

9-12-05

jones

9-26-05

DHC

3577

PSEM0526933023

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [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 - Directional Drilling

☐ NSL ☐ NSP ☐ DD ☐ 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

2005 SEP 12 AM 8 33

[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 - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all 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 further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

STERLING RANDOLPH
 Print or Type Name

Sterling Randolph
 Signature

PETROLEUM ENGINEER
 Title

9/09/2005
 Date

CCCC

September 9, 2005

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, 1880' FSL, 2310' FWL
SEC.14, T17S, R30E- Eddy County, New Mexico

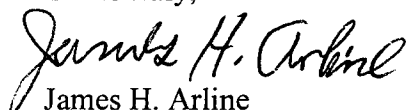
Dear Mr. Fesmire:

Attached is an application to down hole commingle (Exception to Rule 303A) the reference intervals in this well bore: This well is presently completed in the Loco Hills Paddock. We plan to set a retrievable bridge plug above the Paddock perforations and **temporarily complete** this well bore in the San Andres zone to establish the proper production allocation by testing. Once the allocation is set we will remove the bridge plug and begin down hole commingled operation. We anticipate this testing may take a few months.

A copy of this application and the original 3160-5 is being sent to the Bureau of Land Management and interest owners for this temporary re-completion in anticipation of your approval of the DHC.

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

Yours truly,


James H. Arline
Material Coordinator

DHC-3577

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

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe. New Mexico 87505

Form C-107A
Revised June 10, 2003

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 Address
Gissler A 17 Unit K Sec 14, T17S, R30E Eddy
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 003080 Property Code 002388 API No. 30-015-32447 Lease Type: X Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg Jackson San Andres		Loco Hills Paddock
Pool Code	28509		96718
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3500' to 4400'		4642' to 4995'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure <small>(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)</small>			
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	35.8 Degrees API		37.0 Degrees API
Producing, Shut-In Or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: Rates:	Date: Rates:	Date: 8-26-05 Rates: 25 BOPD, 43 MCFPD, 59 BWPD
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or, production, supporting data or explanation will be required.)</small>	Oil Gas	Oil Gas	Oil Gas

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X 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 X No

Will commingling decrease the value of production? Yes No X

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 X 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 9/09/2005

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

E-MAIL ADDRESS randolph@burnettoil.com

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015	Pool Code 96831	Pool Name CEDAR LAKE, YESO
Property Code 002388	Property Name GISSLER A	Well Number 17
OGRID No. 003080	Operator Name BURNETT OIL COMPANY	Elevation 3690'

Surface Location

UL or lot No. K	Section 14	Township 17-S	Range 30-E	Lot Idn	Feet from the 1750	North/South line SOUTH	Feet from the 2310	East/West line WEST	County 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>JULY 31, 2002 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>JUNE 26, 2002</p> <p>Date Surveyed _____ A.W.B. Signature _____ Professional Surveyor</p> <p></p> <p>Certificate No. RONALD E. EDSON 3239 GARY EDSON 12641</p>

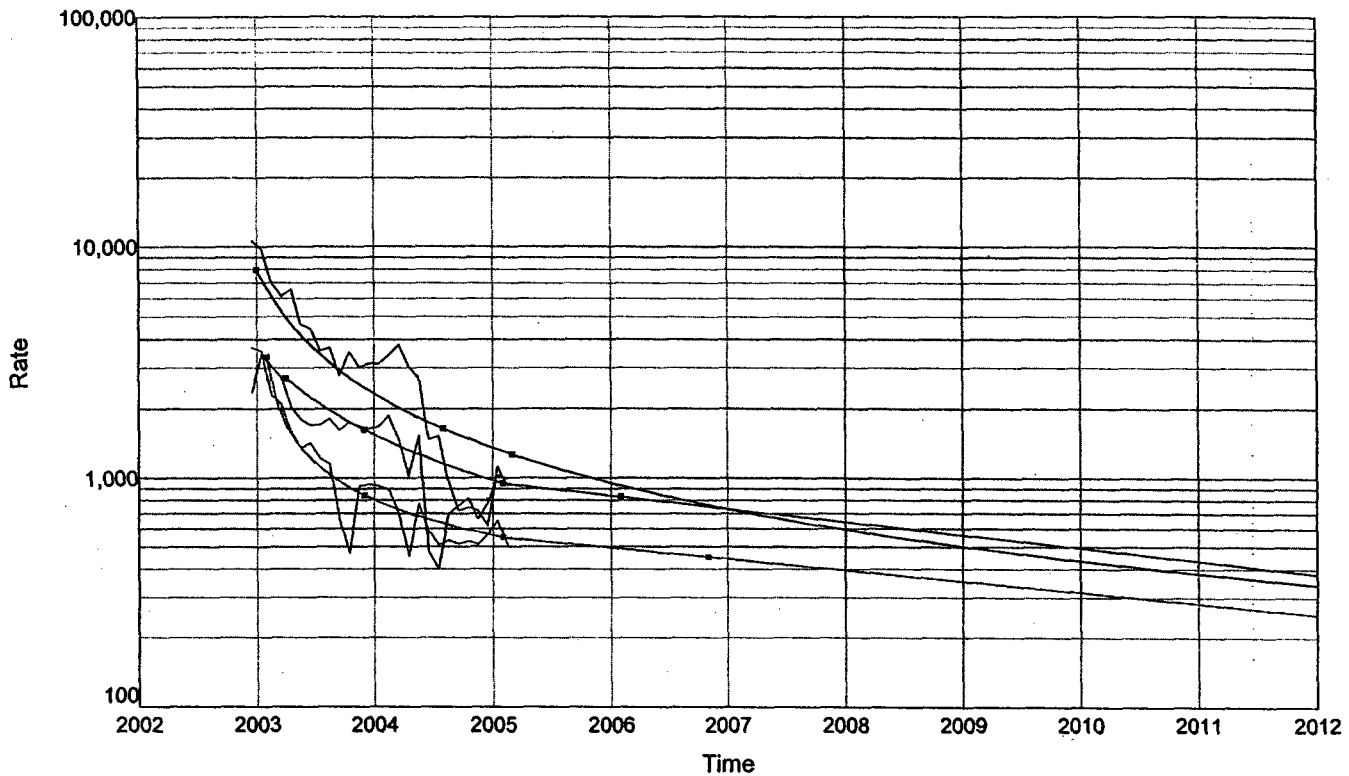
Annual Historic Production & Well Count Report

Project: S:\VHS Energy\power tools v5.0\Projects\NEW BOCI YESO.MDB

Lease Name: GISSLER A (17)
County, ST: EDDY, NM
Location: 14K 17S 30E SE NE SW

Operator: BURNETT OIL COMPANY INCORPORATED
Field Name: LOCO HILLS

GISSLER A - LOCO HILLS



Date	Oil (bbl)	Gas (mcf)	Water (bbl)	Average Well Count	Total Oil (bbl)	Total Gas (mcf)	Total Water (bbl)
12/2002	3,675	2,352	10,653	0	3,675	2,352	10,653
12/2003	17,653	24,980	58,232	1	21,328	27,332	68,885
12/2004	7,500	12,141	22,861	1	28,828	39,473	91,746
12/2005	1,160	2,025	2,040	0	29,988	41,498	93,786
Total:	29,988	41,498	93,786				

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.

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)
817-332-5108

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
UNIT K, 1880' FSL, 2310' FWL, SEC 14, T17S, R30E

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.

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 checked="" 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 type="checkbox"/> Other _____
	<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 recompleat 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 recompleat 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.)

This well is presently completed as a Cedar Lake Yeso well. We now propose to begin the down hole commingling process for the San Andres zone and Cedar Lake Yeso. After receipt of NMOCD approval we will set a RBP above the Cedar Lake Yeso and perforate the San Andres zone and test to establish a proper production allocation. After the testing period, we will recover the bridge plug and begin Down hole commingled production operation for the two zones into the existing Gissler A2 tank battery in Unit J, Sec. 14, T17S, R30E. We expect this process to take a few months. A copy of the NMOCD commingling application is attached for your record.

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

Name (Printed/Typed) **STERLING RANDOLPH**

Title **PETROLEUM ENGINEER**

Signature

Date

Sterling Randolph
9/09/2005

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.