

10/18/06 DATE IN	SUSPENSE	D. CATANACH ENGINEER	10/18/06 LOGGED IN	PC 1173	APP NO. PTD 50629152191
---------------------	----------	-------------------------	-----------------------	------------	-------------------------

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
☐ NSL ☐ NSP ☐ 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

[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 - Certification

I hereby certify that I, or personnel under my supervision, have reviewed the 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 understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Mark A. Jacoby
 Print or Type Name

Mark A. Jacoby
 Signature

PETROLEUM ENGINEER 10/17/2006
 Title Date

e-mail Address

CCCC

October 24, 2006

October 17, 2006

New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87504

Attn: Engineering Department

Re: Gissler A #29
Unit P, 1070' FSL, 860' FEL
SEC.11, T17S, R30E- Eddy County, New Mexico
Federal Lease # NMLC-029338A.

Gentlemen:

Burnett Oil Co., Inc. respectfully requests an exception without notice and hearing to NMOCD Rule 303 for the Gissler A #29 (Loco Hills Paddock) well production. In our effort to conserve land use we want to ABOVE GROUND COMMINGLE the new Loco Hills Paddock production from this Gissler A #29 with our existing Grayburg- Jackson production in the existing Gissler A Tank Battery on this referenced Federal lease. The battery is located in the SE/4, SE/4 of Section 1, T17S, R30E on the Gissler A #12 location. The flow line from this new well will follow an existing road to our existing Gissler A tank battery on the lease. We are in the process of installing a new treater to allow for individual well testing. The attached plat shows we are the Operator of Record for all the wells on all sides of this new well. All of the interest ownership for this entire lease is exactly the same. A copy of the 3160-5 to the BLM is included for your records. A copy of all is sent to the ownership as our normal routine.

Please contact the undersigned if you should need any more information or have any question.

Yours truly,



James H. Arline
Materials Coordinator



David S. Rhodes
Land Manager

CCCC

October 17, 2006

New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87504

Attn: Engineering Department

Re: Gissler A #29
Unit P, 1070' FSL, 860' FEL
SEC.11, T17S, R30E- Eddy County, New Mexico
Federal Lease # NMLC-029338A.

28509
SRQ-G-5A

96718

Gentlemen:

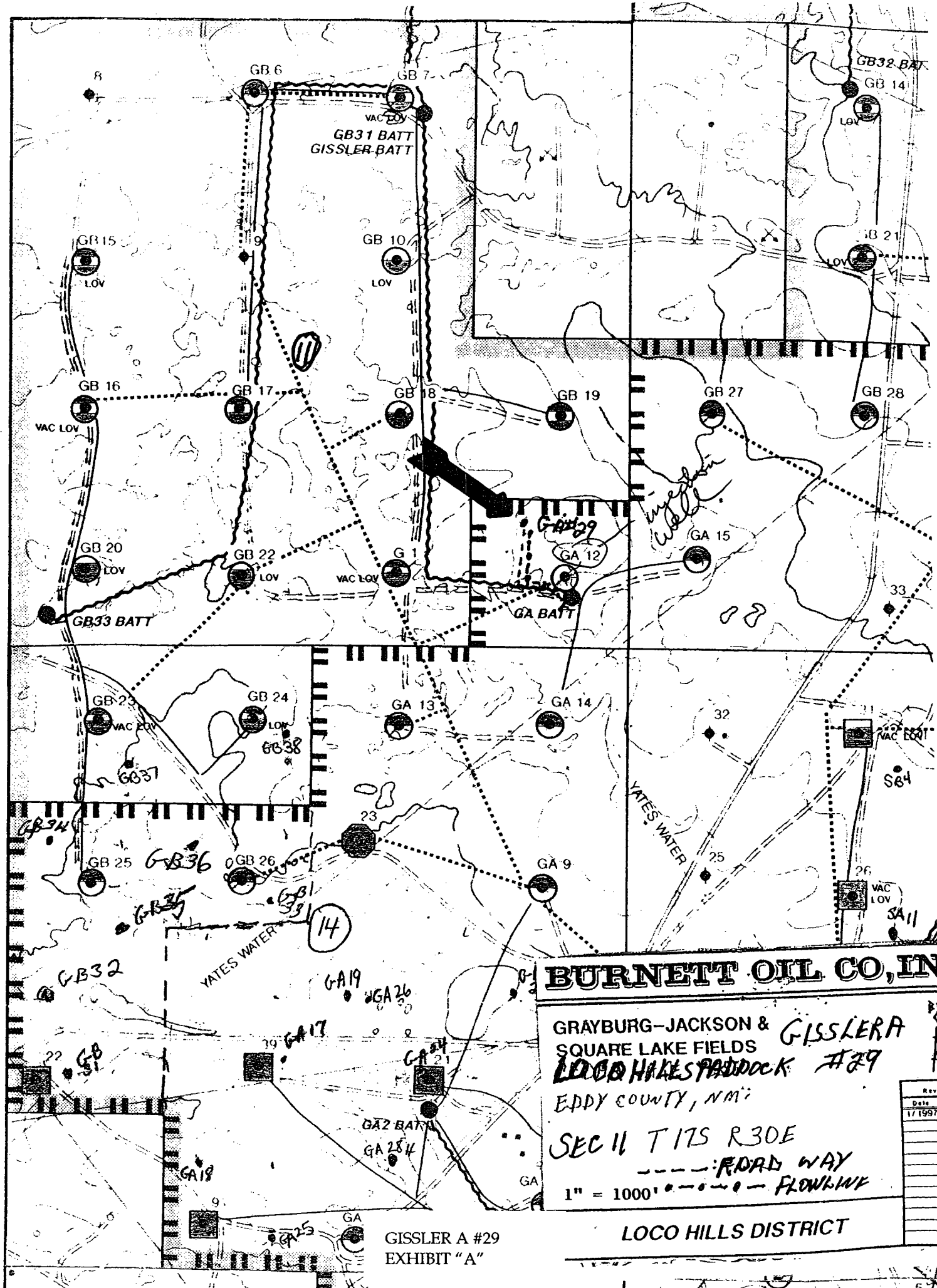
Burnett Oil Co., Inc. respectfully requests an exception without notice and hearing to NMOCD Rule 303 for the Gissler A #29 (Loco Hills Paddock) well production. In our effort to conserve land use we want to ABOVE GROUND COMMINGLE the new Loco Hills Paddock production from this Gissler A #29 with our existing Grayburg- Jackson production in the existing Gissler A Tank Battery on this referenced Federal lease. The battery is located in the SE/4, SE/4 of Section 1, T17S, R30E on the Gissler A #12 location. The flow line from this new well will follow an existing road to our existing Gissler A tank battery on the lease. We are in the process of installing a new treater to allow for individual well testing. The attached plat shows we are the Operator of Record for all the wells on all sides of this new well. **All of the interest ownership for this entire lease is exactly the same.** A copy of the 3160-5 to the BLM is included for your records. A copy of all is sent to the ownership as our normal routine.

Please contact the undersigned if you should need any more information or have any question.

Yours truly,

James H. Arline

James H. Arline
Materials Coordinator



GISSLER A #29
EXHIBIT "A"

BURNETT OIL CO., INC.

GRAYBURG-JACKSON & GISSLER A
SQUARE LAKE FIELDS
~~LOCOS HILLS PADDOCK~~ #29
EDDY COUNTY, N.M.

SEC II T17S R30E

--- ROAD WAY
1" = 1000' --- FLOWLINE

LOCO HILLS DISTRICT

Rev
Date
1/1997

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, TEXAS, 76102

3b. Phone No. (include area code)

(817) 332-5108

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

UNIT P, 1070' FSL, 860' FEL, SEC 11, 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 #29

9. API Well No.

30-015-31111 S2

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 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 type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other STORAGE NOTICE
	<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 has been fraced. We have applied to NMOCD for an exception to Rule 303 to permit above ground commingled production into the existing Gissler A Tank Battery on the Lease. This existing battery currently has Grayburg San Andres production from the Gissler A#14 and #15 wells. The Gissler A #29 will have a separate flowline to the battery and a new treater is being installed to individually test each well. A new site security plan will be sent as soon as the battery work is complete.

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

Name (Printed/Typed)

MARK A JACOBY

Title

PETROLEUM ENGINEER

Signature

Mark A Jacoby

Date

10/17/2006

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.

(Instructions on reverse)

DISTRICT I
1025 N. FRENCH DR., BOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brasos Rd., Artec, 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, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-31111	Pool Code 96718	Pool Name LOCO HILL PADDOCK
Property Code 002388	Property Name GISSLER A	Well Number 29
OGRID No. 003080	Operator Name BURNETT OIL COMPANY	Elevation 3743'

Surface Location

UL or lot No. P	Section 11	Township 17-S	Range 30-E	Lot Idn	Feet from the North/South line 1069 1070	Feet from the 860	East/West line EAST	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				
<table><tr><td>Dedicated Acres 40</td><td>Joint or Infill</td><td>Consolidation Code</td><td>Order No.</td></tr></table>									Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
Dedicated Acres 40	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>GEODETIC COORDINATES NAD 27 NME Y=671193.7 N X=621945.3 E LAT.=32.844567° N LONG.=103.936273° W</p>				<p>OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Sterling Randolph</i> Signature Date 8/14/06 STERLING RANDOLPH Printed Name</p>
<p>SURVEYOR CERTIFICATION 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. AUGUST 2, 2006 Date Surveyed JR Signature & Seal of Professional Surveyor <i>Ronald E. Edson</i> 06.11.1269 Certificate No. CARY EDSON 12641 RONALD E. EDSON 3239</p>				

Diagram showing well location and acreage: A rectangular area with dimensions 600' x 860'. The well location is marked with a circle and labeled 3734.0' and 3741.5'. The bottom hole location is marked with a circle and labeled 3738.8' and 3742.4'. The distance between the well location and the bottom hole location is 1070'.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Burnett Oil Co., Inc.
Well Name & No. Gissler A #29 – REENTRY (Oak Lake 11 Fed Com #1)
Location: 1070' FSL, 860' FEL, Section 11, T. 17 S., R. 30 E., Eddy County, New Mexico
Lease: NMLC-029338A

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:
 - A. Well spud
 - B. Cementing casing 11-3/4 inch 8-5/8 inch casings in place; 5-1/2 inch
 - C. BOP tests
2. A Hydrogen Sulfide (H2S) Drilling Operation Contingency Plan shall be activated prior to drilling into the Grayburg formation. A copy of the plan shall be posted at the drilling site.
3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 11-3/4 inch surface casing was set at 635 feet and cement was circulated to the surface.
2. The 8-5/8 inch intermediate casing was set at 3992 feet and cement was circulated to the surface.
3. The minimum required fill of cement behind the 5-1/2 inch production casing is to be sufficient to place the top of the cement at least 500 feet above the top of the uppermost hydrocarbon bearing interval or to the base of the salt.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - The tests shall be done by an independent service company.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
See instructions on
reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

K-06-39

1249

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL ☒ DEEPEN ☐ PLUG BACK ☐
b. TYPE OF WELL
OIL WELL ☒ GAS WELL ☐ OTHER ☐
SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
BURNETT OIL CO., INC (817/332-5108)

3. ADDRESS OF OPERATOR
801 CHERRY STREET, SUITE 1500, FORT WORTH, TEXAS 76102

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface UNIT P, 1070' FSL, 860' FEL

At proposed location SAME AS SURFACE Non-Standard Location

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
APPROXIMATELY 6 MILES EAST OF LOCO HILLS, NEW MEXICO

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drg. unit line, if any) 330'

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. 330'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3797' GR 3743' GR

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 3/4"	11 3/4"	42# IN PLACE	635'	430 Sks CL "C"
11"	8 5/8"	32# IN PLACE	3992'	1300 Sks CL "C"
7 7/8"	5 1/2"	15.5#	5400'	SEE 5 (2) PG 2 of 2

A 14 3/4" hole was drilled to 635' and 11 jts of 11 3/4" 42# H40 ST&C casing set and cemented to surface. An 11" hole was drilled to 3992' & 90 jts 8 5/8" 32# J55 ST&C was set and cemented to surface. A 7 7/8" hole was drilled to TD. This well bore was plugged and abandoned in July 2000. A copy of the EOG plugging filing is included in our request to re-enter this well bore. Per the attached letter from EOG Resources Inc. we propose to change the name to the Gissler A #29 and re-enter the Gissler A #29 well bore by drilling out cement plugs (#3, 4 & 5) and drill to 5800'. We will set a 300' cement plug and wait on cement. We will tag top of cement plug then set approx. 5400' new 5 1/2" J55 casing and cement to surface. We will perforate and complete as a Loco Hills Paddock well as recommended by our service company. The producing well will produce to our existing Burnett Gissler A Battery in Section 11, T17S, R30E.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

NSL

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Stacy Landolt TITLE PETROLEUM ENGINEER DATE 8/16/2006
(This space for Federal or State office use)

PERMIT NO. _____ ACTING APPROVAL DATE _____

APPROVED BY /s/ James Stovall TITLE FIELD MANAGER DATE SEP 18 2006
CONDITIONS OF APPROVAL, IF ANY:

APPROVAL FOR 1 YEAR

*See Instructions On Reverse Side