

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

**APPLICATION OF BURNETT OIL CO., INC., AND HUDSON OIL COMPANY OF TEXAS FOR CONSOLIDATION AND EXPANSION OF, AND ADDITION OF SPECIAL RULES AND REGULATIONS FOR THE CEDAR LAKE GLORIETTA-YESO POOL, FREN GLORIETA-YESO POOL, EAST FREN GLORIETA-YESO POOL, LOCO HILLS GLORIETA-YESO POOL, MALJAMAR PADDOCK NORTH POOL, AND WEST MALJAMAR YESO POOL, CANCELLATION OR MAKE-UP OF OVERPRODUCTION, LEA AND EDDY COUNTIES, NEW MEXICIO,**

*Case 14647*

**AND**

**MOTION FOR CONSOLIDATION OF THIS APPLICATION WITH THE APPLICATION OF CONCHO OPERATING, LLC ("CONCHO") IN OCD CASE NO. 14613.**

**I.  
INTRODUCTION AND SUMMARY**

Burnett Oil Co., Inc. ("Burnett"), and Hudson Oil Company of Texas ("Hudson"), herein sometimes are jointly called "Applicants", appear through their undersigned attorneys and hereby make application to the Division for an order: (1) consolidating and expanding the existing Glorieta-Yeso Oil Pools described below; (2) establishing special rules and regulations for the consolidated and expanded Yeso Pool; (3) cancelling, in whole or in part, or, alternatively, providing a method for makeup of prior overproduction by all operators in the consolidated pool; and (4) consolidating this application with the application of Concho Operating, LLC ("Concho") in OCD Case No. 14613, and in support thereof show as follows:

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## II. APPLICATION

1. Burnett and Hudson are operators in or have applied for permits to drill wells in one or more of the following pools, or lands adjacent or nearby:

- a. The Cedar Lake Glorieta-Yeso Pool, which was created by Division Order

No. R-11067, dated November 1, 1998 and currently covers the following lands:

**Township 17 South, Range 30 East, NMPM**

Section 13: E/2, SW/4

Section 24: NE/4

**Township 17 South, Range 31 East, NMPM**

Section 17: S/2

Section 18: All

Section 19: N/2

Section 20: All

- b. The Fren-Glorieta Yeso Pool, which was created by Division Order No. R-

2313, dated October 1, 1962 and currently covers the following lands:

**Township 17 South, Range 31 East, NMPM**

Section 9: E/2

Section 14: SW/4

Section 15: S/2

Section 16: S/2, NE/4

Section 21: NE/4, W/2

Section 22: NW/4

- c. The East Fren-Glorieta-Yeso Pool, which was created by Division Order

No. R-11824, dated August September 1, 2002 and currently covers the following lands:

**Township 17 South, Range 31 East, NMPM**

Section 14: NE/4

- d. The Loco Hills Glorieta-Yeso Pool, which was created by Order No. R-

10822, dated July 1, 1997 and currently covers the following lands:

**Township 17 South, Range 30 East, NMPM**

Section 9: SE/4  
Section 10: SW/4  
Section 11: All  
Section 12: NW/4  
Section 14: S/2, NW/4  
Section 15-17,20: All  
Section 21: N/2, SE/4  
Section 22: All  
Section 23: N/2, SW/4  
Section 33: SW/4

e. The West Maljamar Yeso Pool, which was created by Order No. R-27, dated July 28, 1950 and currently covers the following lands:

**Township 17 South, Range 32 East, NMPM**

Section 17: S/2  
Section 19: All  
Section 20: N/2, SW/4  
Section 21: All  
Section 22: W/2, NE/4

f. The Maljamar, Paddock, North Pool, which currently covers the following lands:

**Township 17 South, Range 32 East, NMPM**

Section 5: SW/4

2. The development and spacing of these pools are now governed by the Division's statewide rules. Division Rule 19.15.15.9 NMAC provides that a well within a defined oil pool shall be located on a spacing unit consisting of 40 acres and located no closer than 330 feet to a boundary of the unit.

3. Division Rules 19.15.20.12 NMAC and 19.15.20.13 NMAC provide that pools have a depth bracket allowable of 80 barrels of oil a day for the Loco Hills

Glorieta-Yeso Pool, and either 80 or 107 barrels of oil a day for the other pools, with a limiting gas-oil ratio ("GOR") of 2000:1.

4. Burnett and Hudson requests that:

(a) The Division order that the above described pools be consolidated as a single pool; and

(b) The Division expand the consolidated pool to include additional adjacent lands so that the pool as consolidated and expanded will include the lands and have the horizontal extent described on Exhibit A hereto; and

(c) The Division establish a vertical interval of the consolidated pool to be defined as from the top of the Glorieta formation, as found at a drilled depth of 4,210 feet in the Burnett Oil Co., Inc. Gissler B #67 Well (located 2,310 feet FSL and 430 feet FEL, Sec. 8, T17S, R30E, Eddy County, New Mexico), as shown on the Halliburton Induction Electric Log of such well, through the top of the Tubb member of the Yeso formation, as found at the drilled depth of 5,825 feet as shown on the same electric log, and intervals correlative thereto, in all wells in the consolidated pool; and

(d) The Division enact special rules and regulations for the consolidated pool to provide for (i) a depth bracket allowable of 240 barrels of oil a day and a limiting gas-oil ratio ("GOR") of 2500 SCF:1 BO, or such greater or lesser allowable or GOR as the evidence may show to be necessary to prevent waste and protect correlative rights; (ii) a special additional allowable of capacity for both oil and gas for newly completed wells to be defined as from first production until a well recovers a volume of water equal to 110% of the water injected into the pool during hydraulic fracturing for completion until the end

of the third calendar month following such time; (iii) a density rule of two wells per 40 acre spacing/proration unit with all wells that have been drilled or spudded on or before the effective date of the Final Order in this application being “grandfathered” to produce lawfully within the special rules for the pool; and (iv) a balancing rule for overproduction to allow operators to balance over and under production of oil and gas from each unit in the pool, calculated on a unit basis, within each calendar year.

(e) The Division order that all past overproduction in the consolidated pool of all operators either be cancelled ratably based on their allowables; or, alternatively, be made up within the twenty-four (24) months next following the entry of the Final Order herein; order that overproduction be defined as production of gas in excess of the gas allowable for a spacing unit, and production of oil in excess of the lesser of either (i) for units producing at a GOR equal to or less than the pool’s limiting GOR, the oil allowable for the unit or (ii) for units producing at a GOR greater than the pool’s limiting GOR, the amount of oil calculated by multiplying the oil allowable by a fraction, the numerator of which is the GOR for the unit, and the denomination of which is the unit’s actual producing GOR. For example, if a unit’s oil allowable is 240 barrels per day, and the limiting GOR is 2,500:1, but the unit produces at a GOR of 6,000:1, then its oil allowable would be 100 barrels of oil per day calculated as follows:  $240 \times 2,500/6,000 = 100$ .

(f) All other rules for the consolidated pool to be in conformance with statewide rules.

5. The granting of this application is in the interests of conservation, the prevention of waste and the protection of correlative rights.

**III.**  
**MOTION FOR CONSOLIDATION**

Applicants hereby move that this application be consolidated with the application of Concho in OCD Case No. 14613 insofar as the Concho application covers the six existing pools identified herein, and the additional lands within the consolidated pool, as described on Exhibit A hereto. Both applications include common issues of law and fact; consequently, judicial economy and the interests of conservation of oil and gas require a single hearing, and a uniform and consistent resolution of these common issues by a Final Order in a consolidated case.

**IV.**  
**NOTICE**

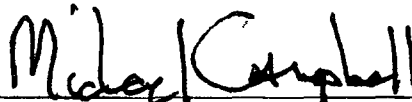
Notice of this application has been given to all Division designated operators in the affected pools, and of wells within the same formation as such pools within one mile of the pools' outer boundaries as shown as Exhibit B hereto.

**V.**  
**PRAYER**

WHEREFORE, Burnett Oil Co., Inc. and Hudson Oil Company of Texas request that this application be consolidated with Concho's application in OCD Case No. 14613, now set for hearing at 9 am on May 16, 2011 and be heard at the same time in a consolidated case; that notice be given as required by law and the rules of the Division; and, that this application be approved.

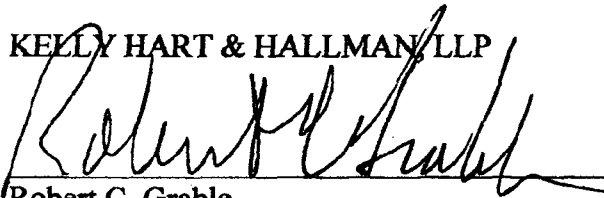
Respectfully submitted,

CAMPBELL TRIAL LAW, LLC



Michael Campbell  
110 North Guadalupe Street, Suite 6  
Santa Fe, NM 87501  
Telephone: (505) 820-9959  
Facsimile: (505) 820-1926

KELLY HART & HALLMAN LLP



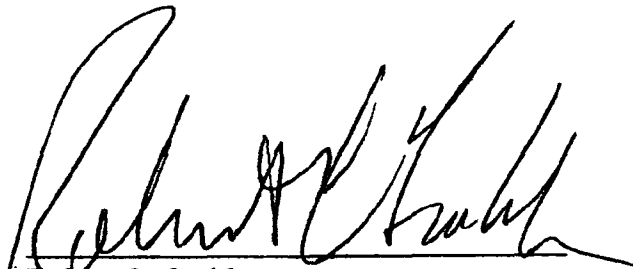
Robert C. Grable  
State Bar No. 08241000  
KELLY HART & HALLMAN LLP  
201 Main Street, Suite 2500  
Fort Worth, Texas 76102  
Telephone: (817) 332-2500  
Facsimile: (817) 878-9280

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the foregoing document was served upon counsel for other parties who have appeared in this matter by hand delivery, e-mail or facsimile, and U.S. Mail, postage prepaid, this 18<sup>th</sup> day of April, 2011:

Ocean Munds-Dry  
Holland & Hart, LLP  
P. O. Box 2208  
Santa Fe, NM 87504-2208  
E-Mail: [omundsdry@hollandhart.com](mailto:omundsdry@hollandhart.com)

Edward E. DeBrine, Jr.  
Modrall, Sperling, Roehl, Harris & Sisk P.A.  
P. O. Box 2168  
Albuquerque, NM 87103-2168  
E-Mail: [edebrine@modrall.com](mailto:edebrine@modrall.com)



Robert C. Grable



**EXHIBIT A**

**TO**

**BURNETT OIL CO., INC. AND HUDSON OIL COMPANY OF TEXAS  
APPLICATION TO CONSOLIDATE AND ADOPT  
SPECIAL POOL RULES FOR CERTAIN YESO POOLS**

The proposed Consolidated Pool is to include the following lands:

**Township 17 South, Range 30 East**

Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28 & 29

**Township 17 South, Range 31 East**

Sections 1-30, Inclusive

**Township 17 South, Range 32 East**

3, 4, 5, 6, 7, 8, 9, 10, 15, 16, 17, 18, 19, 20, 21, 22, 27, 28, 29 & 30

**EXHIBIT B**  
**BURNETT OIL CO., INC.**  
**APPLICATION FOR POOL CONSOLIDATION**  
**AND ADOPTION OF SPECIAL POOL RULES**  
**FOR CERTAIN YESO POOLS**

**ALAMO PERMIAN RESOURCES, LLC**  
**415 W. Wall Street, Suite 500**  
**Midland, TX 79701**

**CLAYTON WILLIAMS ENERGY INC.**  
**6 Desta Dr., Ste. 3000**  
**Midland, TX 79705**

**APACHE CORP**  
**303 Veterans Airpark Lane Suite 3000**  
**Midland, TX 79705**

**CONOCOPHILLIPS COMPANY**  
**3401 E. 30<sup>th</sup> Street**  
**Farmington, NM 87402**

**ASHER ENTERPRISES LTD. CO.**  
**12808 Lorien Way**  
**Oklahoma City, OK 73170**

**DEVON ENERGY PRODUCTION**  
**COMPANY, LP**  
**20 N. Broadway**  
**Oklahoma City, OK 73102**

**BC OPERATING, INC.**  
**P O Box 50820**  
**Midland, TX 79710**

**ENDURANCE RESOURCES LLC**  
**15455 Dallas Parkway, Suite 600**  
**Addison, TX 75234**

**BURNETT OIL CO INC**  
**801 Cherry St. Ste. 1500**  
**Fort Worth, TX 76102**

**FINNEY OIL COMPANY**  
**P O Box 1569**  
**Artesia, NM 88211-1569**

**C F M OIL CO DBA LOUIS AND JUDY**  
**FULTON**  
**P O Box 1176**  
**Artesia, NM 88210**

**FOREST OIL CORPORATION**  
**707 17<sup>th</sup> St., Suite 3600**  
**Denver, CO 80202**

**CAMERON OIL & GAS INC**  
**P O Box 1456**  
**Roswell, NM 88202-1456**

**FREEDOM ENERGY LLC**  
**R649 N. 13th St.**  
**Lake Arthur, NM 88253**

**CBS OPERATING CORP**  
**P O Box 2236**  
**Midland, TX 79702**

**GERONIMO SWD LLC**  
**P O Box 568**  
**Artesia, NM 88210**

**CHEVRON USA INC**  
**15 Smith Road**  
**Midland, TX 79705**

**HUDSON OIL COMPANY OF TEXAS**  
**616 Texas St.**  
**Fort Worth, TX 76102**

**CIMAREX ENERGY CO. OF**  
**COLORADO**  
**600 N. Marienfeld St., Suite 600**  
**Midland, TX 79701**

**J CLEO THOMPSON**  
325 N. St. Paul Ste. 4300  
Dallas, TX 75201

**KERSEY & COMPANY**  
P O Box 1248  
Fredericksburg, TX 78624

**LIME ROCK RESOURCES A, L.P.**  
1111 Bagby Street, Suite 4600  
Houston, TX 77002

**LINN OPERATING, INC.**  
600 Travis Street, Suite 5100  
Houston, TX 77002

**MACK ENERGY CORP**  
P O Box 960, 11352 Lovington Hwy.  
Artesia, NM 88211

**MARKS AND GARNER PRODUCTION  
LTD CO**  
P O Box 1089  
Hobbs, NM 88241

**MEWBOURNE OIL CO**  
P O Box 5270  
Hobbs, NM 88241

**NADEL AND GUSSMAN HEYCO, LLC**  
P O Box 193  
Roswell, NM 88202

**NADEL AND GUSSMAN PERMIAN,  
LLC**  
601 N. Marienfeld, Suite 508  
Midland, TX 79701

**PREMIER OIL & GAS INC**  
P O Box 1246  
Artesia, NM 88210

**QUANTUM RESOURCES  
MANAGEMENT, LLC**  
1401 McKinney St., Suite 2400  
Houston, TX 77010

**SANDRIDGE EXPLORATION AND  
PRODUCTION, LLC**  
123 Robert S. Kerr Ave.  
Oklahoma City, OK 73102

**SOUTHERN BAY OPERATING, L.L.C.**  
110 Cypress Station Dr., #220  
Houston, TX 77090

**SOUTHWEST ROYALTIES INC.**  
6 Desta Drive, Suite 2100  
Midland, TX 79705

**SPY LLC**  
P O Box 1020  
Artesia, NM 88211

**SYNERGY RESOURCES**  
2106 W. Centre Ave.  
Artesia, NM 88210

**TANDEM ENERGY CORPORATION**  
11490 Westheimer Rd., Ste. 1000  
Houston, TX 77077

**THREE RIVERS OPERATING  
COMPANY LLC**  
1122 S. Capital of Texas Hwy. Suite 325  
Austin, TX 78746

**TOM R. CONE**  
1304 W. Broadway PL  
Hobbs, NM 88240

**WESTBROOK OIL CORP**  
P O Box 2264  
Hobbs, NM 88241

**YESO ENERGY, INC.**  
P O Box 8280  
3103 Yeso  
Roswell, NM 88202

**YATES PETROLEUM CORPORATION**  
105 S. 4<sup>th</sup> St.  
Artesia, NM 88210

# Campbell Trial Law, LLC

April 19, 2011

## HAND-DELIVERED

Ms. Florene Davidson  
OCD Staff Specialist  
Oil Conservation Division  
Energy, Minerals and Natural  
Resources Departments  
State of New Mexico  
1220 South St, Francis  
Santa Fe, New Mexico

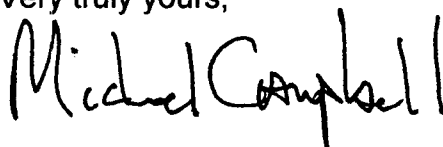
**Re: Application of Burnett Oil Co., Inc. and Hudson Oil Company of Texas**

Dear Ms. Davidson:

Enclosed are copies of Exhibit A to the referenced Application. They were omitted by my clerical mistake. I've confirmed that the Application served on counsel of record and served via certified mail on interested persons was full and complete, inclusive of Exhibit A.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink that reads "Michael Campbell". The signature is written in a cursive style with a large, stylized "M" and "C".

Michael Campbell

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**TO**

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