

**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  
\_\_\_\_ X 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 **Gissler A** Address **Unit K Sec 14, T17S, R30E** *DHC-3724* County **Eddy**

Lease **17** Well No. **002388** Unit Letter-Section-Township-Range **30-015-32447** Federal  State  Fee

OGRID No. **003080** Property Code **002388** Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg Jackson <i>(GWS)</i> San Andres		Loco Hills Paddock
Pool Code	28509		96718
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3516' to 4299'		4586' to 4781'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	35.8 Degrees API		37.0 Degrees API
Producing, Shut-In Or New Zone	Producing		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 5-25-06 Rates: 63 BOPD, 128 MCFPD, 271 BWPD	Date: Rates:	Date: 8-26-05 Rates: 25 BOPD, 43 MCFPD, 59 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or, production, supporting data or explanation will be required.)	Oil Gas 72% Oil, 75% Gas, 82% Wtr	Oil Gas	Oil Gas 28% Oil, 25% Gas, 18% Wtr

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 support

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 6/7/2006

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

E-MAIL ADDRESS randolph@burnettoil.com

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.*

5. Lease Serial No.  
**NMLC029338A**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
**GISSLER A #17**

9. API Well No.  
**30-015-32447**

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

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

**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 (817) 382-5108**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**UNIT K, 1800' FSL, 2310' FWL, SEC 14, T17S, R30E**

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input checked="" type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" 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 checked="" type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <b>Downhole</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<b>Commingled</b>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<b>complete</b>

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 recomplate 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.)

Testing work on the San Andres zone was completed on 5/23/2006 and bridge plug was pulled on 5/24/2006. Downhole commingled production from the San Andres zone and Loco Hills Paddock zone began on 5/25/2006. The percentage allocation for production has been determined to be 72% oil, 75% gas, 82% wtr for San Andres zone and 28% oil, 25% gas and 18% wtr for LHP zone. All production is piped to the existing Gissler A2 tank battery in Unit J, Sec. 14, T17S, R30E.

**IT IS UNDERSTOOD THE FEDERAL MMS REPORTING WILL CARRY THE LHP COMPLETION AS C1 AND THE SAN ANDRES COMPLETION AS C2.**

A copy of the NMOCD Downhole Commingling application (C107A) and letter are attached for your record.

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

Name (Printed/Typed) <b>STERLING RANDOLPH</b>	Title <b>PETROLEUM ENGINEER</b>
Signature <i>Sterling Randolph</i>	Date <b>6/6/2006</b>

**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.

COPY

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources

Form C-104  
Revised June 10, 2003

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

Submit to Appropriate District Office  
5 Copies

AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

<sup>1</sup> Operator Name and Address Burrill Oil Co., Inc. 801 Cherry Street, Suite 1500- Unit #9 Fort Worth Tx 76102-6881		<sup>2</sup> OGRID Number 003080
		<sup>3</sup> Reason for Filing Code/ Effective Date DHC-3543 COMP
<sup>4</sup> API Number 30 - 0 15-32447	<sup>5</sup> Pool Name LOWER SAN ANDRES/LH PADDOCK D/H COMMINGLE	<sup>6</sup> Pool Code 28509/96718
<sup>7</sup> Property Code 002388 002388	<sup>8</sup> Property Name Gissler A	<sup>9</sup> Well Number 17

II. <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot.Idn	Feet from the	North/South Line	Feet from the	East/West line	County
K	14	17S	30E		1800'	South	2310'	West	Eddy

<sup>11</sup> Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
SAME AS	SURFACE								
<sup>12</sup> Lse Code F	<sup>13</sup> Producing Method Code P	<sup>14</sup> Gas Connection Date 5/25/2006	<sup>15</sup> C-129 Permit Number	<sup>16</sup> C-129 Effective Date	<sup>17</sup> C-129 Expiration Date				

III. Oil and Gas Transporters

<sup>18</sup> Transporter OGRID	<sup>19</sup> Transporter Name and Address	<sup>20</sup> POD	<sup>21</sup> O/G	<sup>22</sup> POD ULSTR Location and Description
'015694	Navajo Refining Co. P. O. Box 159 Artesia, NM 88211-0159	2818691	O	UNIT J SEC 14, T17S,R30E GISSLER A2 TANK BATTERY
'221115	Frontier Field Svc.Conoco, Inc 4200 East Skelly Drive, Suite 700 Tulsa, OK 74135	2818692	G	UNIT J SEC 14, T17S,R30E GISSLER A2 TANK BATTERY

IV. Produced Water

<sup>23</sup> POD 2818693	<sup>24</sup> POD ULSTR Location and Description UNIT J SEC 14, T17S,R30E GISSLER A2 LEASE WATER
------------------------------	---

V. Well Completion Data

<sup>25</sup> Spud Date 9/1/2005	<sup>26</sup> Ready Date LHP/LSA 5/25/2006	<sup>27</sup> TD 5009'	<sup>28</sup> PBSD	<sup>29</sup> Perforations 3516' - 4299' LSA 4586' - 4781' LHP	<sup>30</sup> DHC, MC
<sup>31</sup> Hole Size 12 1/4"	<sup>32</sup> Casing & Tubing Size 8 5/8"	<sup>33</sup> Depth Set 494' IN PLACE	<sup>34</sup> Sacks Cement 655 SKS		
7 7/8"	5 1/2"	5005' IN PLACE	2000 sks		
	2 7/8"	4799'			

VI. Well Test Data

<sup>35</sup> Date New Oil 5/25/2006 DHC	<sup>36</sup> Gas Delivery Date 5/31/2006 DHC	<sup>37</sup> Test Date 5/31/2006 DHC	<sup>38</sup> Test Length 24 hours	<sup>39</sup> Tbg. Pressure	<sup>40</sup> Csg. Pressure
<sup>41</sup> Choke Size 88	<sup>42</sup> Oil	<sup>43</sup> Water 330	<sup>44</sup> Gas 171	<sup>45</sup> AOF	<sup>46</sup> Test Method Pumping

<sup>47</sup> I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Sterling Randolph</i>	OIL CONSERVATION DIVISION
Printed name: STERLING RANDOLPH	Approved by:
Title: PETROLEUM ENGINEER	Title:
E-mail Address:	Approval Date:
Date: 6/6/2006	Phone: (817) 332-5108

ABOVE THIS LINE FOR DIVISION USE ONLY

**3724**

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



**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

2006 JUN 9 AM 11 50

[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.

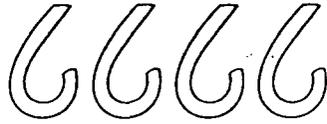
STERLING RANDOLPH  
 Print or Type Name

*Sterling Randolph*  
 Signature

PETROLEUM ENGINEER  
 Title

*6/7/2006*  
 Date

e-mail Address



June 7, 2006

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 Loco Hills Paddock  
Gissler A #17, Unit K, 1800' FSL, 2310' FWL  
SEC.14, T17S, R30E- Eddy County, New Mexico

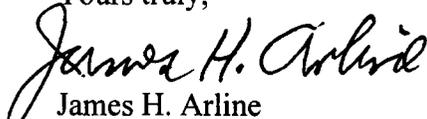
Dear Mr. Fesmire:

Attached is our completed application (C107A) to down hole commingle (Exception to Rule 303A) the reference intervals in this well bore. This well is now producing from the commingled San Andres and the Loco Hills Paddock zones. This well was tested as shown on our original filing dated September 9, 2005. The testing was done from March 2006 thru third week of May 2006. The retrievable bridge plug above the Paddock perforations was removed on 5/24/2006 and commingled production began on 5/25/2006 in this well bore from the Lower San Andres zone (3516' - 4299') and the Loco Hills Paddock.(4586' - 4781') The percentages shown on the C107A are being used for this part of the May 2006 C115 filing.

A copy of this application and the subsequent 3160-5 is being sent to the Bureau of Land Management and interest owners. A new C104 is being sent to NMOCD in Artesia, N.M.

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

Yours truly,

  
James H. Arline  
Material Coordinator