

CASE NO: 14673
& 14674
EXHIBIT 1

LAND

OCD Case Nos. 14673 & 14674

Burnett Application Filed 5/24/2011

Oil Conservation Division
Case No.
Exhibit No.

New Mexico OCD
Consolidated Hearing Cases:
14673 & 14674
Burnett Oil Co., Inc.
Exhibit #

BURNETT OIL CO., INC.

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MALJAMAR AREA

Burnett Proposed
Horizontal Wells

- 6 Approved APD's
- 4 Pooling Apps. Filed

T17S - R31E
Eddy County, NM

Burnett Initial
Horizontal Proposals

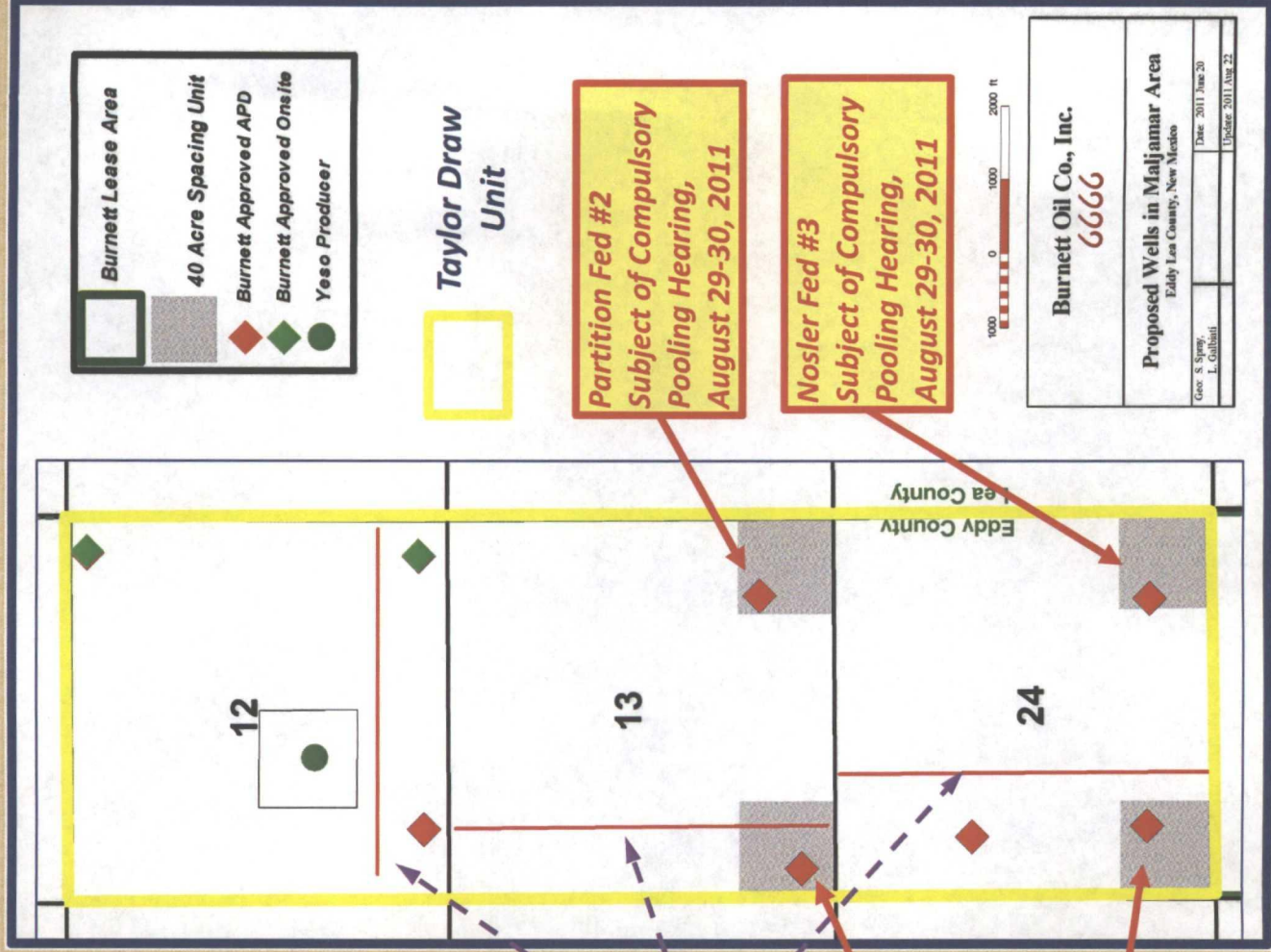
Partition Fed #1
Subject of Compulsory
Pooling Hearing,
May 26, 2011

Nosler Fed #2
Subject of Compulsory
Pooling Hearing,
May 26, 2011

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BURNETT OIL CO., INC.

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Burnett Oil Co., Inc.
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Proposed Wells in Maljamar Area
Eddy Lea County, New Mexico

Geo: S. Spray, I. Gullisli
Date: 2011 June 20
Update: 2011 Aug 22

WORKING INTEREST

Partition Fed #2 & Nosler Fed #3 40-acre Units

- GLORIETA/ YESO FORMATIONS -

<i>BURNETT OIL COMPANY</i>	46.28541657 %
<i>JAVELINA PARTNERS, LTD.</i>	16.0%
<i>ZORRO PARTNERS, LTD.</i>	4.0%
<i><u>Concho Oil & Gas/COG Operating, LLC</u></i>	<i><u>33.7145833%</u></i>
<i>TOTAL:</i>	<i>100%</i>

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WORKING INTEREST OWNERS' SUPPORT FOR YESO OPERATIONS

- Sections 12, 13, 24, 25 - T17S-R31E -

- YESO FORMATION -

SUPPORTS BURNETT OIL CO., INC

BURNETT OIL COMPANY

46.28541657 %

ZORRO PARTNERS, LTD.

4.0%

JAVELINA PARTNERS

16.0%

TOTAL:

66.28541657%

SUPPORTS COG

COG

33.7145833%

TOTAL:

33.7145833%

BURNETT OIL CO., INC.

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BURNETT OIL CO., INC.

LETTERS of SUPPORT for NAMING BURNETT OIL CO., INC. as OPERATOR

- Sections 12, 13, 24, 25 - T17S-R31E -
- YESO FORMATION -

RECORD TITLE HOLDERS

Lindy's Living Trust	19.03125%
Edward R. Hudson Trusts 1, 2 & 3	28.54688%
William A. Hudson II	14.50887%
Javelina Partners	.74609%
The Delmar Hudson Lewis Living Trust	19.03125%
<u>Burnett Oil Company</u>	<u>18.13566%</u>
TOTAL:	100%

MALJAMAR AREA

Burnett Proposed Wells

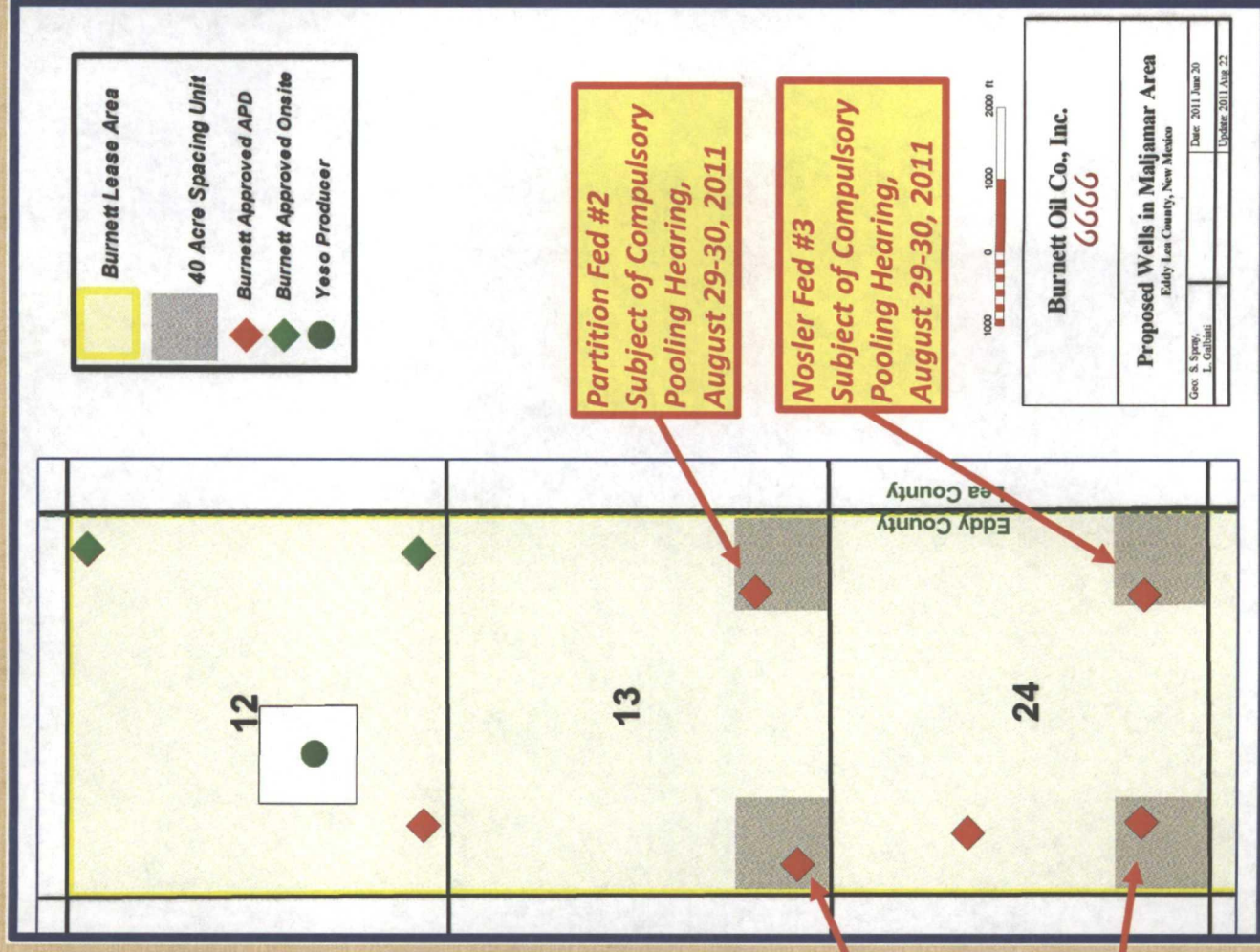
- 6 Approved APD's
- 4 Pooling Apps. Filed

T17S – R31E
Eddy County, NM

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CURRENT SURFACE DEVELOPMENT

GRAYBURG-SAN ANDRES PRODUCTION
- Hudson Oil Company of Texas -

**HUDSON OIL COMPANY OF TEXAS
OPERATES 100% OF CURRENT
SURFACE DEVELOPMENT**

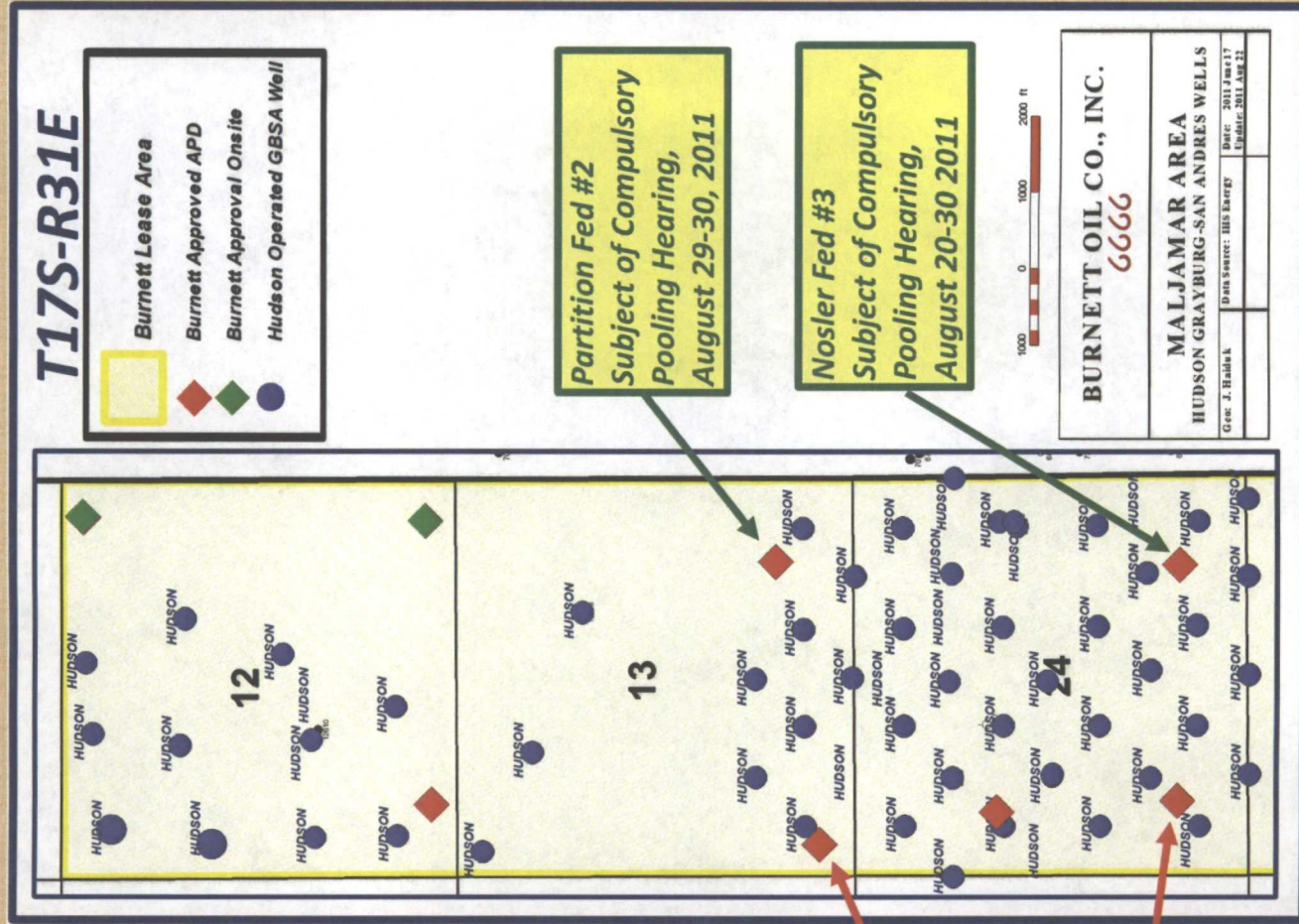
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BURNETT OIL CO., INC.

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**Partition Fed #1
Subject of Compulsory
Pooling Hearing,
May 26, 2011**

**Nosler Fed #2
Subject of Compulsory
Pooling Hearing,
May 26, 2011**



**BURNETT OIL CO., INC.
- TAYLOR DRAW UNIT -**

No. NMNM126930X

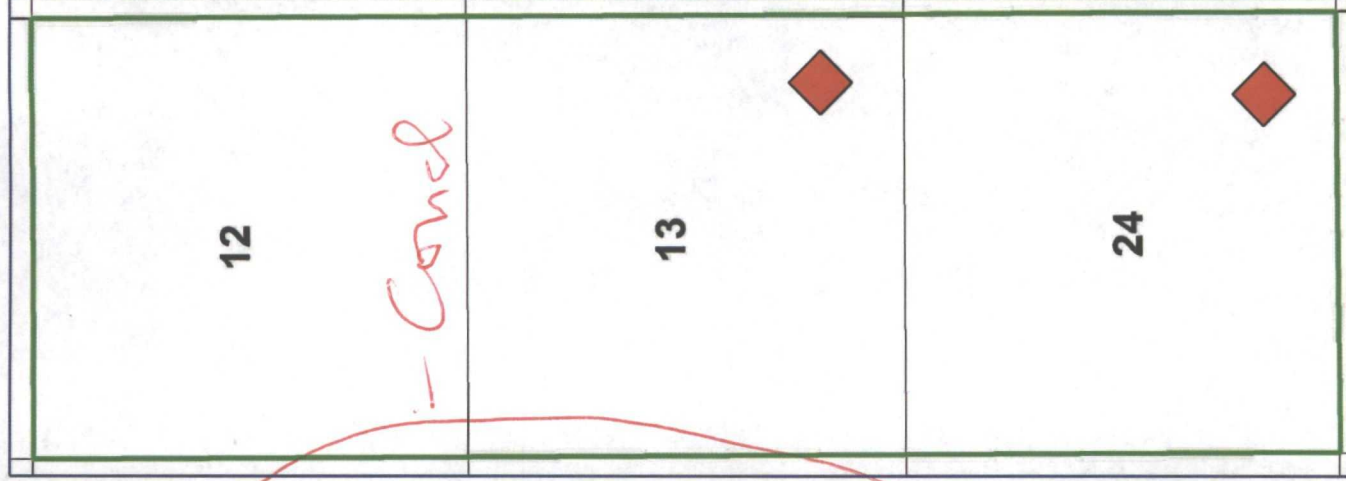
Burnett Oil Co., Inc. has been given Preliminary Approval by the Bureau of Land Management to Form the Taylor Draw Unit. This Unit covers Sections 12, 13, and 24-T17S-R31E. The Unit is limited stratigraphically to the Glorieta-Yeso Formations. Preliminary Approval was granted on July 18th, 2011

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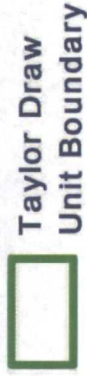
BURNETT OIL CO., INC.

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T17S R31E



**BURNETT OIL CO., INC.
TAYLOR DRAW UNIT
Unit No. NMNM126930X**



**BUREAU OF LAND
MANAGEMENT**

**Unitization Date:
July 18th, 2011**

**Burnett Oil Co., Inc.
Location of Compulsory
Pooling**



BURNETT OIL CO., INC.

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**TAYLOR DRAW UNIT
FEDERAL UNIT**

Geol: J. Haidak		File: BLM Index Map DSR
Date: August 24, 2011		

TAYLOR DRAW UNIT
No. NMNM126930X

***Approval Letter from Bureau
of Land Management***



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Carlsbad Field Office

620 E. Greene
Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



NM126930X
3180 (P0220)

Your Reference:
Application and Request for Designation
Taylor Draw Unit

JUL 18 2011

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

Gentlemen:

Your application of July 14, 2011, filed with the Bureau of Land Management (BLM) Carlsbad Field Office, requests the designation of the Taylor Draw Unit area, embracing 1,920.00 acres, more or less, in Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Exhibit "A" and Exhibit "B", the Taylor Draw Unit area, Eddy County, New Mexico, is hereby designated as a logical unit area and has been assigned No. NMNM126930X. This designation is valid for a period of one year from the date of this letter.

The unit agreement to be submitted for the area designated shall provide for a well located 430' FSL and 430' FWL in the SWSW of sec. 13 T. 17 S., R. 31 E., Eddy County, New Mexico to an approximate total vertical depth of 7,200 feet or 1,500 feet into the Yeso Formation, whichever is the lesser depth. The Taylor Draw Unit #1 will be the only obligation well for the unit. The BLM concurs and supports the Unitization of subject Federal Lands to facilitate the development and production of oil and gas from the Glorieta and Yeso Formations in a prudent manner, while employing reasonable measures to minimize surface use, and allow for the conservation and protection of the Sand Dune Lizard and Lesser Prairie Chicken.

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TAYLOR DRAW UNIT
No. NMNM1126930X

***Approval Letter from Bureau
of Land Management***

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Your proposed use of a modified onshore unit agreement for unproven areas in 43 CFR 3186.1 will be accepted. The modification of said Model form is deemed necessary and has been given preliminary approval by this office.

In the absence of any type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted that, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

Please include the latest status of all acreage when the executed agreement is submitted for final approval. In preparing the final Exhibits "A" and "B", the format of the sample exhibits of the model form shall be followed. A minimum of three copies of the executed agreement shall be submitted with your request for final approval.

Please contact Edward G. Fernandez, Petroleum Engineer, at 575-234-2220 if you have any questions.

Sincerely,



Don Peterson
Assistant Field Manager,
Lands and Minerals

Enclosure

cc: NM9210
NMP0220

Title 43: Public Lands: Interior

PART 3180—ONSHORE OIL AND GAS UNIT AGREEMENTS: UNPROVEN AREAS

Subpart 3183—Filing and Approval of Documents

[Browse Previous](#) | [Browse Next](#)

§ 3183.4 Approval of executed agreement.

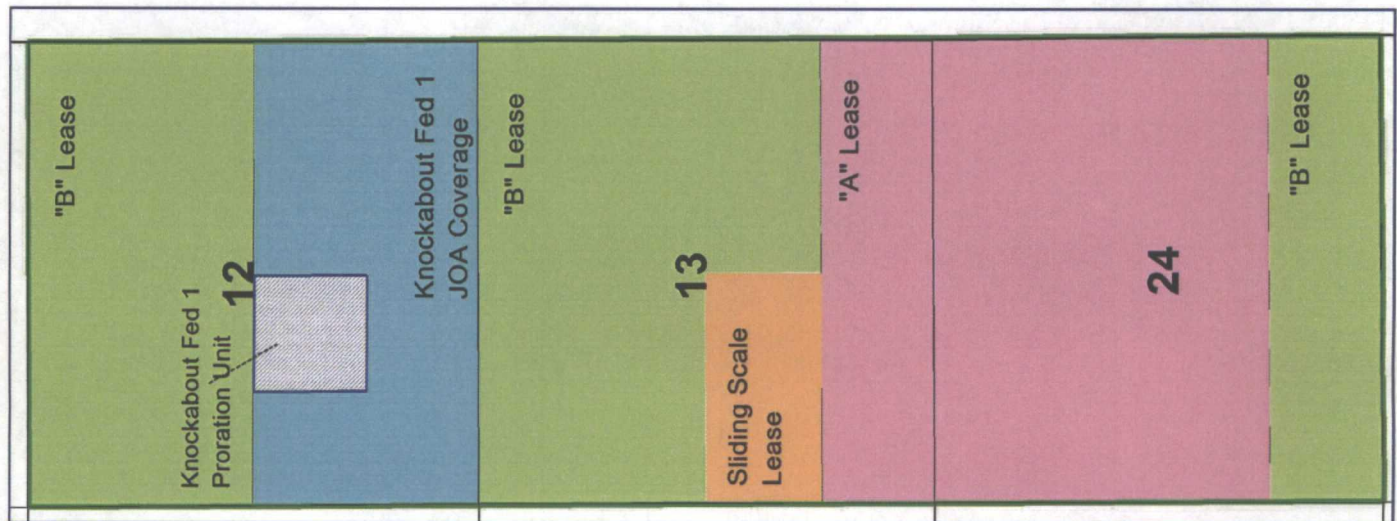
(a) A unit agreement shall be approved by the authorized officer upon a determination that such agreement is necessary or advisable in the public interest and is for the purpose of more properly conserving natural resources. Such approval shall be incorporated in a Certification-Determination document appended to the agreement (see §3186.1 of this part for an example), and the unit agreement shall not be deemed effective until the authorized officer has executed the Certification-Determination document. No such agreement shall be approved unless the parties signatory to the agreement hold sufficient interests in the unit area to provide reasonably effective control of operations.

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**Taylor Draw Unit
- Lease Map -**

-  Taylor Draw Unit Boundary
-  A Lease
-  B Lease
-  Knockabout JOA
-  Contract Area
-  Knockabout Proration Unit
-  B Lease w/ Sliding Scale Royalty



BURNETT OIL CO., INC.
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TAYLOR DRAW UNIT
LEASE MAP

Land: D. Meadows	Scale: 1" = 1000 ft.	File: BLM Lease
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WORKING INTEREST OWNERSHIP

- Taylor Draw Unit -

- See Detailed Attachment

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EXHIBIT "B"
TAYLOR DRAW UNIT
UNIT PLAN OF DEVELOPMENT
EDDY COUNTY, NEW MEXICO

LEASE SERIAL NUMBER & EXPIRATION DATE	TRACT NO.	DESCRIPTION OF LANDS	NO. OF ACRES	OWNER	WORKING INTEREST	ROYALTY INTEREST	OVERRIDING ROYALTY INTEREST
NMLC029415B	HBP	TOWNSHIP 17 SOUTH RANGE 31 EAST SECTION 12: ALL SECTION 13: N2 & N2 S2 SECTION 24: S2 S2 SECTION 25: ALL					
	1	INSOFAR AS LEASE COVERS THE FOLLOWING DESCRIBED LANDS: SECTION 12: N2 SECTION 13: N2 & N2 SE SECTION 24: S2 S2	880.00	USA Bureau of Land Management Burnett Oil Company Javelina Partners Zorro Partners Ltd. Concho Oil & Gas, LLC/COG Operating, LLC E Randall Hudson III Zorro Partners Ltd. Lindy's Living Trust Delmar Hudson Lewis Living Trust Moore & Shelton Company Ltd. E Randall Hudson III Inversons Ard Oil Ltd. & Ard Energy Group Ltd.	46.28541657% 16.00000000% 4.00000000% 33.71458343%	12.50%	0.9847266% 0.85384110% 2.03144531% 2.03144531% 1.38984375% 0.32816000% 7 7 7.61920814%
	12	INSOFAR AS LEASE COVERS THE FOLLOWING DESCRIBED LANDS: SECTION 12: NE SW	40.00	USA Bureau of Land Management Edward R Hudson Trust No. 2 Javelina Partners Zorro Partners Ltd. Yates Petroleum Corporation P.I.P. 1990 Trust W.W.J. 1990 Trust S.J.J. III Living Trust	100.00000000%	12.50%	

EXHIBIT "B"
TAYLOR DRAW UNIT
UNIT PLAN OF DEVELOPMENT
EDDY COUNTY, NEW MEXICO

LEASE SERIAL NUMBER & EXPIRATION DATE	TRACT NO.	DESCRIPTION OF LANDS	NO. OF ACRES	OWNER	WORKING INTEREST	ROYALTY/INTEREST	OVERRIDING ROYALTY INTEREST
				C.A. Iverson Living Trust	1.98958350%		
				Ernest Closuit Jr	1.19194287%		
				John F. Cranz	1.19194287%		
				Concho Oil & Gas, LLC/COG Operating, LLC	20.92447921%		
				Lindy's Living Trust			2.03144000%
				Delmar Hudson Lewis Living Trust			2.03144000%
				Moore & Shelton Company Ltd.			1.11187000%
				E Randall Hudson III			0.32816000%
				Iversons			?
					100.0000000000%	12.5000000000%	5.50291000%
						12.50%	
			280.00	USA Bureau of Land Management			
				Burnett Oil Company	43.62187501%		
				Javelina Partners	8.56341430%		
				Zorro Partners Ltd.	4.53808780%		
				Yates Petroleum Corporation	17.73103167%		
				Ernest Closuit Jr	0.49962030%		
				John F. Cranz	0.49962030%		
				P.J.P. 1990 Trust**	0.0000000000%		
				W.W.J. 1990 Trust**	0.0000000000%		
				S.J.I. III LT**	0.0000000000%		
				C.A. Iverson Living Trust**	0.0000000000%		
				Concho Oil & Gas, LLC/COG Operating, LLC	24.54635062%		
				Lindy's Living Trust			2.03144000%
				Delmar Hudson Lewis Living Trust			2.03144000%
				Moore & Shelton Company Ltd.			1.11187000%
				E Randall Hudson III			0.32816000%

3 INsofar as LEASE COVERS THE
 FOLLOWING DESCRIBED LANDS:
 Sec 12: SE & S2 SW & NW SW

EXHIBIT "B"
TAYLOR DRAW UNIT
UNIT PLAN OF DEVELOPMENT
EDDY COUNTY, NEW MEXICO

LEASE SERIAL NUMBER & EXPIRATION DATE	TRACT NO.	DESCRIPTION OF LANDS	NO. OF ACRES	OWNER	WORKING INTEREST			ROYALTY INTEREST		OVERRIDING ROYALTY INTEREST	
4		INSOFAR AS LEASE COVERS THE FOLLOWING DESCRIBED LANDS: Sec 13: N2 SW	80.00	USA Bureau of Land Management							
				Burnett Oil Company	46.28541657%						
				Javelina Partners	16.000000000%						
				Zorro Partners Ltd.	4.000000000%						
				Concho Oil & Gas, LLC/COG Operating, LLC	33.71458343%						
* Sliding Scale Royalty based on average production for the month, per well, per day: Oil: 12.5% < 20 bbls, 16.66% 20-50 bbls, 20% 50-100 bbls, 25% 100-200 bbls, 33.33% > 200 bbls Gas: 12.5% < 3000 mcf, 16.66% > 3000 mcf											
				Edward R Hudson Trust No. 2 **						0.98447266%	
				Zorro Partners Ltd **						0.85384110%	
				Lindy's Living Trust **						2.03144531%	
				Delmar Hudson Lewis Living Trust **						2.03144531%	
				Moore & Shelton Company Ltd **						1.38984375%	
				E Randall Hudson III **						0.32816000%	
				Hervsons **						?	
				Ard Oil Ltd. & Ard Energy Group Ltd. **						?	
				** Existence of ORRIs depends on SSR rate and language creating each ORRI						7.61920814%	
											* see note
											100.000000000%
											5.50291000%
											12.50000000%
											* SSR - see note
											100.000000000%
											100.000000000%
											5.50291000%

EXHIBIT "B"
TAYLOR DRAW UNIT
UNIT PLAN OF DEVELOPMENT
EDDY COUNTY, NEW MEXICO

LEASE SERIAL NUMBER & EXPIRATION DATE	TRACT NO.	DESCRIPTION OF LANDS	NO. OF ACRES	OWNER	WORKING INTEREST	ROYALTY/INTEREST	OVERRIDING ROYALTY INTEREST
NMLC029415A 4/30/2016	5	T17S, R31E, SEC 13, S2 S2 SEC 24, N2 & N2 S2	640.00	USA Bureau of Land Management		12.50%	
				Burnett Oil Company	46.28541657%		0.39378906%
				Javelina Partners	16.00000000%		0.93748364%
				Zorro Partners Ltd.	4.00000000%		0.81257813%
				Concho Oil & Gas, LLC/COG Operating, LLC	33.71458343%		0.81257813%
				Edward R Hudson Trust No. 2			0.55593750%
				Zorro Partners Ltd.			1.14282302%
				Lindy's Living Trust			1.03251000%
				Delmar Hudson Lewis Living Trust			1.55553000%
				Moore & Shelton Company Ltd.			0.58332000%
				E Randall Hudson III			0.50000000%
				Javelina Partners			0.50000000%
				Patilou Puckett Dawkins			?
				Hunter Wolfen Puckett			?
				Elizabeth R. Balsh			?
				Deborah E. Masters			?
				additional small original ORRIS Iversons			?
				Ard Oil Ltd. & Ard Energy Group Ltd.	100.00000000%	12.50000000%	8.82654948%
TOTAL ACRES IN UNIT AREA				1920.00			

END OF EXHIBIT "B"

NOTE: A Title Opinion is currently being prepared and the ? will be replaced with percentage interests upon its receipt. There may also be other changes to names and %.

SUMMARY – MALJAMAR LEASES

Sections 12, 13, 24 & 25-T17S-R31E

- Burnett Oil Company (46.28541657%), Javelina Partners (16%), and Zorro Partners, LTD (4%) Control 66.28541657% of Leasehold (Working Interest in Yeso)
- Burnett Oil Co., Inc. is Supported for Operations by 100% of the Record Title Owners
- Burnett Oil Co., Inc. has applied for and been granted a preliminary Federal Unit by the BLM. It has been designated the Taylor Draw Unit. The Unit includes all of Sections 12, 13 & 24 – T17S-R31E, Eddy County, New Mexico
- Burnett Oil Co., Inc. has an Ongoing Yeso Drilling Program near the Maljamar Leases & has Contracted a Rig to Begin Development of this Property
- Burnett Oil Co., Inc. has Six (6) Approved APD's
- Burnett Oil Co., Inc. is a member company in the Candidate Conservation Agreement (CCA)

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