



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joann Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 5, 2006

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

Administrative Order NSL-5518

Re: Burnett Oil Co. Inc.
Gissler A Well No. 29
API No. 30-015-31111
Unit P, Section 11 Twsp 17S, Range 30E
Eddy County

Dear Mr. Arline:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS06-29055215**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 17, 2006,

(b) your supplemental letter dated November 14, 2006, and

(c) the Division's records pertinent to your request.

Burnett Oil Co., Inc. (Burnett) has requested to drill its Gissler A Well No. 29 (API No. 30-015-31111) at an unorthodox Paddock oil well location, 1070 feet from the South line and 860 feet from the East line (Unit P) of Section 11, Township 17 South, Range 30 East, N.M.P.M., in Eddy County, New Mexico. The SE/4 SE/4 of Section 11 will be dedicated to this well to form a standard 40-acre oil spacing and proration unit in the Loco Hills Paddock Pool (96718).

This location is governed by statewide Rule 104.B(1), which provides that a well shall be located at least 330 feet from any unit boundary. The proposed location is only 250 feet from the northern boundary of the proposed unit.

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

It is our understanding that Burnett seeks approval of this location in order to utilize an existing wellbore, which will make the well more economical and reduce surface disturbance.

We also understand that working interest ownership of the proposed unit is identical with the unit toward which this location encroaches. Accordingly, no notice of this application is required.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox well location is hereby approved.

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

Sincerely,



fn Mark E. Fesmire, P.E.
Director

MEF/db

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