



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 23, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Burnett Oil Co., Inc.
Burnett Plaza – Suite 1500
801 Cherry Street – Unit #9
Fort Worth, Texas 76102-6881

Telefax No. (817) 332-7832

Attention: James H. Arline
Materials Coordinator

Administrative Order NSL-5320 (BHL) (SD)
(Non-Standard Subsurface Location/Producing Area)

Dear Mr. Arline:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on December 16, 2005 (***administrative application reference No. pMES0-535734946***); and (ii) the Division's records in Artesia and Santa Fe, including the file on Division Administrative Order NSL-5201 (BHL) (SD): all concerning Burnett Oil Co., Inc.'s ("Burnett") most recent development within the Cedar Lake-Yeso Pool (**96831**) on its Jackson "A" Lease (***U. S. Government lease No. LC-0229339-A***), comprising the E/2 of Section 13 and the N/2 NE/4 of Section 24, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, utilizing horizontal drainhole techniques.

The Division Director Finds That:

- (1) The subject application has been duly filed under the provisions of Division Rules 104.F, 111.A (13), 111.C (2), and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].
- (2) By Order No. R-11067, issued in Case No. 12058 on October 20, 1998 and made effective on November 1, 1998, the Division created and defined the Cedar Lake-Yeso Pool for the production of oil from the Yeso formation; the horizontal limits for this pool, as currently designated, comprises the following described lands in Eddy County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 13:	NE/4 and S/2
Section 24:	NE/4

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 17:	S/2
Section 18:	All
Section 19:	N/2
Section 20:	All;

- (3) Currently, the Cedar Lake-Yeso Pool is subject to the statewide rules and regulations, as promulgated by Rule 104.B (1), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;
- (4) It is the Division's understanding that Burnett recently drilled its Jackson "A" Well No. 35 from a surface location 2450 feet from the North line and 2310 feet from the East line (Unit G) of Section 13, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, vertically to a depth of 5,216 feet where production casing was set; a window was cut in the casing from 4,719 feet to 4,732 feet and a horizontal drainhole was drilled to the south a distance of 2,110 feet to a bottomhole location, or end-point, within the Yeso formation at a subsurface location approximately 340 feet from the North line and 2312 feet from the East line (Unit B) of Section 13, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico;
- (5) Burnett's resulting 80-acre "Project Area", pursuant to Division Rules 111.A (9) and C (3), is established by combining the two standard 40-acre oil spacing and proration units in the Yeso formation comprising the NW/4 NE/4 (Unit B) of Section 13 and the SW/4 NW/4 (Unit G) of Section 13, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico;
- (6) The surface location, a fraction of the subsurface end-point, and possibly the subsurface entry point into the Cedar Lake-Yeso Pool, of the Jackson "A" Well No. 35 are unorthodox pursuant to Division Rules 104.B (1) and 111.A (13);
- (7) Burnett is currently developing the Cedar Lake-Yeso Pool within the subject 80-acre project area with its Jackson "A" Well No. 24 (API No. 30-015-32067), located at a standard oil well location 2310 feet from the North line and 1650 feet from the East line (Unit G) of Section 13; and
- (9) It appearing the applicant has satisfied all of the appropriate requirements prescribed in Rules 111.C (2) and 104.F, the subject application should be approved, further, the aforementioned horizontal drainhole and 80-acre project area should continue operating under the provisions contained within this order and all other applicable provisions of Division Rule 111.

It Is Therefore Ordered That:

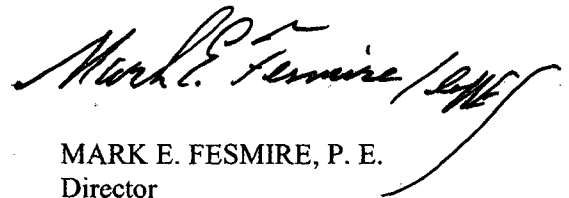
(1) Burnett Oil Co., Inc. ("Burnett") is hereby authorized to continue operating its horizontal/high angle directional drilling project area ("Project Area") within the 80 acres comprising the W/2 NE/4 (Units "B" and "G") of Section 13, Township 17 South, Range 30 East, NMPM, Cedar Lake-Yeso Pool (96831), Eddy County, New Mexico, in which the two above-described Jackson "A" Wells No. 24 and 35 are herein dedicated.

(2) Further, by the authority granted me under the provisions of Division Rule 104.F (2), the above-described non-standard Yeso subsurface oil well location(s) of the well bore path of Burnett's recent horizontally drilled Jackson "A" Well No. 35 is hereby approved.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK E. FESMIRE, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad
File: NSL-5201 (BHL) (SD)