Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR OCD-ARTESIA
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

RECEIVED
JUN 25 2010
NMOCD ARTESIA

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 page 2

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 H, 2310' FNL, 380' FEL, SEC 24, T17S, R30E- SURF
UNIT A, 330' FNL, 1088' FEL, SEC 24, T17S, R30E- BH (Proposed)

5. Lease Serial No.
NMLC055264

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
JACKSON B #41H

9. API Well No.
30-015-33133

10. Field and Pool, or Exploratory Area
CEDAR LAKE GLORIETA YESO

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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamantion	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☒ Recomplete	☐ Other HORIZONTAL
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 recompletion 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 reclamantion, have been completed, and the operator has determined that the site is ready for final inspection.)

Present well bore status is T&A. Top perforation in the well bore was 3673' before T&A. TOC was tagged @ 3378' after zone plugging was completed on 4/02/2009. Plug test to 620# for 30 minutes was witnessed by BLM's Richard Carrasco. WELL PAD SITE WILL HAVE TO BE INCREASED TO PLACE DRILLING EQUIPMENT. PLAN TO RE-ENTER T&A WELL BORE TO CUT 6-1/8" WINDOW IN EXISTING 7" 23# CASING AT APPROX 3300'. PLAN TO DRILL APPROX. 2000' HORIZONTAL TO THE NORTH IN THIS SECTION 24. WE PLAN TO COMMUNATIZE THIS JACKSON B(NMLC055264) AND JACKSON A (NMLC029339A) AND COMPLETE THIS WELL IN THE CEDAR LAKE GLORIETA YESO AND PRODUCE TO EXISTING JACKSON B6 TANK BATTERY ON THE NMLC055264 LEASE. THE RE-ENTRY PLAN IS ATTACHED.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Engineering reviewed
6/17/10
CRW

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

Name *(Printed/Typed)* MARK A. JACOBY — Title ENGINEERING MANAGER

Signature Mark A. Jacoby — Date 5/12/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ Don Peterson — Title — Date JUN 18 2010

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 and Title 43 U.S.C. Section 1212, make 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 page 2)

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, 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 15, 2009

Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name

Property Code	Property Name	Well Number
	JACKSON "B"	41

OGRID No.	Operator Name	Elevation
	BURNETT OIL COMPANY, INC.	3671'

Surface Location

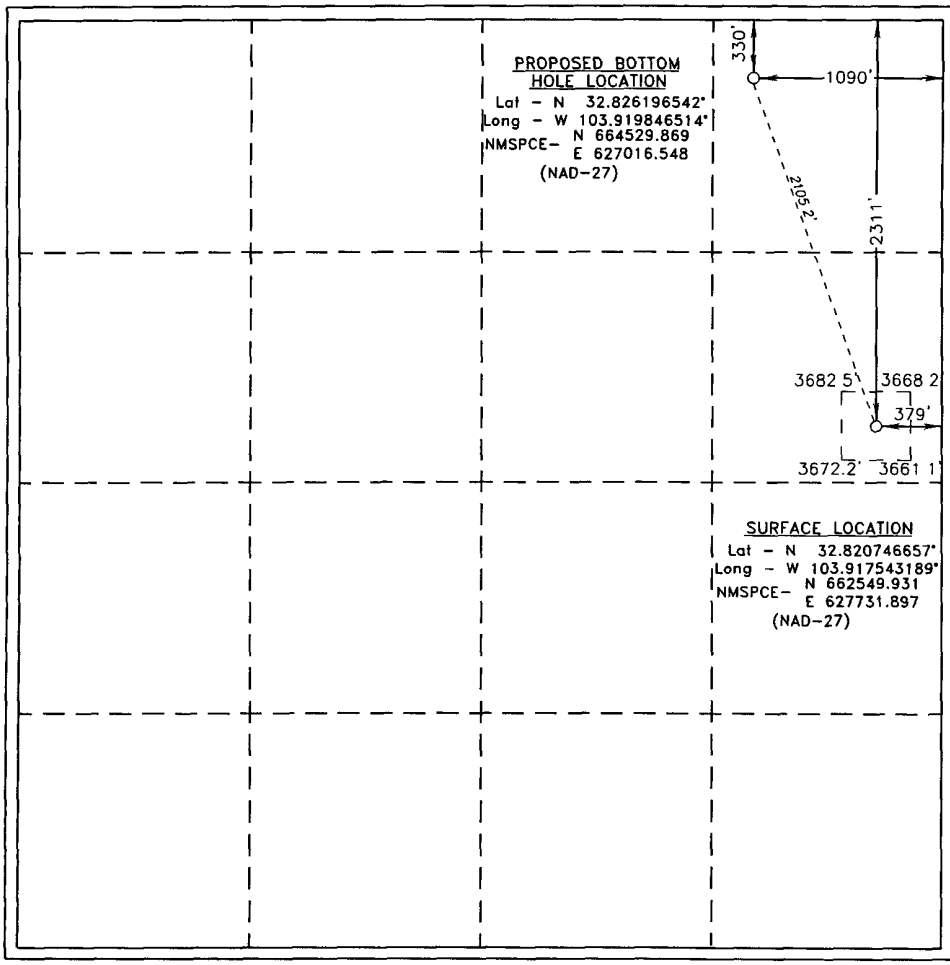
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	17 S	30 E		2311	NORTH	379	EAST	EDDY

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
A	24	17 S	30 E		330	NORTH	1090	EAST	EDDY

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



OPERATOR CERTIFICATION

I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date

Printed Name

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 supervison, and that the same is true and correct to the best of my belief

Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES NEW MEXICO 7977 REGISTERED PROFESSIONAL SURVEYOR

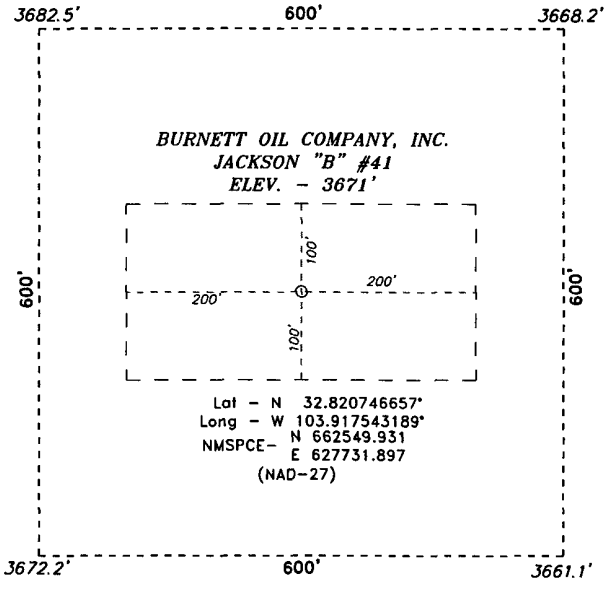
W.O. No. JACKSOLA B 41

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 24, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO.



200 0 200 400 FEET

SCALE: 1" = 200'

BURNETT OIL COMPANY, INC.

REF. ~~CISSLER "B" #65~~ / WELL PAD TOPO

~~THE CISSLER "B" #65 LOCATED 2311'~~ OR

FROM THE NORTH LINE AND 379' FROM THE EAST LINE OF SECTION 24, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

W.O. Number: JACKSON B 41	Drawn By: J. SMALL		
Date: 05-28-2010	Disk: JMS JACKSON B 41	Survey Date. 05-28-2010	Sheet 1 of 1 Sheets

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-015-	96831	CEDAR LAKE, YESO

Property Code	Property Name	Well Number
002391	JACKSON B	41

OGRID No.	Operator Name	Elevation
003080	BURNETT OIL COMPANY	3671'

Surface Location

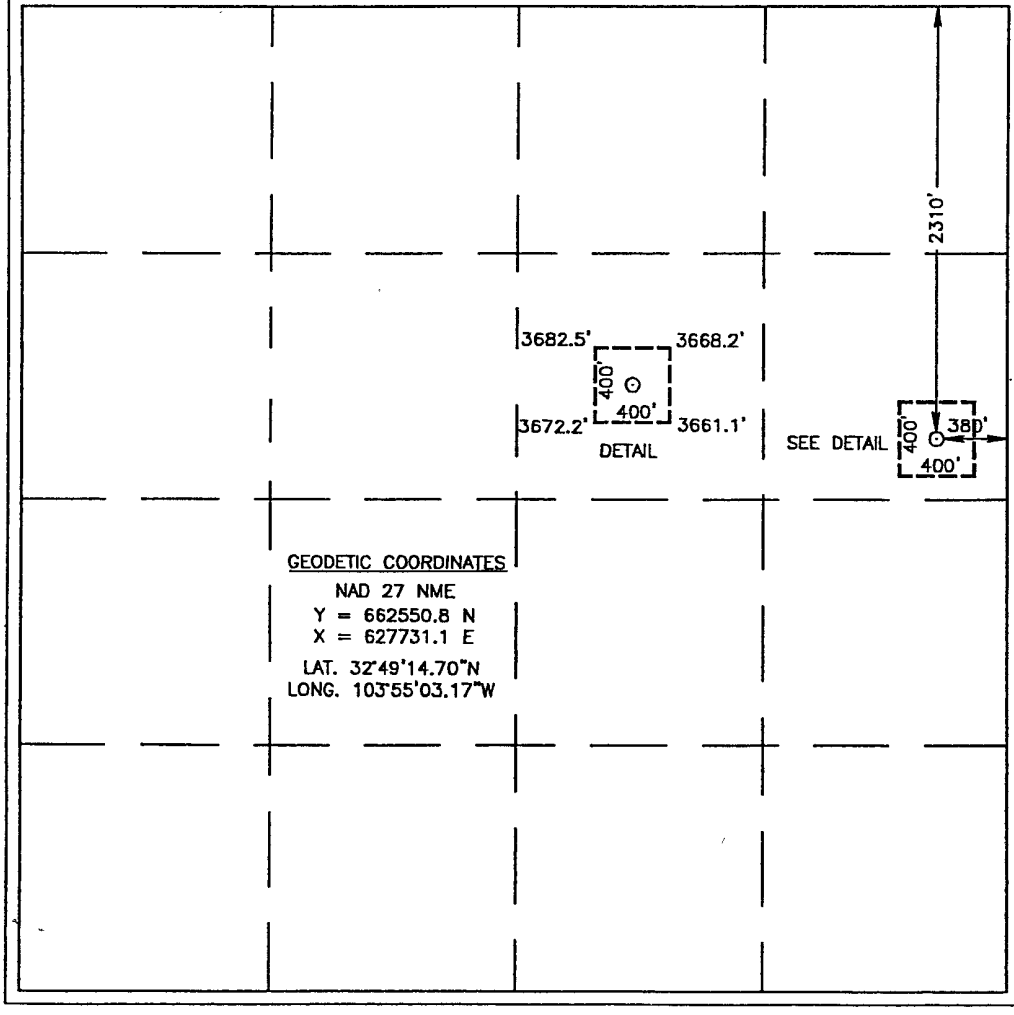
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	17-S	30-E		2310'	NORTH	380'	EAST	EDDY

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



GEODETIC COORDINATES
NAD 27 NME
Y = 662550.8 N
X = 627731.1 E
LAT. 32°49'14.70"N
LONG. 103°55'03.17"W

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

STERLING RANDOLPH
Printed Name

PETROLEUM ENGINEER
Title

10/30/2003
Date

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 supervison, and that the same is true and correct to the best of my belief.

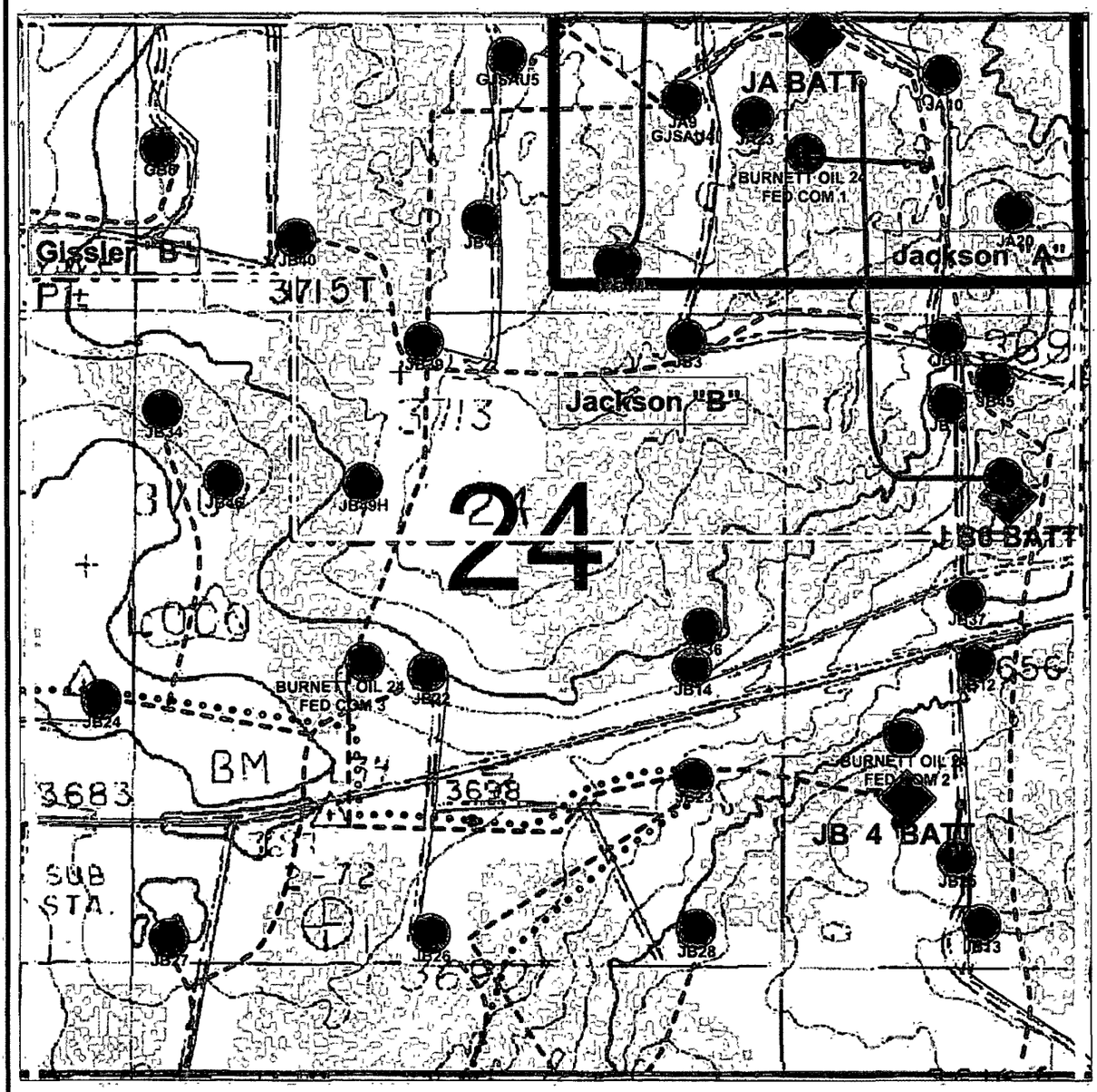
August 20, 2003
Date Surveyed A.W.B.

Signature & Seal of Professional Surveyor

GARY L. EIDSON
NEW MEXICO
12641
03.11.0908
REGISTERED PROFESSIONAL SURVEYOR

9/3/03

Certificate No. GARY EIDSON 12641



Well Names

GA = Gissler A
GB = Gissler B
SA = Stevens A
GJSA = Grayburg Jackson San Andres
JA = Jackson A
JB = Jackson B

Burnett Oil Co., Inc. 6666		
Jackson B 41H Proposed Well Location (Map Reflects Burnett Operated Wells Only) Eddy County, New Mexico		
Author: Eng Tech: CLK		Date: 05/12/2010
	Scale: 1" = 750'	

Jackson B41H
T17S, R30E, Sect 24, Unit H - SURF
2310' FNL, 380' FEL
Lat: 32.820781, Long: -103.917408
T17S, R30E, Sect 24, Unit A - BH
330' FNL, 1088' FEL
Lat: 32.82627, Long: -103.91971
JB- (NMLC055264) & JA (NMLC029339A)
JB 6 Battery

6666

BURNETT OIL CO., INC.OPERATOR CERTIFICATION
ALL HORIZONTAL CEDAR LAKE YESO/ LOCO HILLS PADDOCK WELLS
FEDERAL LEASE # LC029338A, LC029339A, LC030570A, LC055264, LC055958, NM2746, NM2747 NM2748, NM05067 & NM074939
Section 8, 11, 12, 13, 14, 23, 24 & 25, Township 17 South, Range 30 East, Eddy County, N.M

Operator's Representative:
Burnett Oil Co., Inc. field representative responsible for compliance with the approved surface use and operation plan is:

Mr. Belton Mathews, District Supt.
P.O. Box 188
Loco Hills, New Mexico 88255
Office phone: (575) 677-2313
Home phone: (575) 746-8647
Cellular phone: (575) 703-9601

I hereby certify that I, or persons under my direct supervision have inspected the drill site and access route; that I am familiar with the conditions that currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Burnett Oil Co., Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: 5/12/2010

By Mark A. Jacoby
Mark A. Jacoby
Engineering Manager

RE-ENTRY DEVELOPMENT PLAN
BURNETT OIL CO., INC.
ALL HORIZONTAL CEDAR LAKE YESO/ LOCO HILLS PADDOCK WELLS
FEDERAL LEASE # LC029338A, LC029339A, LC030570A, LC055264, LC055958, NM2746, NM 2747, NM2748, NM05067 & NM074939
Section 8, 11, 12, 13, 14, 23, 24 & 25, Township 17 South, Range 30 East, Eddy County, N.M

A: DRILLING PROGRAM

1. **Geological Name of Surface Formation**
   a. Alluvium.....Surface
   b. Anhydrite..... 270'
   c. Salt..... 526'
   d. Base Salt.....1235'
   e. Yates.....1450'

2. **Estimated tops of Geologic Markers & Depths of Anticipated Fresh Water, Oil or Gas:**
   a. Seven Rivers.....1716' Oil
   b. Grayburg..... 2716' Oil
   c. San Andres..... 3080' Oil
   d. Glorieta..... 4430' Oil

   e. PLANNED TOTAL DEPTH 6901' APPROX. MD

   No other formations are expected to yield oil, gas or fresh water in measurable volumes. We will set 10-3/4" casing @ approx. +/- 400' in the Anhydrite, above the Salt and circulate cement to surface. We will isolate the oil zones by running 7" casing to total depth and circulating cement to surface.

3. **Casing Program: (THE CASING SHOWN BELOW WAS PUT IN PLACE AS NEW CASING IN MAY 2004.)**

Hole Size	Interval	OD Csg	Weight	Collar	Grade	Collapse Design Factor	Burst Design Factor	Tension Design Factor
(MW = 10 PPG IN DESIGN FACTOR CALCULATIONS.)								
12-1/4"	0'-508'	9-5/8"	32.30#	ST&C	H40	1.125	1.00	1.80
8-3/4"	0'- 5314'	7"	23.00#	LT&C	J55	1.40	1.00	1.80

T&A RECORD SHOWS TOC AT 3378'. PLAN TO CUT A 6-1/8" WINDOW IN 7" CASING ABOVE THIS POINT AND COMPLETE AN APPROX. 2000' HORIZONTAL LINE AND RUN COMBINATION 4-1/2" 11.60# L80 CASING W/ULTRA FJ & LT&C CONNECTIONS FROM BOTTOM HOLE TO SURFACE. WE DO PLAN TO CEMENT 4-1/2" LINER BACK TO THE 7" CASING. casing 0-3200' LTC 3200-6902' 4 1/2 FJ

4. **Cementing Program: FOR THIS RE-ENTRY**
   240 Sxs 50/50 POZ W/0.4% LAP1(LOFL) & 0.5% CFR3(DISPERSANT) & 0.25 lb/Sx Dair & 0.125 Poly flake & 3 lb/Sx Gilsonite TOC 200' tieback into 7"
   Yield - 1.28 ft3/Sx

5. **Pressure Control Equipment:** Per Operator 6/11/10 CRW
   The blowout prevention equipment (BOPE) shown in **Drilling Exhibit E** will consist of a 2000 PSI hydril Unit (annular) w/hydraulic closing equipment. The equipment will comply with Onshore Order #2 and will be tested to 50% of rated working pressure (RWP), and maintained for at least 10 minutes. The 10-3/4" drilling head will be installed on the surface casing and in use continuously until total depth is reached. An independent testing company will be used for the testing. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines and choke manifold having 2000 PSI

WP rating.

6. **Proposed Mud Circulation System**

Depth	Mud Wt	Visc	Fluid Loss	Type System
0'-400'	8.6–9.5			Fresh Water
400' - TD' MD	10.0 max.			Brine Water

The necessary mud products for weight addition and fluid loss control will be on location at all times.

7. **Auxiliary Well Control and Monitoring Equipment:**
   a. A Kelly cock will be in the drill string at all times.
   b. A full opening drill pipe stabbing valve with the appropriate connections on the rig floor at all times.
   c. Hydrogen Sulfide detection and breathing equipment will be installed and in operation at drilling depth of 1800' (which is more than 500' above top of Grayburg) until 7" casing is cemented. An H2S compliance package will be on all sites while drilling.

8. **Hydrogen Sulfide Plan and Training**:
   Based on our area testing H2S at 100 PPM has a ROE of 139' and does not get off our well sites. There are no schools, residences, churches, parks, public buildings, recreation area or public within 2+ miles of our area.

   All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on each well:

   a. The hazards and characteristics of Hydrogen Sulfide (H2S).
   b. The proper use and maintenance of personal protective equipment and life support systems.
   c. The proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures and the prevailing wind.
   d. The proper techniques for first aid and rescue procedures.
   e. **ATTACHED HYDROGEN SULFIDE (H2S) CONTINGENCY PLAN DRILLING EXHIBIT A**
   f. **ATTACHED EMERGENCY CALL LIST FOR ANY ON SITE EMERGENCY DRILLING EXHIBT B.**

   In addition, supervisory personnel will be trained in the following areas:
   a. The effects of H2S on metal components. If high tensile tubulars are to be used, personnel will be trained in special maintenance requirements.
   b. Corrective action and shut-in procedures when drilling or reworking a well, blowout prevention and well control procedures.
   c. The contents and requirements of the H2S Drilling Operations Plan and the Public Protection Plan (if applicable.)

   There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan (if applicable). This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

I. DRILLING OPERATIONS – H_2S

a. Protective equipment for essential personnel:
1. Mark II Surviveair (or equivalent) 30 minute units located in the dog house and at the primary briefing area (to be determined.)

b. H2S detection and monitoring equipment:
1. Three (3) portable H2S monitors positioned on location for best coverage and response. These units have warning lights at 10 PPM and warning lights and audible sirens when H2S levels of 15 PPM is reached. A digital display inside the doghouse shows current H2S levels at all three (3) locations.

2. An H2S Safety compliance set up is on location during all operations

c. Visual warning systems:

1. Wind direction indicators will be positioned for maximum visibility.
2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at reasonable distance from the immediate location. Bilingual signs will be used when appropriate.

d. Mud program:

The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

e. Communication:

1. Cellular Telephone and/or 2-way radio will be provided at well site.
2. Landline telephone is located in field office.

f. Metallurgy:

1. All drill strings, casings, tubing, wellheads, Hydril BOPS, drilling spools, kill lines, choke manifold, valves and lines will be suitable for H2S service.
2. All elastomers used for packing and seals shall be H2S trim.

9. **Logging, Coring and testing program:**
   a. NO DST'S ARE PLANNED.
   b. NO OPENHOLE LOGS ARE PLANNED AND NO CORES WILL BE TAKEN.

10. **Potential Hazards:**
No abnormal pressures or temperatures are expected. There is known H2S in this area. The operator will comply with the provisions of Onshore Oil and Gas Order #6. No lost circulation is expected to occur. All personnel will be familiar with the safe operation of the equipment being used to drill this well. The maximum anticipated bottomhole pressure is 1000#. The maximum anticipated bottom hole temperature is 92°F.

11. **Anticipated Start Date and Duration of Operation**
Road and location construction will begin after BLM has approved the APD and has approved the start of the location work. Anticipated spud date will be as soon as the location building work has been completed and the drilling rig is available to move to the location. Move in and drilling is expected to take approx 20 days. If **production LINER** is run, an additional 60 days would be required to complete the well and install the necessary surface equipment (pumping unit, electricity, flowline and storage facility) to place the well on production. casing

B: SURFACE USE PROGRAM

1. **EXISTING ROADS:**
   a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. **THIS WELL WAS STAKED BY JOHN WEST SURVEY (C102 enclosed) WHEN ORIGINAL DRILL (OCTOBER 2003- SURVEY.)**
   b. ALL ROADS ARE IN PLACE
   c. Directions to location: from intersection of US Hwy #82 and Square Lake (**CR 220**) go north on CR 220 and follow Surface Exhibit A to the proposed well pad.

2. **New or Reconstructed Access Roads and Pad :**
   a. ALL ROADS ARE IN PLACE. The well site layout (Form C-102) shows the existing area. THIS PAD SITE WILL REQUIRE ADDITIONALSPACE FOR THE DRILLING RIG.
   b. All construction material will be native caliche. It may be available at the proposed location. If unavailable on location or road, caliche will be hauled from nearest BLM approved caliche pit.

3. **Location of existing wells:**
   a. See the attached Surface Exhibit B plat showing all wells within a ½ mile radius of **THIS IS EXISTING WELL SITE**.

4. **Location of existing and/or proposed production facilities:**
   See Surface Exhibit B, C and for the location of existing on lease JACKSON B#6 Tank Battery facility on this Federal Lease.
   a. This battery is on the federal lease and may be an allocated above ground commingled Grayburg/Cedar Lake Yeso or Loco Hills Glorieta Yeso production facility.
   b. The well site will require electricity for the prime mover. We will contact the electric cooperative to provide the electric power poles and the electric line from their nearest connection. The routing and pole placement will be provided in their ROW application. All electrical installation will be done in accordance with all existing state and federal regulations.
   c. **All flowline from THIS WELL SITE is on this Federal lease. ALL IS IN PLACE**
      The required flowline will be laid above ground along existing road and flowline routing. All flow line will be 3" or 4" poly pipe. **ALL IS IN PLACE.**

5. **Location and Type of Water Supply:**
   All water to be used in drilling this well will be brine or fresh water transported by truck over existing and above proposed lease road from Loco Hills, New Mexico or produced water furnished from our existing waterflood facilities in the area. We may install a pump and lay a **temporary** 2" poly line on the lease from the battery to the rig for this drilling water.

6. **Construction Materials:**
   All construction material for the roadway and drilling pad will be native caliche from the nearest BLM approved pit or from existing available deposits found on the location. All will be in accordance with the drilling stipulations for this well.

7. **Methods of Handling Waste Disposal:**
   a. Drill cuttings will be disposed of in a closed loop system using steel haul off tanks. All drilling fluids will be hauled off location to a contracted off lease disposal location.
   b. Trash, waste paper, garbage and junk will be placed in a portable, screened trash container on location. All trash and debris will be transported to an authorized off-lease disposal station within 30 days following the completion activities.
   c. A properly maintained Porto-john will be provided for the crews during drilling and completion operations. All will be removed after all completion operations have ended.
   d. Oil produced during testing will be put into steel storage tank for later sales.
   e. Water produced during testing operations will be put in the steel frac. tanks until well is turned to the lease tank battery. All produced water will be disposed of through one of our approved disposal methods.

8. **Ancillary Facilities:** There are no planned ancillary facilities for this well.

9. **Well Site Layout: THIS WELLBORE IS IN PLACE.**
   A LARGER DRILLING PAD WILL BE REQUIRED. **SEE NOTE ON B 1 FOR EXISTING ARCHAEOLOGICAL SURVEY.**
   a. WE DO PLAN TO BURY THE FLARE LINE AS SHOWN IN THE RIG PLAT.

10. **Plans for surface Reclamation:**
    a. After drilling and successful completion operations are finished, all equipment and other materials not required for normal production operations will be removed.
    b. The pad size will be reduced to the amount required for normal operation of the producing well. This reduced portion will be restored to the BLM stipulations in section a.
    d. If a well is abandoned, the surface location and unneeded road will be restored according to BLM stipulations within 90 days of final abandon and sit re-seeded with BLM (B) seed mix.

11. Surface ownership:

All lands are owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is multiple uses with the primary use of the region for the production of oil and gas and the grazing of livestock.

12. Other information:

a. The area surrounding the well site is grassland. The area is relatively flat with small hills and sand dunes. The topsoil is fine, deep sand underlain by caliche. Vegetation cover is generally sparse and consists of mesquite, yucca, shinnery oak and sparse native grasses. Wildlife in the area includes deer, coyotes, rabbits, rodents, reptiles, dove and quail.

b. No permanent or live water is found in the general proximity of this area.

c. No dwellings are found within two (2) miles of this location.

d. There is intermittent cattle grazing and hunting in the area; however, the principal land use is for oil and gas production.

e. An archaeological clearance report from Boone Archaeological Services WAS SENT TO THE BLM OFFICE IN Carlsbad, N.M. OCTOBER 2003 NMCRIS No 85371 REPORT IN FILE.

13. Bond Coverage:

Current Bond is BLM Bond #NMB000197. The Surety Bond is #B000863. Both are effective May 21, 2004 and remain in place.

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BURNETT OIL CO., INC. EMERGENCY NOTIFICATION LIST

Burnett's New Mexico Office		**(575) 677-2313**
Belton Mathews BOCI District Superintendent	**CELL**	**(575) 703-9601**
BURNETT OIL HOME OFFICE (817) 332-5108		
Mark Jacoby BOCI ENGINEERING MANAGER	CELL	(817) 312- 2751

EDDY COUNTY SHERIFF	**911**	**OR**	**(575) 746-9888**
NEW MEXICO STATE POLICE			(575) 746-2701

Loco Hills Fire Department (VOLUNTEER ONLY)	911 OR	(575) 677 2349
For Medical and Fire		(575) 746-2701 (ARTESIA)

Flight for Life Air Ambulance	(LUBBOCK)	(806) 743-9911
Aerocare Air Ambulance	(LUBBOCK)	(806) 747-8923
Med Flight Air Ambulance	(ALBUQ)	(505) 842-4433
S B Med Svc Air Ambulance	(ALBUQ)	(505) 842-4949

US Bureau of Land Management Carlsbad	(575) 361-2822	(575) 234-5972
New Mexico Oil Conversation Division	ARTESIA	(575) 748-1283
New Mexico Emergency Response Commission	24 HR	(575) 827-9126
New Mexico State Emergency Operation Center		(575) 476-9635
Local Emergency Planning Committee (Artesia)		(575) 746-2122
National Emergency Response Center (Washington, DC)		(800) 424-8802

Boots & Coots IWC	(800) 256-9688
Cudd Pressure Control	(432) 570-5300
Halliburton Svc	(575) 746-2757
B J Svc	(575) 746-2293

THIS MUST BE POSTED AT THE RIG WHILE ON LOCATION.

Burnett Office 87 SQUARE LAKE ROAD (CR #220), Loco Hills, New Mexico 88255
(Loco Hills, New Mexico (2 MILES East of Loco Hills On US Hwy 82 TO C#220 Then North On CR# 220 Approx One Mile To Office.).

JACKSON B #41H
DRILLING EXHIBIT A

HYDROGEN SULFIDE (H2S) CONTIGENCY PLAN

ASSUMED 100 PPM ROE = 3000'

Emergency Procedures

In the event of a release of gas containing H2S, The first responder(s) must

* Isolate the area and prevent entry by other persons into the 100 PPM ROE.
* Evacuate any public places encompassed by 100 PPM ROE.
* Be equipped with H2S monitors and air packs in order to control release.
* Use the "buddy system" to ensure no injuries occur during the response.
* Take precautions to avoid personal injury during this operation.
* Have received training in the following:
    1. H2S detection
    2. Measures for protection against this gas
    3. Equipment used for protection and emergency response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO2.) Intentional ignition must be coordinated with the NMOCD and local officials. Additional the New Mexico State Police may become involved. NM State Police shall be the incident command on scene of any major release. Take care to protect downwind whenever there is an ignition of gas.

Characteristics of H2S and SO2

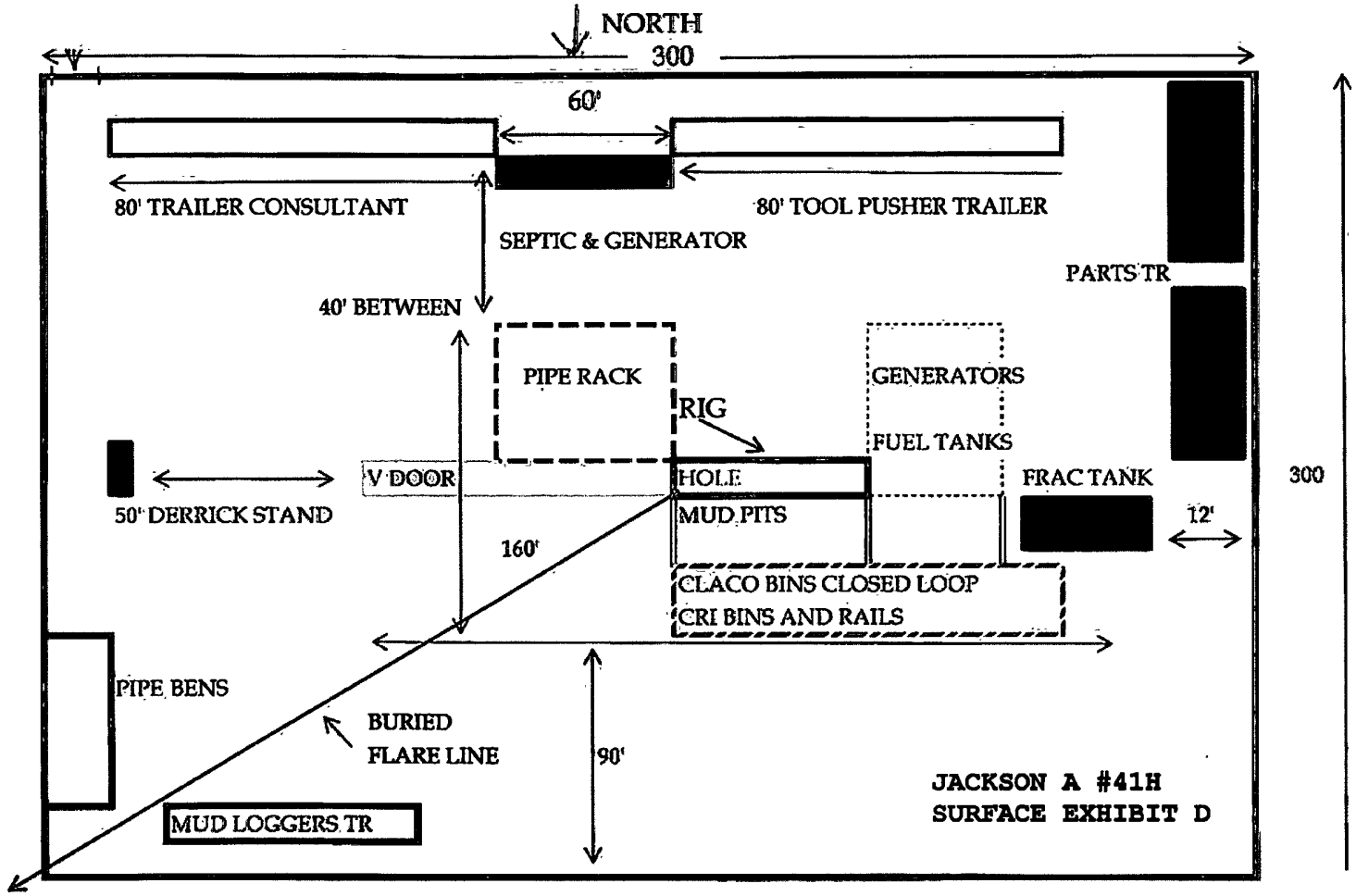
Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H2S	1.189 Air =1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO2	2.21 Air = 1	2 ppm	NA	1000 ppm

Contacting Authorities

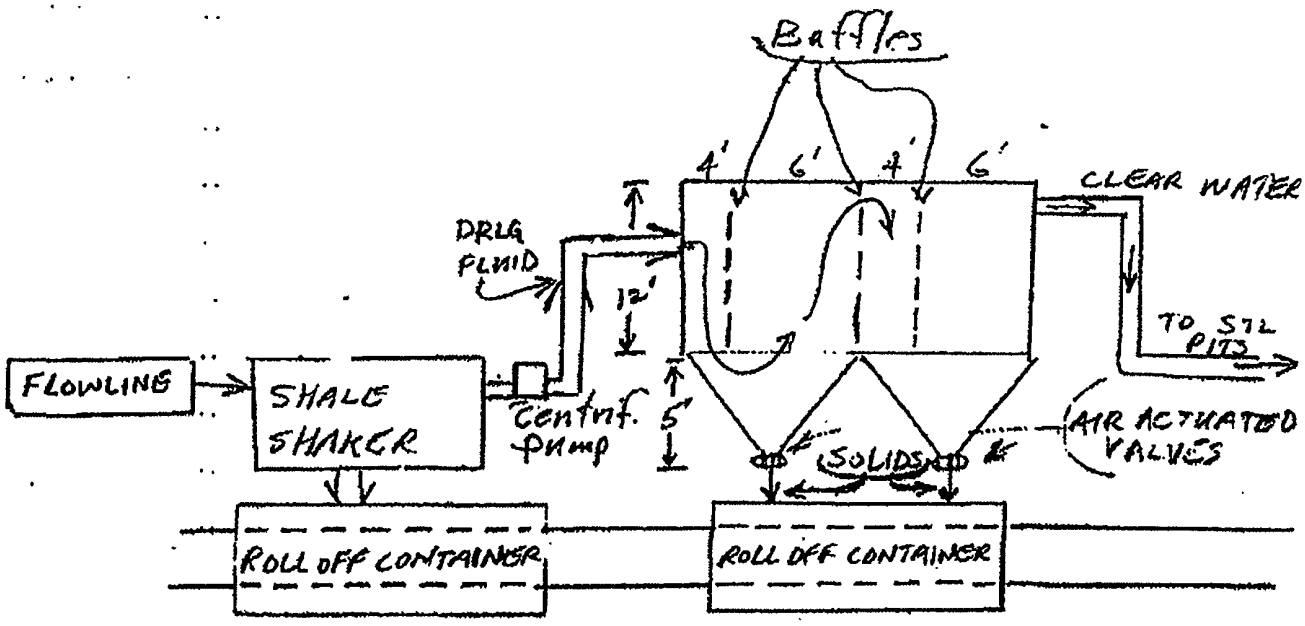
Burnett Oil Co., Inc. personal must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind and direction, location of release, etc. **Be sure all is written down and ready to give to contact list (Drilling Exhibit A.) Directions to the site are below.** Burnett's response must be in coordination with the State of New Mexico's Hazardous Materials Emergency Response Plan.

Burnett Office 87 SQUARE LAKE ROAD (CR #220), Loco Hills, New Mexico 88255
(Loco Hills, New Mexico (2 MILES East of Loco Hills On US Hwy 82 TO C#220 Then North On CR# 220 Approx One Mile To Office

BURNETT OIL CO., INC. PLANNED DRILL SITE LAYOUT, UNITED RIG #5



SOUTH



OPERATIONAL $ MAINTENANCE

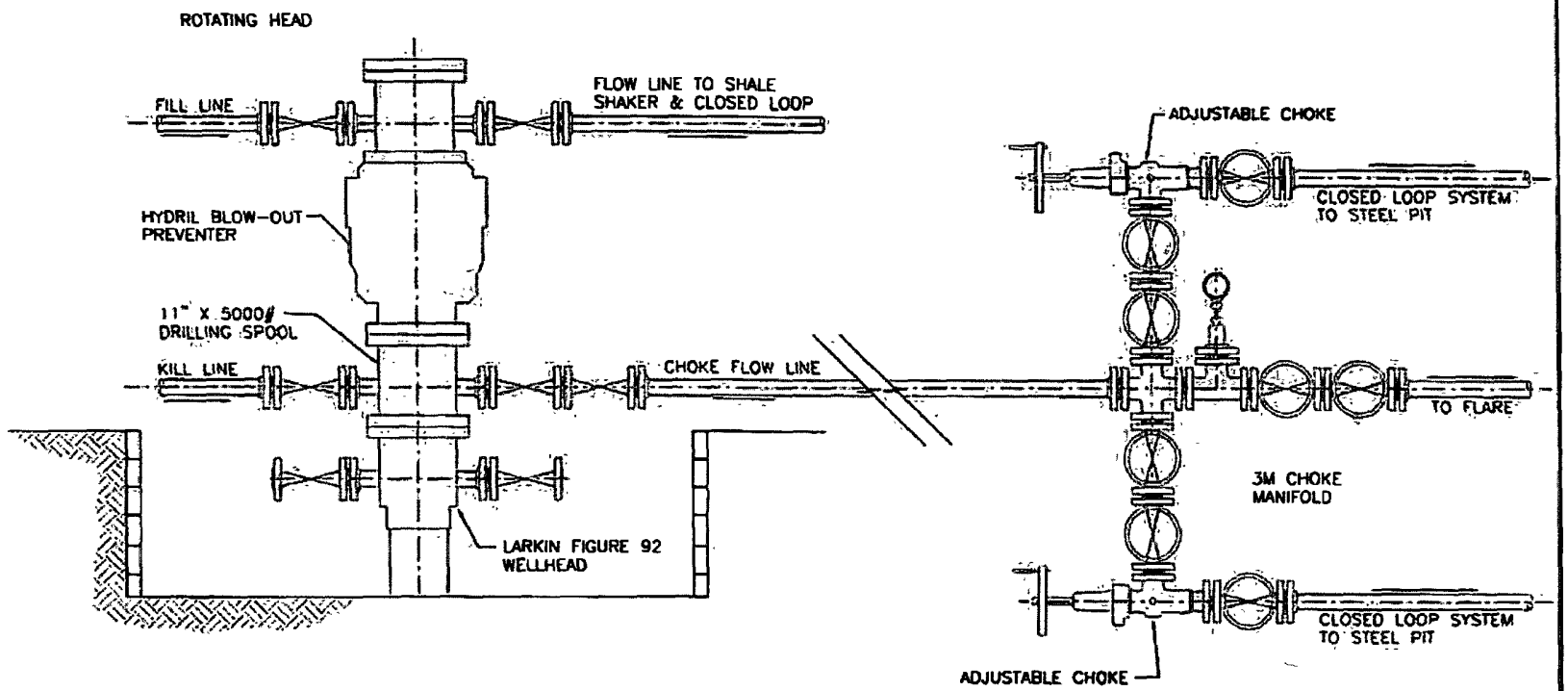
DRILLING FLUIDS FROM THE WELLBORE WILL GO THROUGH FLOWLINE ACROSS SHALE SHAKER. SOLIDS WILL DROP INTO ROLL-OFF CONTAINERS WITH BAFFLES AS DRAWN ABOVE. BAFFLES SLOW FLUID VELOCITY TO ALLOW SOLIDS TO FALL DOWN THROUGH 6" AIR AIR ACTUATED VALVES INTO ROLL- OFF CANTAINERS. CLEAN WATER GOES OUT BACK TO THE DRILLING FLUID STEEL PITS. SOLIDS ARE HAULED TO DISPOSAL. ANY LEFTOVER LIQUID WILL BE HAULED TO DISPOSAL.

BURNETT OIL CO., INC.

Operations and Maintenance
Closed Loop equipment will be inspected daily by each tour and any necessary maintenance performed.
Any leak in system will be repaired and/or contained immediately.
OCD notified within 48 hours
Remediation process started

Closure Plan
During drilling operations all liquids, drilling fluids and cutting will be hauled off via CRO (Controlled Recovery Incorporated Permit R-9166.)

JACKSON A #41H
SURFACE EXHIBIT D1



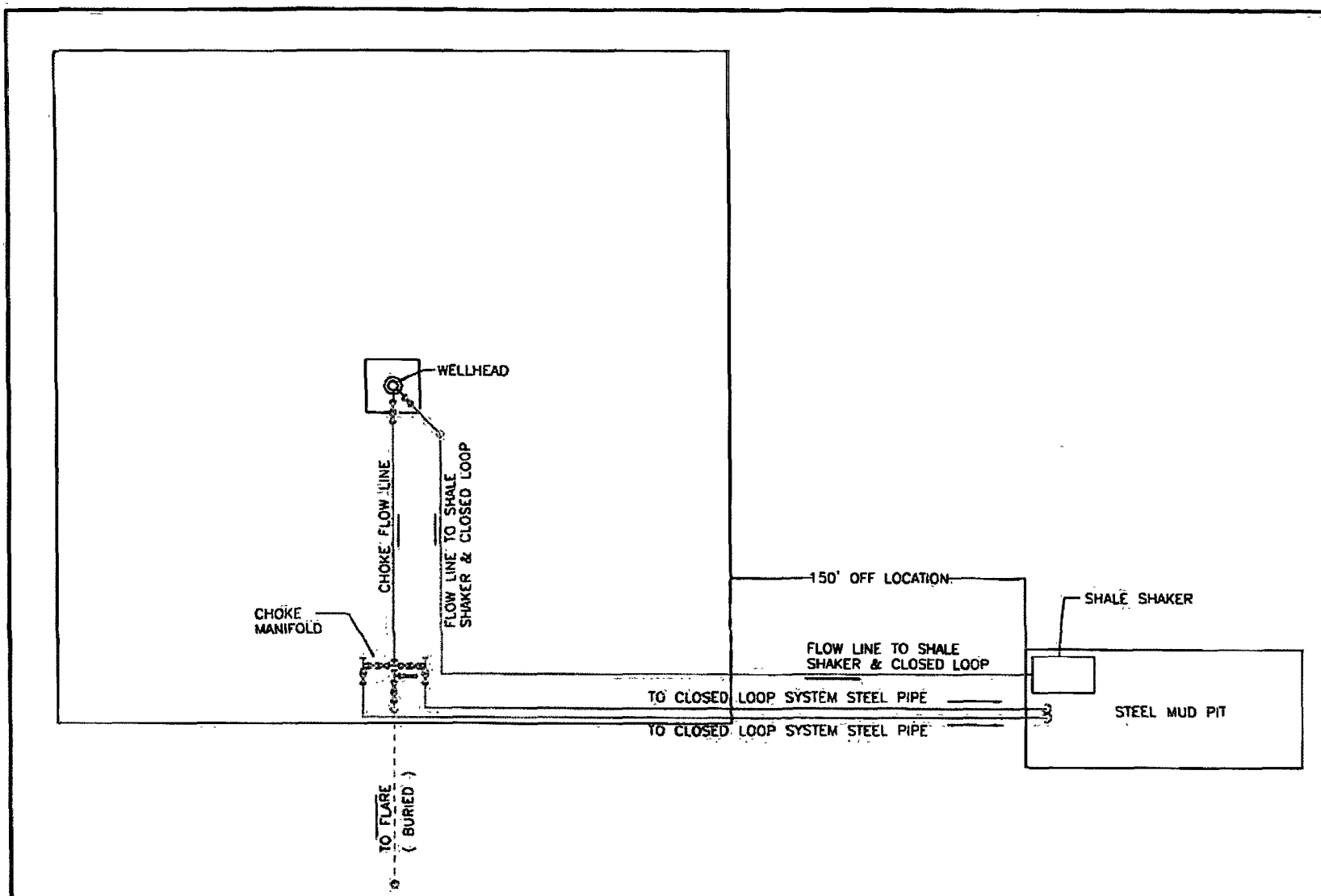
WELLHEAD ELEVATION

CHOKE MANIFOLD PLAN

BUNETT OIL COMPANY, INC.
BLOWOUT PREVENTER & CHOKE MANIFOLD DIAGRAM
2000 PSI WORKING PRESSURE

DRAWING SAVED AS C:\DRAWINGS\2010dwg\10-028\10-028-01.dwg

JACKSON B #41H
DRILLING EXHIBIT E



BUNETT OIL COMPANY, INC.
DRILLING OPERATIONS
WELL PAD PLAN LAYOUT

JACKSON B #41H
DRILLING EXHIBIT E1

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Burnett Oil Company

Eddy County, New Mexico
Jackson
B 41

Re Entry

Plan: Plan #1

Sperry Drilling Services

Proposal Report

14 December, 2009

Well Coordinates: 662,544.13 N, 627,704.94 E (32° 49' 14.63" N, 103° 55' 03.47" W)
Ground Level: 0.00 ft

Local Coordinate Origin:	Centered on Well B 41
Viewing Datum:	Elevation @ 0.00ft (Original Well Elev)
TVDs to System:	N
North Reference:	Grid
Unit System:	API-US Survey Feet

Version: 2003.16 Build: 431

HALLIBURTON

Plan Report for B 41 - Plan #1

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	Toolface Azimuth (°)
3,500.00	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Top Of Whipstock @ 3500' MD - Jackson B 45 10 Acres										
3,510.00	3.00	270.00	3,510.00	0.00	-0.26	0.01	30.00	30.00	0.00	270.00
Bottom Of Whipstock @ 3510' MD										
3,520.00	3.00	270.00	3,519.98	0.00	-0.79	0.02	0.00	0.00	0.00	0.00
Start Build @ 3520.00' MD - Dogleg = 5.00°/100'										
3,600.00	7.00	270.00	3,599.66	0.00	-7.76	0.17	5.00	5.00	0 00	0.00
3,700.00	12.00	270.00	3,698.26	0.00	-24.26	0.53	5.00	5.00	0.00	0.00
3,800.00	17.00	270.00	3,795.04	0.00	-49.29	1.08	5.00	5.00	0.00	0.00
3,900.00	22.00	270.00	3,889.28	0.00	-82.66	1.81	5.00	5.00	0.00	0.00
4,000.00	27.00	270.00	3,980.24	0.00	-124.11	2.71	5.00	5.00	0.00	0.00
4,100.00	32.00	270.00	4,067.25	0.01	-173.34	3.79	5.00	5.00	0.00	0.00
4,101.04	32.05	270.00	4,068.13	0.01	-173.89	3.80	4.98	4.98	0.00	0.00
End Build @ 4101.04' MD - Hold Angle = 32.05°										
4,200.00	32.05	270.00	4,152.01	0.01	-226.41	4.95	0.00	0.00	0.00	0.00
4,300.00	32.05	270.00	4,236.77	0.01	-279.48	6.11	0.00	0.00	0.00	0.00
4,400.00	32.05	270.00	4,321.52	0.01	-332.54	7.27	0.00	0.00	0.00	0.00
4,500.00	32.05	270.00	4,406.28	0.01	-385.61	8.43	0.00	0.00	0.00	0.00
4,600.00	32.05	270.00	4,491.04	0.02	-438.68	9.59	0.00	0.00	0.00	0.00
4,700.00	32.05	270.00	4,575.79	0.02	-491.75	10.75	0.00	0.00	0.00	0.00
4,740.35	32.05	270.00	4,609.99	0.02	-513.16	11.21	0.00	0.00	0.00	0.00
Start Build/Turn @ 4740.35' MD - Dogleg = 20.00°/100'										
4,800.00	34.19	291.59	4,660.12	6.21	-544.69	18.09	20.00	3.58	36.18	88.94
4,900.00	44.43	319.06	4,737.98	43.36	-594.25	56.32	20.00	10.24	27.48	70.79
4,969.09	54.24	331.95	4,783.06	86.58	-623.41	100.16	20.00	14.20	18.66	49.29
Jackson B 41 PP										
5,000.00	59.01	336.67	4,800.07	109.84	-634.57	123.66	20.00	15.43	15.24	40.83
5,100.00	75.31	349.31	4,838.88	197.61	-660.79	211.98	20.00	16.30	12.64	38.24
5,187.02	90.00	358.75	4,850.00	283.13	-669.62	297.67	20.00	16.88	10.85	33.27
End Build/Turn @ 5187.02' MD - Hold Angle = 90.00°										
5,200.00	90.00	358.75	4,850.00	296.11	-669.90	310.65	0.00	0.00	0.00	0.00
5,300.00	90.00	358.75	4,850.00	396.08	-672.08	410.65	0.00	0.00	0.00	0.00
5,400.00	90.00	358.75	4,850.00	496.06	-674.26	510.65	0.00	0.00	0.00	0.00
5,500.00	90.00	358.75	4,850.00	596.04	-676.44	610.65	0.00	0.00	0.00	0.00
5,600.00	90.00	358.75	4,850.00	696.01	-678.62	710.65	0.00	0.00	0.00	0.00
5,700.00	90.00	358.75	4,850.00	795.99	-680.81	810.65	0.00	0.00	0.00	0.00
5,800.00	90.00	358.75	4,850.00	895.96	-682.99	910.65	0.00	0.00	0.00	0.00
5,900.00	90.00	358.75	4,850.00	995.94	-685.17	1,010.65	0.00	0.00	0.00	0.00
6,000.00	90.00	358.75	4,850.00	1,095.92	-687.35	1,110.65	0.00	0.00	0.00	0.00
6,100.00	90.00	358.75	4,850.00	1,195.89	-689.53	1,210.65	0.00	0.00	0.00	0.00
6,200.00	90.00	358.75	4,850.00	1,295.87	-691.71	1,310.65	0.00	0.00	0.00	0.00
6,300.00	90.00	358.75	4,850.00	1,395.85	-693.89	1,410.65	0.00	0.00	0.00	0.00
6,400.00	90.00	358.75	4,850.00	1,495.82	-696.08	1,510.65	0.00	0.00	0.00	0.00
6,500.00	90.00	358.75	4,850.00	1,595.80	-698.26	1,610.65	0.00	0.00	0.00	0.00
6,600.00	90.00	358.75	4,850.00	1,695.77	-700.44	1,710.65	0.00	0.00	0.00	0.00
6,700.00	90.00	358.75	4,850.00	1,795.75	-702.62	1,810.65	0.00	0.00	0.00	0.00
6,800.00	90.00	358.75	4,850.00	1,895.73	-704.80	1,910.65	0.00	0.00	0.00	0.00
6,900.00	90.00	358.75	4,850.00	1,995.70	-706.98	2,010.65	0.00	0.00	0.00	0.00
6,901.77	90.00	358.75	4,850.00	1,997.48	-707.02	2,012.42	0.00	0.00	0.00	0.00
TD @ 6901.77' MD - Jackson B 41 BHL										

Plan Report for B 41 - Plan #1

Plan Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates +N/-S (ft)	Local Coordinates +E/-W (ft)	Comment
3,500.00	3,500.00	0.00	0.00	Top Of Whipstock @ 3500' MD
3,510.00	3,510.00	0.00	-0.26	Bottom Of Whipstock @ 3510' MD
3,520.00	3,519.98	0.00	-0.79	Start Build @ 3520.00' MD
3,520.00	3,519.98	0.00	-0.79	Dogleg = 5.00°/100'
4,101.04	4,068.13	0.01	-173.89	End Build @ 4101.04' MD
4,101.04	4,068.13	0.01	-173.89	Hold Angle = 32.05°
4,740.35	4,609.99	0.02	-513.16	Start Build/Turn @ 4740.35' MD
4,740.35	4,609.99	0.02	-513.16	Dogleg = 20.00°/100'
5,187.02	4,850.00	283.13	-669.62	End Build/Turn @ 5187.02' MD
5,187.02	4,850.00	283.13	-669.62	Hold Angle = 90.00°
6,901.77	4,850.00	1,997.48	-707.02	TD @ 6901.77' MD

Vertical Section Information

Angle Type	Target	Azimuth (°)	Origin Type	Origin +N/-S (ft)	Origin +E/-W (ft)	Start TVD (ft)
User	No Target (Freehand)	358.75	Slot	0.00	0.00	0.00

Survey tool program

From (ft)	To (ft)	Survey/Plan	Survey Tool
3,500.00	6,901.38	Plan #1	MWD

Targets associated with this wellbore

Target Name	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Shape
Jackson B 41 PP	4,850.00	-0.42	-663.57	Point
Jackson B 41 BHL	4,850.00	1,997.48	-707.02	Point
Jackson B 45 10 Acres	0.00	184.38	-295.34	Rectangle

HALLIBURTON

North Reference Sheet for Jackson - B 41 - Re Entry

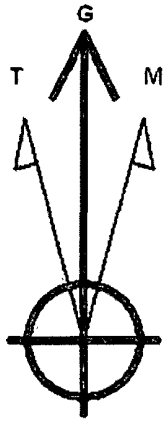
All data is in US Feet unless otherwise stated. Directions and Coordinates are relative to Grid North Reference.
Vertical Depths are relative to Elevation @ 0.00ft (Original Well Elev). Northing and Easting are relative to B 41
Coordinate System is US State Plane 1927 (Exact solution), New Mexico East 3001 using datum NAD 1927 (NADCON CONUS), ellipsoid Clarke 1866

Projection method is Transverse Mercator (Gauss-Kruger)
Central Meridian is -104.33°, Longitude Origin:0° 0' 0.000 E°, Latitude Origin.0° 0' 0.000 N°
False Easting: 500,000.00ft, False Northing: 0.00ft, Scale Reduction: 0.99992776

Grid Coordinates of Well: 662,544.13 ft N, 627,704.94 ft E
Geographical Coordinates of Well: 32° 49' 14.63" N, 103° 55' 03.47" W
Grid Convergence at Surface is: 0.23°

Based upon Minimum Curvature type calculations, at a Measured Depth of 6,901.77ft
the Bottom Hole Displacement is 2,118.91ft in the Direction of 340.51° (Grid).

Magnetic Convergence at surface is: -7.80° (14 December 2009, , BGGM2009)



Magnetic Model:	BGGM2009
Date:	14-Dec-09
Declination:	8.02°
Inclination/Dip:	60.73°
Field Strength:	49172

Grid North is 0.23° East of True North (Grid Convergence)
Magnetic North is 8.02° East of True North (Magnetic Declination)
Magnetic North is 7.80° East of Grid North (Magnetic Convergence)

To convert a True Direction to a Grid Direction, Subtract 0.23°
To convert a Magnetic Direction to a True Direction, Add 8.02° East
To convert a Magnetic Direction to a Grid Direction, Add 7.80°

Burnett Oil Company

HALLIBURTON
Sperry Drilling

Project: Eddy County, New Mexico
Site: Jackson
Well: B 41
Wellbore: Re Entry
Design: Plan #1

Surface Location:

US State Plane 1927 (Exact solution)
New Mexico East 3001
Elevation: Elevation @ 0.00ft (Original Well Elev)

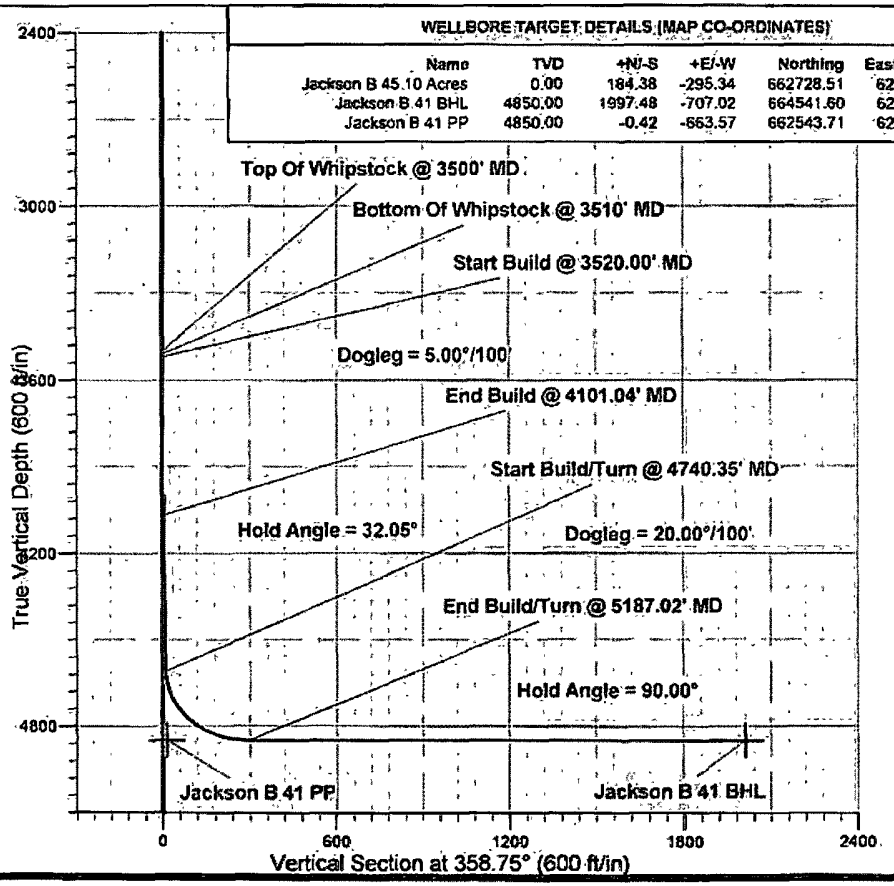
Northing	Easting	Latitude	Longitude
662544.13	627704.94	32° 49' 14.632 N	103° 55' 3.472 W

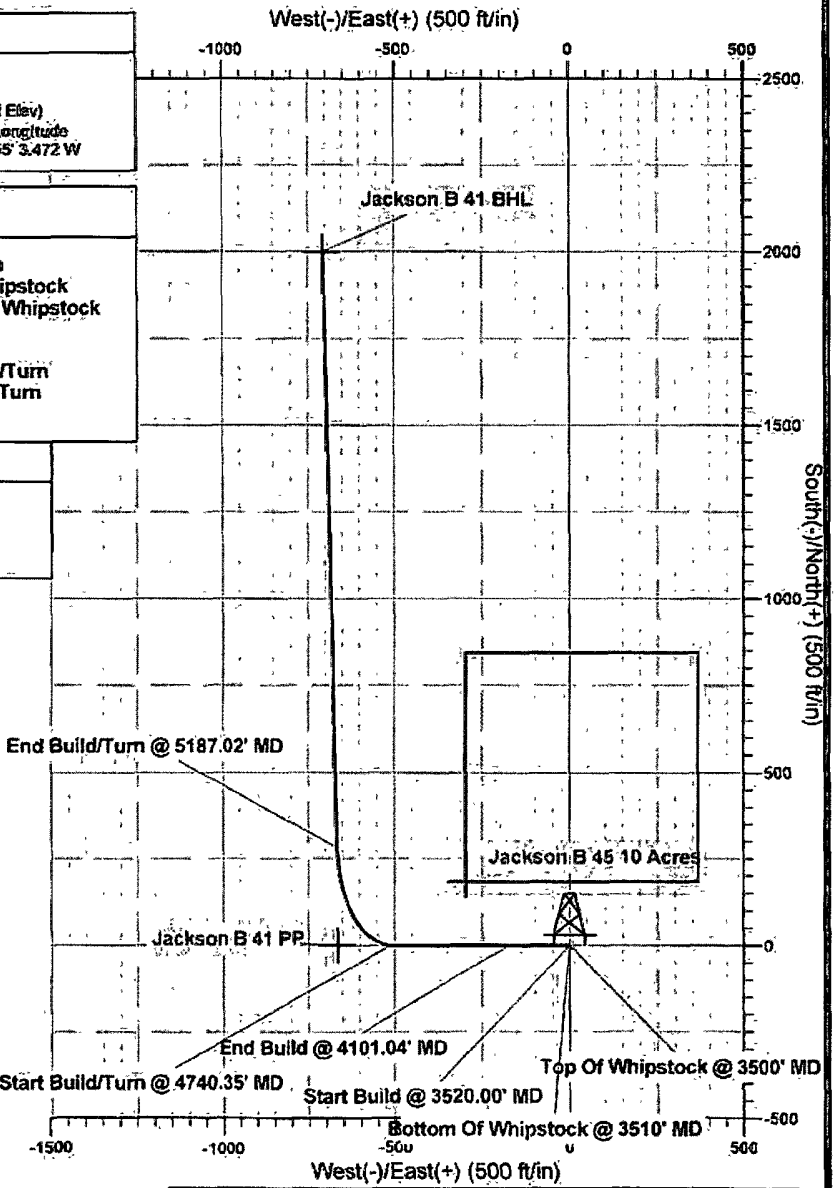
SECTION DETAILS

MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Annotation
3500.00	0.00	0.00	3500.00	0.00	0.00	0.00	0.00	0.00	Top Of Whipstock
3510.00	3.00	270.00	3510.00	0.00	-0.26	30.00	270.00	0.01	Bottom Of Whipstock
3520.00	3.00	270.00	3519.98	0.00	-0.79	0.00	0.00	0.02	Start Build
4101.04	32.05	270.00	4068.13	0.01	-173.89	5.00	0.00	3.80	End Build
4740.35	32.05	270.00	4609.99	0.02	-513.16	0.00	0.00	11.21	Start Build/Turn
5187.02	90.00	358.75	4850.00	283.13	-669.62	20.00	88.94	297.67	End Build/Turn
6901.77	90.00	358.75	4850.00	1997.48	-707.02	0.00	0.00	2012.42	TD

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

Name	TVD	+N/-S	+E/-W	Northing	Easting
Jackson B 45.10 Acres	0.00	184.38	-295.34	662728.51	627408.61
Jackson B 41 BHL	4850.00	1997.48	-707.02	664541.60	626997.92
Jackson B 41 PP	4850.00	-0.42	-663.57	662543.71	627041.37





To convert a Magnetic Direction to a Grid Direction, Add 7.80°

Magnetic Model: BGGM2009 Date: 14-Dec-09
Azimuths to Grid North

CONDITIONS OF APPROVAL

OPERATOR'S NAME:	**Burnett Oil Co.**
LEASE NO.:	**NMLC-055264**
WELL NAME & NO.:	**Jackson B 41**
SURFACE HOLE FOOTAGE:	**2310' FNL & 380' FEL**
BOTTOM HOLE FOOTAGE	**330' FNL & 1088' FEL**
LOCATION:	**Section 24, T. 17 S., R 30 E., NMPM**
COUNTY:	**Eddy County, New Mexico**

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

Reduce pad as necessary to the North/Northeast to avoid drainage feature.

Berm the Northern and Eastern pad edge to prevent drilling or other fluids from entering drainage.

VI. CONSTRUCTION

Special Construction Requirement:
Reduce pad as necessary to the North/Northeast to avoid drainage feature.

Berm the Northern and Eastern pad edge to prevent drilling or other fluids from entering drainage.

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. V-DOOR DIRECTION: Not Stipulated

C. TOPSOIL

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be used for interim and final reclamation.

D. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

E. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call theCarlsbad Field Office at (575) 234-5972.

F. WELL PAD SURFACING

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

VII. DRILLING

Hydrogen Sulfide has been reported from wells in the area. It is required that monitoring equipment be onsite for potential Hydrogen Sulfide. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.

Communitization Agreement
A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

A. CASING

Changes to the approved sundry casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.

1. The minimum required fill of cement behind the **4-1/2** inch production casing is:

   ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification. **Additional cement may be required as the excess cement calculates to be -14%.**

2. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

B. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 2000 (2M) psi.

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VIII. PRODUCTION (POST DRILLING)

See Conditions of Approval for Jackson B #41 with original approved APD.

Nothing in this present document will relieve the operator of previous obligations under the original surface use permit.