Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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.

5. Lease Serial No.
NMLC029338A

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
GISSLER A 41

2. Name of Operator
BURNETT OIL CO., INC.
Contact: LESLIE M GARVIS
E-Mail: lgarvis@burnettoil.com

9. API Well No.
30-015-39931

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

3b. Phone No. (include area code)
PH: 817-332-5108 Ext: 6326102

10. Field and Pool, or Exploratory
LOCO HILLS CLORIETA YESO

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 14 T17S R30E 330FSL 1550FEL

11. County or Parish, and State
EDDY COUNTY COUNTY, NM

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

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

Burnett requests a variance to the approved APD requiring cement be circulated to surface behind the 7? production casing. Our plan of action is to complete the well as discussed below:

1) Current Perfs

LL Yeso Perfs:

5924,17,09,00 (4 intervals)
5895, 5802 (2 intervals)
5781,71,66,63,59,54,51,44,33,27,12,09,03 (13 intervals)
5693,90,86,69,60,52,48,44,40,29,21,16,10,05,02 (15 intervals)
5585,5580 (2 intervals)

SEE ATTACHED FOR CONDITIONS OF APPROVAL

RECEIVED
NOV 21 2012
NMOCD ARTESIA

APPROVED
NOV 21 2012
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Accepted for record
NMOCD 11/26/2012

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

Electronic Submission #160220 verified by the BLM Well Information System
For BURNETT OIL CO., INC., sent to the Carlsbad
Committed to AFMSS for processing by KURT SIMMONS on 11/14/2012 ()

Name *(Printed/Typed)* LESLIE M GARVIS — Title REGULATORY COORDINATOR

Signature (Electronic Submission) — Date 11/13/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By Ed Fernandez — Title PETROLEUM ENGINEER — 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 and Title 43 U.S.C. Section 1212, make 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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #160220 that would not fit on the form

32. Additional remarks, continued

2) Proposed Perfs

a) LY & Upper Yeso Perfs (Acid, Frac, Produce til clean):

5545,39,35,30,27,20,13,09,03 (9 intervals)
5496,92,88,79,76,64,61,57,52,46,35,28,25,20,15,11 (16 intervals)
5376,72,62,38,30 (5 intervals)
5270, 5260 (2 intervals)
5191,85,46,39,(4 intervals)
5133, 5123 (2 intervals)
5062,53,39,19,11,07,00 (7 intervals)
4993

b) U Yeso (Paddock) Perfs:

4876, 72, 50, 31, 24, 15, 01 (7 intervals)
4792, 83, 73, 65, 52, 43, 40, 30, 22, 14, 09, 01 (12 intervals)
4686, 73, 65, 46, 30, 21, 15, 01 (8 intervals)
4590, 83, 76, 62, 56, 48, 36, 29, 26 (9 intervals)

Total intervals = 36

c) Commingle all fracs zones and put on production.

3) Max fracture treating pressures = 3500 psi See COA

4) Wellbore diagram - Attached See COA

5) & 6) Run production log including temperature log and noise log from ~~2700~~' to surface to determine if flow is occurring behind the production casing. Considering results of this survey, previous CBL, and the configuration of well bore, that is, DV at 2612', TOC by CBL at 970', ECP at 393', 10.75" CSA 267', the procedure below is anticipated. This procedure is to cover salt area behind production casing with cement.
? Perf casing approximately 960' & ~~385~~'. See Email & COA
? Perform 'suicide squeeze' through holes at 960' circulating out holes at 385'. Circulation will be established to clean up 'backside' and determine cement volumes to pump.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

NOTE: Since CBL indicates sufficient bond below DV, we request remaining perforations and fracture treatments be completed prior to remedial cementing.

Cement Bond Log Results Attached - Cement Bond Logs previously sent on 5/22/12.

Fernandez, Edward

From: Mark Jacoby <mjacoby@burnettoil.com>
Sent: Friday, November 16, 2012 7:38 AM
To: Ingram, Wesley W; Leslie Garvis
Cc: Fernandez, Edward
Subject: RE: Gissler A 41

Wesley,
I will start by saying that the top perf I wrote is above the ECP, that is certainly a mistake on my part, I had the CBL on my desk marked and I still somehow wrote a perf above the ECP.

The ECP definitely is set, at the depth of 393'. The proposed perforations are 960' and 406'. My reasoning for starting the noise and temperature log at 2700' is to be below the DV tool, which is all below the lost circulation zone. The lost circulation zone was 353', below the surface casing setting at 267'. This would begin all surveys below all the problem zones.

The CBL indicates cement behind casing below the DV with bonding ~~good to fair~~ Fair To scattered, but not free pipe. The proposal of treating pressure at 80% of burst rating of pipe is very standard with new pipe. The consultant, John Ely and Associates, who helps design Burnett fracs, pumps fracs every day using this guideline, many of them are down casing without cement support. I will add that when there is no cement the guideline is same considering hydrostatic and depth. The casing is always tested to 90% of burst prior to frac. It would be tested prior to each of the 2 successive fracs with bridge plug between intervals. These are standard procedures in Burnett's completion procedures.

I think this addresses each issue you discussed.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

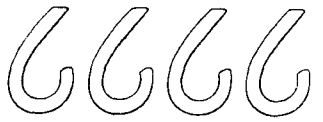
Thank you, Wesley, for your consideration.

Mark A Jacoby
Vice President - Production
Permian Basin

Burnett Oil Co., Inc.
6666

801 Cherry St.; Ste 1500
Fort Worth, Tx 76102

Ofc: (817) 332-5108
Mbl: (817) 312-2751



BURNETT OIL CO., INC.

Gissler A 41 – Cement Bond Log Results

Interval	Cement Description
LTD 6026' – 5900'	Poor
5900' – 2700'	Fair, scattered bonding
2700' – 2606' at DV	Good
2606 DV – 1130'	Good
1130' – 1030'	Fair
1030' – 970'	Poor
970'	TOC per CBL, Stage 2
970' – 0'	No cement
411' – 393'	ECP set
380'	Fluid level, no CBL reading
267'	10.75" srfc csg set

BURNETT PLAZA – SUITE 1500
801 CHERRY STREET – UNIT #9
FORT WORTH, TX 76102-6881
(817) 332-5108

Fernandez, Edward

From: Mark Jacoby <mjacoby@burnettoil.com>
Sent: Friday, November 16, 2012 7:38 AM
To: Ingram, Wesley W; Leslie Garvis
Cc: Fernandez, Edward
Subject: RE: Gissler A 41

Wesley,
I will start by saying that the top perf I wrote is above the ECP, that is certainly a mistake on my part, I had the CBL on my desk marked and I still somehow wrote a perf above the ECP.

The ECP definitely is set, at the depth of 393'. The proposed perforations are 960' and 406'. My reasoning for starting the noise and temperature log at 2700' is to be below the DV tool, which is all below the lost circulation zone. The lost circulation zone was 353', below the surface casing setting at 267'. This would begin all surveys below all the problem zones.

(fair to scattered)

The CBL indicates cement behind casing below the DV with bonding good to fair, but not free pipe. The proposal of treating pressure at 80% of burst rating of pipe is very standard with new pipe. The consultant, John Ely and Associates, who helps design Burnett fracs, pumps fracs every day using this guideline, many of them are down casing without cement support. I will add that when there is no cement the guideline is same considering hydrostatic and depth. The casing is always tested to 90% of burst prior to frac. It would be tested prior to each of the 2 successive fracs with bridge plug between intervals. These are standard procedures in Burnett's completion procedures.

I think this addresses each issue you discussed.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Thank you, Wesley, for your consideration.

Mark A Jacoby
Vice President - Production
Permian Basin

Burnett Oil Co., Inc.
6666

801 Cherry St.; Ste 1500
Fort Worth, Tx 76102

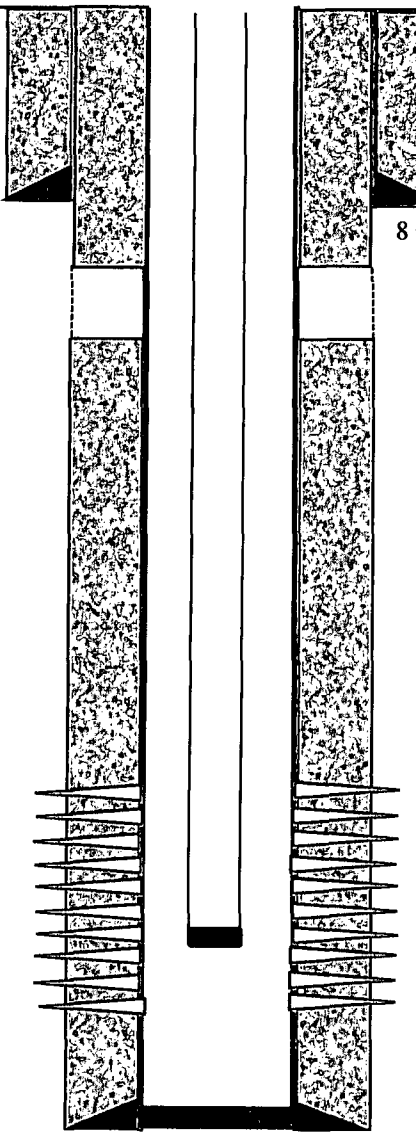
Ofc: (817) 332-5108
Mbl: (817) 312-2751
Mbl: (817) 332-2438

Burnett Oil Co., Inc.

GISSLER A #41
LOCO HILLS GLORIETTA YESO
UNIT O, SEC. 14, T17S, R30E
330' FSL, 1550' FEL
EDDY CO., NEW MEXICO
30-015-39931

SPUD: 02/15/12
RIG RLSD: 03/10/12
DATUM: GL 3690'

WBD AS OF 5/2012- NOT TO SCALE



14 ¾" HOLE

10.75" 32.75# H-40 STC csg @ 267'. Cmt'd w/ 150 sx Thixotropic + 2% CaCl2, followed by 250 sx Prem Plus + 2% CaCl2. Stg 1 cmt no circ, good to fair bond, Stg 2 no circ.

8 ¾" HOLE

ECP @ 393'

TOC @ 970'(CBL)

DV Tool @ 2612'; **Drld out 3/16/12**

PBTD: 6,040'
TD: 6,088'

WELL HISTORY:

2/17/12: Lost all returns @ 352'. TOH. WO cmt to sqz. Lost circ. Sqz w/400 sx Prem w/2% CaCl2.

2/18/12: WOC, attempt to load hole unsuccesful. Close annular, sqz w/400 sx Prem w/2% CaCl2. TOH, WOC, attempt to load hole unsuccesful. Close annular, sqz w/400 sx Prem w/2% CaCl2. TOH, Load hole @ 18:30 w/24 BPW (cmt calc @ shoe of sfc csg).

2/19/12: Tag cmt @ 247'. Drlg cmt & cmt stringers 247' – 362'. Lost all returns @ 352'. TOH. Sqz lost circ zone w/400 sx Prem w/2% CaCl2. TOH. Load hole @ 2300 w/5 BPW. Tag cmt @ 63'. Drlg cmt 63' – 258'.

2/20/12: Drlg cmt & cmt stringers 258'-414' (100+ bbls hr loss w/returns beginning @ csg shoe (267'). TOH. Sqz lost circ zone, close annular, sqz w/200 sx Class "C" neat. TOH, close annular on DP.

2/21/12: WOC, open annular, Tag cmt @ 267' (btm sfc csg). Drl cmt 267' – 444' (full returns). No returns after was to 444'. Regain returns w/fluid loss est 100 bph. Pmp 200 sx Class "C" neat – no returns. TOH, WOC.

2/22/12: WOC, loaded hole @ 13:00, tagged cmt @ 279'. Circ 2 hrs w/ full returns. Drlg cmt 279'-362' (good cmt 279'-305'; no cmt 305' – 362').

2/23/12: Drlg cmt 362'-456', circ (fluid loss minimal). Encountered waterflow @ 1041'. Encounter air pockets @ 506', 561', 621', 663'.

2/24/12: No returns, TOH, sqz w/400 sx Prem + 2% CaCl2, attempt to load hole @ 3:00 - not successful.

2/25/12: Close annular, sqz w/150 sx Thixotropic, fb 250 sx Prem + 2% CaCl2. TOH, attempt to load hole @ 17:30, unsuccessful. Close annular, sqz w/150 sx Thixotropic, fb 250 sx Prem +2% CaCl2, attempt to load hole @ 05:30, no success.

2/26/12: Close annular, sqz w/400 sx Prem Plus + 2% CaCl2, no success loading hole.

2/27/12: WO Fiberglass tbg for cmt/Sodium Silicate sqz. Close annular, pump 1000 gal Flo-Check, 200 sx Prem +2% CaCl2 fb 200 sx Class"C" Neat. No success loading hole – No fill, circ – no returns.

2/28-3/7/12: Drld w/no returns.

4/5/12: Perf'd 36 intervals, 1 SPF @ 5580', 5585', 5602', 5605', 5610', 5616', 5621', 5629', 5640', 5644', 5648', 5652', 5660', 5669', 5686', 5690', 5693', 5706', 5709', 5712', 5727', 5733', 5744', 5751', 5754', 5759', 5763', 5766', 5771', 5781', 5802', 5895', 5900', 5909', 5917', 5934'.

4/6/12: Spot 250 gals 15% NEFE acid across perfs, acidize w/2500 gals 15% NEFE & 72 ball sealers. AIR 6, ATP 2900, ISIP 1405 (FG=.68), 15 min SIP 1269

4/9/12: Slickwater frac w/1,261,134 gals (30,027 BW) slickwater, 30,520# 100 Mesh, and 369,000# 40/70 Sand. AIR 85.8, ATP 2934, ISIP 1867, 15 min SIP 1348, POP 4/10/12, IBHP 1849

FIRST DAY OF PRODUCTION 04/12/12:

44 BO, 37 MCF & 1362 BLW

SEE ATTACHED FOR CONDITIONS OF APPROVAL

PRODUCTION TBG:

173 jts 2 7/8" J-55 Tbg @ 5464', SN @ 5465', ESP @ 5522', Desander @ 5526', 2 jts 2 7/8" J-55 tbg @ 5589'.

7" 23# J-55 csg @ 6088'. Cmt'd 1st stg w/ 800 sx 50:50 POZ. Circ 0 sx cmt to sfc 1st stg (no returns). Cmt'd 2nd stg w/2000 sx Prem Lite + 2% CaCl2 FB 100 sx Prem Plus + 2% CaCl2. Circ 0 sx to sfc 2nd Stg. Cmt'd 3rd stg w/300sx HALCO Neat, circ no sx to sfc.

Formation Tops:

Rustler	227'
Salt	400'
Salt base	1148'
Yates	1314'
7 Rivers	1624'
Queen	2237'
Grayburg	2636'
San Andres	2989'
Glorieta	4444'
Yeso	4535'
Tubb	6088'

MTC- 5/23/12 (Revised 11/9/12)

CONDITIONS OF APPROVAL

Sundry dated 11/13/2012 EC#160220

OPERATOR'S NAME:	Burnett Oil Co
LEASE NO.:	LC029338A
WELL NAME & NO.:	Gissler A 41
SURFACE HOLE FOOTAGE:	330' FSL & 1550' FEL
LOCATION:	Section 14, T.17 S., R.30 E., NMPM
COUNTY:	Eddy County, New Mexico

1. **Surface disturbance beyond the originally approved pad must have prior approval.**

2. **Hydrogen Sulfide has been reported as a hazard. Functional H2S monitoring equipment shall be on location.**

3. Approval given to add additional pay zones via perforations and frac procedure prior to doing remedial cement work to cover the exposed salt zone behind the production casing

   Frac Job

4. **The operator shall to tag fracture material with a tracer and run a tracer survey to verify that the fracture material is not placed out of zone. A tracer log will be run after the frac job and submitted to the BLM.**

5. **Step 5 & 6 of operator's procedure, the production log including temperature log and noise log will be run from 4500 feet to surface.**

6. **The tracer survey log and production log shall be run after 70% of load water from frac has been recovered. Also, a casing integrity test shall be performed on the production casing at 90% of burst.**

7. **All results from step 6 above shall be reported to the BLM as soon as possible to determine if remedial cement work will be required to cover the exposed salt zone behind the production casing.**

8. **Results of the tracer and production logs shall also be reported on a subsequent sundry.**

9. **Completion Report and Subsequent sundry with well test and wellbore schematic required when work is complete.**

EGF 112012