.Form 3160-3 (November 1983) (formerly 9-331C)

UNITED STATES 1301 Works and Avenue Budget Bureau No. 1004-0136

DEPARTMENT OF THE INTERIOR SIA. NM 88210 LEASE DESIGNATION AND SERIAL NO.

1000	BUREAU O	BUREAU OF LAND MANAGEMENT						NMLC029339A		
APPLICATION	N FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK					6. IF I	DIAN, ALLOTTE	OR TRIBE NAME		
1a. TYPE OF WORK DRI b. TYPE OF WELL	LL 🏻	DEEPEN []	PL	UG BAC	к 🗆	7. UNIT	AGREEMENT N	AME	
OIL WELL WW 2. NAME OF OPERATOR BURNETT OIL C 3. ADDRESS OF OPERATOR 801 CHERRY ST 4. LOCATION OF WELL (R At surface UNIT J, At proposed prod. zon	REET, SUITE 1500 eport location clearly an 2150' FSL, 2310' FE SAME AS S	d in accordance wit	h any State	6102 envirem	OCD - AF	IA ED IA	9. WEL	L NO. #29 (API# LD AND POOL, C CEDAR L ., T., R., M., OR:	30-015- 33-75 DE WILDCAT AKE YESO BLE. REA T17S, R30E	
APPROXIMATE	LY 6 MILES EAST	OF LOCO HILLS	, NEW ME	XICOS	0 66 81 11	919171	/12. 000	EDDY	NM	
LOCATION TO NEAREST PROPERTY OR LEASE I (Also to nearest drig 18. DISTANCE FROM PROP	INE, FT. Unit line, if any) OSED LOCATION*	330'	16. NO. OF	560	LLASE	TO TE	IS WELL	40		
TO NEAREST WELL, D. OR APPLIED FOR, ON TH	330'		5400' ROTARY			Υ				
21. ELEVATIONS (Show who 3738' GR	ether DF, RT, GR, etc.)						22. A		5, 2004	
23.		PROPOSED CASIN	IG AND CE	LENTIN	G PROGRA	M				
81ZE OF HOLE 14 7/8"	size of casing 9 5/8"	32.30#	DOT	500°	400'		Sks(Ci	NTITY OF CEMEI		
8 3/4"	7"	23#		5390	·	+/-150	0 Sks i	n 2 Stages		
	•		-		1	(If wate	er flows	are encoun	tered	

A 14 7/8" hole will be drilled to Rustler Anhydrite. We will set 9 5/8" casing @ this depth & cement to surface. After a 18 hour cement wait, casing & BOP will be tested before drill out of the shoe. An 8 3/4" hole will be drilled to approx. 5400' to effectively test the Cedar Lake Yeso interval. The 7" casing will be run and set @ TD and cemented to 600' above highest potential producing horizon(approx. 2100'.) We will perforate and treat productive intervals as recommended by service company.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Nosvell Centrolled Water Basin

cementing program may vary.)

	o drill or deepen directionally, give per	to deepen or plug back, give data on present produc rtinent data on subsurface locations and measured a	
24.	ing Plandigot	PETROLEUM ENGINEER	DATE MAY 27, 2004
(This space for Fe	derei or State office use)		
PERMIT NO.		APPROVAL DATE	
APPROVED BY	/s/ Joe G. Lara	FIELD MANAGER	DATE JUN 2 9 2004
CONDITIONS OF APPR	OVAL, IF ANY:	ADDD	OVAL FOR 1 YEAR

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Form C-144 March 4, 2004

Pit or Below-Grade Tank Registration or Closure

Type of action: Registration of a pit	or below-grade tank X Closure of a pit or below-	grade tank 🔲	
Operator: BURNETT OIL CO., INC. Telephone: 8 Address: 801 CHERRY STREET- UNIT #9, 1500 BURNETT PLAZA, FO	817/332-5108 e-mail address: RT WORTH, TEXAS 76102-6881		
Facility or well name: <u>JACKSON A #29</u> API #: <u>30-015</u>	- U/L or Qtr/Qtr J Sec 13 T 17S	R_30 E	
County: EDDY Latitude 32°49'58.85" N Longitude	103°55'25.73" W Surface Owner Federal X Sta	ate 🗌 Private 🔲 India	n 🗌
Pit Type: Drilling X Production Disposal Workover Emergency Lined X Unlined Liner type: Synthetic X Thickness 20/40 mil Clay Volume	Below-grade tank Volume:bbl Type of fluid: Construction material: Double-walled, with leak detection? Yes I		
B300 bbl Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) MORE THAN 100'	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points)	RECEIVED
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.) NO	Yes No	(20 points) (0 points)	JUN 0 7 2004 OCD-ARTESIA
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.) MORE THAN 1000'	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points)	
	Ranking Score (Total Points)		
If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to o (2) Indicate disposal location: onsite offsite If offsite, name of (3) Attach a general description of remedial action taken including re (4) Groundwater encountered: No Yes If yes, show depth be (5) Attach soil sample results and a diagram of sample locations and	of facility emediation start date and end date. low ground surfaceft. and attach s	sample results.	
I hereby certify that the information above is true and complete to the best of been constructed or closed according to NMOCD guidelines. Date: 6.2.2.2044 Printed Name/Title STERLING RANDOLPH/ PETROLEUM ENGINE Your certification and NMOCD approval of this application/closure does not otherwise endanger public health or the environment. Nor does it relieve the regulations. Approval 9 2004 Date: Printed Name/Title	EER Signature Steeling A	Can College s of the pit of ank cont	aminate ground water or



May 27, 2004

New Mexico Oil Conservation Division 1301 Grand Avenue Artesia, New Mexico 88210 Attn: Mr. Byran Arrant

Re: H2S Rule 118 Contingency Plan.

Jackson A #29, Unit J, 2150' FSL, 2310' FEL SEC.13, T17S, R30E- Eddy County, New Mexico

RECEIVED

JUN 0 7 2004

SCH-MATESIA

Dear Mr. Arrant:

Please accept this letter as our notice we do not believe the referenced plan is required for the referenced well. We have calculated the hazard volume as follows: highest H2S quantity 10,000 PPM, and using a production rate of 255 MCFGPD the 100 PPM radius is 181' and the 500 PPM radius is 83'. This footage does not get off our well locations.

Please contact our Mr. Sterling Randolph or the undersigned if you require additional information.

Yours truly,

James H. Arline

Materials Coordinator

6666

DRILLING PLAN

BURNETT OIL CO., INC.
LEASE NO.LC 029339A
JACKSON A LEASE, WELL NO.29
UNIT LETTER J
2150' FSL, 2310' FEL
SECTION 13, TOWNSHIP 17 SOUTH, RANGE 30 EAST
EDDY COUNTY, NEW MEXICO

(A) DRILLING PROGRAM

(1) Estimated tops of geologic markers:

(2) Estimated depths of producing formations:

Fresh water.....None
Saltwater flows... (?)*
Oil and Gas.....1383'**,2705'**

- * As waterflows, if any, are encountered, their depth will be recorded, and drilling will continue to total depth. Multiple stage cementers will be placed in the production casing string to enable us to confine the waterflows to their respective depths by cementing.
- ** Oil and gas bearing zones, if any, will be determined by log analysis, and will be confined by cementing; subsequently perforated, stimulated and produced in a conventional manner.

(3) Blowout Preventer Specifications:

A 2000 PSI Hydril unit with hydraulic closing equipment. (See Exhibit E schematic). The preventer will be tested before drilling out below surface pipe setting depth. The exact description of the preventer and related equipment will depend on the successful contractor, who has not yet been selected. No high pressure hydrocarbon zones are anticipated.

(4) Supplementary drilling equipment information:
Not available at this time.

(5) Supplementary casing program information:

- a. Surface casing: Surface casing will consist of new 9-5/8" OD 32.30# H40 OR 36# J-55 ST&C R3 pipe and will be run into a 14-7/8" hole with notched Texas Pattern shoe on bottom, insert float valve in first collar, Two(2) centralizers around shoe joint and first collar. Bottom three (3) joints will be thread locked. Setting depth will be +/- 475'in the Rustler Anhydrite, depending on where a suitable casing seat can be found. Cement will be circulated back to the surface. Initial cement volume will be calculated to be 100% excess of the calculated annular volume between the 9-5/8" casing and the hole. If circulation of cement to the surface is not achieved due to lost circulation, we would like permission (without having to call BIM) to fill this annular space using sufficient rat hole mix to bring cement to surface per BIM specification. Eighteen (18) hours WOC will be allowed as per NMOCD. Casing will be tested to 1000 PSI before drilling out.
- b. Production casing: Production casing will consist of new 7" OD 23# J55 R3 8rd LT&C pipe being run to total depth with float shoe on bottom, float collar in first collar, centralizers throughout intervals and above and below any multiple stage cementers, and be cemented with sufficient volume to bring top of cement 600' above the top of the highest potential producing horizon. If water flow is encountered, we will cement from TD back to the stage cementer, open stage cementer, cement from stage cementer with sufficient volume of Class C or equivalent to bring cement up to at least 600' above the highest potential producing horizon, then balancing hydrostatic weight of the cement by adjusting the flow of water to surface through the 7" casing, enabling the 2nd stage of cement to set up. Casing will be shut in after twelve (12) hours. If there is no flow of water to surface around the 5-1/2" casing, we will cement the water flow proper through the stage cementer with +/- 900 sacks. In case the 2nd stage is not successful in shutting off any annular flow, we will repeat the 2nd stage until successful. After drilling out and testing the casing to 2000 PSI, a cement bond log will be run to evaluate the cement job.
- (6) <u>Mud program:</u> Native mud (red beds and shale) will be used to total depth. The surface hole will be drilled with fresh water and lost circulation materials as needed. The remaining hole will be drilled with brine water with necessary additives.
- (7) Logging program: If no water flow(s) are encountered, we will run Neutron Litho density-DLL logs. If water flow(s) are encountered, no open hole logging will be attempted, and after casing is set, cased hole GR/CN logs will be run. No other testing or coring is anticipated.

- (8) Abnormal pressures or hazards: No abnormal pressures or potential hazards are anticipated. The maximum anticipated bottom hole pressure is 1000#. The maximum anticipated bottom hole temperature is 91°F.
- (9) Other facets of the operation to be pointed out: None.

(B) HYDROGEN SULFIDE DRILLING PROGRAM

- (1) Hydrogen Sulfide Training
 All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:
 - a. The hazards and characteristics of Hydrogen Sulfide (H2S).
 - b. The proper use and maintenance of personal protective equipment and life support systems.
 - c. The proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing wind.
 - d. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- a. The effects of H2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- b. Corrective action and shut-in procedures when drilling or reworking a well, blowout prevention and well control procedures.
- c. The contents and requirements of the H2S Drilling Operations Plan and the Public Protection Plan (if applicable.)

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan (if applicable). This plan shall be available at the wellsite. All personnel will be required to carry documentation that they have received the proper training.

(2) H2S SAFETY EQUIPMENT AND SYSTEMS

Note: all H2S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

a. Well Control Equipment:

- 1. Choke manifold with a minimum of one remote-controlled choke.
- 2. Blind rams and pipe rams to accommodate all pipe sizes with a properly sized closing unit.

b. Protective equipment for essential personnel:

- 1. Mark II Surviveair (or equivalent) 30 minute units located in the dog house and at the primary briefing area(to be determined.)
- c. H2S detection and monitoring equipment:
- 1. Three(3) portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

d. Visual warning systems:

- 1. Wind direction indicators will be positioned for maximum visibility.
- 2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at reasonable distance from the immediate location. Bilingual signs will be used when appropriate.

e. Mud program:

1. The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

f. Metallurgy:

- All drill strings, casings, tubing, wellheads, BOPS, drilling spools, kill lines, choke manifold, valves and lines will be suitable for H2S service.
- 2. All elastomers used for packing and seals shall be H2S trim.

g. Communication:

- Cellular Telephone and/or 2-way radio will be provided at wellsite.
- 2. Landline telephone is located in field office.

h. Well testing:

1. Drill stem testing may be done in this well bore. Completion testing, if required, will be conducted under the same applicable H2S quidelines that were used in drilling.

(C) SURFACE USE PROGRAM

- (1) Existing roads: Exhibits A, B and C show maps of the general area. From Loco Hills, New Mexico, go east on U.S. Highway 82 approximately 4.9 miles. Turn north on CR #220(Square Lake road) and go approximately 1 mile. Turn east on to Caliche road for .7 miles then north on dirt road to location on left.
- (2) Access roads to be constructed: This location will not require any additional lease road into the well pad. See Exhibit A.
- (3) Location of existing wells: See Exhibit A.
- (4) Location of existing or proposed production facilities:

 See Exhibit A for location of existing Jackson A production facility on the lease. We propose to above ground commingle this Cedar Lake, Yeso production with the existing Yeso & Grayburg production by laying approximately 2800'of new flowline. All the flowline will be along the existing road way to the existing Jackson A (Yeso) Tank Battery.
- (5) Location and type of water supply: All water to be used in drilling the well will be brine or fresh water trucked from Loco Hills, New Mexico or fresh or produced water furnished by our waterflood facilities.

- (6) Construction materials: Construction material will be caliche which may be available at the proposed location. If not available on location or road, caliche will be hauled from nearest approved caliche pit.
- (7) Methods of handling waste disposal: Drill cuttings will be disposed of in the lined reserve drilling pit. Auxiliary emergency water containment pits may be necessitated by large volume water flows and these pits, which will hold only water, will not be lined. All drilling fluids will be allowed to evaporate after drilling is completed, at which time pits will be back filled, leveled and reseeded. Trash, waste paper, garbage and junk will be placed in a portable screened trash container on location. All trash and debris will be transported to an authorized disposal station within 30 days following completion activities. Oil and/or water produced during testing operations will be stored in steel tanks until either sold or disposed of through one of our approved disposal methods.
- (8) Ancillary Facilities: There are no planned ancillary facilities.
- (9) Well site layout: Exhibit D shows the relative location and dimensions of the drilling pad and related components. Only minor differences, if any, in length and/or width of the drilling pad are anticipated, depending on which drilling contractor is selected to drill the well. Only minor leveling of the drilling site is anticipated.

(10) Plans for restoration of the surface:

- (a) After drilling and successful completion operations are finished, all equipment and other materials not required for normal production operations will be removed. Pits will be backfilled, leveled and re-seeded. Well site will be left in a neat condition.
- (b) Any unguarded pits containing fluid will be fence until backfilled.
- (c) After abandonment of the well, surface restoration will be in accordance with regulations of the SMA. Pits will be backfilled and location will be cleaned. The pit area, well pad and all unneeded access roads will be ripped to promote revegetation. Rehabilitation should be accomplished within 90 days after abandonment.
- (11) Surface ownership: All lands are Federal.

- (12) Other information: The topography of the area is relatively flat, with small hills and sand dunes. The soil is fine, deep sand underlain by caliche. Vegetation cover is generally sparse and consists of mesquite, yucca, oak shinnery and sparse native grasses. Wildlife in the area is typical of that of semi-arid lands and includes coyotes, rabbits, rodents, reptiles, dove and quail. There are no ponds, streams or residences in the area. There is intermittent cattle grazing and hunting in the area; however, the principal land use is for oil and gas production. An archaeological clearance report will be sent to you by a BLM approved archaeological service.
- (13) Operator's representative: Our field representative responsible for compliance with the approved surface use and operations plan is:

Mr. Belton Mathews, District Supt. P.O. Box 188
Loco Hills, New Mexico 88255
Office phone: 505-677-2313
Home phone: 505-677-2358
Cellular phone: 505-746-7979

I hereby certify that I, or persons under my direct supervision have inspected the drill site and access route; that I am familiar with the conditions that currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Burnett Oil Co., 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.

Date: May 27, 2004

Sterling P. Randolph Petroleum Engineer

By: Stelling / Kanthy

State of New Mexico

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

Energy, Minerals and Natural Resources Department

Form C-102 Revised February 10, 1994

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

OIL CONSERVATION DIVISION P.O. Box 2088

Submit to Appropriate District Office

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 Santa Fe, New Mexico 87504-2088

State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT IV	A FE, N.M. 87	504-2088	WELL LO	CATIO	N AND	ACREA	GE DEDICATI	ON PLAT	□ AMENDE	ED REPO
30-0	Number 15-		96	Pool Cod	e	(CEDAR L	Pool Name	(KSD	
Property 2076	Property Code Property Name JACKSON "A"								Well Num	
0030	。 80			BU		oil C	OMPANY		Elevation 3738	
		*			Surfa	ce Loca	ation			
UL or lot No.	Section	Township	Range	Lot Ide	Feet fi	rom the	North/South line	Feet from the	East/West line	County
J	13	17-S	30-E		21	50'	SOUTH	2310'	EAST	EDDY
			Bottom	Hole l	Location	If Diffe	rent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Ide	Feet fi	rom the	North/South line	Feet from the	East/West line	County
Dedicated Acre	s Joint o	r Infill C	onsolidation	Code	Order No.					
40										
NO ALLO	OWABLE W						NTIL ALL INTER APPROVED BY		EEN CONSOLIDA	TED
	NA Y=0	TC COORD ND 27 NM 667005.6 625788.0	E N					I hereb contained herei best of my know Signature STERLIN Printed Name	OR CERTIFICAT The certify the the interpolation is true and completed and better Man is true and completed and better Man	formation
		32°49'58.8 103°55'25. 	73" W 373	6.7'	3737.0' 3737.1'		510'	I hereby certiff on this plat u actual surveys supervison a correct to ti	ME 5/4 04.11.0499 S	ion shown I notes of under my true and

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

State of New Mexico

Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

Revised February 10, 1994 Submit to Appropriate District Office

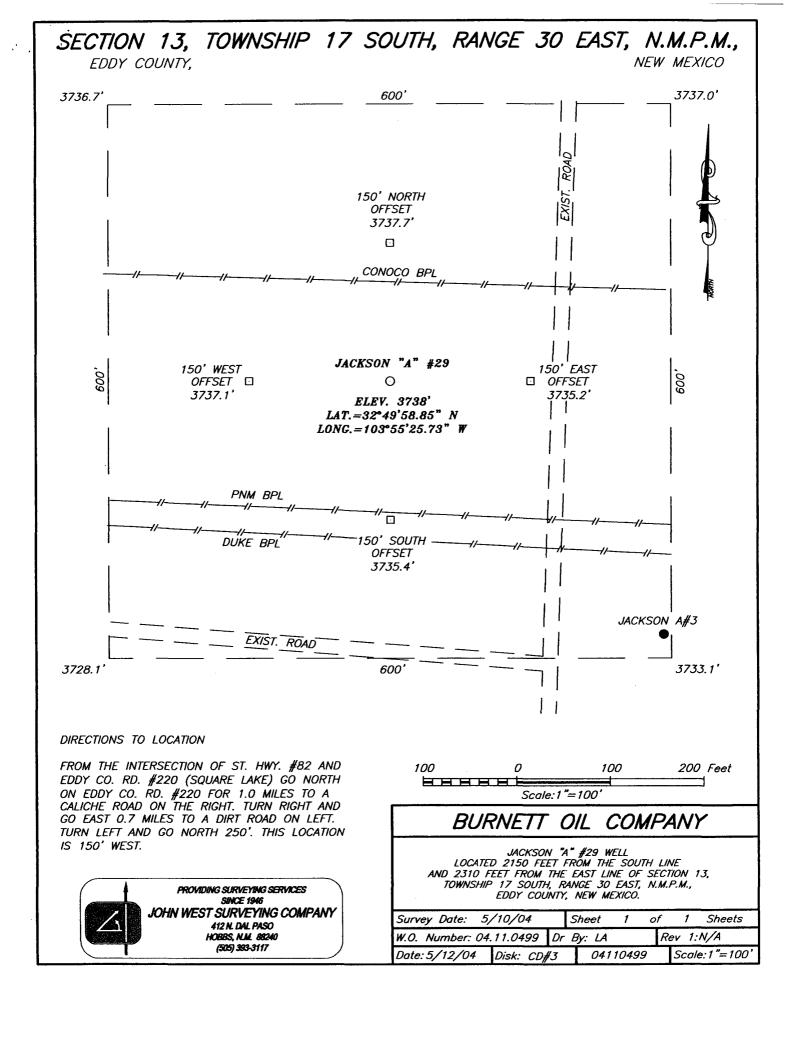
State Lease - 4 Copies
Fee Lease - 3 Copies

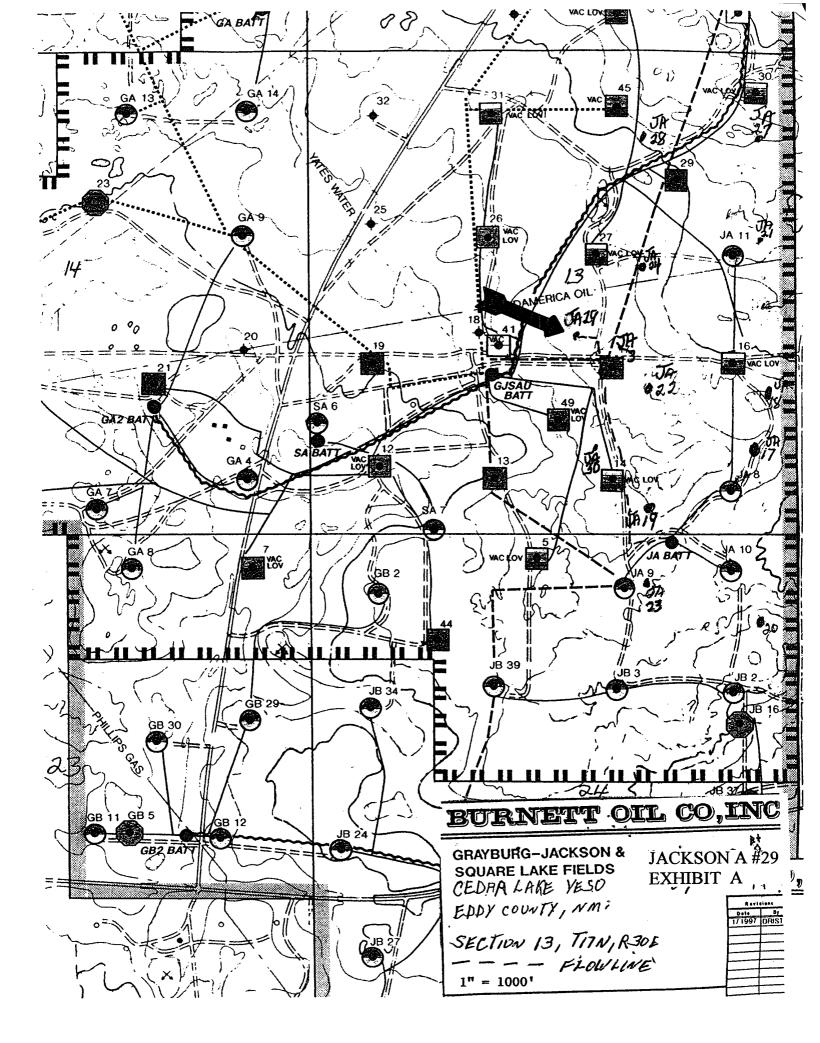
Form C-102

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

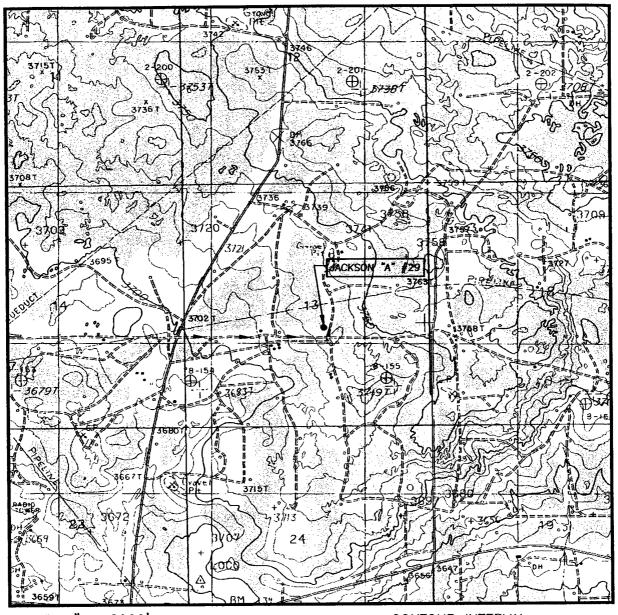
P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT IV P.O. BOX 2088, SANT	'A PE. N.M. 87	504-2088	WELL LO	CATION	AND ACREA	GE DEDICATI	ON PLAT	□ AMENDI	ED REPORT
API Number Pool Code				Pool Name					
Property Code Property Name JACKSON "A"						Well Num			
OGRID N	o.			BUR	Operator Nam NETT OIL C		/	Elevation 3738	
					Surface Loca	ation	_/		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	13	17-S	30-E	<u> </u>	2150'	SOUTH /	2310'	EAST	EDDY
			Bottom	Hole Loc	cation If Diffe	erent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acre	s Joint o	r Infill Co	nsolidation	Code Or	der No.	<u> </u>		<u> </u>	1
				$-\Lambda$		/			
NO ALLO	OWABLE W	OR A N	ssigned Ion—Stan	TO THIS NDARD UN	COMPLETION UNIT HAS BEEN	INTIL ALL INTEI APPROVED BY	RESTS HAVE BI THE DIVISION	EEN CONSOLIDA	ATED
	NA Y=0 X= LAT.=3	32.49'58.85 103.55'25.	N E 5" N 73" W 	600	i	310'-	I hereb contained hereit best of my know hereit best of my know Signature SIGNATURE STERLING Printed Name PETROLEI Title Acry Date SURVEYOUT I hereby certified to the surveys supervison as correct to the MA Date Surveys Signature of the Professional Surveys Signature of the Surveys Signature o	OR CERTIFICAT y that the well locat as plotted from field made by me or and that the same is no best of my bette AY 10, 2004	TION ion shown of notes of under my true and





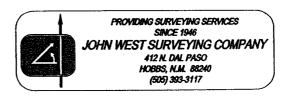
LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

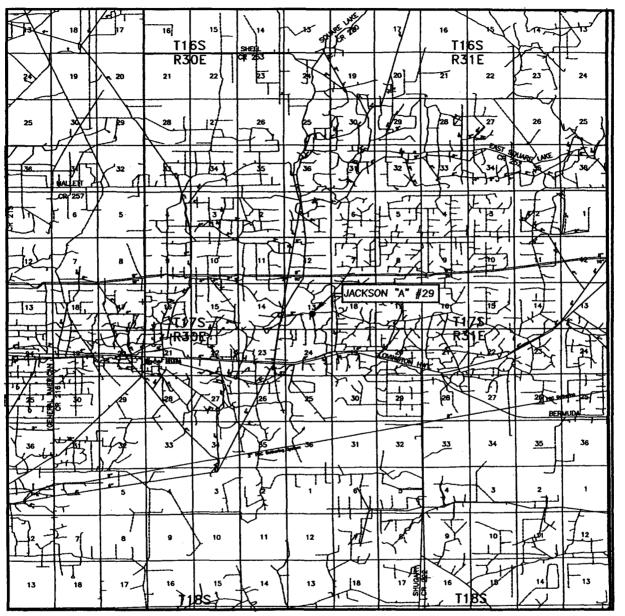
CONTOUR INTERVAL: LOCO HILLS, N.M. - 10'

SEC. <u>13</u> 7	WP. <u>17-S</u> RGE. <u>30-L</u>
SURVEY	N.M.P.M.
	EDDY
	1 2150' FSL & 2310' FEL
	3738'
	BURNETT OIL COMPANY
	JACKSON"A"
•	
U.S.G.S. 101	POGRAPHIC MAP



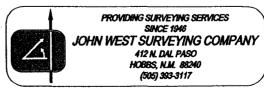
JACKSON A #29 EXHIBIT B

VICINITY MAP

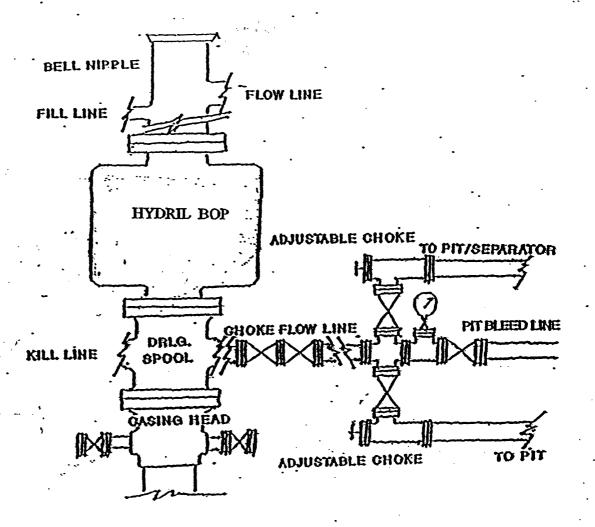


SCALE: 1" = 2 MILES

SEC. 13 TWP.	17-S RGE. 30-E
SURVEY	N.M.P.M.
COUNTY	EDDY
DESCRIPTION 21:	50' FSL & 2310' FEL
ELEVATION	3738'
ODERATOR BUR	NETT OIL COMPANY
	ACKSON "A"



JACKSON A #29 EXHIBIT C



BURNETT OIL CO., INC.

BLOWOUT PREVENTER & CHOKE MANIFOLD DIAGRAM 2000 PSI WORKING PRESSURE SERIES 600 FLANGES

JACKSON A #29 EXHIBIT E