

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

DATE: **1/19/2011** AFE #: **2162**  
 OPERATOR: **BURNETT OIL CO., INC** LEASE: **NOSLER** WELL #: **2** PROPERTY#: **GJK002B**  
 COUNTY/ST/ **Eddy Co., NM** LOCATION: **940 FSL, 990 FWL, Unit M, Section 13, T17S, R31E** FED LSE #: **NMLC029415B**  
 LOCATION: **940 FSL, 990 FWL, Unit M, Section 13, T17S, R31E** FORMATION **Yeso**  
 POOL: **FREN (GLORIETA - YESO)** TD: **7200'**  
 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/TU FEET @ PER FOOT						
04	CONTRACT RATE/DAYWC	17	DAYS @	\$9,500	161,500		161,500
05	COMPLETION, WORKOVE	12	DAYS @	\$3,000		36,000	36,000
06	BITS AND STABILIZERS				30,000		30,000
07	FUEL, LUBRICANTS, WAT 12,000 WATE 15,000 FUEL				27,000		27,000
08	TRUCKING AND TRANSPORTATION 25,000 WTR H, 15000 CRI HAUL				40,000		40,000
09	MUD AND CHEMICALS				7,000		7,000
10	PRIMARY CEMENTING (Incl. Equip.), Srfc BCP, Prod A				25,000	70,000	95,000
11	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 CASD HOLE LOG					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 CONTI 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						
<b>TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:</b>					<b>417,400</b>	<b>810,000</b>	<b>1,227,400</b>
<b>TANGIBLE COSTS: (FEET/SIZE ((WEIGHT(S))) (GRADE)</b>							
50	CASING, DRIVE / CONDUCTOR						
51	CASING, SURFACE	750	750' 10 3/4"	32 75# \$24.73	18,547		18,547
52	CASING / INTERMEDIATE						
53	CASING, PRODUC & RYTV	7200	5500' 23# 7" .1700' 26# &"	\$21 78		156,810	156,810
54	CASING, LINER / HANGER						
55	TUBING	7000	7000' 2 7/8"	6.5# J55 \$6 10		42,665	42,665
56	RODS	7000	7000 3/4", 7/8", 1"	\$4.50		31,500	31,500
60	SUBSURFACE PRODUCTION EQUIPMENT					6,500	6,500
65	CHRISTMAS TREE, WELL HEAD EQUIPMENT				1,500	5,500	7,000
<b>TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:</b>					<b>20,047</b>	<b>242,975</b>	<b>263,022</b>
<b>TOTAL DRILLING AND COMPLETION COSTS:</b>					<b>437,447</b>	<b>1,052,975</b>	<b>1,490,422</b>
<b>LEASE EQUIPMENT COSTS:</b>							
69	TANKS, HEATERS, TREATING FACILITIES						
70	GAS PROCESSING EQUIPMENT						
71	FLOW LINE AND INSTALLATION					20,000	20,000
72	PERM IMPROVEMENTS (GATES, FENCES, ETC )						
73	PUMPING UNIT, GAS LIFT, ETC					94,000	94,000
74	MISCELLANEOUS VALVES, FITTINGS, SAFETY EQUIPMENT						
75	INSTALLATION COSTS						
76	SUPERVISION						
77	OTHER						
<b>TOTAL LEASE EQUIPMENT COSTS:</b>						<b>114,000</b>	<b>114,000</b>
<b>TOTAL WELL COST: \$1,604,422</b>					<b>437,447</b>	<b>1,166,975</b>	<b>1,604,422</b>
<b>TOTAL DRY HOLE COST: \$437,417 PREPARED I MCS/MAJ</b>							
					BUDGET /QT	2011/1st	

APPROVED BY BURNETT OIL CO., INC.

SIGNATURE \_\_\_\_\_  
 Mark A. Jacoby, Engineering Manager

DATE \_\_\_\_\_

APPROVED- JOINT INTEREST

COMPANY \_\_\_\_\_  
 NAME: \_\_\_\_\_  
 TITLE \_\_\_\_\_  
 DATE: \_\_\_\_\_

Oil Conservation Division  
 Case No. \_\_\_\_\_  
 Exhibit No. 8

## BURNETT OIL - GEOLOGIC & DRILLING PROGNOSIS

### Location Information

Well Name	Nosler Federal No 2	Field/Area	Fren (Glorieta - Yeso)
SL Footage Calls	990 FWL, 940 FSL, Unit M, Sect 24, T17S, R31E		
SL X Coord	655264.718 E	SL Y Coord	660770.973 N NAD 27
BHL Footage Calls	same as Surface		
BHL X Coord		County, State	Eddy, NM
BHL Y Coord		Est. Spud Date	8/1/2011
Surveyed GL	3871	KB Elevation	3883

### Permit Information

AFE No.	2182	API No.	30-015-38634
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### Projected Formation Tops

Formation	MD/TVD	Subsea	Formation	MD/TVD	Subsea
Rustler Anhyd.	512	3,371	San Andres	3,619	264
Salt	698	3,185	Glorieta	5,140	-1,257
Base Salt	1,694	2,189	Yeso/Paddock	5,208	-1,325
Yates	1,875	2,008	B/ U Yeso		
Seven Rivers	2,236	1,647	Tubb	6,631	-2,748
Queen	2,856	1,027	TD	6,750	-2,867
Grayburg	3,220	663	APD Permit	7,200	-3,317

### 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 0.25 mile to lease road on left. Turn left, or south, and travel almost 1 mile to 90 degree turn to left (east) and location on left (north) side of lease road.

### Special Equipment

H2S equipment on well at 1800'

### Special Instructions

### Contact Information

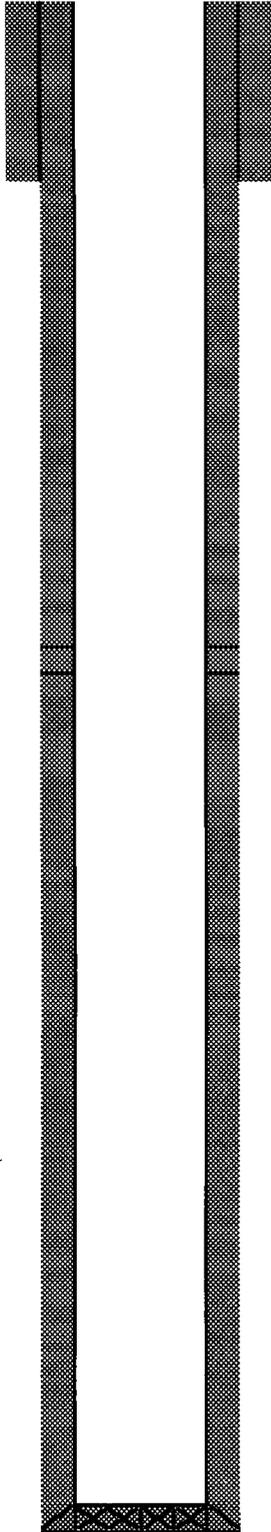
Drlg Contractor	United Drilling Rig 29	Pusher	Jose Navarez
Phone (Rig)	575-910-2019	Phone (home)	
Roswell Phone	575-623-7730	Phone (cell)	575-626-9166
Distr. Supt.	Belton Mathews	Email Address	<a href="mailto:bocilh@pvtnetworks.net">bocilh@pvtnetworks.net</a>
Phone (work)	575-677-2313	Phone (cell)	575-703-9601
Drilling Consultant	Lynn Waters	Email Address	<a href="mailto:lwaters@nts-online.net">lwaters@nts-online.net</a>
Phone(Office-Trlr)	806-781-1967	Phone (cell)	806-781-9712
Drilling Consultant	Joe Gordy	Email Address	<a href="mailto:jlgordy@aol.com">jlgordy@aol.com</a>
Phone(Office-Trlr)		Phone (cell)	432-528-4497
Drlg. Foreman	Richard Payne	Email Address	<a href="mailto:rpayne@burnettoil.com">rpayne@burnettoil.com</a>
Phone (work)	575-677-2313	Phone (cell)	505-703-9603
Engr. Manager	Mark Jacoby	Email Address	<a href="mailto:mjacoby@burnettoil.com">mjacoby@burnettoil.com</a>
Phone (work)	817-332-5108	Phone (home)	817-283-7163
Fax	817-332-2438	Phone (cell)	817-332-5108
Geologist	Larry Galbiati	Email Address	<a href="mailto:lgalbiati@burnettoil.com">lgalbiati@burnettoil.com</a>
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: NOSLER FEDERAL #2  
 FIELD: FREN (GLORIETA YESO)  
 COUNTY/STATE: EDDY CO., NEW MEXICO  
 LOCATION: SL: 940' FSL, 990' FWL, UNIT M, SEC 24  
T17S, R31E

SPUD DATE: 8/1/2011 API # 30-015-38634  
 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 RYTWRAP)

DV TOOL - 2600'

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

*Mar 29th*

TD - 7200'