

RECEIVED
OCT 6 2005

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



OIL CONSERVATION DIVISION

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 - [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [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** - Certification

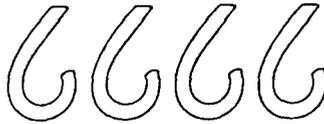
I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common.

I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

STERLING RANDOLPH		PETROLEUM ENGINEER	10/04/05
Print or Type Name	Signature	Title	Date

e-mail Address



October 4, 2005

New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87504

Attn: Engineering Department

Re: Gissler B #37
Unit D, 1010' FNL, 990' FWL
SEC.14, T17S, R30E- Eddy County, New Mexico

Gentlemen:

Burnett Oil Co., Inc. respectfully request's an exception without notice and hearing to NMOCD Rule 104 for the Gissler A #37 new drill (Loco Hills Paddock) well. Our original spot of 990' from the North line for a standard location was moved by order of the Bureau of Land Management after archaeological culture sites were found during the required archaeological survey of the site. The flow line will follow existing roadway to our Gissler B #3-3 tank battery on the lease. The attached plat shows we are the Operator of Record for all the wells on all sides of this well site. **All of the interest ownership for this entire lease is exactly the same.** A copy of our approved 3160-3, the BLM Stipulation for this well and AFE approval letter from the working interest owners are included for your easy reference.

Please contact the undersigned if you should need any more information or have any question.

Yours truly,

James H. Arline
Materials Coordinator

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 BURNETT OIL CO., INC (817/332-5108)

3. ADDRESS OF OPERATOR
 801 CHERRY STREET, SUITE 1500, FORT WORTH, TEXAS 76102

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface UNIT D, 990' FNL, 990' FWL
 At proposed prod. zone 1010 perforated SN dated 8/15/05 (EPA)
 SAME AS SURFACE

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 APPROXIMATELY 6 MILES EAST OF LOCO HILLS, NEW MEXICO

16. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 330'

16. NO. OF ACRES IN LEASE 240

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 330'

19. PROPOSED DEPTH 5400'

20. ROTARY OR CABLE TOOLS ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3702' GR

22. APPROX. DATE WORK WILL START* August 10, 2005

5. LEASE DESIGNATION AND SERIAL NO.
 NMMN074939-NJM 274B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 GISSLER B

9. WELL NO.
 #37 (API# 30-015-

10. FIELD AND POOL, OR WILDCAT
 LOCO HILLS PADDOCK

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 SEC 14, T17S, R30E

12. COUNTY OR PARISH 13. STATE
 EDDY NM

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 7/8"	9 5/8"	32.30#	375' 415' WITNESS	400 Sks (Circ. to Surface)
8 3/4"	7"	23#	5390'	+/-1500 Sks in 2 Stages

(If water flows are encountered cementing program may vary.)

A 14 7/8" hole will be drilled to Rustler Anhydrite. We will set 9 5/8" casing @ this depth & cement to surface. After a 18 hour cement wait, casing & BOP will be tested before drill out of the shoe. An 8 3/4" hole will be drilled to approx. 5400' to effectively test the Cedar Lake Yeso interval. The 7" casing will be run and set @ TD and cemented to 600' above highest potential producing horizon(approx. 2100'). We will perforate and treat productive intervals as recommended by service company.

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

Roswell Controlled Water Basin

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Stirling Randall TITLE PETROLEUM ENGINEER DATE May 26, 2005

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY Joe D. Lara Acting FIELD MANAGER DATE 9/21/05

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL FOR 1 YEAR

*See Instructions On Reverse Side

UNITED STATES **OPERATOR'S COPY**
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 ST., STE. 1500
 FORT WORTH, TEXAS 76102**

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
UNIT D, 1010' FNL, 990' FWL, SEC 14, T17S, R30E (NEW)

5. Lease Serial No.
NMNM074939

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
GISSLER B #37

9. API Well No.
30-015-

10. Field and Pool, or Exploratory Area
LOCO HILLS PADDOCK

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 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 type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>New Well</u>
	<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.)

**TO AMEND APD DATED MAY 26, 2005 FOR SITE MOVE REQUIRED FOR ARCHEOLOGICAL FINDINGS.
 MOVED LOCATION 20' TO THE SOUTH FROM 990' FNL TO 1010' FNL UNIT D SEC 14, T17S, R30E.**

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

Name (Printed/Typed) **STERLING RANDOLPH** Title **PETROLEUM ENGINEER**

Signature *Sterling Randolph* Date *August 15, 2005*

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *Joe D. Lara* Acting **FIELD MANAGER** Date *9/21/05*

Office **CARLSBAD FIELD OFFICE**

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.

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.

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1625 N. FRENCH DR., BOBBS, NM 86240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 86210

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015	Pool Code 96718	Pool Name Loco Hills Paddock
Property Code 002389	Property Name GISSLER B	Well Number 37
OGRID No. 003080	Operator Name BURNETT OIL COMPANY	Elevation 3702'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	14	17-S	30-E		1010	NORTH	990	WEST	EDDY

Bottom Hole Location If Different From Surface

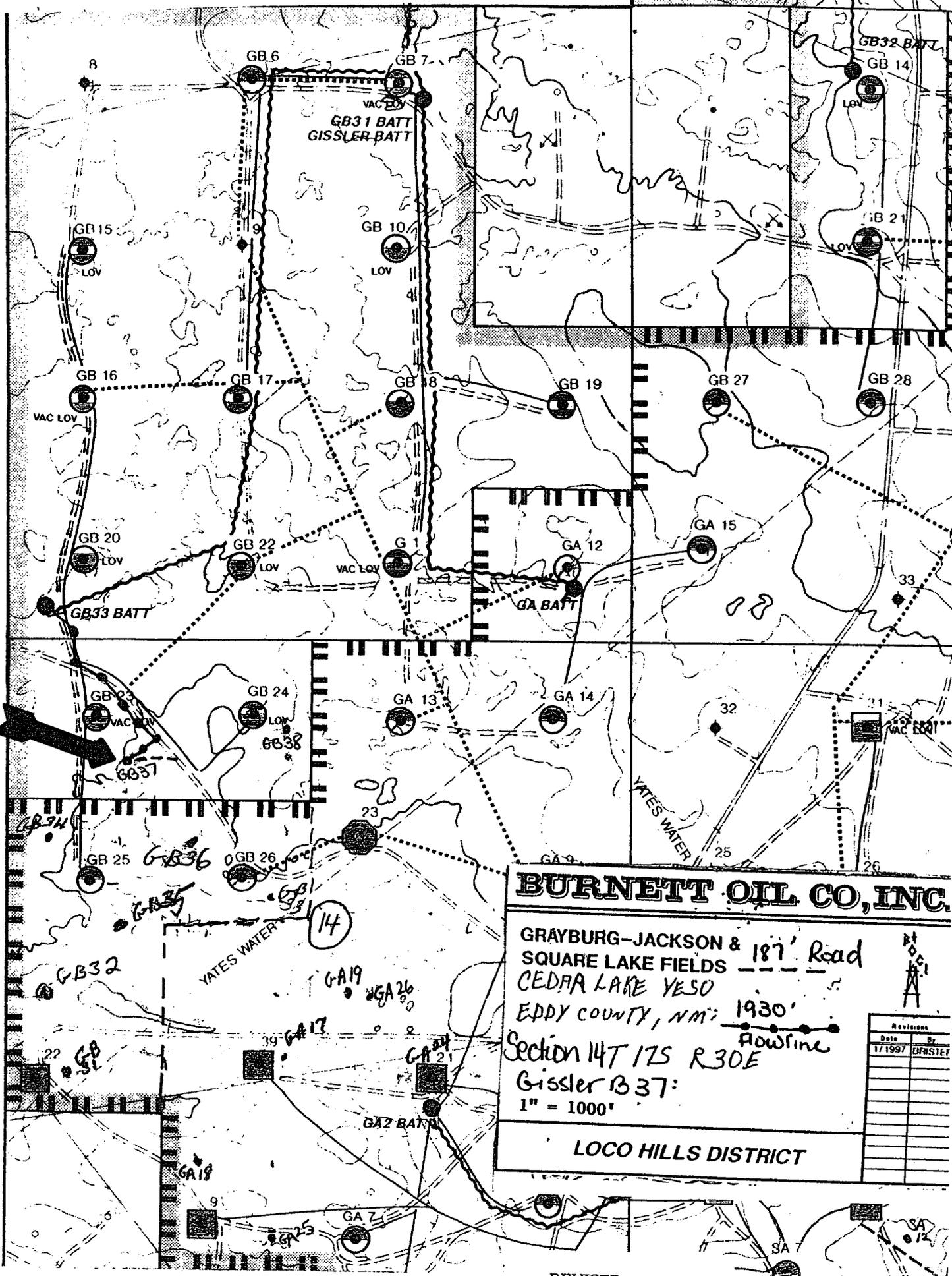
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

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>OPERATOR CERTIFICATION</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>Sterling Randolph</i> Signature</p> <p>STERLING RANDOLPH Printed Name</p> <p>PETROLEUM ENGINEER Title</p> <p>August 15, 2005 Date</p>
	<p>SURVEYOR CERTIFICATION</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>APRIL 19, 2005</p> <p>Date Surveyed _____ DEL</p> <p>Signature _____ Professional Surveyor</p> <p><i>Gary Kibson</i> Professional Surveyor</p> <p>85.11.0606 Certificate No. GARY KIBSON 12641</p>
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=669101.9 N X=618520.3 E</p> <p>LAT.=32°50'19.87" N LONG.=103°56'50.82" W</p>	

Standard 640-acre Section



BURNETT OIL CO, INC.

GRAYBURG-JACKSON & SQUARE LAKE FIELDS — 187' Road
 CEDRA LAKE YESO
 EDDY COUNTY, NM: 1930'
 Section 14T 17S R 30E
 Gissler B 37:
 1" = 1000'

Revisions	
Date	By
1/1997	DFRSTET

LOCO HILLS DISTRICT

REVISED
 GISSLER B #37
 EXHIBIT "A"



EXHIBIT NO. 05-NM-523-844-1

Date of Issue:
9/19/2005

Bureau of Land Management, Carlsbad Field Office
620 E. Greene Street Carlsbad, NM 88220

Lease Number:
BAS-05-05-62

Cultural and Archaeological Resources

BLM Report No.
05-NM-523-844

NOTICE OF STIPULATIONS

Historic properties in the vicinity of this project are protected by federal law. In order to ensure that they are not damaged or destroyed by construction activities, the project proponent and construction supervisors shall ensure that the following stipulations are implemented.

Project Name:	Gissler "B" No. 37, Well Pad, Access Road, and Flow Line
REQUIRED	1. A 3-day preconstruction call-in notification. Contact BLM Inspection and Enforcement at (505) 234-5977, 5909, or 5995, to establish a construction start date.
REQUIRED	2. Professional archaeological monitoring. Contact your project archaeologist, or BLM's Cultural Resources Section at (505) 234-5980, 5917, or 5986, for assistance.
A. <input checked="" type="checkbox"/>	These stipulations must be given to your monitor at least <u>5 days</u> prior to the start of construction.
B. <input checked="" type="checkbox"/>	No construction, including vegetation removal or other site prep may begin prior to the arrival of the monitor.
REQUIRED	3. Cultural site barrier fencing. (Your monitor will assist you).
A. <input checked="" type="checkbox"/>	<u>A temporary site protection barrier(s)</u> shall be erected prior to all ground-disturbing activities. The minimum barrier(s) shall consist of upright wooden survey lath spaced no more than ten (10) feet apart and marked with blue ribbon flagging or blue paint. There shall be no construction activities or vehicular traffic past the barrier(s) at any time.
B. <input type="checkbox"/>	<u>A permanent, 4-strand barbed wire fence</u> strung on standard "T-posts" shall be erected prior to all ground-disturbing activities. No construction activities or vehicle traffic are allowed past the fence.
REQUIRED	4. The archaeological monitor shall:
A. <input checked="" type="checkbox"/>	Ensure that all site protection barriers are located as indicated on the attached map(s).
B. <input checked="" type="checkbox"/>	Observe all ground-disturbing activities within 100 feet of cultural site no. (s) <u>LA 138734 and LA 53757</u> , as shown on the attached map(s).
C. <input type="checkbox"/>	Ensure that all reroutes are adhered to avoid cultural site no.(s)
D. <input type="checkbox"/>	Ensure the proposed flowline(s) is/are located as shown on the attached map(s).
E. <input checked="" type="checkbox"/>	Submit a brief monitoring report within 30 days of completion of monitoring.
Other:	This conditional approval is for the amended APD, signed August 15 th 2005 by Sterling Randolph, only.

Site Protection and Employee Education: It is the responsibility of the project proponent and his construction supervisor to inform all employees and subcontractors that cultural and archaeological sites are to be avoided by all personnel, vehicles, and equipment; and that it is illegal to collect, damage, or disturb cultural resources on Public Lands.

For assistance, contact
BLM Cultural Resources:

Gary Navarre (505) 234-5980

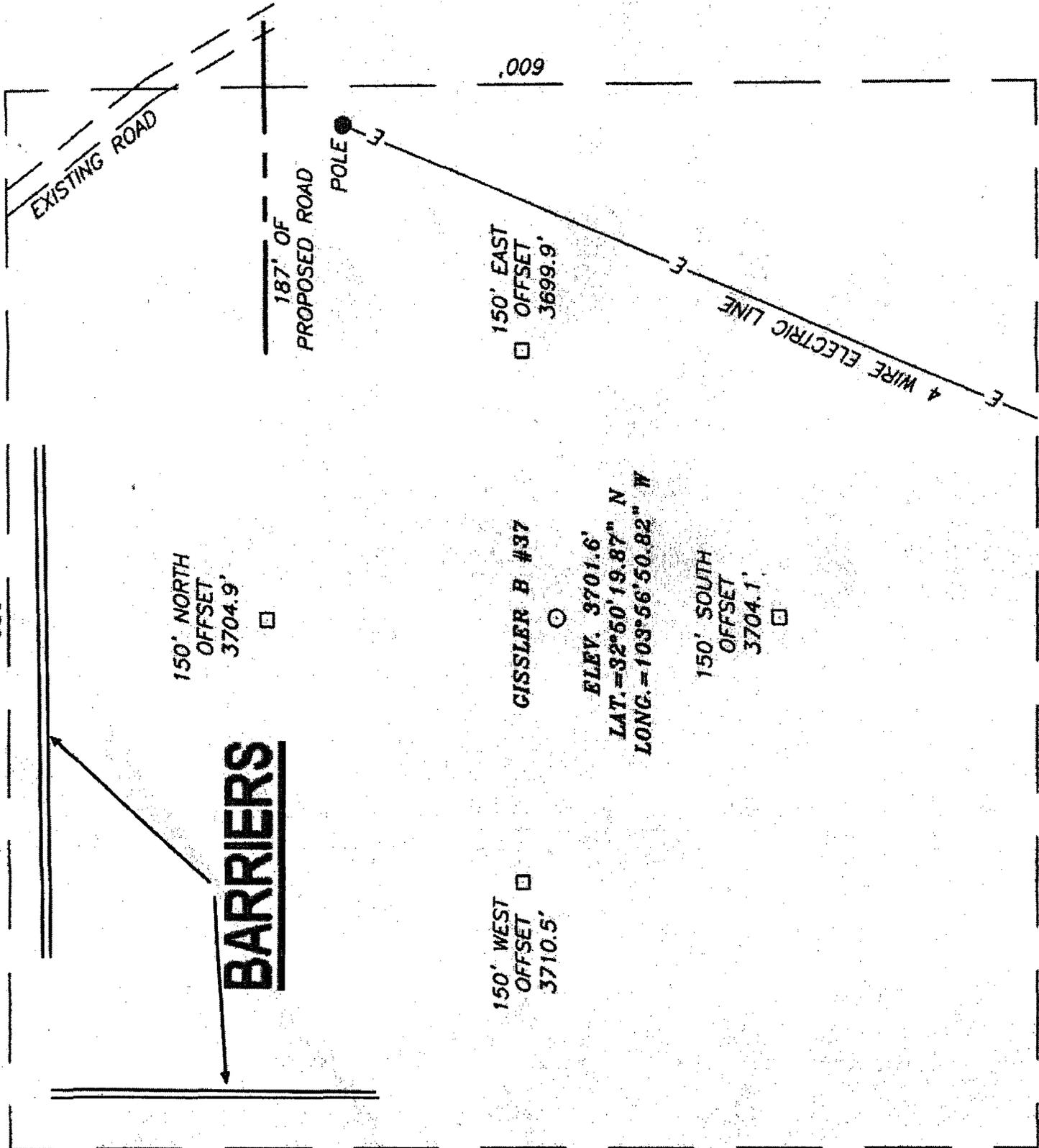
Bruce Boeke (505) 234-5917

James Smith (505) 234-5986

3702.0'

600'

3710.5'



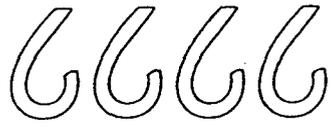
,009

,009

3692.8'

600'

3699.7'



May 26, 2005

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210
Attn: Dr. Dave Boneau

Re: Gissler B #37
Unit D, 990' FNL, 990' FWL
SEC.14, T17S, R30E- Eddy County, New Mexico
C= D001

Dear Dr. Boneau:

We propose to drill the referenced new well to test the Loco Hills Paddock. The location selected is a standard forty (40) acre tract.

We request your approval on behalf of Yates Drilling, Abo Petroleum, Myco Industries and Yates Petroleum to complete this work. Please signify your approval by signing and returning a copy of this letter and the enclosed AFE and this letter as soon as possible. A copy of the unapproved APD is enclosed for you file.

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

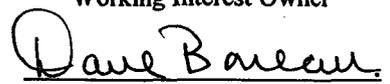
Yours truly,

James H. Arline
Materials Coordinator

Yates Petroleum Corporation	18.05560%
Yates Drilling Company	3.094200%
ABO Petroleum Corporation	3.094300%
MYCO Industries Inc.	3.094300%

Approve new well

Working Interest Owner



ENGINEERING MANAGER

DATE 8-4-05

DATE