

**BURNETT OIL CO., INC.**  
**AUTHORITY FOR EXPENDITURE- COST ESTIMATE**

DATE: 1/19/2011 AFE #: 2160  
 OPERATOR: BURNETT OIL CO., INC. LEASE: PARTITION FED WELL #: 1 PROPERTY #:  
 COUNTY/STATE: Eddy Co., NM LOCATION: SW/4 SW/4, Sect.13, T17S, R31E  
 LOCATION: 430 FWL, 430 FSL, Unit M, Section 13, T17S, R31E FED. LEASE: NMLC0294515A  
 POOL: FREN (GLORIETA - YESO) TD:7200' FORMATION: Yeso  
 RECOMMENDATION: DRILL & COMPLETE 7200' FREN (GLORIETA YESO) WELL W/ FLOWLINE TANK BATTERY.

INTANGIBLE COSTS:					DRILL	COMPL./WO	TOTAL
01	LOCATION COST (Road, survey, damages, permit, etc.)				25,000	5,000	30,000
02	RIG MOVE-RIG UP, RIG DOWN				7,500		7,500
03	CONTRACT RATE-FTG/TURNKEY		FEET @	PER FOOT			
04	CONTRACT RATE/DAYWORK	17	DAYS @	\$9,500	PER DAY	161,500	161,500
05	COMPLETION, WORKOVER UNIT	12	DAYS @	\$3,000	PER DAY		36,000
06	BITS AND STABILIZERS				30,000		30,000
07	FUEL, LUBRICANTS, WATER		12,000 WATER	15,000 FUEL	27,000		27,000
08	TRUCKING AND TRANSPORTATION		25,000 WTR HAUL 15000 CRI HAUL		40,000		40,000
09	MUD AND CHEMICALS				7,000		7,000
10	PRIMARY CEMENTING (Incl. Equip ), Srfc BCP, Prod ACP				25,000	70,000	95,000
	SQUEEZE CEMENTING						
11	CORING AND CORE ANALYSIS						
12	MUD LOGGING	14	days @	800	per day	11,200	11,200
13	DRILL STEM TESTING						
14	OPEN HOLE LOGGING				20,000		20,000
15	PERFORATING AND CASED HOLE LOGS					18,000	18,000
16	CASING CREWS, TONGS, HANDLING TOOLS				5,000	8,000	13,000
17	EQUIPMENT RENTALS		8,500 SOL SEP		13,500	5,000	18,500
18	MISCELLANEOUS LABOR				5,000	5,000	10,000
19	ACID, FRAC, SAND CONTROL		4 fracs @ 165000			660,000	660,000
20	BHP,OTHER PRODUCTION TESTING						
21	DIRECTIONAL DRILLING						
22	FISHING TOOLS AND SERVICES						
23	SUPERVISION	17	days @	1,100	per day	18,700	5,000
24	OPERATING OVERHEAD				3,000	0	3,000
25	OTHER / CONTINGENCIES				8,000	8,000	16,000
26	PLUGGING EXPENSE				10,000	-10,000	0
27	INSURANCE						
TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:					417,400	810,000	1,227,400
TANGIBLE COSTS:							
		LENGTH,ft/OD,in	WT per FT	COST, \$/FT			
50	CASING, DRIVE / CONDUCTOR						
51	CASING, SURFACE	750	750' 10 3/4"	32.75#	\$24.73	18,547	18,547
52	CASING / INTERMEDIATE						
53	CASING, PRODUC & RYTWRA	7200	5500' 7" J, 1700	23#J, 26#L80	\$21.78	156,810	156,810
54	CASING, LINER / HANGER						
55	TUBING	7000	7000' 2 7/8" J	6.5	\$6.10	42,665	42,665
56	RODS	7000	7000 3/4", 7/8", 1"		\$4.50	31,500	31,500
60	SUBSURFACE PRODUCTION EQUIPMENT					6,500	6,500
65	CHRISTMAS TREE, WELL HEAD EQUIPMENT				1,500	5,500	7,000
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:					20,047	242,975	263,022
TOTAL DRILLING AND COMPLETION COSTS:					437,447	1,052,975	1,490,422
LEASE EQUIPMENT COSTS:							
69	TANKS, HEATERS, TREATING FACILITIES					128,000	128,000
70	GAS PROCESSING EQUIPMENT						
71	FLOW LINE AND INSTALLATION					20,000	20,000
72	PERM. IMPROVEMENTS (GATES, FENCES, ETC.)						
73	PUMPING UNIT, GAS LIFT, ETC.					94,000	94,000
74	MISCELLANEOUS VALVES, FITTINGS, SAFETY EQUIPMENT					85,000	85,000
75	INSTALLATION COSTS					15,000	15,000
76	SUPERVISION						
77	OTHER					2,000	2,000
TOTAL LEASE EQUIPMENT COSTS:						344,000	344,000
TOTAL WELL COST: \$1,834,422					437,447	1,396,975	1,834,422
TOTAL DRY HOLE COST: \$437,417					BUDGET /QTR: 2011/1st		
PREPARED BY MCS/MAJ							

Oil Conservation Division  
 Case No. 7  
 Exhibit No. 1

APPROVED BY BURNETT OIL CO., INC.

SIGNATURE \_\_\_\_\_

Mark A. Jacoby, Engineering Manager

DATE: \_\_\_\_\_

APPROVED- JOINT INTEREST

COMPANY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**BURNETT OIL - GEOLOGIC & DRILLING PROGNOSIS**

Location Information			
Well Name	Partition Federal No. 1	Field/Area	Fren (Glorieta - Yeso)
SL Footage Calls	430 FWL, 430 FSL, Unit M, Sect 13, T17S, R31E		
SL X Coord	654678.368 E	SL Y Coord	665474.966 N NAD 27
BHL Footage Calls	same as Surface		
BHL X Coord		County, State	Eddy, NM
BHL Y Coord		Est. Spud Date	7/11/2011
Surveyed GL	3903	KB Elevation	3915

Permit Information			
AFE No.	2160	API No.	30-015-39061

Projected Formation Tops						
Formation	MD/TVD	Subsea		Formation	MD/TVD	Subsea
Rustler Anhyd.	539	3,376		San Andres	3,615	300
Salt	720	3,195		Glorieta	5,135	-1,220
Base Salt	1,712	2,203		Yeso/Paddock	5,208	-1,293
Yates	1,893	2,022		B/ U Yeso		
Seven Rivers	2,232	1,683		Tubb	6,661	-2,746
Queen	2,857	1,058		TD	6,750	-2,835
Grayburg	3,246	669		APD Permit	7,200	-3,285

Offset Correlation Wells		
API	Well Name	Location

Casing Program	
Surface	14 3/4" hole, 10 3/4" 32.75# at 620'
Intermediate	NA
Production	8 3/4" hole, 7" 23#J55 0' - 5500', 26#L80 5501' - 6750' at 6750'
Vendor	Jim Arline @ BOCI-FW

Mud Program	
Surface	Build native mud with fresh water; LCM as needed.
Intermediate	
Production	Drill out with brine water circulating through Claco's solids bins & CRI haul off bins for solids. Use caustic soda for PH control.

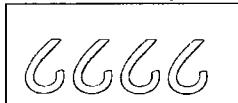
Miscellaneous	
Primary Objectives	Yeso
Secondary Objectives	NA
Coring Program	No planned cores
	No planned tests

Logging Program				
	<input checked="" type="checkbox"/> Log Types	Top Depth	Base Depth	Remarks
	<input checked="" type="checkbox"/> DSNSpecDenCompGR	1500	TD	Halliburton
	<input checked="" type="checkbox"/> DLL-Micro-Guard			
	<input checked="" type="checkbox"/> 1 Long Spaced Sonic	1500	TD	Halliburton
	<input checked="" type="checkbox"/> GR-N	Srhc	TD	Halliburton
	<input checked="" type="checkbox"/> Distribution			
Mud Logging Program	<input type="checkbox"/> Top	Base	Samples	Remarks
	2000	TD	2-10'	
Mud Logging Company		Kenneth L. Johnson	Company Phone Number	432-528-4228

Directions
Go east out of Loco Hills 8.5 miles on SH 82 toward Maljamar. Turn southeast on county road 224, also called Ripple Road. Go apx 0.5 mile to lease road on right, travel apx 0.5 mile to Hudson office, turn right (going NW) for 1 mile to location.

Special Equipment
H2S equipment on well at 1800'
Special Instructions

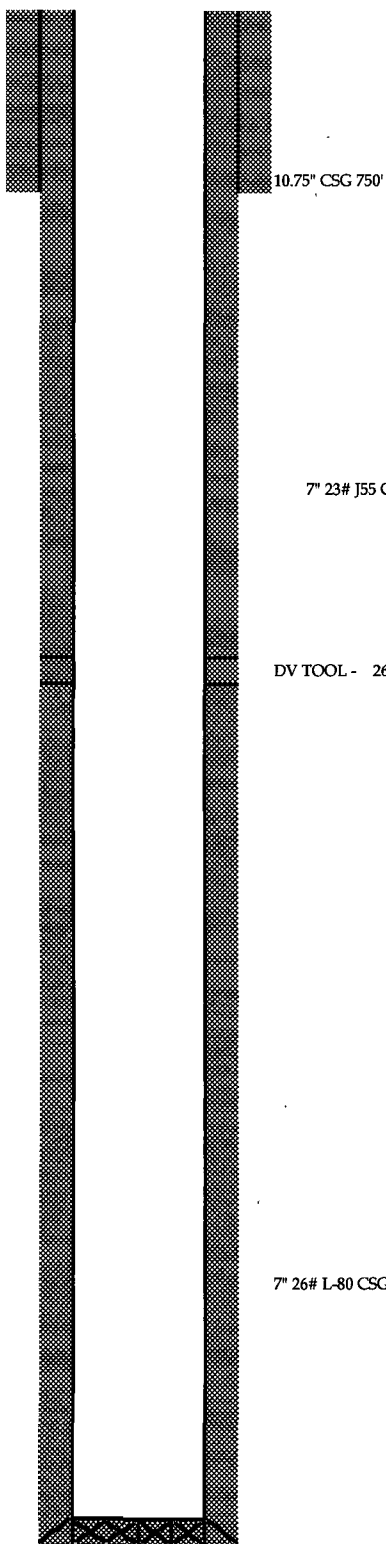
Contact Information			
Drig Contractor	United Drilling Rig 29	Pusher	Jose Navarez
Phone (Rig)	575-910-2019	Phone (home)	
Roswell Phone	575-623-7730	Phone (cell)	575-626-9166
Distr. Supt.	Belton Mathews	Email Address	bocilh@pvtnetworks.net
Phone (work)	575-677-2313	Phone (cell)	575-703-9601
Drilling Consultant	Lynn Waters	Email Address	lwaters@nts-online.net
Phone(Office-Trlr)	806-781-1967	Phone (cell)	806-781-9712
Drilling Consultant	Joe Gordy	Email Address	jlgordy@aol.com
Phone(Office-Trlr)		Phone (cell)	432-528-4497
Drig. Foreman	Richard Payne	Email Address	rpayne@burnettoil.com
Phone (work)	575-677-2313	Phone (cell)	505-703-9803
Engr. Manager	Mark Jacoby	Email Address	mjacoby@burnettoil.com
Phone (work)	817-332-5108	Phone (home)	817-283-7163
Fax	817-332-2438	Phone (cell)	817-332-5108
Geologist	Larry Galbiati	Email Address	lgalbiati@burnettoil.com
Phone (work)	817-332-5108	Phone (home)	817-460-8851
Fax	817-332-2438	Phone (cell)	682-429-9020



## PROPOSED WELL BORE SCHEMATIC

WELL NAME PARTITION FEDERAL #1  
 FIELD FREN (GLORIETA YESO)  
 COUNTY/STATE: EDDY CO., NEW MEXICO  
 LOCATION SL: 430' FSL, 430' FWL, Unit M, Section 13  
T17S, R31E

SPUD DATE: 7/10/2011 API # 30-015-39061  
 RIG RELEASE: \_\_\_\_\_ AFE # \_\_\_\_\_  
 IP DATE: \_\_\_\_\_



## SURFACE CASING:

DEPTH: 750' SIZE: 10.75" WT: 32.75#

CEMENT: \_\_\_\_\_

## PRODUCTION CASING:

DEPTH: 7200' SIZE: 7" WT: 23#J55, 0-5700', 26# L80, 5700-7200'

CEMENT: \_\_\_\_\_

## TUBING:

DEPTH: \_\_\_\_\_ SIZE: 2 7/8" 6.5#

PUMP: \_\_\_\_\_

## REMARKS:

7" 23# J55 CSG 0-5700' (0-3500' EXT RYTWAP)

DV TOOL - 2600'

7" 26# L-80 CSG 5700'-7200'

TD - 7200'