

G. Jones

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**

- Engineering Bureau -

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



2006 OCT 18 PM 10:28

**ADMINISTRATIVE APPLICATION COVERSHEET**

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

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL    NSP    SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC    CTB    PLC    PC    OLS    OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX    PMX    SWD    IPI    EOR    PPR

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or  Does Not Apply**

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Certification**

I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common.

*I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.*

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

Mark A. Jacoby  
 Print or Type Name

Mark A. Jacoby  
 Signature

PETROLEUM ENGINEER 10/17/2006  
 Title Date

e-mail Address

6666

October 24, 2006  
October 17, 2006

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

Attn: Engineering Department

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

Gentlemen:

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

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

Yours truly,



James H. Arline  
Materials Coordinator



David S. Rhodes  
Land Manager



October 17, 2006

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

Attn: Engineering Department

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

28507  
S.F. G. SA  
96718

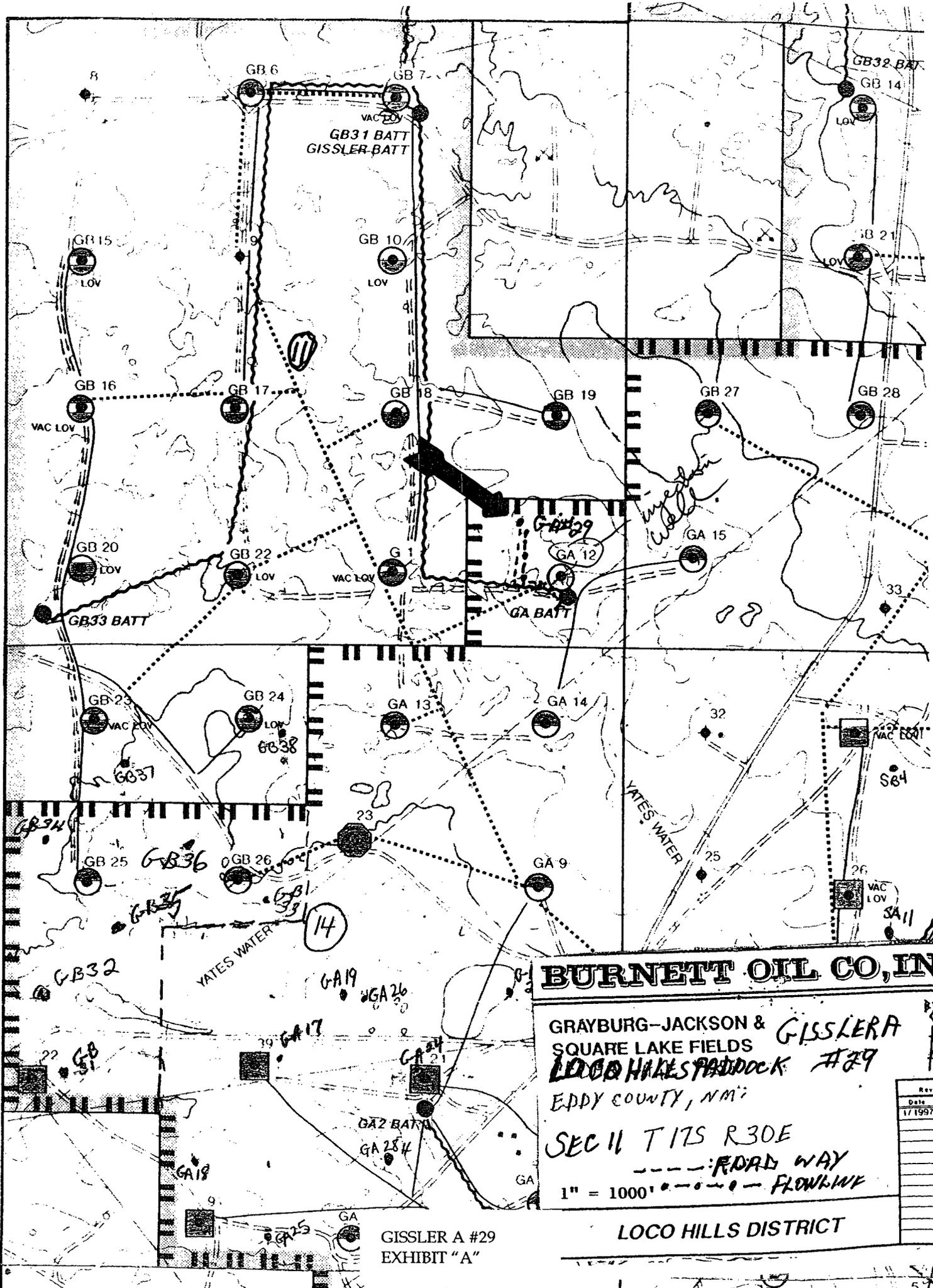
Gentlemen:

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

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

Yours truly,

James H. Arline  
Materials Coordinator



**BURNETT OIL CO, INC**

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

SEC II T17S R30E

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

LOCO HILLS DISTRICT

GISSLER A #29  
 EXHIBIT "A"

Rev	Date
17	1997

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires July 31, 1996

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

**SUBMIT IN TRIPLICATE - Other Instructions on reverse side**

1. Type of Well  
 Oil Well    Gas Well    Other

2. Name of Operator  
 BURNETT OIL CO., INC.

3a. Address 801 CHERRY STREET, SUITE 1500   3b. Phone No. (include area code)  
 UNIT #9 FORT WORTH, TEXAS, 76102   (817) 332-5108

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
 UNIT P, 1070' FSL, 860' FEL, SEC 11, T17S, R30E

5. Lease Serial No.  
 NMLC029338A

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
 GISSLER A #29

9. API Well No.  
 30-015-31111 S2

10. Field and Pool, or Exploratory Area  
 LOCO HILLS PADDOCK

11. County or Parish, State  
 Eddy County, N.M.

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <b>STORAGE NOTICE</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or 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 reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

This well has been fraced. We have applied to NMOC D for an exception to Rule 303 to permit above ground commingled production into the existing Gissler A Tank Battery on the Lease. This existing battery currently has Grayburg San Andres production from the Gissler A#14 and #15 wells. The Gissler A #29 will have a separate flowline to the battery and a new treater is being installed to individually test each well. A new site security plan will be sent as soon as the battery work is complete.

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

Name (Printed/Typed) MARK A JACOBY	Title PETROLEUM ENGINEER
Signature <i>Mark A Jacoby</i>	Date 10/17/2006

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I  
1220 N. FRENCH DR., HOBBES, NM 88240

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

DISTRICT III  
1000 Rio Brasos Rd., 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 October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

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

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the North/South line	Feet from the East/West line	County
P	11	17-S	30-E		1069 1070 SOUTH	860 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 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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=671193.7 N X=621945.3 E</p> <p>LAT.=32.844567° N LONG.=103.936273° W</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>Sterling Randolph</i> 8/11/06 Signature Date</p> <p>STERLING RANDOLPH Printed Name</p>	
	<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>AUGUST 2, 2006</p> <p>Date Surveyed JR</p> <p>Signature &amp; Seal of Professional Surveyor <i>Ronald G. Edson</i> 8/09/06 06.11.1269</p> <p>Certificate No. GARY EDSON 12641 RONALD G. EDSON 3239</p>	
	<p>3734.0' 3741.5'</p> <p>600'</p> <p>860'</p> <p>3728.8' 3742.4'</p> <p>1070'</p>	

## CONDITIONS OF APPROVAL - DRILLING

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

### I. DRILLING OPERATIONS REQUIREMENTS:

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

### II. CASING:

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

### III. PRESSURE CONTROL:

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

1249

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.  
NMLC029338A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME  
GISSLER A

9. WELL NO.  
#29 API# 30-015-31111

10. FIELD AND POOL, OR WILDCAT  
CEDAR LAKE, YESO

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

12. COUNTY OR PARISH | 13. STATE  
EDDY | NM

17. NO. OF ACRES ASSIGNED TO THIS WELL  
40

20. ROTARY OR CABLE TOOLS  
ROTARY

22. APPROX. DATE WORK WILL START\*  
SEPTEMBER 16, 2006

1a. TYPE OF WORK  
DRILL  DEEPEN  PLUG BACK

b. TYPE OF WELL  
OIL WELL  GAS WELL  OTHER  SINGLE ZONE  MULTIPLE ZONE

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

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*  
At surface UNIT P, 1070' FSL, 860' FEL  
At proposed ~~same~~ AS SURFACE Non-Standard Location

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

16. NO. OF ACRES IN LEASE  
120

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

19. PROPOSED DEPTH  
5400'

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

23. PROPOSED CASING AND CEMENTING PROGRAM Roswell Controlled Water Basin

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

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

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

NSL

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

24. SIGNED Stacy Landolt TITLE PETROLEUM ENGINEER DATE 8/16/2006

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_  
APPROVED BY /s/ James Stovall TITLE ACTING FIELD MANAGER DATE SEP 18 2006

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL FOR 1 YEAR

\*See Instructions On Reverse Side