

OCD-ARTESIA

RECEIVED
FEB 8 2013UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an
abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM2748
2. Name of Operator BURNETT OIL CO., INC.		6. If Indian, Allottee or Tribe Name
3a. Address BURNETT PLAZA - SUITE 1500 801 CHERRY STREET FORT WORTH, TX 76102		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) 817-382-5108 Ext. 53266102		8. Well Name and No. GISSLER B 16
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 11 T17S R30E 1980FSL 660FWL		9. API Well No. 30-015-23771
		10. Field and Pool, or Exploratory GRAYBURG JACKSSON SA
		11. County or Parish, and State EDDY COUNTY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input checked="" type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Casing leaks were found in production casing at 235' and 292'.

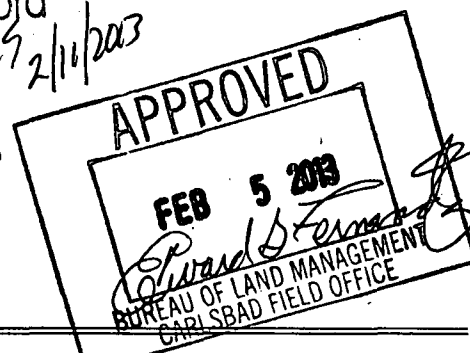
Burnett proposes the following corrective action:

1. CIBP set at 2800'.

2. Perf at 490'.

3. Cement retainer set at 450'.

4. Cement squeeze holes at 490' with 100sxs Cement.

Accepted for record
NMOC D-789 2/11/2013SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #196104 verified by the BLM Well Information System
For BURNETT OIL CO., INC., sent to the Carlsbad

Name (Printed/Typed) LESLIE M GARVIS

Title REGULATORY COORDINATOR

Signature (Electronic Submission)

Date 02/05/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____	Title _____	Date _____
Conditions of approval, if any, are attached. Approval of this notice 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.		Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

Additional data for EC transaction #196104 that would not fit on the form

32. Additional remarks, continued

5. Pull out of retainer and run packer to 150' and establish circ through holes at 292'.

6. Pull tubing and packer.

7. Pump 150sxs CLC neat down 5.5 casing, circulate cement to surface.

8. WOC

9. Drill out cement, test 2nd squeeze to 500psi.

10 When good test established, drill out cement retainer and cement and test squeeze holes at 490' to 500 psi.

11. Drill out cast iron bridge plug at 2800', circulate hole clean.

12. Run injection packer and IPC tubing.

13. Circulate packer fluid and run MIT test to 500psi and return well to injection.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Conditions of Approval

Burnett Oil Co., Inc.

Gissler B - 16

API 3001523771, T17S-R30E, Sec 11

February 05, 2013

1. Due to being within the Lesser Prairie Chicken habitat, this workover activity will be restricted to the hours of 9:00am through 3:00am for the period of March 1 through June 15. Exceptions to these restrictions may be granted by BLM's Johnny Chopp <jchopp@blm.gov> 575.234.2227 or Bob Ballard <bballard@blm.gov> 575.234.5973.
2. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.
3. Subject to like approval by the New Mexico Oil Conservation Division.
4. Class "C" cement to be mixed 14.8#/gal, 1.32 ft³/sx, 6.3gal/sx water.
5. **Step 4. Verify top of cement in the 8 5/8" - 5 1/2" annulus is at or above 280' with a discernible (clear TOC) temperature survey or CBL before moving to Step 5. Provide BLM with an electronic copy (Adobe Acrobat Document) of the record. The TOC record may be attached to a pswartz@blm.gov email. The CFO BLM on call engineer may be reached at 575-706-2779.**
6. Surface disturbance beyond the existing pad shall have prior approval.
7. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
8. Functional H₂S monitoring equipment shall be on location.
9. Minimum 2000 (2M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. A ram system including a blind ram and pipe ram(s) designed to close on all of the work string(s) used is required equipment. Manual BOP closure (hand wheels) equipment shall be installed regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed as needed for reasonable well control requirements.
10. . All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
11. After cementing the casing leaks, perform a casing integrity test of 300 psig. Pressure leakoff may require correction for approval.

12. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.
13. File intermediate **subsequent sundry** Form 3160-5 within 30 days of any interrupted workover procedures and a complete workover subsequent sundry.

Well with a Packer - Operations

- 1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
- 2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with minimum 200 psig differential between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
- 3) Document the pressure test on a one hour full rotation calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
- 4) Make arrangements 24 hours before the test for BLM to witness. In Eddy County email Paul R. Swartz pswartz@blm.gov or phone 575-200-7902, if there is no response, 575-361-2822. If no answer, leave a voice mail or email with the API#, workover purpose, and a call back phone number. Note the contact, time, & date in your subsequent report.
- 5) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
- 6) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, or an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice". The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.
- 7) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 8) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
 - a) Approved injection pressure compliance is required.
 - b) If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.

- c) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 9) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 1) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of a full annular fluid level at any time.
- 2) Maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.**
- 3) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 4) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 5) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0 psia. Notify the BLM's authorized officer ("Paul R. Swartz" <pswartz@blm.gov>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 6) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of installed equipment: internally corrosive protected tubing, tubing on/off equipment just above the packer, and an in line tubing check valve below the packer or between the on/off tool and packer. The setting depths and descriptions of each are to be included in the subsequent sundry. List daily descriptions of any previously unreported wellbore workover(s) and reason(s) the well annular fluid was replaced.

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.