

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

psem0526933280

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
[ ] NSL [ ] NSP [ ] DD [ ] SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
[X] DHC [ ] CTB [ ] PLC [ ] PC [ ] OLS [ ] OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
[ ] WFX [ ] PMX [ ] SWD [ ] IPI [ ] EOR [ ] PPR

2005 SEP 12 AM 8 33

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or [ ] Does Not Apply

- [A] [ ] Working, Royalty or Overriding Royalty Interest Owners
[B] [ ] Offset Operators, Leaseholders or Surface Owner
[C] [ ] Application is One Which Requires Published Legal Notice
[D] [ ] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] [ ] For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] [ ] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

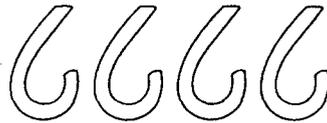
Note: Statement must be completed by an individual with supervisory capacity.

STERLING RANDOLPH
Print or Type Name

Signature

PETROLEUM ENGINEER
Title

9/09/05
Date



September 9, 2005

New Mexico Oil Conservation Division  
1220 South St Francis Drive  
Santa Fe, New Mexico 87505  
Attn: Mr. Mark E. Fesmire

Re: DHC for Non-unitized Grayburg Jackson San Andres and Cedar Lake Yeso  
Jackson A #21, Unit H, 2060' FNL, 330' FEL  
SEC.13, T17S, R30E- Eddy County, New Mexico

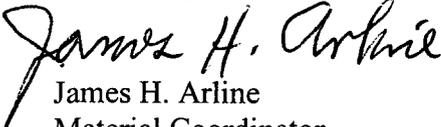
Dear Mr. Fesmire:

Attached is an application to down hole commingle (Exception to Rule 303A) the reference intervals in this well bore: This well is presently completed in the Cedar Lake Yeso. We plan to set a retrievable bridge plug above the Paddock perforations and **temporarily complete** this well bore in the San Andres zone to establish the proper production allocation by testing. Once the allocation is set we will remove the bridge plug and begin down hole commingled operation. We anticipate this testing may take a few months.

A copy of this application and the original 3160-5 is being sent to the Bureau of Land Management and interest owners for this temporary re-completion in anticipation of your approval of the DHC.

Please contact our Mr. Sterling Randolph or the undersigned if you require additional information.

Yours truly,

  
James H. Arline  
Material Coordinator

District I  
1625 N. Preset Fire, Hobby, NM 88240

District II  
1301 W. Grand Avenue, Artesia, NM 88210

District III  
000 Rio Brazos Road, Aztec, NM 87410

District IV  
1220 S 9. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
Single Well  
Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

APPLICATION FOR DOWNHOLE COMMINGLING

Burnett Oil Co., Inc. Burnett Plaza Suite 1500, 801 Cherry St, Unit #9, Fort Worth, Texas 76102-6881

Operator Jackson A Address Unit H Sec 13, T17S, R30E  
Lease Well No. 21 Unit Letter-Section-Township-Range  
OGRID No. 003080 Property Code 20767 API No. 30-015-32034 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg Jackson San Andres		Cedar Lake Yeso
Pool Code	28509		96831
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3500' to 4400'		4678' to 4974'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure <small>(Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)</small>			
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	35.8 Degrees API		37.1 Degrees API
Producing, Shut-In Or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: Rates:	Date: Rates:	Date: 8-17-05 Rates: 15 BOPD, 43 MCFPD, 102 BWPD
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or, production, supporting data or explanation will be required.)</small>	Oil Gas <i>Later</i>	Oil Gas	Oil Gas <i>Later</i>

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes  No

Are all produced fluids from all commingled zones compatible with each other? Yes  No

Will commingling decrease the value of production? Yes  No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes  No

NMOCD Reference Case No. applicable to this well: DHC-3480 7/01/2005

Attachments:

C-102 for each zone to be commingled showing its spacing unit and acreage dedication. Production curve for each zone for at least one year. (If not available, attach explanation.) For zones with no production history, estimated production rates and supporting data. Data to support allocation method or formula.

Notification list of working, royalty and overriding royalty interests for uncommon interest cases. Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools  
List of all operators within the proposed Pre-Approved Pools

Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.  
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Sterling Randolph* TITLE Petroleum Engineer DATE 9/05/2005

TYPE OR PRINT NAME Sterling Randolph TELEPHONE NO. (817) 332-5108

E-MAIL ADDRESS randolph@burnettoil.com

DISTRICT I  
P.O. Box 1080, Hobbs, NM 88241-1080

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

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

DISTRICT IV  
P.O. Box 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT  AMENDED REPORT

API Number 30-015 - 32034	Pool Code 96831	Pool Name CEDAR LAKE, YESO
Property Code 020767	Property Name JACKSON A	Well Number 21
OGRID No. 003088	Operator Name BURNETT OIL COMPANY	Elevation 3754'

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	13	17-S	30-E		2060	NORTH	330	EAST	EDDY

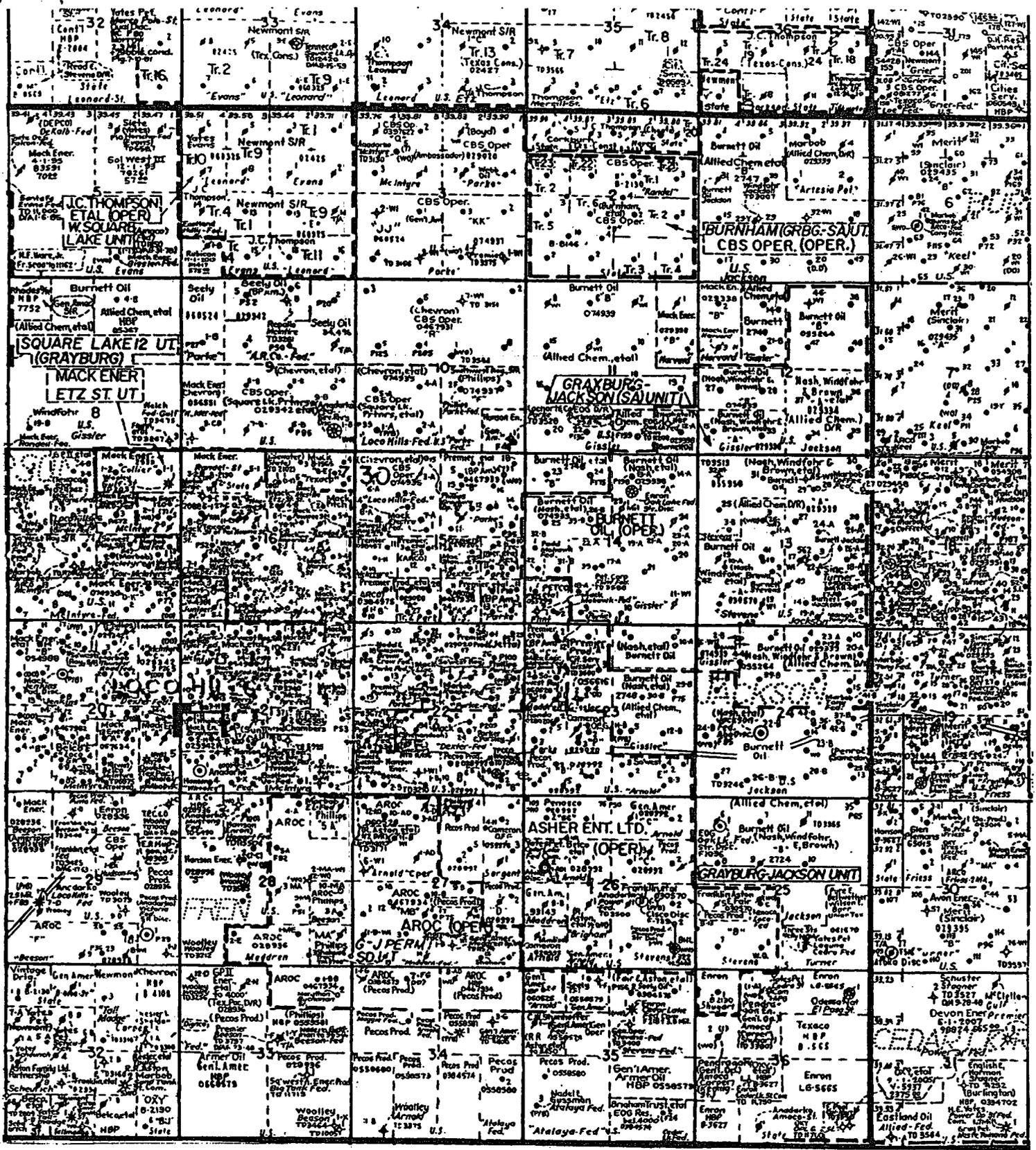
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

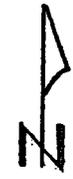
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Sterlin Kandolph</i> Signature</p> <p>Sterlin Kandolph Printed Name</p> <p>Petroleum Engineer Title</p> <p>9/25/2001 Date</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>MARCH 26, 2001</p> <p>Date Surveyed <span style="float: right;">AWB</span></p> <p>Signature &amp; Seal Professional Surveyor</p> <p><i>Ronald J. Edson</i> Professional Surveyor</p> <p>3239 01.11.0829</p>
	<p>Certificate No. RONALD J. EDSON 3239 GARY EDSON 12841</p>
	<p>REGISTERED PROFESSIONAL SURVEYOR</p>



**LAND PLAT**  
**EDDY COUNTY, NEW MEXICO**  
 Scale 1" = 4,000'

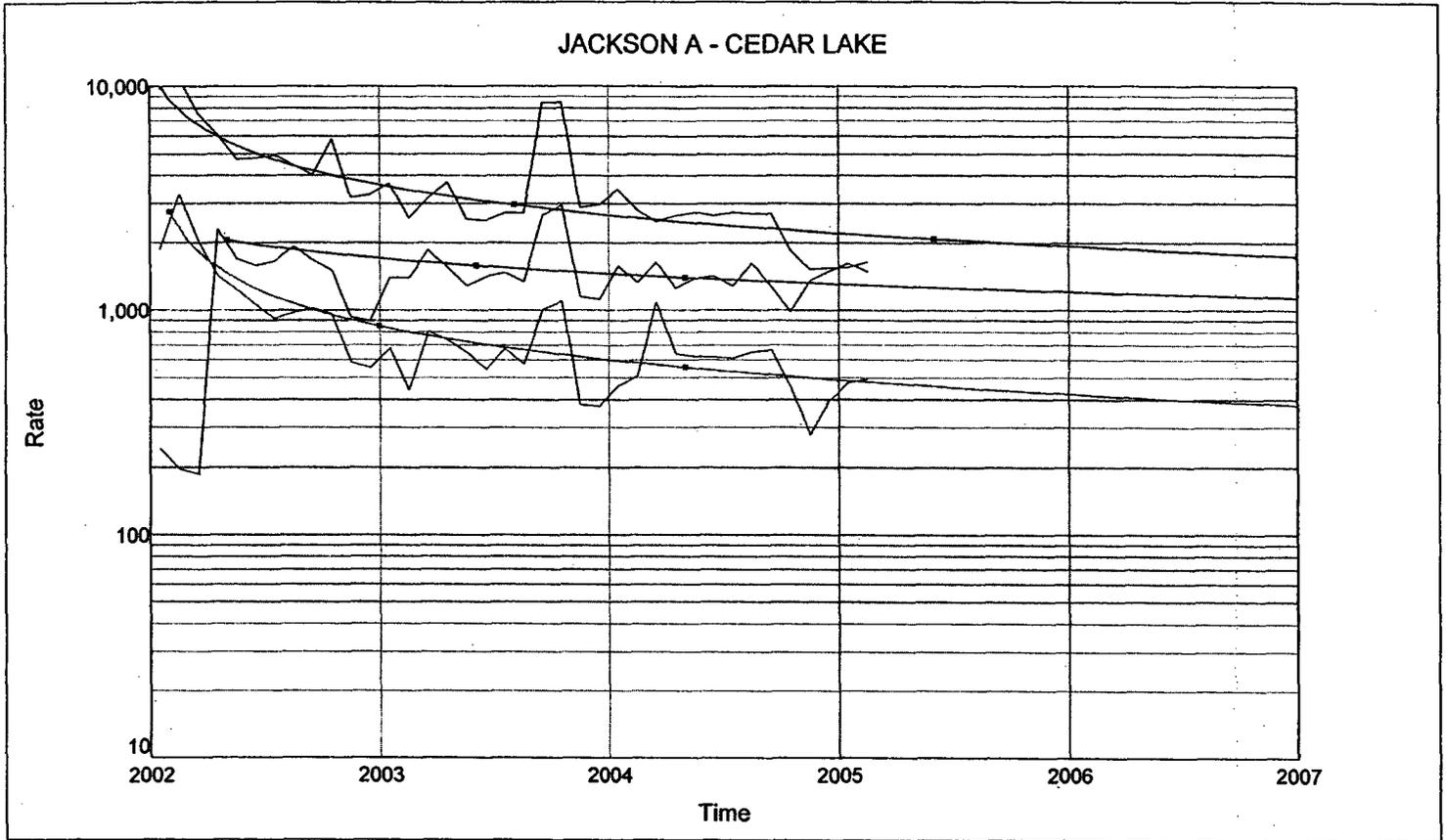


# Annual Historic Production & Well Count Report

Project: S:\IHS Energy\power tools v5.0\Projects\NEW BOCI YESO.MDB

Lease Name: JACKSON A (21)  
 County, ST: EDDY, NM  
 Location: 13H 17S 30E SE SE NE

Operator: BURNETT OIL COMPANY INCORPORATED  
 Field Name: CEDAR LAKE



Date	Oil (bbl)	Gas (mcf)	Water (bbl)	Average Well Count	Total Oil (bbl)	Total Gas (mcf)	Total Water (bbl)
12/2002	15,975	14,828	69,577	1	15,975	14,828	69,577
12/2003	7,972	19,644	46,447	1	23,947	34,472	116,024
12/2004	7,006	16,732	29,936	1	30,953	51,204	145,960
12/2005	970	3,125	3,212	0	31,923	54,329	149,172
<b>Total:</b>	<b>31,923</b>	<b>54,329</b>	<b>149,172</b>				

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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**

1. Type of Well  
 Oil Well    Gas Well    Other

2. Name of Operator  
 BURNETT OIL CO., INC.

3a. Address    801 CHERRY STREET, SUITE 1500  
 UNIT #9 FORT WORTH, TX. 76102-6881

3b. Phone No. (include area code)  
 817-332-5108

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
 UNIT H, 2060' FNL, 330' FEL, SEC 13, T17S, R30E

5. Lease Serial No.  
 NML C029339A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.  
 JACKSON A #21

9. API Well No.  
 30-015-32034

10. Field and Pool, or Exploratory Area  
 CEDAR LAKE, YESO

11. County or Parish, State  
 Eddy County, N.M.

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input checked="" type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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.)

This well is presently completed as a Cedar Lake Yeso well. We now propose to begin the down hole commingling process for the San Andres zone and Cedar Lake Yeso. After receipt of NMOCD approval we will set a RBP above the Cedar Lake Yeso and perforate the San Andres zone and test to establish a proper production allocation. After the testing period, we will recover the bridge plug and begin Down hole commingled production operation for the two zones into the existing Jackson A tank battery in Unit B, Sec. 24, T17S, R30E. We expect this process to take a few months. A copy of the NMOCD commingling application is attached for your record.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) STERLING RANDOLPH	Title PETROLEUM ENGINEER
Signature <i>Sterling Randolph</i>	Date 9/09/2005

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

Approved by	Title	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

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.