

N.M. Oil Cons. DIV-Dist. 2
 1301 W. Grand Avenue
 ALBUQUERQUE, NM 88210

UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

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

5. LEASE DESIGNATION AND SERIAL NO.
 NMLC029339A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 JACKSON A

9. WELL NO.
 #31 (API# 30-015-34000)

10. FIELD AND POOL, OR WILDCAT
 CEDAR LAKE YESO

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 SEC 24, T17S, R30E S44
 N13, T17S, R30E S44

12. COUNTY OR PARISH
 EDDY

13. STATE
 NM

17. NO. OF ACRES ASSIGNED TO THIS WELL
 40

20. ROTARY OR CABLE TOOLS
 ROTARY

22. APPROX. DATE WORK WILL START*
 December 15, 2004

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK
 RECEIVED

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface: UNIT 1, 1220' FNL, 2310' FEL
 At proposed prod. zone: UNIT J, 920' FNL, 2310' FEL
 SUBJECT TO STATE APPROVAL BY STATE

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 drig. unit line, if any)
 330'

16. NO. OF ACRES IN LEASE
 560

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 660'

19. PROPOSED DEPTH
 7700'MD

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3731' GR

22. APPROX. DATE WORK WILL START*
 December 15, 2004

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# H40	415'	+/-400 Sks (Circ. to Surface)
11"	8 5/8"	32# J55	3100'	+/-900 Sks
7 7/8"	5 1/2"	17 # J55	7700'MD	+/-1000 Sks In 2 stages (If water flows are encountered cementing program may vary.)

A 14 3/4" hole will be drilled to Rustler Anhydrite. We will set 11 3/4" casing @ this depth & cement to surface. After a 18 hour cement wait, casing & BOP will be tested before drill out of the shoe. A 7 7/8" hole will be drilled to approx. 4400' MD where a whipstock will be set and a horizontal hole will be drilled to 7700'MD to effectively test the Cedar Lake Yeso interval. The 5 1/2" casing will be run and set at TD and cemented to the surface. We will perforate and treat productive intervals as recommended by service company. The surface location is 100' from the lease line, but the producing interval downhole will be 330' from the lease line.

APPROVAL SUBJECT TO
 GENERAL REQUIREMENTS AND
 SPECIAL STIPULATIONS
 ATTACHED

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 Stirling Randolph TITLE PETROLEUM ENGINEER DATE NOV 18, 2004

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY /s/ Joe G. Lara TITLE FIELD MANAGER DATE JAN 20 2005

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL FOR 1 YEAR

*See Instructions On Reverse Side

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...

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1825 N. FRENCH DR., EDWARDS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Ed., Artec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
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-	Pool Code 96831	Pool Name CEDAR LAKE, YESO
Property Code 020767	Property Name JACKSON A	Well Number 31H
OGRID No. 003080	Operator Name BURNETT OIL COMPANY	Elevation 3731'

Surface Location

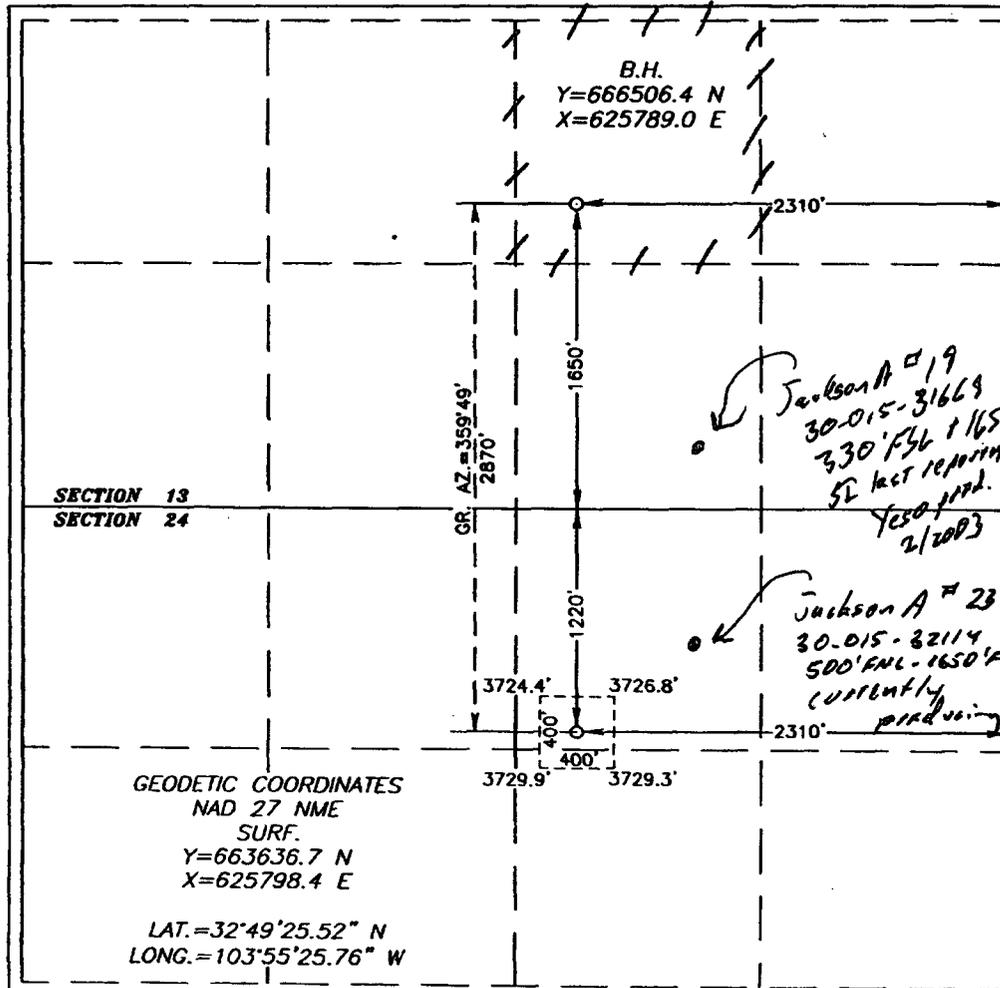
UL or lot No.	Section	Township	Range	Lot idn	Feet from the	North/South line	Feet from the	East/West line	County
B	24	17-S	30-E		1220	NORTH	2310	EAST	EDDY

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
J	13	17-S	30-E		1650	SOUTH	2310	EAST	EDDY

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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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.

Sterling Randolph
Signature

STERLING RANDOLPH
Printed Name

PETROLEUM ENGINEER
Title

NOVEMBER 11, 2005
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 supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 4, 2004
Date Surveyed

REV: 1/7/05 JR
Signature & Seal of Professional Surveyor

Gary Eidsen 1/10/05
05.13.0025

Certificate No. GARY EIDSON 12841



DRILLING PLAN

BURNETT OIL CO., INC.
LEASE NO. LC029339A
JACKSON A LEASE, WELL NO.31H
UNIT LETTER J
1220' FNL, 2310' FWL
SECTION 24, TOWNSHIP 17 SOUTH, RANGE 30 EAST
EDDY COUNTY, NEW MEXICO

(A) DRILLING PROGRAM

(1) Estimated tops of geologic markers:

Alluvium.....Surface
Anhydrite.....274'
Salt.....498'
Base Salt.....1295'
Yates.....1404'
Seven Rivers.....1728'
Grayburg.....2727'
San Andres.....3080'
Glorieta.....4330'

(2) Estimated depths of producing formations:

Fresh water.....None
Saltwater flows..(?)*
Oil and Gas.....1387'**,2708'**

* As waterflows, if any, are encountered, their depth will be recorded, and drilling will continue to total depth. Multiple stage cementers will be placed in the production casing string to enable us to confine the waterflows to their respective depths by cementing.

** Oil and gas bearing zones, if any, will be determined by log analysis, and will be confined by cementing; subsequently perforated, stimulated and produced in a conventional manner.

(3) Blowout Preventer Specifications:

A 2000 PSI Hydril unit with hydraulic closing equipment. (See Exhibit E schematic). The preventer will be tested before drilling out below surface pipe setting depth. The exact description of the preventer and related equipment will depend on the successful contractor, who has not yet been selected. No high pressure hydrocarbon zones are anticipated.

(4) Supplementary drilling equipment information:

Not available at this time.

(5) Supplementary casing program information:

- a. Surface casing: Surface casing will consist of new 11 3/4" OD 42# H40 OR 36# J-55 ST&C R3 pipe and will be run into a 14-3/4" hole with notched Texas Pattern shoe on bottom, insert float valve in first collar, Two(2) centralizers around shoe joint and first collar. Bottom three (3) joints will be thread locked. Setting depth will be +/- 415' in the Rustler Anhydrite, depending on where a suitable casing seat can be found. Cement will be circulated back to the surface. Initial cement volume will be calculated to be 100% excess of the calculated annular volume between the 11 3/4" casing and the hole. **If circulation of cement to the surface is Not achieved due to lost circulation, we would like permission (without having to call BLM) to fill this annular space using sufficient rat hole mix to bring cement to surface per BLM specification.** Eighteen (18) hours WOC will be allowed as per NMOCD. Casing will be tested to 1000 PSI before drilling out.
 - b. Intermediate casing: Intermediate casing will consist of new 8 5/8" OD 32# J55 R3 8rd LT&C pipe externally coated with Rytwrap. Being run with a float shoe on bottom, float collar in first collar, centralizers and will be cemented with sufficient volume to circulate cement to the surface.
 - c. Production casing: Production casing will consist of new 5 1/2" OD 17# J55 R3 8rd LT&C pipe being run to total depth with float shoe on bottom, float collar in first collar, centralizers throughout producing intervals and above and below any multiple stage cementers and be cemented with sufficient volume to bring cement to the surface. A stage tool will be run. After drilling out the casing will be tested to 2000 psi.
- (6) Mud program: Native mud (red beds and shale) will be used to total depth. The surface hole will be drilled with fresh water and lost circulation materials as needed. The remaining hole will be drilled with brine water with necessary additives.
- (7) Logging program: If no water flow(s) are encountered, we will run Neutron Litho density-DLL logs. If water flow(s) are encountered, no open hole logging will be attempted, and after casing is set, cased hole GR/CN logs will be run. No other testing or coring is anticipated.

- (8) Abnormal pressures or hazards: No abnormal pressures or potential hazards are anticipated. The maximum anticipated bottom hole pressure is 1000#. The maximum anticipated bottom hole temperature is 91°F.
- (9) Other facets of the operation to be pointed out:
A gyroscopic survey will be run at approximately 4400' to determine the bottom hole location at that depth. Directional drilling equipment a mud motor will be run to TD to drill the horizontal portion of the hole.

(B) HYDROGEN SULFIDE DRILLING PROGRAM

(1) Hydrogen Sulfide Training

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 this 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 prevailing wind.
- d. The proper techniques for first aid and rescue procedures.

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 their 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 wellsite. All personnel will be required to carry documentation that they have received the proper training.

(2) H2S SAFETY EQUIPMENT AND SYSTEMS

Note: all H2S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

a. Well Control Equipment:

1. Choke manifold with a minimum of one remote-controlled choke.
2. The Hydril BOP will accommodate all pipe sizes with a properly sized closing unit.

b. 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.)

c. H2S detection and monitoring equipment:

1. Three(3) portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

d. 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.

e. Mud program:

1. 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.

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.

g. Communication:

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

h. Well testing:

1. Drill stem testing or coring may be done in this well bore. Completion testing, if required, will be conducted under the same Applicable H2S guidelines that were used in drilling.

(C) SURFACE USE PROGRAM

- (1) Existing roads: Exhibits A, B and C show maps of the general area. From Loco Hills, New Mexico, go east on U.S. Highway 82 approximately 4.9 miles. Turn north on Skelly road and go approximately one quarter mile. Turn west onto lease road and follow to location.
- (2) Access roads to be constructed: This location will require approx. 281 feet in additional lease road.
- (3) Location of existing wells: See Exhibit A.
- (4) Location of existing or proposed production facilities: See Exhibit A for location of existing Jackson A production facility on the lease. We propose to above ground commingle this Cedar Lake Yeso production with the existing Yeso and Grayburg production by laying approximately 2091' of new flowline from this well pad to the existing Jackson A Yeso Tank Battery.

- (5) Location and type of water supply: All water to be used in drilling the well will be brine or fresh water trucked from Loco Hills, New Mexico or fresh or produced water furnished by our waterflood facilities.
- (6) Construction materials: Construction material will be caliche which may be available at the proposed location. If not available on location or road, caliche will be hauled from nearest approved caliche pit.
- (7) Methods of handling waste disposal: Drill cuttings will be disposed of in the lined reserve drilling pit. Auxiliary emergency water containment pits may be necessitated by large volume water flows and these pits, which will hold only water, will not be lined. All drilling fluids will be allowed to evaporate after drilling is completed, at which time pits will be back filled, leveled and reseeded. 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 disposal station within 30 days following completion activities. Oil and/or water produced during testing operations will be stored in steel tanks until either sold or disposed of through one of our approved disposal methods.
- (8) Ancillary Facilities: There are no planned ancillary facilities.
- (9) Well site layout: Exhibit D shows the relative location and dimensions of the drilling pad and related components. Only minor differences, if any, in length and/or width of the drilling pad are anticipated, depending on which drilling contractor is selected to drill the well. Only minor leveling of the drilling site is anticipated.
- (10) Plans for restoration of the surface:
 - (a) After drilling and successful completion operations are finished, all equipment and other materials not required for normal production operations will be removed. Pits will be backfilled, leveled and re-seeded. Well site will be left in a neat condition.
 - (b) Any unguarded pits containing fluid will be fenced until backfilled.
 - (c) After abandonment of the well, surface restoration will be in accordance with regulations of the SMA. Pits will be backfilled and location will be cleaned. The pit area, well pad and all unneeded access roads will be ripped to promote revegetation. Rehabilitation should be accomplished within 90 days after abandonment.
- (11) Surface ownership: All lands are Federal.

- (12) Other information: The topography of the area is relatively flat, with small hills and sand dunes. The soil is fine, deep sand underlain by caliche. Vegetation cover is generally sparse and consists of mesquite, yucca, oak shinnery and sparse native grasses. Wildlife in the area is typical of that of semi-arid lands and includes coyotes, rabbits, rodents, reptiles, dove and quail. There are no ponds, streams or residences in the area. There is intermittent cattle grazing and hunting in the area; however, the principal land use is for oil and gas production. An archaeological clearance report will be sent to you by a BLM approved archaeological service.
- (13) Operator's representative: Our field representative responsible for compliance with the approved surface use and operations plan is:

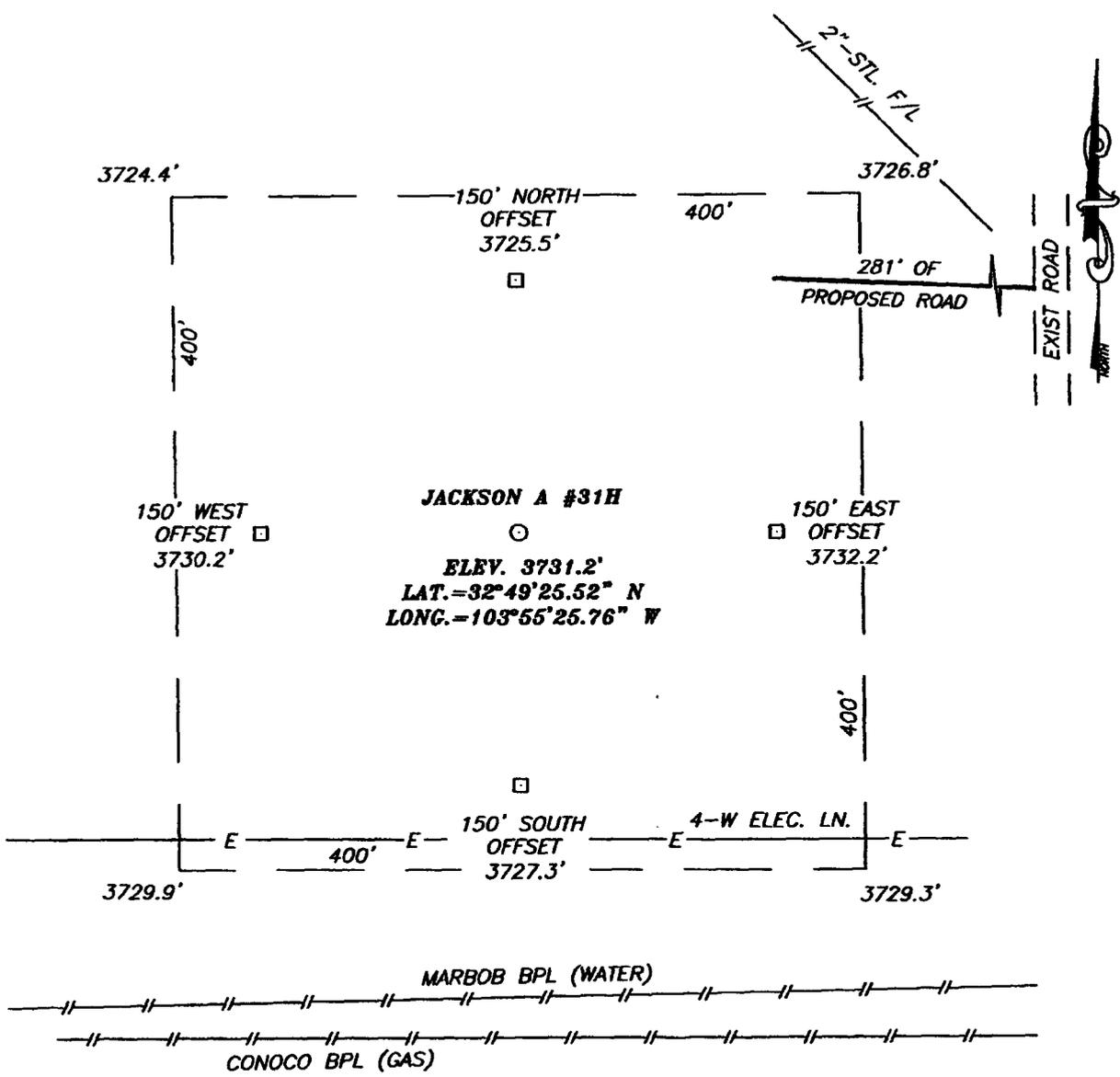
Mr. Belton Mathews, District Supt.
P.O. Box 188
Loco Hills, New Mexico 88255
Office phone: 505-677-2313
Home phone: 505-677-2358
Cellular phone: 505-746-7979

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: Nov 18, 2004

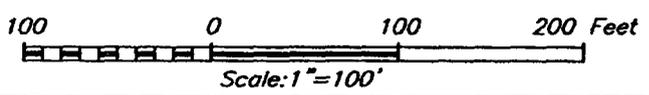
By: Sterling P. Randolph
Sterling P. Randolph, P.E.
Petroleum Engineer

SECTION 24., TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTIO OF U.S. HWY. #82 AND CO. RD. #221 (SKELLY RD.) GO NORTH ON CO. RD. #221 FOR APPROX. 0.2 MILES TO A CALICHE ROAD ON THE LEFT. TURN LEFT (WEST) AND GO APPROX. 0.4 MILES. FOLLOW ROAD NORTH FOR APPROX. 400'. PROPOSED LOCATION IS APPROX. 350' WEST.

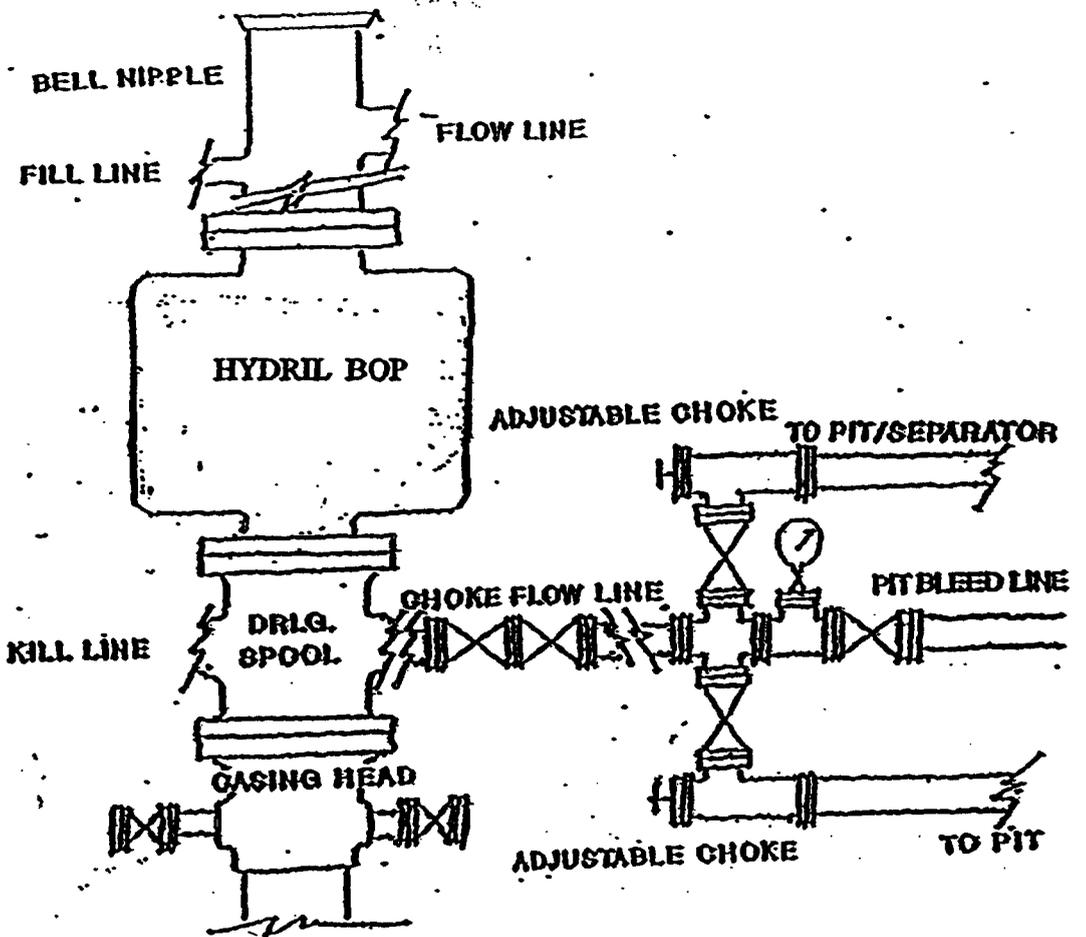


PROVIDING SURVEYING SERVICES SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

BURNETT OIL COMPANY

JACKSON A #31H WELL
 LOCATED 1220 FEET FROM THE NORTH LINE
 AND 2310 FEET FROM THE EAST LINE OF SECTION 24,
 TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 11/4/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.1465	Dr By: J.R.
Date: 11/8/04	Disk: CD#10
04111465	Scale: 1"=100'



BURNETT OIL CO., INC.

**BLOWOUT PREVENTER &
CHOKE MANIFOLD DIAGRAM
2000 PSI WORKING PRESSURE
SERIES 600 FLANGES**

*JACKSON A 31 H
EXHIBIT E*

CCCC

RECEIVED

FEB 03 2005

CCD-ARTESIA

January 31, 2005

New Mexico Oil Conservation Division
1301 Grand Avenue
Artesia, New Mexico 88210
Attn: Mr. Byran Arrant

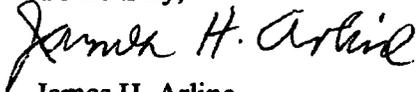
Re: H2S Rule 118 Contingency Plan.
Jackson A #31H, Unit B, 1220' FNL, 2310' FEL- SURFACE
Unit J, 1650' FSL, 2310' FEL- BOTTOM HOLE
SEC.24, T17S, R30E- Eddy County, New Mexico

Dear Mr. Arrant:

Please accept this letter as our notice we do not believe the referenced plan is required for the referenced well. We have calculated the hazard volume as follows: highest H2S quantity 10,000 PPM, and using a production rate of 255 MCFGPD the 100 PPM radius is 181' and the 500 PPM radius is 83'. This footage does not get off our well locations.

Please contact our Mr. Sterling Randolph or the undersigned if you require additional information.

Yours truly,



James H. Arline
Materials Coordinator

State of New Mexico
 Energy Minerals and Natural Resources

Form C-144
 June 1, 2004

District I
 1301 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Avenue, Artesia, NM 88210
 District III
 1000 Rio Brazos Road, Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

Oil Conservation Division
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOCD District Office.
 For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes No

Type of action: Registration of a pit or below-grade tank Closure of a pit or below-grade tank

Operator: Burnett Oil Co Inc Telephone: 505 677-2313 e-mail address: _____
 Address: PO Box 188 Loco Hills NM 88255
 Facility or well name: Jackson A-31H API # 30-015-34000 U/L or Qtr/Qtr: J Sec 24 T 12S R 30E
 County: Eddy Latitude: _____ Longitude: _____ NAD: 1927 1983 Surface Owner Federal State Private Indian

Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>20/100</u> mil Clay <input type="checkbox"/> Pit Volume <u>8300</u> bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	
	Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) <u>More than 7</u>	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (0 points)
Vellthead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) <u>No</u> (0 points)	
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) <u>1000 feet or more</u> (0 points)	
Ranking Score (Total Points)		<u>0</u>

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite offsite If offsite, name of facility: _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No Yes If yes, show depth below ground surface: _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

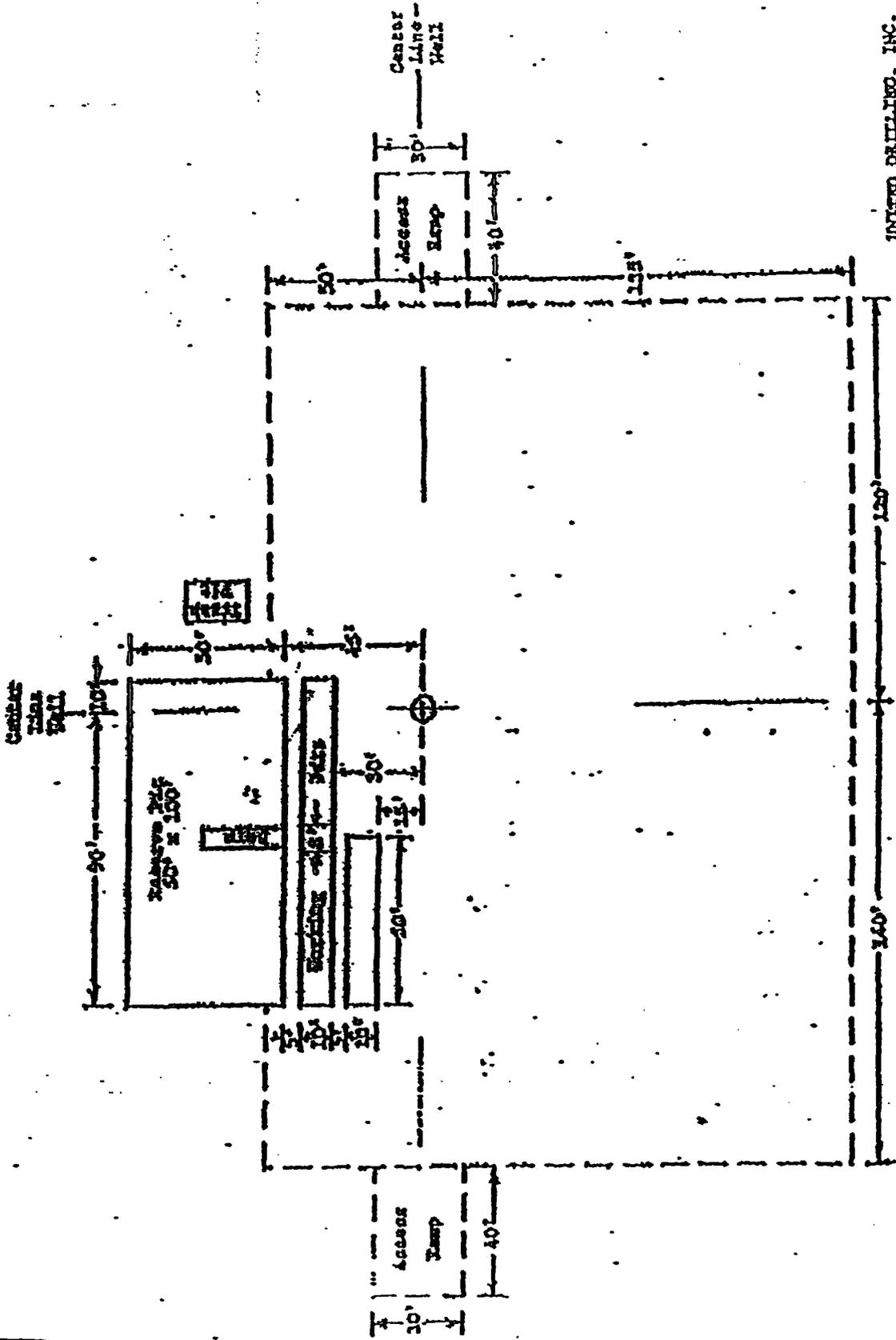
Additional Comments

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit , or an (attached) alternative OGD-approved plan

Date: 1-4-05
 Printed Name/Title: Bethan Mathews superintendent District 0. strict Signature: Bethan Mathews

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval: Judd Leggett Signature: [Signature] Date: 1-5-05



UNITED DRILLING, INC.

LOCATION PLAN

RIG

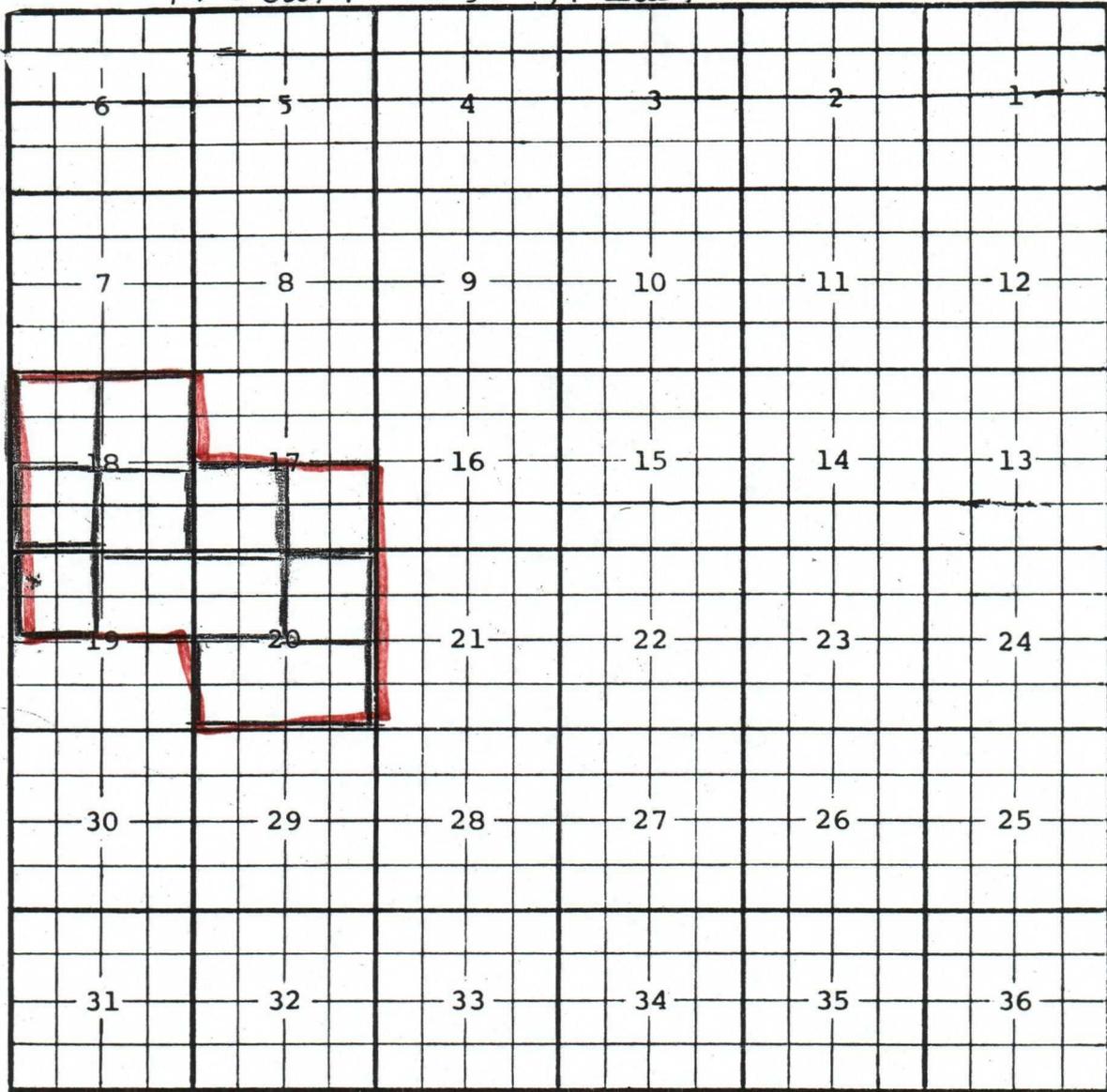
Scale: 1"=40'

BURNETT OIL CO., INC.
 PROPOSED DRILL SITE LAYOUT

Jackson A 31-N
 EXHIBIT D

County Eddy Pool Cedar Lake-Yeso

TOWNSHIP 17 South Range 31 East NMPM



Description: $\text{SW}/4$ Sec. 18 (R-11067, 10-20-98)

Ext: $\text{NW}/4$ Sec. 19 (R-11120, 1-21-99) Ext: $\text{NE}/4$ Sec. 19, $\text{NW}/4$ Sec. 20 (R-11220, 7-12-99)

Ext: $\text{SE}/4$ Sec. 18, $\text{S}/2$ Sec. 20 (R-11244, 9-15-99) Ext: $\text{NW}/4$ Sec. 18 (R-11534, 2-8-01)

Ext: $\text{NE}/4$ Sec. 18 (R-11691, 11-28-01) Ext: $\text{NE}/4$ Sec. 20 (R-11729, 2-22-02)

Ext: $\text{SW}/4$ Sec. 17 (R-11908, 2-12-03) Ext: $\text{SE}/4$ Sec. 17 (R-12047, 11-3-03)

96831

County Eddy

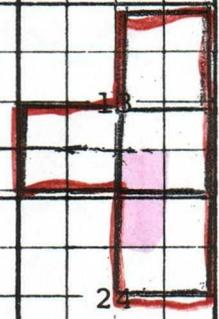
Pool Cedar Lake-Yeso

TOWNSHIP 17 South

Range 30 East

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36



Ext: ^{SE}/₄ Sec. 13 (R-11706, 1-9-02) Ext: ^{NE}/₄ Sec. 13 (R-11745, 3-15-02)

Ext: ^{NW}/₄ Sec. 24 (R-11895, 2-6-03) Ext: ^{SW}/₄ Sec. 13 (R-11908, 2-12-03)

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 12058
Order No. R-11067

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
EXTENDING CERTAIN POOLS IN CHAVES AND
EDDY COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 8, 1998, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of October, 1998, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.
- (2) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, bearing the designation of Antelope Sink-Atoka Gas Pool. The Antelope Sink-Atoka Gas Pool was discovered by the Penwell Energy, Inc. Southern Cross "16" State Well No. 1 located in Unit L of Section 16, Township 18 South, Range 24 East, NMPM, which was completed in the Atoka formation on April 23, 1998. The top of the perforations is at 7,721 feet.
- (3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Yeso formation, bearing the designation of Cedar Lake-Yeso Pool. The Cedar Lake-Yeso Pool was discovered by the Marbob Energy Corporation Cedar Lake Federal Well No. 1 located in Unit K of Section 18, Township 17 South, Range 31 East, NMPM, which was completed in the Yeso formation on July 28, 1998. The top of

the perforations is at 4,697 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Morrow formation, bearing the designation of Henshaw-Morrow Gas Pool. The Henshaw-Morrow Gas Pool was discovered by the Beach Exploration, Inc. Henshaw Deep Unit Well No. 9 located in Unit C of Section 23, Township 16 South, Range 30 East, NMPM, which was completed in the Morrow formation on June 17, 1998. The top of the perforations is at 10,588 feet.

(5) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of oil from the Devonian formation, bearing the designation of Southeast Race Track-Devonian Pool. The Southeast Race Track-Devonian Pool was discovered by the Marbob Energy Corporation Rio Brave Fee Well No. 1 located in Unit B of Section 30, Township 10 South, Range 28 East, NMPM, which was completed in the Devonian formation on July 13, 1998. The top of the perforations is at 6,769 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Bone Spring formation, bearing the designation of Sand Tank-Bone Spring Pool. Said Sand Tank-Bone Spring Pool was discovered by the Enron Oil & Gas Company Duggan "12" Federal Com Well No. 1 located in Unit H of Section 12, Township 18 South, Range 29 East, NMPM, which was completed in the Bone Spring formation on April 12, 1998. The top of the perforations is at 6,809 feet.

(7) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Upper Pennsylvanian formation, bearing the designation of West Winchester-Upper Pennsylvanian Pool. The West Winchester-Upper Pennsylvanian Pool was discovered by the Marathon Oil Company Lightfoot "20" State Well No. 1 located in Unit M of Section 20, Township 19 South, Range 28 East, NMPM, which was completed in the Upper Pennsylvanian formation on June 27, 1998. The top of the perforations is at 9,624 feet.

(8) There is need for certain extensions to the Avalon-Morrow Gas Pool, the Avalon-Strawn Gas Pool, the Cemetery-Morrow Gas Pool, the Crow Flats-Morrow Gas Pool, the East Empire-Yeso Pool, the Happy Valley-Delaware Pool, the Happy Valley-Morrow Gas Pool, the East Hess-Morrow Gas Pool, the South Livingston Ridge-Delaware Pool, the Loco Hills-Paddock Pool, the West Lost Tank-Delaware Pool, the West Parkway-Morrow Gas Pool, the Pierce Crossing-Bone Spring Pool, the East Pierce Crossing-Bone Spring Pool, the Poker Lake-Delaware Pool, the Quahada Ridge-Atoka Gas Pool, the Red Lake-Glorieta-Yeso Pool, the Shugart-Morrow Gas Pool, the Shugart-Yates-Seven Rivers-Queen-Grayburg Pool, the Travis-Upper Pennsylvanian Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico.

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IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production is hereby created and designated the Antelope Sink-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 16: W/2

(b) A new pool in Eddy County, New Mexico, classified as an oil pool for Yeso production is hereby created and designated the Cedar Lake-Yeso Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 18: SW/4

(c) A new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production is hereby created and designated the Henshaw-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 23: W/2

(d) A new pool in Chaves County, New Mexico, classified as an oil pool for Devonian production is hereby created and designated the Southeast Race Track-Devonian Pool, consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM
Section 30: NE/4

(e) A new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production is hereby created and designated the Sand Tank-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 12: NE/4

(f) A new pool in Eddy County, New Mexico, classified as an oil pool for Upper Pennsylvanian production is hereby created and designated the West Winchester-Upper Pennsylvanian Pool, consisting of the following described area:

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TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 20: SW/4

(g) The Avalon-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 22: W/2

(h) The Avalon-Strawn Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 15: N/2

Section 21: E/2

(i) The Cemetery-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 18: E/2

(j) The Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 31; SE/4

Section 32: S/2

(k) The East Empire-Yeso Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 29: S/2

(l) The Happy Valley-Delaware Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 3: N/2

Section 4: NE/4

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(m) The Happy Valley-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 13: S/2

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 18: S/2

(n) The East Hess-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 23 EAST, NMPM
Section 11: NE/4
Section 12: N/2

(o) The South Livingston Ridge-Delaware Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 2: NE/4

(p) The Loco Hills-Paddock Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 20: SW/4

(q) The West Lost Tank-Delaware Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM
Section 34: SW/4

(r) The West Parkway-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 28: S/2

(s) The Pierce Crossing-Bone Spring Pool in Eddy County, New Mexico, is

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hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 18: W/2

Section 19: NW/4

(t) The East Pierce Crossing-Bone Spring Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 25: W/2

(u) The Poker Lake-Delaware Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 16: S/2

Section 17: NE/4

(v) The Quahada Ridge-Atoka Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM

Section 16: E/2

Section 21: NE/4

(w) The Red Lake-Glorieta-Yeso Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 4: W/2

Section 5: S/2

(x) The Shugart-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 28: E/2

(y) The Shugart-Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, is hereby extended to include therein:

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TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 9: NW/4

(z) The Travis-Upper Pennsylvanian Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 15: E/2

Section 22: NE/4

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 4: W/2

(aa) The North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 26: E/2

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA 1978, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file Form C-102 dedicating a standard unit for the pool to that well or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within that 60-day period shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations and extensions included herein shall be November 1, 1998.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrottenbery
LORI WROTENBERY
Director

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