIPELINE

EXHIBIT A



I HEREBY CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.



RONALD J. EDSON, N.M.P.S. No. 12641
GARY C. EIDSON, N.M.P.S. No. 12641
JOHN WEST SURVEYING COMPANY

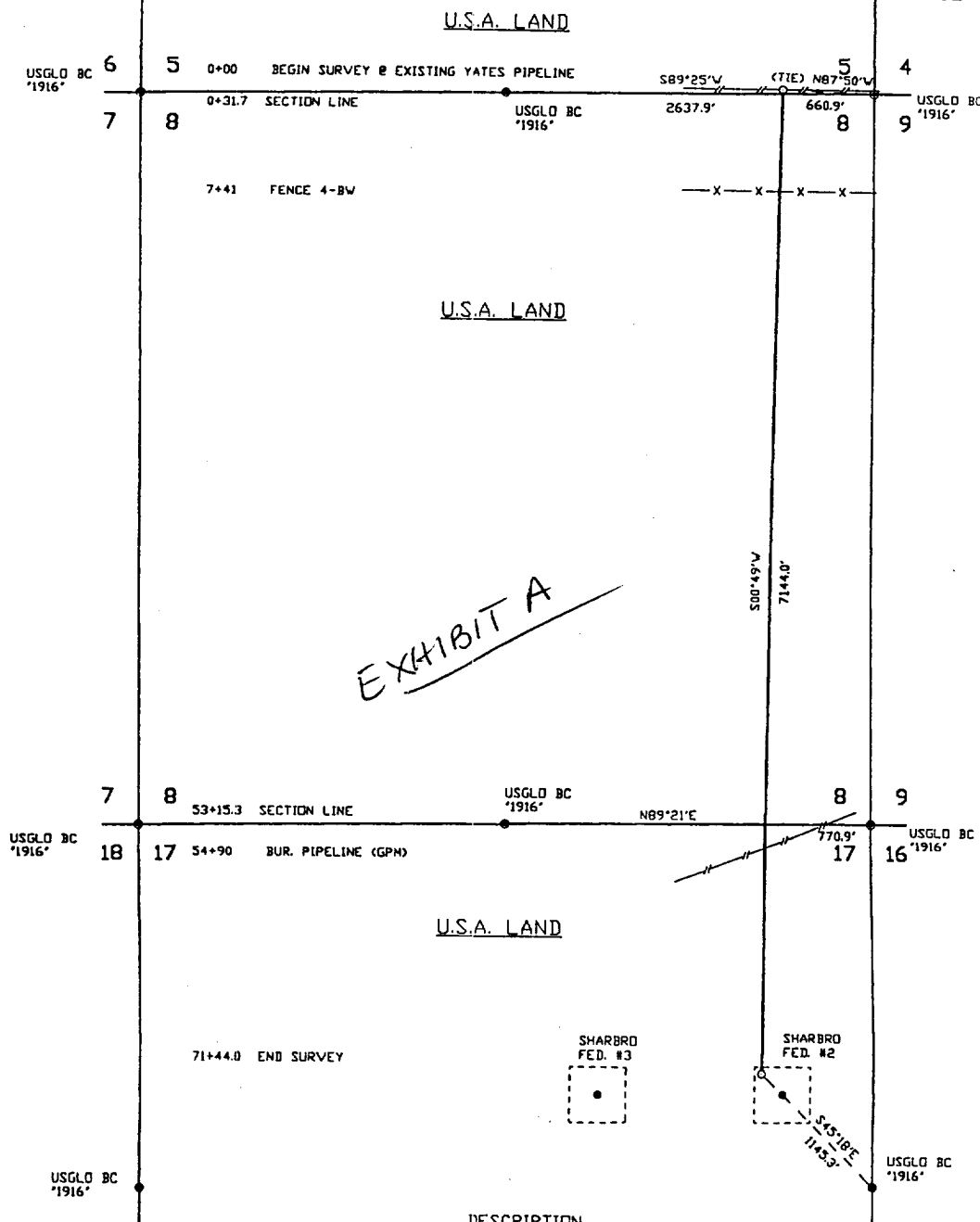
412 N. DAL PASO - HOBBS, NEW MEXICO - 505-383-3117

MYCO INDUSTRIES, INC.

AN ELECTRIC LINE, PIPELINE
AND ROAD CROSSING U.S.A. LAND
IN SECTIONS 17 & 18,
TOWNSHIP 23 SOUTH,
RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

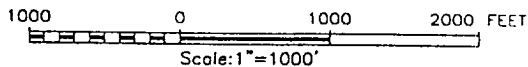
Survey Date: 12/13/99	Sheet 1 of 1 Sheets
W.O. Number: 99-11-1096	Drawn By: D. COLLINS
Date: 12/15/99 MYCO	MYCO1096 Scale: 1"=1000'

SECTIONS 5, 8 & 17, TOWNSHIP 23 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



DESCRIPTION

A STRIP OF LAND 50.0 FEET WIDE, 7144.0 FEET OR 1.353 MILES IN LENGTH AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE CENTERLINE SURVEY.



I HEREBY CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.



RONALD G. EIDSON, N.M. P.S. No. 3239
GARY G. EIDSON, N.M. P.S. No. 12641
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO - HOBBES, NEW MEXICO - 505-393-3117

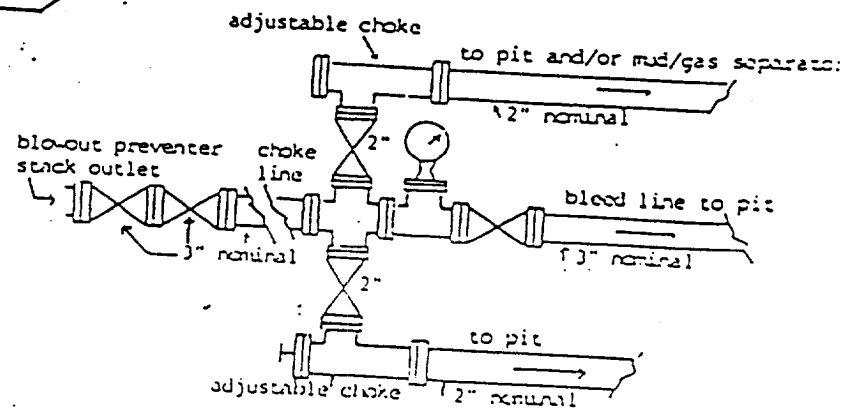
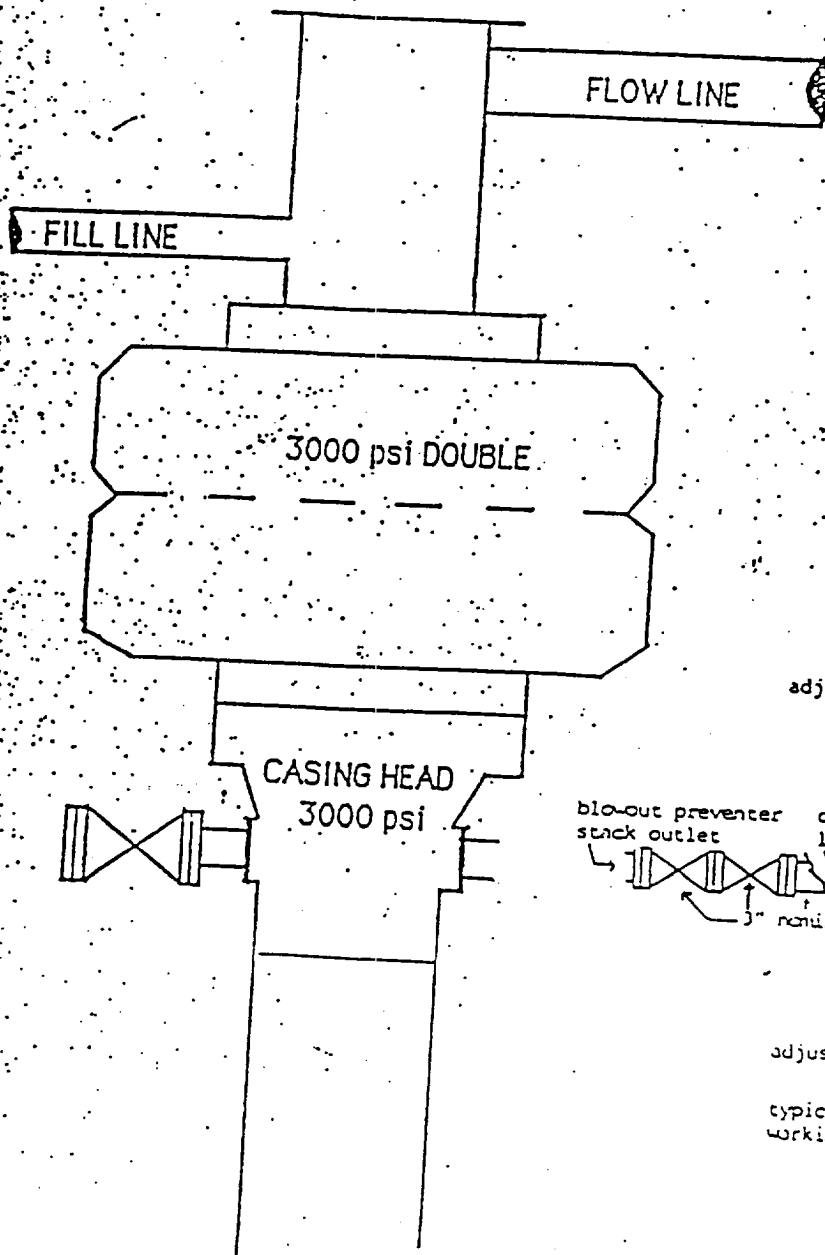
MYCO INDUSTRIES, INC.

A PIPELINE CROSSING U.S.A. LAND
IN SECTIONS 5, 8 & 17,
TOWNSHIP 23 SOUTH,
RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

Survey Date: 12/11/99	Sheet 1 of 1 Sheets
W.O. Number: 99-11-1096	Drawn By: D. COLLINS
Date: 12/14/99 MYCO	MYCO1096 Scale: 1"=1000'

MYCO INDUSTRIES, INC.
SHARBRO FEDERAL #3
1980' FNL & 1980' FEL
Sec. 17-T23S-R32E NMPM
LEA COUNTY, New Mexico

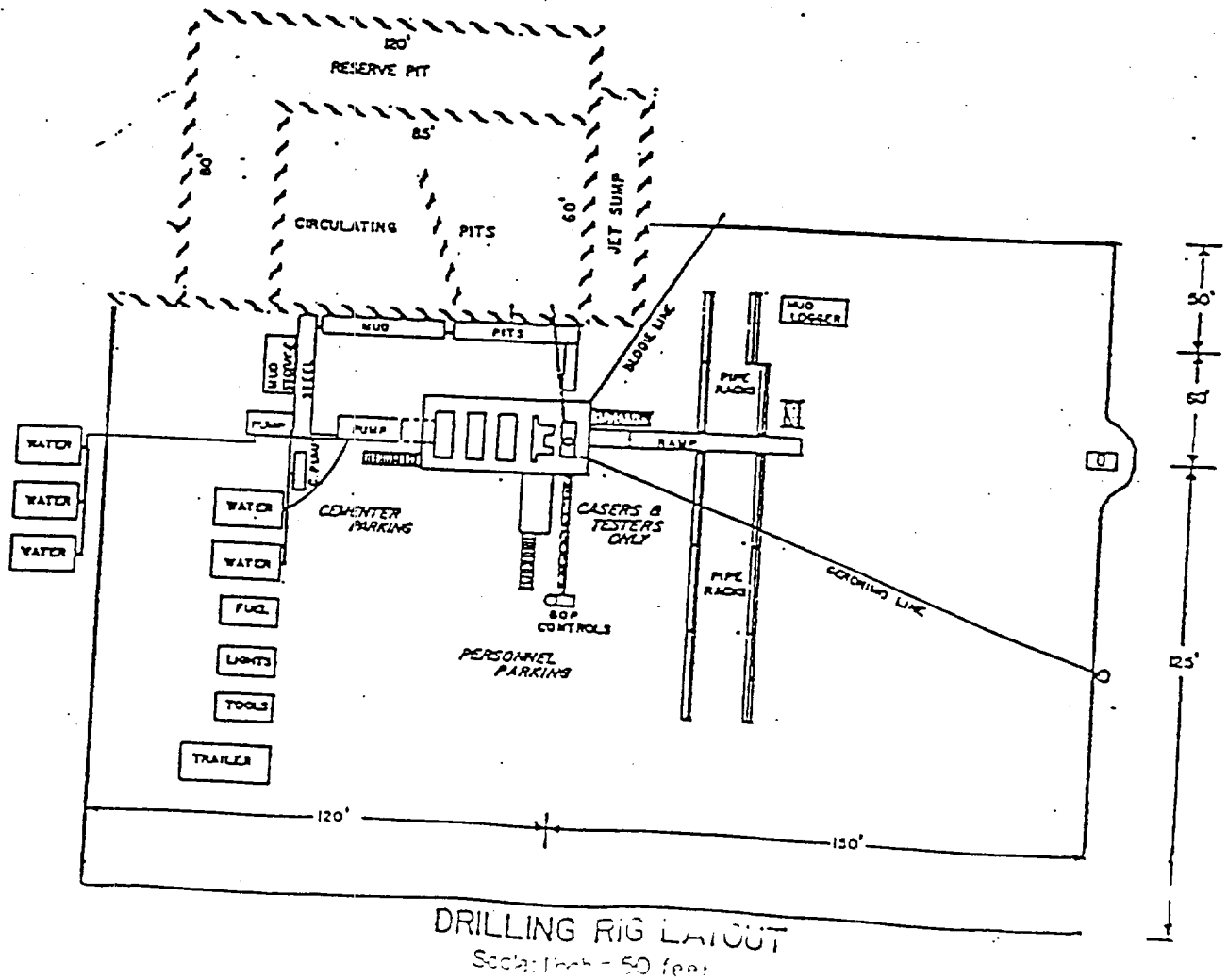
Exhibit B



BLOWOUT PREVENTER
3M SYSTEM

MYCO INDUSTRIES, INC.
 SHARBRO FEDERAL #3
 1980' FNL & 1980' FEL
 Sec. 17-T23S-R32E NMPM
 Lea County, New Mexico

Exhibit C



SANTA FE NATIONAL FOREST

Legend:

- BLM (Bureau of Land Management)
- Private
- State
- Other

Scale: 1 inch = 1 mile

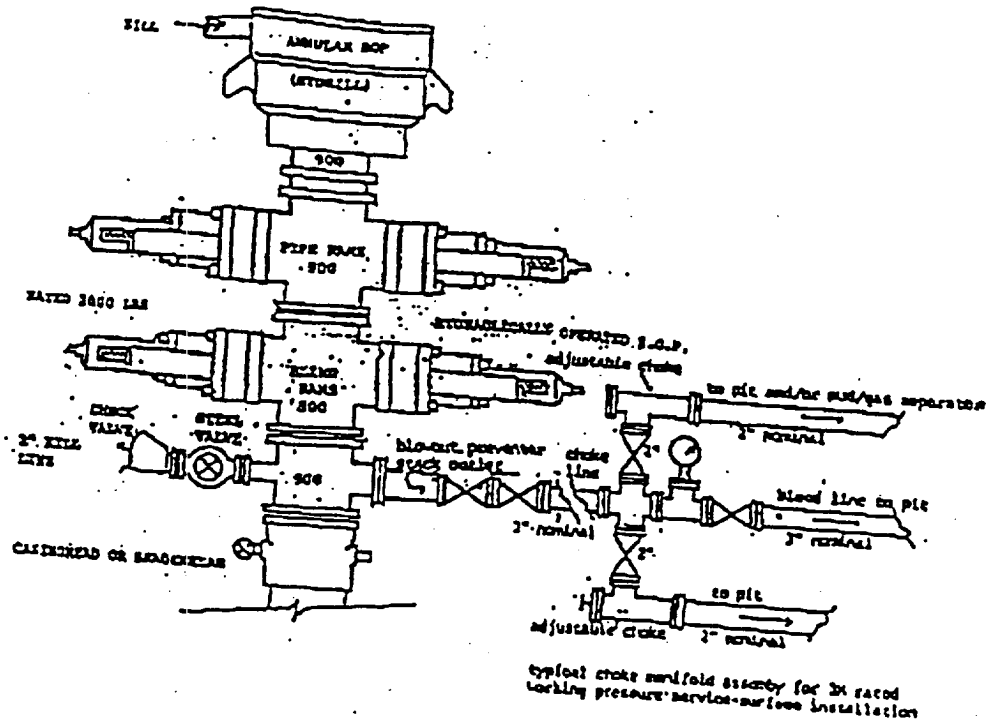
Map Sections:

- 1. Santa Fe
- 2. Los Alamos
- 3. Pajarito Plateau
- 4. Santa Fe
- 5. Los Alamos
- 6. Pajarito Plateau
- 7. Santa Fe
- 8. Los Alamos
- 9. Pajarito Plateau
- 10. Santa Fe
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Sharbro Federal #3
1980'FNL & 1980' FEL
S17-T23S-R32E NMPM
Lea County, NM

LYCO INDUSTRIES, INC.
 SHARBRO FEDERAL #3
 1980' FNL & 1980' FEL
 Sec. 17-T23S-R32E NMPM
 Lea County, New Mexico

EXHIBIT E



THE FOLLOWING CONSTITUTE THE MINIMUM BLOWOUT PREVENTER
 REQUIREMENTS FOR 1000 PSI WP SYSTEMS

1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 3" diameter;
3. Kill line to be of all steel construction of 3" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel. Hole or tube to be a minimum of one inch in diameter.
5. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
6. All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
7. Inside blowout preventer to be available on rig floor.
8. Operating controls to be located a safe distance from the rig floor.
9. Hole must be kept filled on trips below intermediate casing.



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

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STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.: NM-62223

Bond Coverage: Individually Bonded

Legal Description of Land:
Township 23 South Range 32 East
Section 7: SE/4SE/4
Lea County, New Mexico

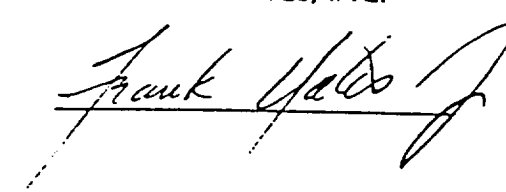
BLM Bond File No.: 58 59 71

Formation (s) (if applicable):

N/A

MYCO INDUSTRIES, INC.

Date: 7-17-95



ABOVE DATE DOES NOT
INDICATE WHEN
CONFIDENTIAL LOGS
WILL BE RELEASED

ELF

8/22/00