

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 10, 2008

Burnett Oil Co., Inc.
Attn: Mr. James H. Arline
Burnett Plaza, Suite 1500
801 Cherry St - Unit #9
Fort Worth, TX 76102-6881

Administrative Order NSL-5797

**Re: Gissler A Well No. 31
API No. 30-015-36035
Unit O, Section 14-17S-30E
Eddy County**

Dear Mr. Arline:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR0804260348-**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 11, 2008, and

(b) the Division's records pertinent to this request.

Burnett Oil Co., Inc. (Burnett) has requested to drill the above-referenced well at an unorthodox oil well location, 790 feet from the South line and 2380 feet from the East line (Unit O) of Section 14, Township 17 South, Range 30 East, N.M.P.M., in Eddy County, New Mexico. The SW/4 SE/4 of Section 14 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Loco Hills-Glorieta/Yeso Pool (96718). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the western unit boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location in order to comply with United States Bureau of Land Management surface siting requirements.

Oil Conservation Division * 1220 South St. Francis Drive

* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



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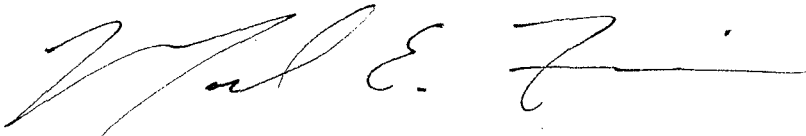
It is also understood that notice of this application to offsetting operators or owners is unnecessary because ownership of the unit towards which this location encroaches is identical to that of the subject unit.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad