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Form C-144 CLEZ

July 21, 2008

NMOCD ARTESIA

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.

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

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 #65
API Number: 30.015.37974 OCD Permit Number: 210533
U/L or Qtr/Qtr K Section 12 Township 17 Range 30 County: Eddy
Center of Proposed Design: Latitude _____ Longitude _____ 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: 5/25/10
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: *Reynolds R. Dado* Approval Date: 07/08/2010
Title: *DIST # Supervisor* OCD Permit Number: 210533

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: _____

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.

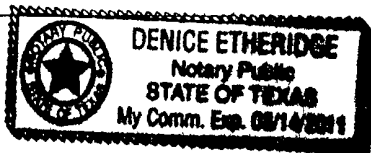
Sincerely,

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

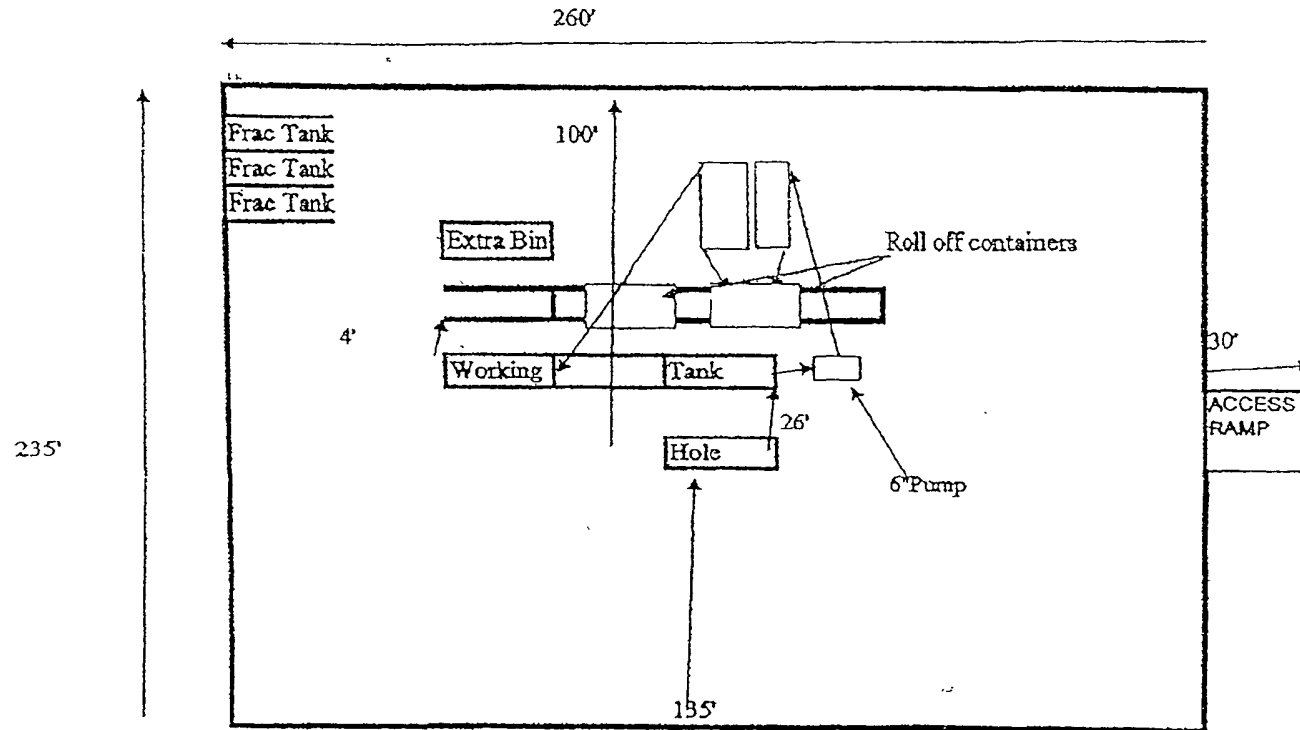


Denice Etheridge

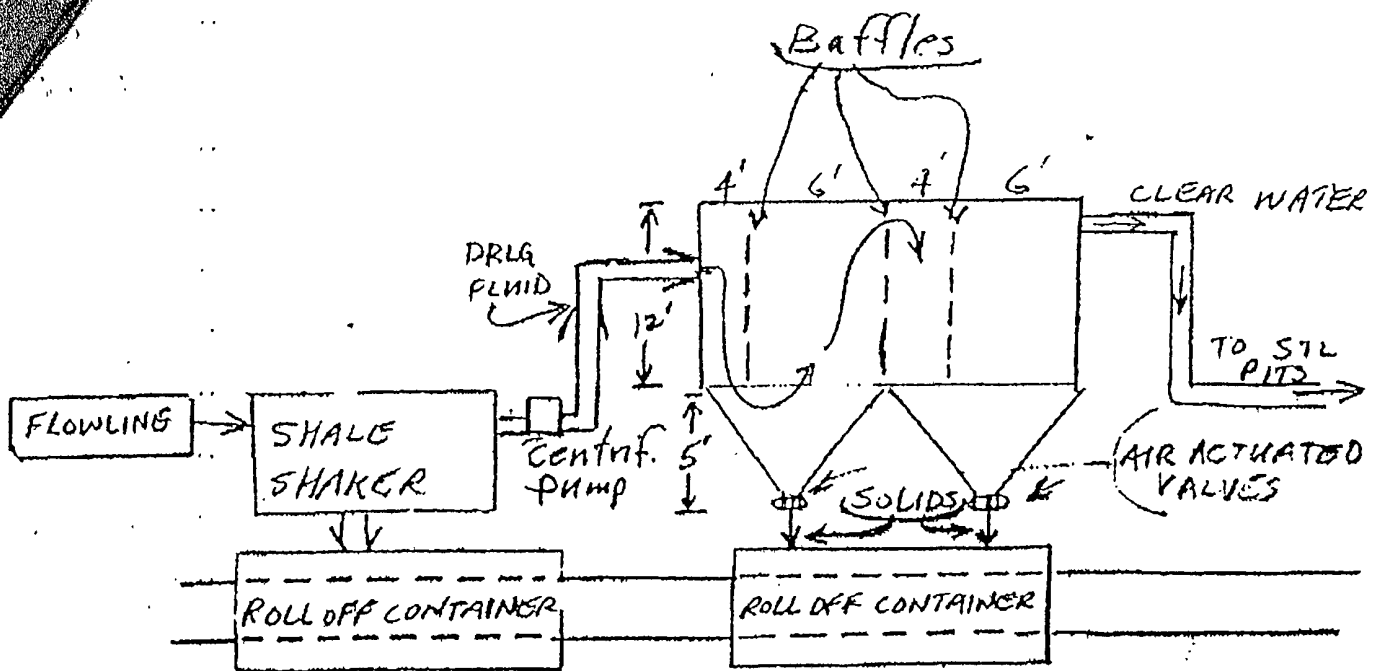
Notary Public

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).

Form 3160-3
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM074939
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 Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator BURNETT OIL CO., INC.		7. If Unit or CA Agreement, Name and No.
3a. Address 801 Cherry St. Unit 9 Fort Worth, Tx 76102		8. Lease Name and Well No. GISSLER B #63
3b. Phone No. (include area code) (817) 332-5108		9. API Well No. 30-015-
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface Unit K, 1650' FSL, 2310' FWL At proposed prod. zone SAME AS ABOVE		10. Field and Pool, or Exploratory EDDY CTRY Loco Hills Gloria Yeso
14. Distance in miles and direction from nearest town or post office* Approx 6 miles East & North of Loco Hills, New Mexico		11. Sec., T., R., M., or Blk. and Survey or Area SEC 12, T17S, R30E
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest dr. g. unit line, if any) 330'	16. No. of Acres in lease 80	17. Spacing Unit dedicated to this well 40
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 330'	19. Proposed Depth 6100'	20. BLM/BIA Bond No. on file NMB# 000197
21. Elevations (Show whether DF, KOB, RT, GL, etc.) 3764' GL	22. Approximate date work will start* JULY 10, 2010	23. Estimated duration 18 Days to Drill

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) MARK JACOBY	Date 5/20/2010
Title ENGINEERING MANAGER		
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

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.

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)