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September 15, 2014

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Burnett Oil Company, are an original and one copy an application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the October 16, 2014 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Burnett Oil Company

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2014 SEP 18 P 2:51

Case 15213

PERSONS NOTIFIED OF APPLICATION

Ard Oil, Ltd.  
Ard Energy Group, Ltd.  
Trustee of the Edward R. Hudson Trust No. 4  
Suite PH No. 5  
222 West Fourth Street  
Fort Worth, Texas 76102

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF BURNETT OIL COMPANY  
FOR A NON-STANDARD OIL SPACING AND  
PRORATION UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO.

Case No. 15213

APPLICATION

Burnett Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Glorieta-Yeso formation comprised of the E $\frac{1}{2}$ W $\frac{1}{2}$  of Section 13, Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Glorieta-Yeso formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ W $\frac{1}{2}$  of Section 13, and has the right to drill a well thereon.
2. Applicant proposes to drill its Partition Fed. Com. Well No. 4H, to a depth sufficient to test the Glorieta-Yeso formation, and dedicate the E $\frac{1}{2}$ W $\frac{1}{2}$  of Section 13 to the well in the Glorieta-Yeso formation to form a non-standard 160 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing. The well is a horizontal well, with a surface location in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of adjoining Section 24, a penetration point at an orthodox location in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 13, and a terminus at an orthodox location in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 13.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ W $\frac{1}{2}$  of Section 13 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to

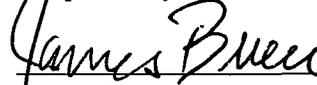
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Glorieta-Yeso formation underlying the E½W½ of Section 13, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the E½W½ of Section 13 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation comprised of the E½W½ of Section 13;
- B. Pooling all mineral interests in the Glorieta-Yeso formation underlying the E½W½ of Section 13;
- C. Designating Burnett Oil Co., Inc. as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce  
Rost Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Burnett Oil Company

PROPOSED ADVERTISEMENT

Case No. 15213 :

*Application of Burnett Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.* Burnett Oil Company seeks an order approving an 160-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation comprised of the E/2W/2 of Section 13, Township 17 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Glorieta-Yeso formation underlying the E/2W/2 of Section 13 for all pools or formations developed on 40 acre spacing within that vertical extent. The unit will be dedicated to the Partition Fed. Com. Well No. 4H, a horizontal well with a surface location in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of adjoining Section 24, a penetration point at an orthodox location in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 13, and a terminus at an orthodox location in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 13 . Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Burnett Oil Co., Inc. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9 miles east of Loco Hills, New Mexico.