

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

State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

RECEIVED

FEB 18 2010

NMOCD ARTESIA

Form C-144 CLEZ  
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1. Operator: Burnett Oil Co. Inc. OGRID #: 003080  
Address: 801 Cherry St. Unit 9 Fort Worth Tx 76102  
Facility or well name: Gissler B #58  
API Number: 30-015-37596 OCD Permit Number: 210011  
U/L or Qtr/Qtr I Section 8 Township 17 Range 30 County: Eddy  
Center of Proposed Design: Latitude 32.8492 N Longitude 103.9861 W NAD: ☒ 1927 ☒ 1983  
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2. ☒ Closed-loop System: Subsection H of 19.15.17.11 NMAC  
Operation: ☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A  
☐ Above Ground Steel Tanks or ☐ Haul-off Bins

3. Signs: Subsection C of 19.15.17.11 NMAC  
☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers  
☒ Signed in compliance with 19.15.3.103 NMAC

4. Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC  
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.  
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC  
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC  
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC  
☐ Previously Approved Design (attach copy of design) API Number: \_\_\_\_\_  
☐ Previously Approved Operating and Maintenance Plan API Number: \_\_\_\_\_

5. Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)

Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: CRI Disposal Facility Permit Number: NM 01 006  
Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?  
☐ Yes (If yes, please provide the information below) ☒ No

Required for impacted areas which will not be used for future service and operations:

- ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC  
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC  
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6. Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Eddie W Seay Title: Agent

Signature: Eddie W Seay Date: 2/16/10

e-mail address: seay.e4@leaco.net Telephone: 575-392-2236

7. **OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only)  
OCD Representative Signature: Lewis R. Dadd Approval Date: 02/02/2010  
Title: Dist. H. Supervisor OCD Permit Number: 210011

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC  
*Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.*  
☐ Closure Completion Date: \_\_\_\_\_

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**  
*Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.*  
Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_  
Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_  
Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?  
☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No  
*Required for impacted areas which will not be used for future service and operations:*  
☐ Site Reclamation (Photo Documentation)  
☐ Soil Backfilling and Cover Installation  
☐ Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**  
I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.  
Name (Print): \_\_\_\_\_ Title: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
e-mail address: \_\_\_\_\_ Telephone: \_\_\_\_\_

<b>UNITED STATES</b> <b>DEPARTMENT OF THE INTERIOR</b> <b>BUREAU OF LAND MANAGEMENT</b> <b>APPLICATION FOR PERMIT TO DRILL OR REENTER</b>		<b>FORM APPROVED</b> <b>OMB No. 1004-0137</b> <b>Expires July 31, 2010</b>	
1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>NMNM2748</b>	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zones		6. If Indian, Allottee or Tribe Name	
2. Name of Operator <b>BURNETT OIL CO., INC.</b>		7. If Unit or CA Agreement, Name and No.	
3a. Address <b>801 Cherry St. Unit 9 Fort Worth, TX 76102</b>		8. Lease Name and Well No. <b>GISSLER B #58</b>	
3b. Phone No. (include area code) <b>(817) 332-5108</b>		9. API Well No. <b>30-015-</b>	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface <b>Unit 1, 1650' FSL, 330' FEL</b> At proposed prod. zone <b>SAME AS ABOVE</b>		10. Field and Pool, or Exploratory <b>LOCO HILLS GLORIETA YESO</b>	
14. Distance in miles and direction from nearest town or post office* <b>Approx 3 miles East &amp; North of Loco Hills, New Mexico</b>		11. Sec., T., R., M., or Blk. and Survey or Area <b>SEC 8, T17S, R30E</b>	
15. Distance from proposed location* to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) <b>330'</b>	16. No. of Acres in lease <b>165</b>	17. Spacing Unit dedicated to this well <b>40</b>	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>330'</b>	19. Proposed Depth <b>6000'</b>	20. BLM/BIA Bond No. on file <b>NMB# 000197</b>	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3681' GL</b>	22. Approximate date work will start* <b>DECEMBER 27, 2009</b>	23. Estimated duration <b>16 Days to Drill</b>	
24. Attachments			

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- |   |   |
|---|---|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.   | 5. Operator certification.  |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature <i>Mark A Jacoby</i>	Name (Printed/Typed) <b>MARK JACOBY</b>	Date <b>11/19/2009</b>
Title <b>ENGINEERING MANAGER</b>		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date <b>1/29/10</b>
Title <b>FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</b>	

Application approval 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.

Conditions of approval, if any, are attached.

**APPROVAL FOR TWO YEARS**

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.

(Continued on page 2)

(Instructions on page 2)

**Approval Subject to General Requirements & Special Stipulations Attached**

**Roswell Controlled Water Basin**

*NEED  
API  
1/09/2010*

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

DISTRICT I  
1665 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1901 W. Grand Avenue, Artesia, NM 88210

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

DISTRICT IV  
1200 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102  
Revised October 18, 2005

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

☐ AMENDED REPORT

API Number <b>30-015-</b>	Pool Code <b>96718</b>	Pool Name <b>LOCO HILLS GLORIETA YB50</b>
Property Code <b>002389</b>	Property Name <b>GISSLER "B"</b>	Well Number <b>58</b>
GRID No. <b>003080</b>	Operator Name <b>BURNETT OIL COMPANY, INC.</b>	Elevation <b>3681'</b>

**Surface Location**

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
1	8	17 S	30 E		1650	SOUTH	330	EAST	EDDY

**Bottom Hole Location If Different From Surface**

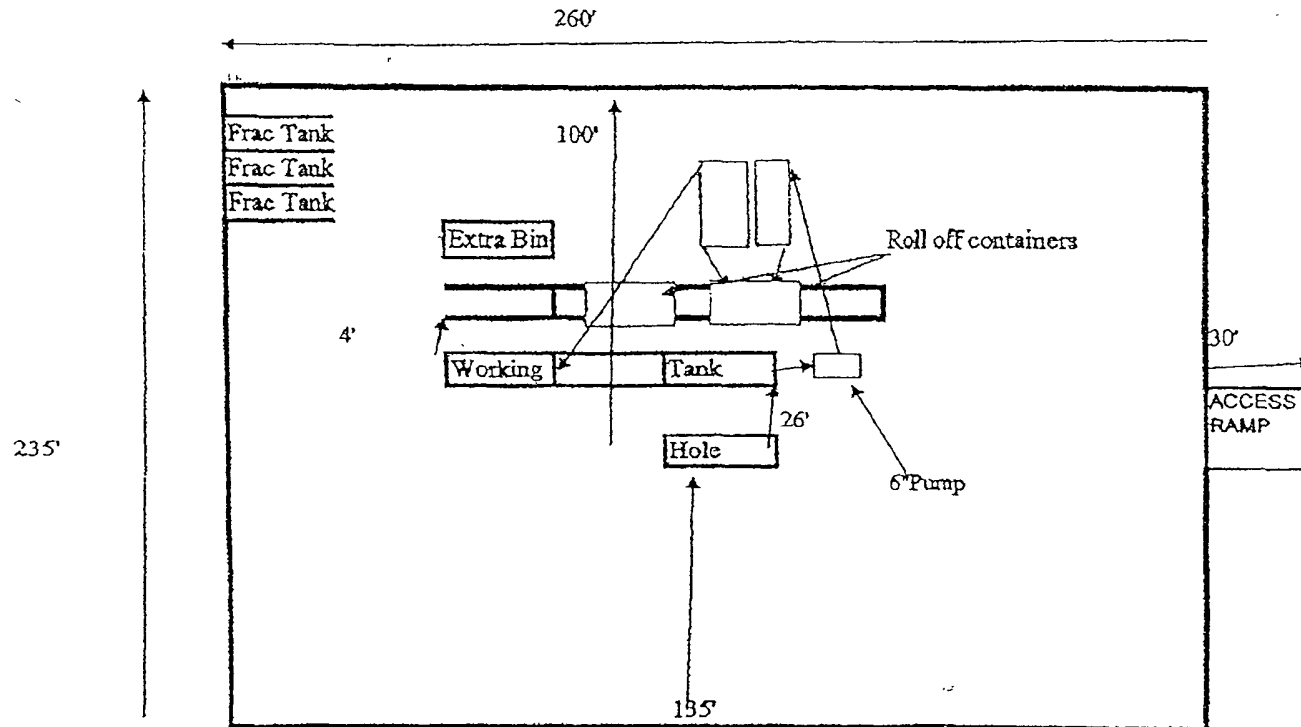
UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres <b>40</b>	Joint or Infill	Consolidation Code	Order No.						

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

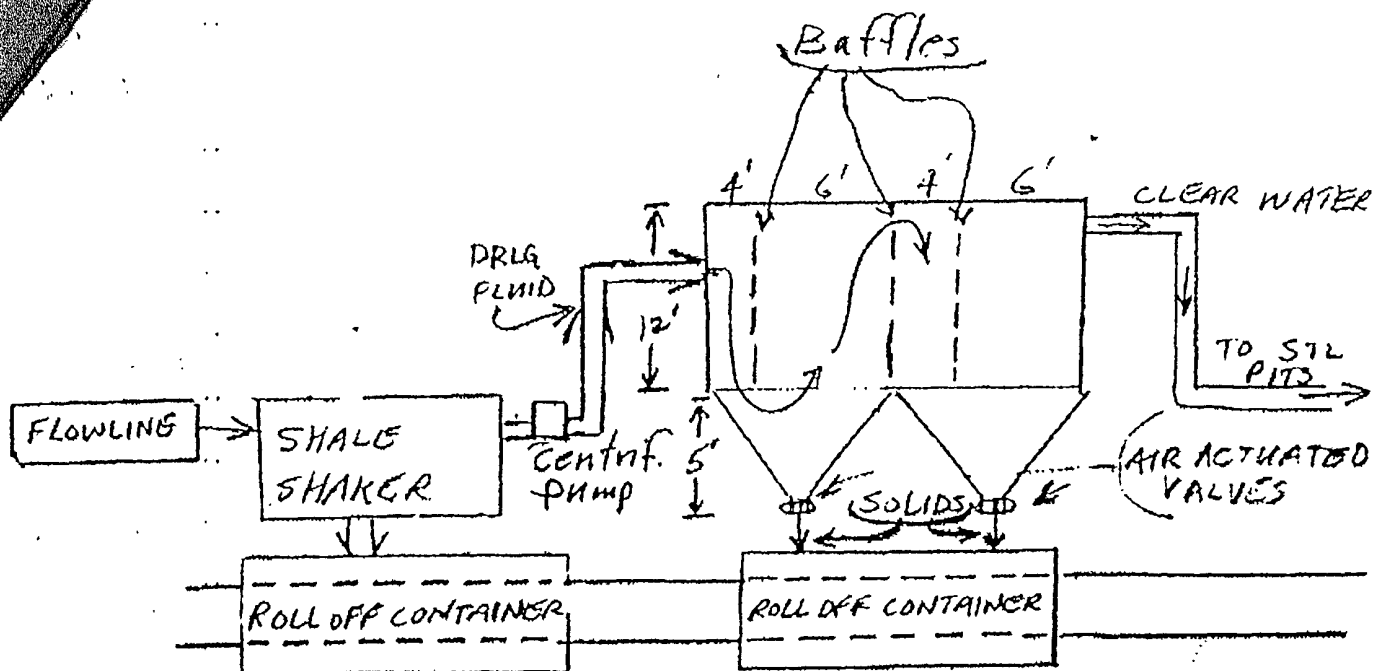
<p><b>SURFACE LOCATION</b>          Lat - N 32.846220671°          Long - W 103.986127801°          NAD83 - N 671741.607          E 606851.944          (NAD-27)</p>	<p>3681.7'</p> <p>330'</p> <p>3685.9'</p> <p>3682.0'</p> <p>1650'</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or possesses mineral interest in the land including the proposed bottom-hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Mark A. Jacoby</i> Signature</p> <p><b>MARK A. JACOBY</b> Printed Name</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>DATE SURVEYED: <b>OCTOBER 18, 2009</b></p> <p>SIGNATURE: <i>[Signature]</i> Professional Surveyor</p> <p>CERTIFICATE NO. <b>7977</b></p> <p><b>L. Jones</b></p>
		<p><b>BASIN SURVEYS</b></p>

# RIG PLAT

50' Of Excess Around Back Of Rig For Water Trucks.



BURNETT OIL CO., INC. PROPOSED DRILL SITE LAYOUT



### OPERATIONAL & MAINTENANCE:

Drilling fluid coming out of wellbore will go through flowline across shale shaker. Solids will drop into roll-off bins. Drilling fluid will be pumped into containers with baffles as drawn above. Baffles slow fluid velocity to allow solids to fall down through 6" air actuated valves into roll-off containers. Clear water goes out back to drilling fluid storage pits. Solids are hauled to disposal. Leftover liquid will be hauled to disposal.

*BURNETT OIL CO. INC.*

#### **Operation and Maintenance**

Closed Loop equipment will be inspected daily by each tour and any necessary maintenance performed  
Any leak in system will be repaired and/or contained immediately  
OCD notified within 48 hours  
Remediation process started

#### **Closure Plan**

During drilling operations all liquids, drilling fluids and cuttings will be hauled off via CRI (Controlled Recovery Incorporated Permit R-9166).

6666

December 22, 2008

New Mexico Oil Conservation Division

RE: Authorized Agent

Eddie Seay is an authorized agent for Burnett Oil Company, Inc. (BOCI) to sign regulatory documents on the behalf of BOCI.

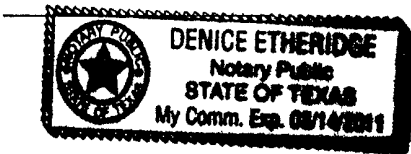
Sincerely,

*Mark A. Jacoby*

Mark A Jacoby  
Engineering Manager

STATE OF TEXAS       §  
                                      §  
COUNTY OF TARRANT §

This instrument was acknowledged before me on December 22, 2008 by Mark Jacoby; Engineering Manager, Burnett Oil Company.  
My Commission Expires



*Denise Etheridge*  
Notary Public