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Case 15566

September 27, 2016

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 Co., Inc., are two applications for a non-standard unit and compulsory pooling, together with proposed advertisements. Please set these matters for the October 27, 2016 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Burnett Oil Co., Inc.

PERSONS NOTIFIED OF APPLICATIONS

Ard Oil, Ltd.
Ard Energy Group, Ltd.
Suite P11 No. 5
222 West Fourth Street
Fort Worth, Texas 76102

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. 15566

APPLICATION

Burnett Oil Co., Inc. applies for an order (i) approving a 120 acre non-standard oil spacing and proration unit in the Glorieta-Yeso formation comprised of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 12, 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 operator in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 12, and has the right to drill a well thereon.

2. Applicant proposes to drill its Nosler 12 Fed. LJ Well No. 7H to a depth sufficient to test the Glorieta-Yeso formation (Fren Glorieta-Yeso Pool). Applicant seeks to dedicate the NW $\frac{1}{4}$ SE $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 12 to the well to form a 120 acre non-standard unit in the Glorieta-Yeso formation (project area). The well is a horizontal well, with a surface location in the NW $\frac{1}{4}$ SW $\frac{1}{4}$, and a terminus at an orthodox location in the NW $\frac{1}{4}$ SE $\frac{1}{4}$, of Section 12.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Glorieta-Yeso formation in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 12 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners in the Glorieta-Yeso formation 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

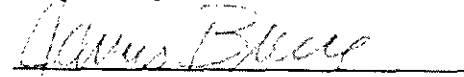
in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Glorieta-Yeso formation underlying the NW¼SE¼ and N½SW¼ of Section 12, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Glorieta-Yeso formation underlying the NW¼SE¼ and N½SW¼ of Section 12 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 NW¼SE¼ and N½SW¼ of Section 12;
- B. Pooling all mineral interests in the Glorieta-Yeso formation underlying the NW¼SE¼ and N½SW¼ of Section 12;
- C. Designating applicant 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
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Burnett Oil Company, Inc.

PROPOSED ADVERTISEMENT

Case No. 15566:

Application of Burnett Oil Co., Inc. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Burnett Oil Co., Inc. seeks an order approving a 120-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation (Fren Glorieta-Yeso Pool) comprised of the NW/4SE/4 and N/2SW/4 of Section 12, Township 17 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Glorieta-Yeso formation underlying the non-standard unit. The unit will be dedicated to the Nosler 12 Fed. LJ Well No. 7H, a horizontal well with a surface location in the NW/4SW/4, a first take point at an orthodox location in the NW/SW/4, and a terminus at an orthodox location in the NW/4SE/4, of Section 12. 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 applicant 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-northeast of Loco Hills, New Mexico.

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