7004

ATS-07-178

Form 3160–3
(November 1983)
(formerly 9–331C)

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

RECEIVED
JAN 22 2007
OCD - ARTESIA

Form approved.
Budget Bureau No. 1004–0136
Expires August 31, 1985

# APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: BURNETT OIL CO., INC (817/332-5108) 3080

3. ADDRESS OF OPERATOR: 801 CHERRY STREET, SUITE 1500, FORT WORTH, TEXAS 76102

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: UNIT H, ~~1650~~ 1800 FNL, ~~330~~ 380 FEL
At proposed prod. SAME AS SURFACE

B-H per attached SN dated 12/18/06

Roswell Controlled Water Basin

5. LEASE DESIGNATION AND SERIAL NO.: NMLC055264

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME: 2391

8. FARM OR LEASE NAME: JACKSON B #43

9. WELL NO.: # API# 30-015- 35398

10. FIELD AND POOL, OR WILDCAT: CEDAR LAKE, ~~YESO~~ Glorieta-Yeso

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SEC 24, T17S, R30E

12. COUNTY OR PARISH: EDDY

13. STATE: NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: APPROXIMATELY 6 MILES EAST OF LOCO HILLS, NEW MEXICO

| 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 | 17. NO. OF ACRES ASSIGNED TO THIS WELL |
|---|---|---|
| 330' | 600 | 40 |
| **18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.** | **19. PROPOSED DEPTH** | **20. ROTARY OR CABLE TOOLS** |
| 330' | 5400' | ROTARY |

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3722' GR

22. APPROX. DATE WORK WILL START*: FEBRUARY 15, 2007

23. PROPOSED CASING AND CEMENTING PROGRAM

NM8000197

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|---|---|---|---|---|
| 14 3/4" | 9 5/8" | 32.30# | +/- 400' | +/-400 Sks(Circ. to Surface) |
| 8 3/4" | 7" | 23# | 5400' | +/-1500 Sks In 2 stages |
| | | | | (If water flows are encountered cementing program may vary.) |

A 14 3/4" 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. A 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. For horizontal wells, that portion of the well will be drilled as recommended by our service company and we will perforate and treat productive intervals as recommended by service company.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

SEE ATTACHED FOR CONDITIONS OF APPROVAL

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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 Mark A Jacoby TITLE PETROLEUM ENGINEER DATE 11/21/2006

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY /s/ James Stovall ACTING TITLE FIELD MANAGER DATE 1-22-07

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL FOR 1 YEAR

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

Form 3160-5
(November 1994)

276

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

## SUNDRY 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***

5. Lease Serial No.: NMLC055264
6. If Indian, Allottee or Tribe Name:
7. If Unit or CA/Agreement, Name and/or No.:
8. Well Name and No.: JACKSON B #45
9. API Well No.: 30-015- S1
10. Field and Pool, or Exploratory Area: CEDAR LAKE YESO
11. County or Parish, State: Eddy County, N.M.

1. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other
2. Name of Operator: BURNETT OIL CO., INC.
3a. Address: 801 CHERRY STREET, SIUTE 1500 UNIT #9 FORT WORTH, TEXAS, 76102
3b. Phone No. *(include area code)*: (817) 332-5108
4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*: UNIT H, 1800' FNL, 380' FEL, SEC 24,T17S,R30E

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|---|---|
| ☒ Notice of Intent | ☐ Acidize | ☐ Deepen | ☐ Production (Start/Resume) | ☐ Water Shut-Off |
| ☐ Subsequent Report | ☐ Alter Casing | ☐ Fracture Treat | ☐ Reclamation | ☐ Well Integrity |
| ☐ Final Abandonment Notice | ☐ Casing Repair | ☐ New Construction | ☐ Recomplete | ☐ Other LOCATION |
| | ☒ Change Plans | ☐ Plug and Abandon | ☐ Temporarily Abandon | |
| | ☐ Convert to Injection | ☐ Plug Back | ☐ 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 recomplete 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 recompletion 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.)

Attached is a new State of New Mexico C-102 survey plat dated 12/09/2006 for this well. Please note the change in the elevation from 3695' to 3692' and the move from 1750' to 1800' FNL and 330' to 380' FEL of Sec 24, T17S, R30E. We have included one new John West location plat and one with the rig position drawn in to show how we plan to use on location. New A, B, C & D exhibts are enclosed to cover the footage change. The SURFACE USE PROGRAM in the original APD is still ok if the new exhibits are used. This change should be shown to your Mr. Barry Hunt.

**We have also included a new exhibit E since we do plan to use a hydril (as shown on the BOP specifications.)**

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*: Mark A. Jacoby
Title: Engineering Manager
Signature: Mark A. Jacoby
Date: 12/18/2006

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by: /s/ James Stovall
Title: FIELD MANAGER
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: CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001, makes 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.

*(Instructions on reverse)*

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

# OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| API Number | Pool Code | Pool Name |
|---|---|---|
| 30-015 | 96831 | CEDAR LAKE, Glorieta-Yeso |

| Property Code | Property Name | Well Number |
|---|---|---|
| 002391 | JACKSON B | 45 |

| OGRID No. | Operator Name | Elevation |
|---|---|---|
| 003080 | BURNETT OIL COMPANY | 3692' |

### Surface Location

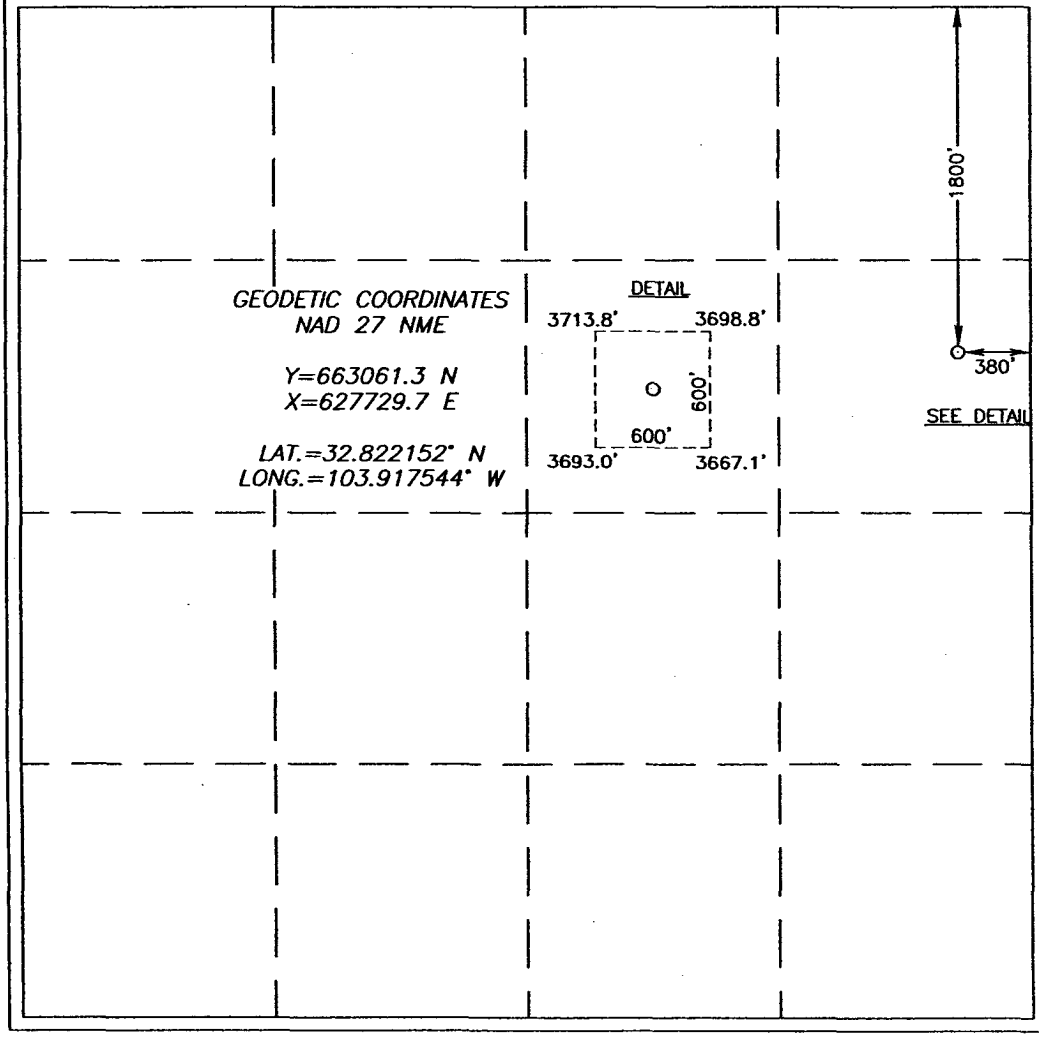
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|---|---|---|---|---|---|---|---|---|
| H | 24 | 17-S | 30-E | | 1800 | NORTH | 380 | EAST | EDDY |

### 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 | Joint or Infill | Consolidation Code | Order No. |
|---|---|---|---|
| 40 | | | |

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 herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

Mark A Jacoby 12/12/2006
Signature Date

MARK A. JACOBY
Printed Name

### 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.*

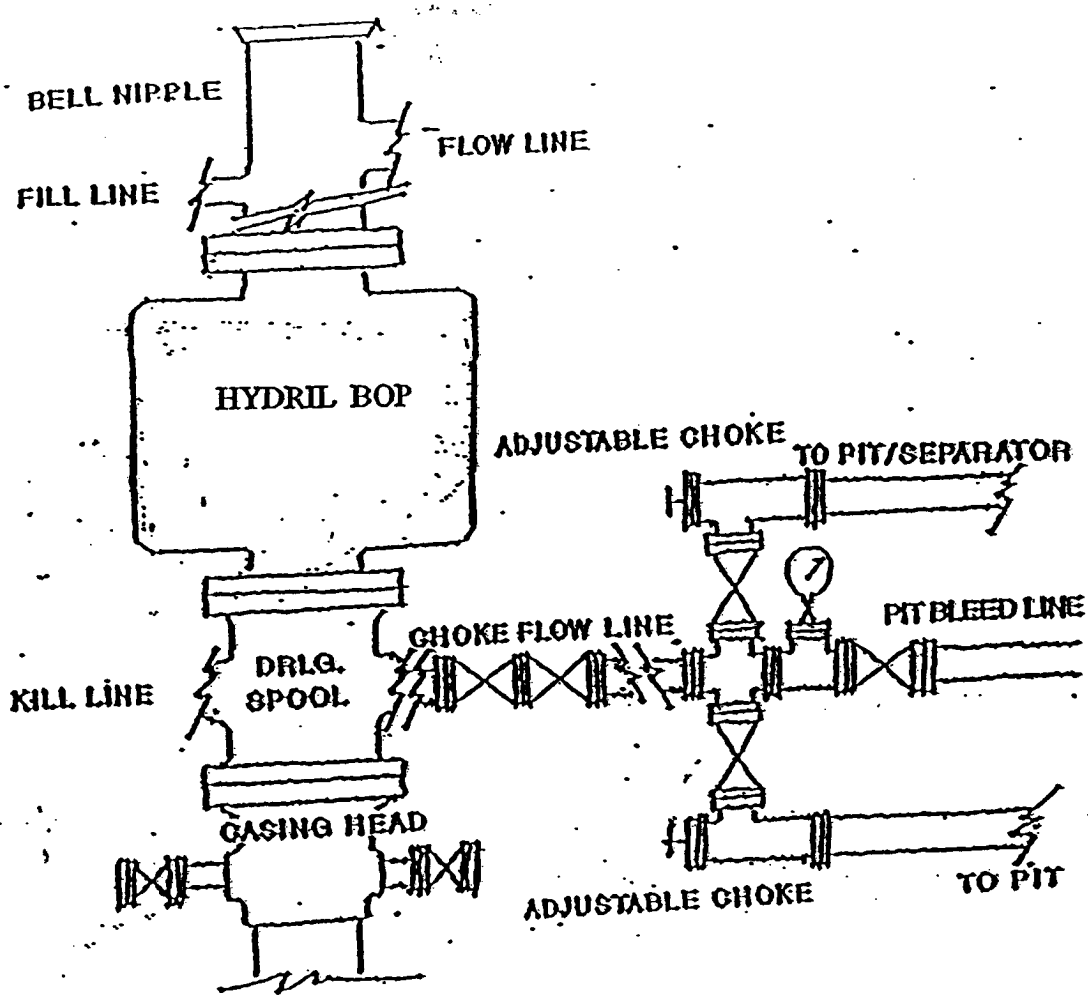
DECEMBER 9, 2006
Date Surveyed LA

Signature & Seal of Professional Surveyor

CHAD HARCROW NEW MEXICO 17777 06.11.1969 LICENSED PROFESSIONAL SURVEYOR

Chad Harcrow 12/12/06

Certificate No. CHAD HARCROW 17777




# BURNETT OIL CO., INC.

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

JACKSON B #45
EXHIBIT "E"

DRILLING PLAN

BURNETT OIL CO., INC.
LEASE NO.NMLC 055264
JACKSON B LEASE, WELL NO.45
UNIT LETTER H 1750' FNL, 330' FEL
SECTION 24, TOWNSHIP 17 SOUTH, RANGE 30 EAST
EDDY COUNTY, NEW MEXICO

**(A) DRILLING PROGRAM**

(1) Estimated tops of geologic markers:

Alluvium.....Surface
Anhydrite.....260'
Salt.....520'
Base Salt.....1275'
Seven Rivers.....1927'
Grayburg.....2708'
San Andres.....3035'
Glorieta.....4370'

(2) Estimated depths of producing formations:

Fresh water.....None
Saltwater flows..(?)*
Oil and Gas.....1927'**,2708**

* 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 +/- 415'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 BLM) to fill this annular space using sufficient rat hole mix to bring cement to surface per BLM 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 7" 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.

see COA

(6) Mud program: 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.