

BURNETT OIL CO., INC.
AUTHORITY FOR EXPENDITURE- COST ESTIMATE

DATE: 1/19/2011 AFE #: 2160
 OPERATOR: BURNETT OIL CO., INC LEASE: PARTITION FED WELL # 1 PROPERTY #:
 COUNTY/STATE: Eddy Co., NM LOCATION: SW/4 SW/4, Sect.13, T17S, R31E
 LOCATION: 430 FWL, 430 FSL, Unit M, Section 13, T17S, R31E FED. LEASE: NMLC0294515A
 POOL: FREN (GLORIETA - YESO) TD:7200' FORMATION: Yeso
 RECOMMENDATION: DRILL & COMPLETE 7200' FREN (GLORIETA YESO) WELL W/ FLOWLINE TANK BATTERY.

INTANGIBLE COSTS:				DRILL	COMPL./WO	TOTAL
01	LOCATION COST (Road, survey, damages, permit, etc.)			25,000	5,000	30,000
02	RIG MOVE-RIG UP, RIG DOWN			7,500		7,500
03	CONTRACT RATE-FTG/TURNKEY	FEET @	PER FOOT			
04	CONTRACT RATE/DAYWORK	17	DAYS @ \$9,500	161,500		161,500
05	COMPLETION, WORKOVER UNIT	12	DAYS @ \$3,000		36,000	36,000
06	BITS AND STABILIZERS			30,000		30,000
07	FUEL, LUBRICANTS, WATER	12,000 WATER	15,000 FUEL	27,000		27,000
08	TRUCKING AND TRANSPORTATION	25,000 WTR	15000 CRI HAUL	40,000		40,000
09	MUD AND CHEMICALS			7,000		7,000
10	PRIMARY CEMENTING (Incl. Equip), Srfc BCP, Prod ACP			25,000	70,000	95,000
	SQUEEZE CEMENTING					
11	CORING AND CORE ANALYSIS					
12	MUD LOGGING	14 days @	800 per day	11,200		11,200
13	DRILL STEM TESTING					
14	OPEN HOLE LOGGING			20,000		20,000
15	PERFORATING AND CASED HOLE LOGS				18,000	18,000
16	CASING CREWS, TONGS, HANDLING TOOLS			5,000	8,000	13,000
17	EQUIPMENT RENTALS	8,500 SOL SEP		13,500	5,000	18,500
18	MISCELLANEOUS LABOR			5,000	5,000	10,000
19	ACID, FRAC, SAND CONTROL	4 fracs @ 165000			660,000	660,000
20	BHP, OTHER PRODUCTION TESTING					
21	DIRECTIONAL DRILLING					
22	FISHING TOOLS AND SERVICES					
23	SUPERVISION	17 days @	1,100 per day	18,700	5,000	23,700
24	OPERATING OVERHEAD			3,000	0	3,000
25	OTHER / CONTINGENCIES			8,000	8,000	16,000
26	PLUGGING EXPENSE			10,000	-10,000	0
27	INSURANCE					
TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:				417,400	810,000	1,227,400
TANGIBLE COSTS:				LENGTH, ft/OD, in	WT per FT	COST, \$/FT
50	CASING, DRIVE / CONDUCTOR					
51	CASING, SURFACE	750	750' 10 3/4"	32.75#	\$24.73	18,547
52	CASING / INTERMEDIATE					
53	CASING, PRODUC & RYTWRAP	7200	5500' 7" J, 1700	23#J, 26#L80	\$21.78	156,810
54	CASING, LINER / HANGER					
55	TUBING	7000	7000' 2 7/8" J	6.5	\$6.10	42,665
56	RODS	7000	7000 3/4", 7/8", 1"		\$4.50	31,500
60	SUBSURFACE PRODUCTION EQUIPMENT					6,500
65	CHRISTMAS TREE, WELL HEAD EQUIPMENT					1,500
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:				20,047	242,975	263,022
TOTAL DRILLING AND COMPLETION COSTS:				437,447	1,052,975	1,490,422
LEASE EQUIPMENT COSTS:						
69	TANKS, HEATERS, TREATING FACILITIES					128,000
70	GAS PROCESSING EQUIPMENT					
71	FLOW LINE AND INSTALLATION					20,000
72	PERM. IMPROVEMENTS (GATES, FENCES, ETC.)					
73	PUMPING UNIT, GAS LIFT, ETC.					94,000
74	MISCELLANEOUS VALVES, FITTINGS, SAFETY EQUIPMENT					85,000
75	INSTALLATION COSTS					15,000
76	SUPERVISION					
77	OTHER					2,000
TOTAL LEASE EQUIPMENT COSTS:						344,000
TOTAL WELL COST:				\$1,834,422	437,447	1,396,975
TOTAL DRY HOLE COST:				\$437,417		344,000
				BUDGET /QTR: 2011/1st		

Oil Conservation Division
 Case No. _____
 Exhibit No. 1

APPROVED BY BURNETT OIL CO., INC.

SIGNATURE _____
Mark A. Jacoby , Engineering Manager

DATE: _____

APPROVED- JOINT INTEREST

COMPANY: _____

NAME: _____

TITLE: _____

DATE: _____

BURNETT OIL - GEOLOGIC & DRILLING PROGNOSIS

Location Information

Well Name	Partition Federal No. 1	Field/Area	Fren (Glorieta - Yeso)
SL Footage Calls	430 FWL, 430 FSL, Unit M, Sect 13, T17S, R31E		
SL X Coord	654678.368 E	SL Y Coord	665474.966 N NAD 27
BHL Footage Calls	same as Surface		
BHL X Coord		County, State	Eddy, NM
BHL Y Coord		Est. Spud Date	7/11/2011
Surveyed GL	3903	KB Elevation	3915

Permit Information

AFE No.	2160	API No.	30-015-39061
---------	------	---------	--------------

Projected Formation Tops

Formation	MD/TVD	Subsea	Formation	MD/TVD	Subsea
Rustler Anhyd.	539	3,376	San Andres	3,615	300
Salt	720	3,195	Glorieta	5,135	-1,220
Base Salt	1,712	2,203	Yeso/Paddock	5,208	-1,293
Yates	1,893	2,022	B/ U Yeso		
Seven Rivers	2,232	1,683	Tubb	6,661	-2,746
Queen	2,857	1,058	TD	6,750	-2,835
Grayburg	3,246	669	APD Permit	7,200	-3,285

Offset Correlation Wells

API	Well Name	Location

Casing Program

Surface	14 3/4" hole, 10 3/4" 32.75# at 620'
Intermediate	NA
Production	8 3/4" hole, 7" 23#J55 0' - 5500', 26#L80 5501' - 6750' at 6750'
Vendor	Jim Arline @ BOCI-FW

Mud Program

Surface	Build native mud with fresh water; LCM as needed.
Intermediate	
Production	Drill out with brine water circulating through Claco's solids bins & CRI haul off bins for solids. Use caustic soda for PH control.

Miscellaneous

Primary Objectives	Yeso
Secondary Objectives	NA
Coring Program	No planned cores
	No planned tests

Logging Program

	Log Types	Top Depth	Base Depth	Remarks
<input checked="" type="checkbox"/>	DSNSpecDenCompGR	1500	TD	Halliburton
<input checked="" type="checkbox"/>	DLL-Micro-Guard			
<input type="checkbox"/>	1 Long Spaced Sonic	1500	TD	Halliburton
<input checked="" type="checkbox"/>	GR-N	Srfc	TD	Halliburton
<input checked="" type="checkbox"/>	Distribution			
Mud Logging Program	Top	Base	Samples	Remarks
	2000	TD	2-10'	
Mud Logging Company	Kenneth L. Johnson		Company Phone Number	432-528-4228

Directions

Go east out of Loco Hills 8.5 miles on SH 82 toward Maljamar. Turn southeast on county road 224, also called Ripple Road. Go apx 0.5 mile to lease road on right, travel apx 0.5 mile to Hudson office, turn right (going NW) for 1 mile to location.

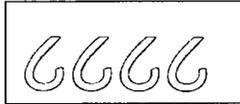
Special Equipment

H2S equipment on well at 1800'

Special Instructions

Contact Information

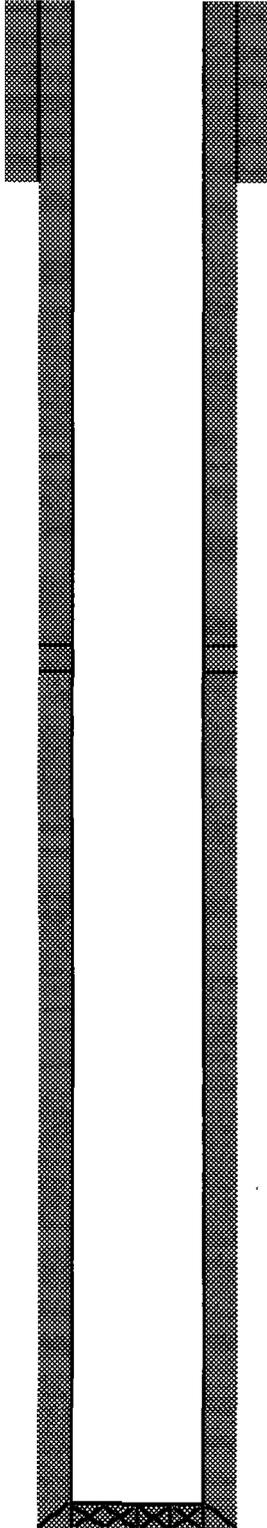
Drig Contractor	United Drilling Rig 29	Pusher	Jose Navarez
Phone (Rig)	575-910-2019	Phone (home)	
Roswell Phone	575-623-7730	Phone (cell)	575-626-9166
Distr. Supt.	Belton Mathews	Email Address	bocilh@pvtnetworks.net
Phone (work)	575-677-2313	Phone (cell)	575-703-9601
Drilling Consultant	Lynn Waters	Email Address	lwaters@nts-online.net
Phone(Office-Trlr)	806-781-1987	Phone (cell)	806-781-9712
Drilling Consultant	Joe Gordy	Email Address	jgordy@aol.com
Phone(Office-Trlr)		Phone (cell)	432-528-4497
Drig. Foreman	Richard Payne	Email Address	rpayne@burnettoil.com
Phone (work)	575-677-2313	Phone (cell)	505-703-9803
Engr. Manager	Mark Jacoby	Email Address	mjacoby@burnettoil.com
Phone (work)	817-332-5108	Phone (home)	817-283-7163
Fax	817-332-2438	Phone (cell)	817-332-5108
Geologist	Larry Galbiati	Email Address	lgalbiati@burnettoil.com
Phone (work)	817-332-5108	Phone (home)	817-460-8851
Fax	817-332-2438	Phone (cell)	682-429-9020



PROPOSED WELL BORE SCHEMATIC

WELL NAME PARTITION FEDERAL #1
 FIELD FREN (GLORIETA YESO)
 COUNTY/STATE: EDDY CO., NEW MEXICO
 LOCATION SL: 430' FSL, 430' FWL, Unit M, Section 13
T17S, R31E

SPUD DATE: 7/10/2011 API # 30-015-39061
 RIG RELEASE: _____ AFE # _____
 IP DATE: _____



10.75" CSG 750'

SURFACE CASING:

DEPTH: 750' SIZE: 10.75" WT: 32.75#

CEMENT: _____

PRODUCTION CASING:

DEPTH: 7200' SIZE: 7" WT: 23#J55, 0-5700', 26# L80, 5700-7200'

CEMENT: _____

TUBING:

DEPTH: _____ SIZE: 2 7/8" 6.5#

PUMP: _____

REMARKS:

7" 23# J55 CSG 0-5700' (0-3500' EXT RYTWRAPE)

DV TOOL - 2600'

7" 26# L-80 CSG 5700'-7200'

TD - 7200'