

MYERS ENGINEERING

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April 30, 2017

Texas Railroad Commission
Oil & Gas Division
P.O. Box 12967
Austin, Texas 78711-2967

Re: Letter of Explanation and Request for Correction of RRC Records
WYCO Oil & Gas LLC (Operator No. 945368)
University 20-12 Lease
Well No. 1 (API No. 42-495-32488)
Block 20 (Wolfcamp) Field (Lease No. 34773)
Block 20 (Bone Springs) Field (Lease No. 35069)
Winkler County, Texas

Gentlemen:

WYCO Oil & Gas LLC recently received a drilling permit (Permit No. 821372) to deepen the subject well for completion in the RRC designated Block 20 (Wolfcamp) reservoir. WYCO has now completed the corresponding well work, and will therefore be filing a W-2 and associated forms. However, in the process of preparing to file these forms, WYCO became aware that RRC records regarding this well are presently incorrect because of a filing deficiency by a prior operator of this well. As a result, WYCO is also filing another W-2 and related documents to report work that was performed by the prior operator back in 1997.

Briefly, the subject well is presently listed as producing from the Block 20 (Bone Spring) field, when in fact that zone was cement squeezed in May of 1997. At that time the well was returned to production from the Block 20 (Wolfcamp) field that had been temporarily abandoned previously. It has been producing from the Wolfcamp ever since. A list of relevant events in the life of this well may be found in the attached chronology. Copies of all well file documents in WYCO's possession that document the unreported well work are attached.

In reviewing the attached documents, please be aware that Pogo's own personnel were apparently confused between the Wolfcamp and Bone Springs reservoir designations, and mistakenly used the wrong reservoir names on some of the documents. This confusion arises from the fact that the RRC designated "Wolfcamp" reservoir includes the Third Bone Springs Sandstone interval. Therefore, please be sure to take note of the actual DEPTHS that are referenced in the attached documents, rather than counting on accuracy of the reported reservoir names.

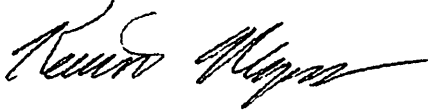
Once again, the bottom line of all of this is that production from the subject well has been reported in the Bone Springs under lease number 35069 through the present date, when in fact this well has been producing from the Wolfcamp reservoir since May 1997. Therefore the all of the production over this time period should have been reported under lease number 34773, and RRC records should be corrected to address this issue. WYCO is unable to report production

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under the correct lease number (34773) until these issues have been resolved by the RRC, and would therefore appreciate your prompt attention to this matter.

Sincerely,



Kevin A. Myers
Consulting Engineer for WYCO Oil & Gas LLC

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**WYCO Oil & Gas LLC (Operator No. 945368)
University 20-12 #1 (API 42-495-32488)
Block 20 (Bone Springs) Field (Lease No. 35069)
Block 20 (Wolfcamp) Field (Lease No. 34773)
Winkler County, Texas**

Chronology of Events

- 12/05/1995 - Pogo Producing Company completed the Wolfcamp reservoir at 11700' - 11806' and properly reported this completion to the RRC.
- 05/31/1996 - Pogo temporarily abandoned the Wolfcamp with a packer and plug set at 11470'.
- 08/07/1996 - Pogo completed the Bone Springs reservoir at 10310' - 10354' and properly reported this completion to the RRC.
- 03/27/1997 - Pogo tagged plug at 11470' between Bone Springs and Wolfcamp, got immediate pressure at surface, well started flowing.
- 05/15/1997 - **Pogo squeezed the Bone Springs perms at 10310' - 10354' with 100 sacks Class H cement, permanently abandoning the Bone Springs completion interval.**
- 05/17/1997 - **Pogo drilled out cement through squeezed interval, tested squeezed interval to 1500 psi, then drilled out plug above Wolfcamp perms.**
- 05/19/1997 - **Pogo returned well to production from original Wolfcamp perms at 11700' - 11806'. Apparently no change in well status was reported to the RRC. Pogo continued to report production under the Bone Springs reservoir (lease no. 35069) rather than the Wolfcamp (lease no. 34773).**
- 03/01/2008 - Oxy USA Inc. acquired the well from Pogo.
- 07/01/2013 - Oxy lost the lease due to lack of production.
- 03/19/2014 - WYCO acquired the lease at a University Lands lease sale.
- 04/01/2014 - WYCO acquired the wellbore rights from Oxy.
- 04/07/2014 - WYCO received a P-4 for the Wolfcamp (34773) from Oxy, who failed to provide the Bone Springs P-4.
- 08/01/2014 - WYCO resumed production by intermittently flowing the well. WYCO initially filed the production under lease number 34773, because that was the only P-4 received to date from Oxy, and WYCO therefore assumed it represented the correct lease.
- 05/??/2015 - WYCO became aware that lease number 34773 was designated inactive (temporarily abandoned), and requested a P-4 for lease number 35069 from Oxy, under which Oxy (and Pogo) had been previously filing production.
- 06/03/2015 - WYCO received a P-4 for the Bone Springs (35069) from Oxy, and re-filed production since 08/2014 with the RRC under this lease number, once again assuming that Oxy's and Pogo's prior filings were correct.
- 12/16/2016 - WYCO applied for a drilling permit to deepen well further into the Wolfcamp.
- 12/30/2016 - WYCO received a permit from RRC to deepen the well.
- 02/26/2017 - WYCO completed deepening operations.
- 03/21/2017 - While preparing completion forms, WYCO personnel noted that the well was actually producing from the Wolfcamp reservoir (34773) prior to WYCO's deepening, even though production was being reported under the Bone Springs reservoir (35069) because Pogo failed to file forms regarding the well work that was performed in May 1997.