

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.

5. Lease Serial No.
LC-055264

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
BURNETT OIL COMPANY, INC.

3a. Address
801 CHERRY STREET, SUITE 1500
FORT WORTH, TX 76102

3b. Phone No. (include area code)
817-332-5108 (MARK JACOBY)

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
990 FNL & 2310 FWL, SECTION 24, T. 17 S., R. 30 E

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

8. Well Name and No.
JACKSON B #44

9. API Well No.
30-015-34864

10. Field and Pool or Exploratory Area
CEDAR LAKE GLORIETA YESO

11. Country or Parish, State
EDDY, NM

12. CHECK THE 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 SET WHIPSTOCK AND SIDETRACK WELL BORE
	<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 recompleat 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

BURNETT OIL COMPANY, INC. IS REQUESTING APPROVAL TO SET WHIPSTOCK AND SIDETRACK WELL BORE AS FOLLOWS (SEE ATTACHMENTS OF PROPOSED PROCEDURE, NEW DRILLING PLAN, BOP, CHOKE MANIFOLD, AND DRILLING RIG PLAT).

Accepted for record

NMOCD

10/19/2012

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

RECEIVED

JAN 18 2012

NMOCD ARTESIA

APPROVED

JAN 13 2012

[Signature]
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

BARRY W. HUNT

Title PERMIT AGENT FOR BURNETT OIL COMPANY, INC.

Signature

[Signature]

Date

1/11/12

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 and Title 43 U.S.C. Section 1212, make 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.

(Instructions on page 2)

PROCEDURE TO CUT WINDOW AND SIDETRACK WELL BORE

BURNETT OIL CO., INC.

JACKSON B NO. 44, API No. 30-015-34864

LOCATION: 990' FNL, 2310' FWL, Unit C, T17S, R30E

CEDAR LAKE (GLORIETA - YESO) FIELD, EDDY CO., NM

November 13, 2011

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

PROCEDURE:

- 1) MIRT and RU United Rig #29.
- 2) NOTIFY BLM OF MIRT AND BEGINNING OPERATIONS.
- 3) NUBOP.
- 4) PU 4 1/2" DP with 6 1/8" bit and run to bottom.
- 5) Pump into well to see if Yeso interval will take fluid. If yes, will evaluate pumping cement to plug off Yeso interval...will contact BLM with results and plan for next steps.
- 6) Cement per design if decision is made to pump cement, if not, proceed to step 7.
- 7) Set CIBP at about 4175' - pending PBDT depth and cap with 70 sx Class C cement per HES proposal for whip stock plug. *Approx 4180'*
- 8) Run and set whip stock on top of CIBP. - *Cut Window @ Approx.. 3875'*
- 9) Run mill and work string and mill/cut window. POOH mill and window cutting tools.
- 10) PU 6 1/8" bit and DP and GIH and begin cutting new formation...see Archer Planning Report with directional plan.
- 11) Drill new formation to bottom of Blinbry (top of Tubb). Per X-Section we expect this depth to be 6300'+. Mud logger will be on well and keep mud log to TD, and determine T/ Tubb. Drill to TD according to casing tally.
- 12) Circulate hole clean.
- 13) POOH and LD directional tools. *L80 Ultra-FJ by IPS CO*
- 14) PU 5 1/2" 17# ~~180~~ casing with UFJ connections, float collar and shoe, and centralizers. Tie back liner hanger will be installed at point to set the liner inside 7" 23# casing above window cut, liner top about ~~4050~~ *3650* *Cut Window @ Approx.. 3875'*
- 15) Cement 5 1/2" casing back to liner top with 100 sx Class C per HES cementing proposal...adjust cement volume according to caliper.
- 16) Circulate hole clean.
- 17) PU 5 1/2" 17 # 180 8RT casing and tie into liner and run casing back to surface.
- 18) NDBOP and MORT.

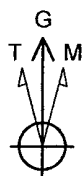
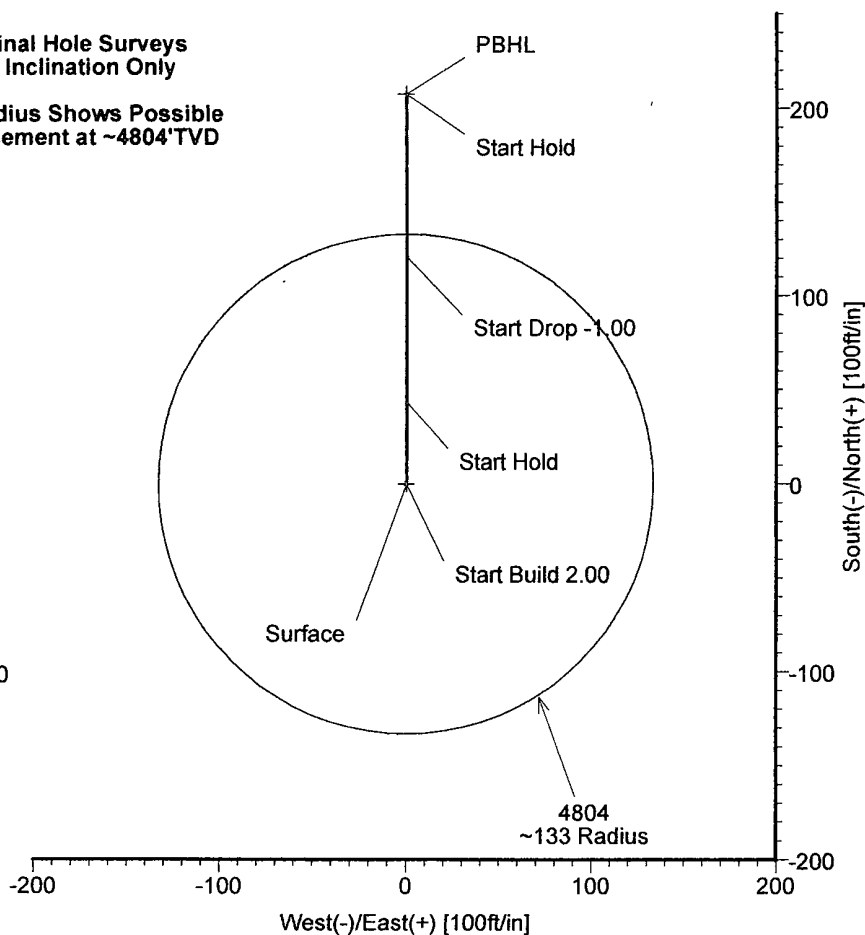
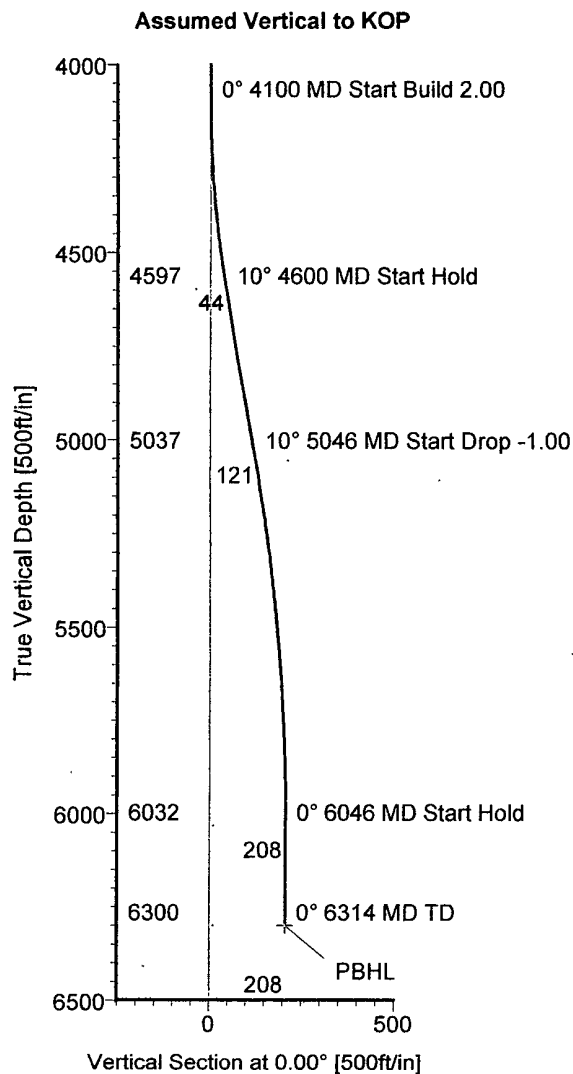
SEE ATTACHED FOR
CONDITIONS OF APPROVAL

BURNETT OIL CO. INC.

Field: Eddy County, NM
Site: Jackson B #44
Well: B-44
Wellpath: Sidetrack
Plan: Plan #1

Original Hole Surveys
Are Inclination Only

133' Radius Shows Possible
Displacement at ~4804'TVD



Azimuths to Grid North
True North: -0.22°
Magnetic North: 7.53°

Magnetic Field
Strength: 48928nT
Dip Angle: 60.67°
Date: 10/27/2011
Model: IGRF2010

TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Shape
4804	0.00	0.00	0.00	663865.10	625138.30	32°49'27.802N	103°55'33.489W	Circle (Radius: 133)
Surface	0.00	0.00	0.00	663865.10	625138.30	32°49'27.802N	103°55'33.489W	Point
PBHL	6300.00	208.01	0.00	664073.11	625138.30	32°49'29.860N	103°55'33.479W	Circle (Radius: 0)

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	4100.00	0.00	0.00	4100.00	0.00	0.00	0.00	0.00	0.00	
3	4600.00	10.00	0.00	4597.47	43.52	0.00	2.00	0.00	43.52	
4	5045.97	10.00	0.00	5036.66	120.96	0.00	0.00	0.00	120.96	
5	6045.97	0.00	0.00	6031.59	208.01	0.00	1.00	180.00	208.01	
6	6314.38	0.00	0.00	6300.00	208.01	0.00	0.00	0.00	208.01	PBHL

Plan Plan #1 (B-44/Sidetrack)

Created By: Ivonne Gonzalez

Date 10/27/2011

ARCHER DIRECTIONAL DRILLING SERVICES
911 Regional Park Drive Houston, Texas 77060
Phone: 713-934-9600 Fax: 713-934-9067

Archer

ARCHER

Planning Report

Company: BURNETT OIL CO. INC.
 Field: Eddy County, NM
 Site: Jackson B #44
 Well: B-44
 Wellpath: Sidetrack

Date: 10/27/2011 Time: 09:36:56
 Co-ordinate(NE) Reference: Well: B-44, Grid North
 Vertical (TVD) Reference: 3722'GL+14'KB 3736.0
 Section (VS) Reference: Well (0.00N,0.00E,0.00Azi)
 Plan: Plan #1

Page: 1

Field: Eddy County, NM

Map System: US State Plane Coordinate System 1927
 Geo Datum: NAD27 (Clarke 1866)
 Sys Datum: Mean Sea Level

Map Zone: New Mexico, Eastern Zone
 Coordinate System: Well Centre
 Geomagnetic Model: IGRF2010

Site: Jackson B #44

Site Position: Northing: 663865.10 ft Latitude: 32 49 27.802 N
 From: Map Easting: 625138.30 ft Longitude: 103 55 33.489 W
 Position Uncertainty: 0.00 ft North Reference: Grid
 Ground Level: 3722.00 ft Grid Convergence: 0.22 deg

Well: B-44

Slot Name:

Well Position: +N/-S 0.00 ft Northing: 663865 10 ft Latitude: 32 49 27.802 N
 +E/-W 0.00 ft Easting: 625138.30 ft Longitude: 103 55 33.489 W
 Position Uncertainty: 0.00 ft

Wellpath: Sidetrack

Drilled From: Surface
 Tie-on Depth: 0.00 ft
 Above System Datum: Mean Sea Level
 Declination: 7.75 deg
 Mag Dip Angle: 60.67 deg
 +E/-W ft Direction deg

Current Datum: 3722'GL+14'KB Height 3736.00 ft
 Magnetic Data: 10/27/2011
 Field Strength: 48928 nT
 Vertical Section: Depth From (TVD) +N/-S
 ft ft
 0.00 0.00

Plan: Plan #1

Date Composed: 10/27/2011
 Version: 1
 Tied-to: From Surface

Principal: No

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4100.00	0.00	0.00	4100.00	0.00	0.00	0.00	0.00	0.00	0.00	
4600.00	10.00	0.00	4597.47	43.52	0.00	2.00	2.00	0.00	0.00	
5045.97	10.00	0.00	5036.66	120.96	0.00	0.00	0.00	0.00	0.00	
6045.97	0.00	0.00	6031.59	208.01	0.00	1.00	-1.00	0.00	180.00	
6314.38	0.00	0.00	6300.00	208.01	0.00	0.00	0.00	0.00	0.00	PBHL

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
5000.00	10.00	0.00	4991.39	112.98	0.00	112.98	0.00	0.00	0.00	
5045.97	10.00	0.00	5036.66	120.96	0.00	120.96	0.00	0.00	0.00	
5100.00	9.46	0.00	5089.91	130.10	0.00	130.10	1.00	-1.00	0.00	
5200.00	8.46	0.00	5188.69	145.67	0.00	145.67	1.00	-1.00	0.00	
5300.00	7.46	0.00	5287.73	159.52	0.00	159.52	1.00	-1.00	0.00	
5400.00	6.46	0.00	5386.99	171.63	0.00	171.63	1.00	-1.00	0.00	
5500.00	5.46	0.00	5486.45	182.02	0.00	182.02	1.00	-1.00	0.00	
5600.00	4.46	0.00	5586.07	190.66	0.00	190.66	1.00	-1.00	0.00	
5700.00	3.46	0.00	5685.83	197.57	0.00	197.57	1.00	-1.00	0.00	
5800.00	2.46	0.00	5785.70	202.73	0.00	202.73	1.00	-1.00	0.00	
5900.00	1.46	0.00	5885.64	206.15	0.00	206.15	1.00	-1.00	0.00	
6000.00	0.46	0.00	5985.62	207.83	0.00	207.83	1.00	-1.00	0.00	
6045.97	0.00	0.00	6031.59	208.01	0.00	208.01	1.00	-1.00	0.00	
6100.00	0.00	0.00	6085.62	208.01	0.00	208.01	0.00	0.00	0.00	
6200.00	0.00	0.00	6185.62	208.01	0.00	208.01	0.00	0.00	0.00	

ARCHER

Planning Report

Company: BURNETT OIL CO. INC.
Field: Eddy County, NM
Site: Jackson B #44
Well: B-44
Wellpath: Sidetrack

Date: 10/27/2011 **Time:** 09:36:56
Co-ordinate(N/E) Reference: Well: B-44, Grid North
Vertical (TVD) Reference: 3722'GL+14'KB 3736.0
Section (VS) Reference: Well (0.00N,0.00E,0.00Azi)
Plan: Plan #1

Page: 2

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
6300.00	0.00	0.00	6285.62	208.01	0.00	208 01	0.00	0.00	0.00	
6314.38	0.00	0.00	6300.00	208.01	0.00	208 01	0.00	0.00	0.00	PBHL

Targets

[illegible]

WELL DIAGRAM BEFORE SIDETRACK

MAN

BURNETT OIL CO. INC.

COMPANY

LEASE

Jackson 3

WELL NO

44

AREA NAME

Loco Hills

ASSOCIATED API#

30-015-34864

INDIVIDUAL WELL RECORD

LOCATION SECTION	ut.	TWP/BLK	RNG/SURVEY	COUNTY	STATE
990 FNL, 2310 FNL, C		Sect 24	T17S, R30E	Eddy	NM
FIELD	TYPE COMPLETION			ELEVATION	
Cedar Lake (Glor-Yeso)	<input checked="" type="checkbox"/> OIL <input type="checkbox"/> GAS <input type="checkbox"/> OTHER			G.L. 3722 KB 3736	
DRILLING CONTRACTOR	COMPLETION CONTRACTOR			PERMANENT DATUM FT. ABOVE G.L. 14'	
JW Dwy #6					

GENERAL INFORMATION	TOOLS	DATE COMMENCED	DATE COMPLETED	DEPTH		CONTRACT PRICE	
				FROM	TO	PER FOOT	DAY WORK W/D.P. \$ WO/D.P. \$
	ROTARY	6/29/06	7/24/06	25 ft. to 15	0	5230	
	COMPLETION	8/1/06	9/29/06				

CASING-CEMENT RECORD	HOLE			CASING				CEMENT		
	SIZE	DEPTH	SET AT	SIZE	WEIGHT	GRADE	COND.	# SX	TYPE	CMT. TOP
	14 3/4"	90'	90'	16"					Conductor	
	8 3/4"	428	428	9 5/8"	32.3#	H-40	N		150 Thixo	CIRC 100s, x
		5230	0-4192	7"	23	J55	N		450 Prem. Hus + 2% CC	
			4192-4483	4 1/2"	10.5	J55	N		51200 HLP 2.7# +	0-576 TS

CORES	INTERVAL	FORMATION	RECOVERY AND DESCRIPTION (Full analysis submitted separately)
	(Compos. BP 4460')	CMT thru SQ2	PL 4499 to 1050' 500 SL/50 P 2 @ 14.2

DRILL-STEM TESTS	INTERVAL	FORMATION	TIME OPEN	RECOVERY & PRESSURE DATA (Full analysis submitted separately)

LOGGING	TYPE LOG	LOGGING COMPANY	INTERVAL LOGGED	REMARKS

PERF.	PERFORATED INTERVALS		
	PERFORATING COMPANY	TYPE GUN	NO SHOTS PER FOOT

PRODUCING FORMATION(S) Yeso T/ 4683' DEPTH, TOP OF FORMATION _____

ZONES TO BE TESTED BEFORE ABANDONMENT:

DATE FIRST PROD.	ZONE	BOPD	OIL GVTY.	BWPD	GAS MCFD.	GOR	BHP

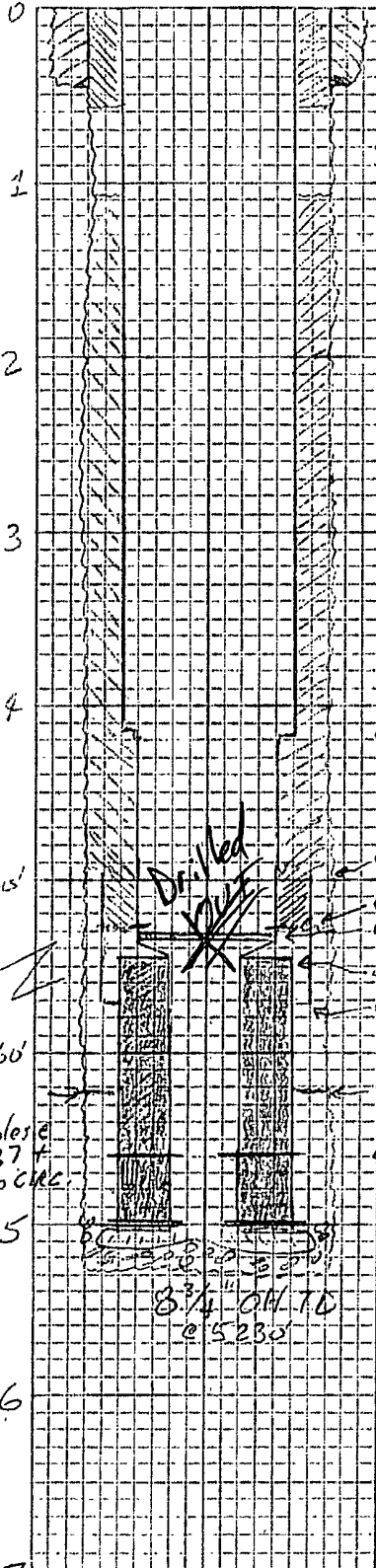
FLOWING PRESSURE	CHOKER SIZE	SHUT IN PRESSURE
TUBING	CASING	TUBING
PUMPING		CASING

S-I-M:

STROKE LENGTH.

SCHEMATIC OF DOWNHOLE EQUIPMENT

(x1000) 0



DRILLING DATA

DRILLING DATA

EQUIPMENT

BRIEF RESUME ON MUD SYSTEM, LOST CIRCULATION ZONES, FISHING, DRILLING PROBLEMS, AND COSTS.

DRILLING NOTES: LCC 200', Drlog = 5230' of 1 string stuck - fishing options for 13 days, then remedial work follows w/ CLM approval → 10 GPM w/ Plow. Fish is 685' of DCs (24 DCs w/ bit sub + 8 3/4\"/>

BRIEF RESUME ON PROCEDURE

7/07 Pmp dn BH w/ RA matl. Pmp 12 B6/FLO whk + 4 Bw + 150 5x CLC + 2% CaCl dn BH. Temp surv = CMT w/ SRFC to 570'. 2/19/08 LD + WARS Pmp, rods, lbs.

drilled bit

FISH = (Top to Btm) screw in sub w/ 8 3/4\"/>

TUBING	NO JOINTS		DEPTH		GRADE	
					S.N. DEPTH	
PACKER	WAS TUBING RUN ONCE CHECKED					
	<input type="checkbox"/> YES			<input type="checkbox"/> NO		
RODS	SIZE		MAKE			
	TYPE				SETTING DEPTH	
SUB SURFACE PUMP	SIZE		NO.		SIZE	
					NO	
PUMPING UNIT	SIZE		NO.		SIZE	
					NO	
PRIME MOVER	MAKE		SIZE		TYPE	
					SIZE	
		MAKE		SIZE/H.P.		

SPECIAL EQUIPMENT

REMARKS

PURCHASER:

OIL

GAS WELL GAS:

CSG. HD. GAS:

WELL DIAGRAM AFTER SIDETRACK

BURNETT OIL CO. INC.
COMPANY

LEASE
Jackson 8
AREA NAME
Loco Hills

1/9/12
WELL NO.
44
PROJECT NO. APIA
30-015-34864

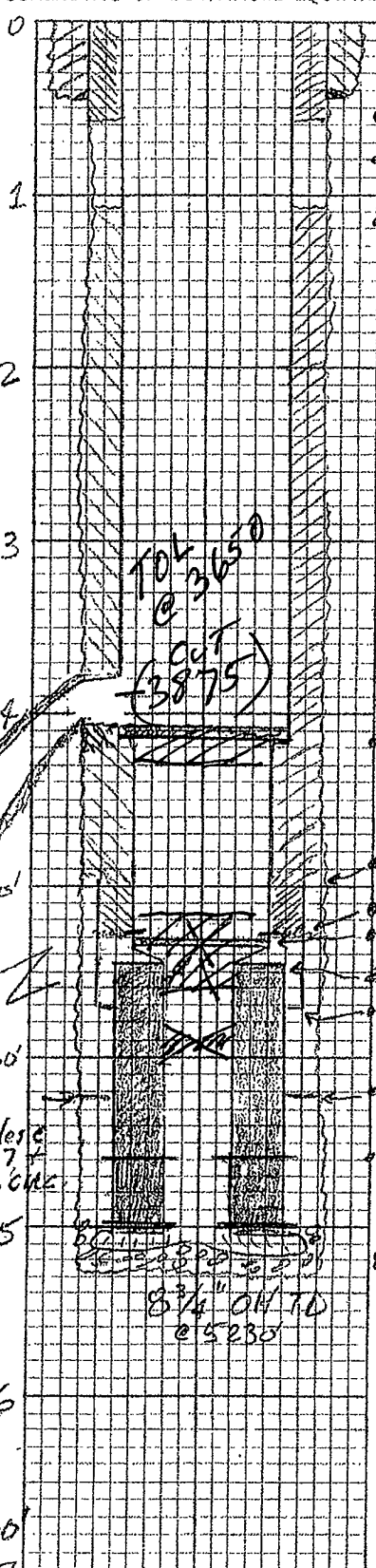
INDIVIDUAL WELL RECORD

LOCATION SECTION 990 FNL, 2310 FNL, C		TWP/BLK Sec 124	RNG/SURVEY T175, R30E		COUNTY Eddy	STATE NM	
FIELD Cedar Lake (Glor-Yeso)		TYPE COMPLETION <input checked="" type="checkbox"/> OIL <input type="checkbox"/> GAS <input type="checkbox"/> OTHER			ELEVATION G.L. 3722 KB 3736		
DRILLING CONTRACTOR JW Drilling #6		COMPLETION CONTRACTOR			PERMANENT DATUM FT. ABOVE G.L. 14'		
TOOLS	DATE COMMENCED	DATE COMPLETED	DEPTH FROM TO		CONTRACT PRICE PER FOOT DAY WORK W/D.P. \$ WO/D.P. \$		
ROTARY	6/29/06	7/24/06	2510.4/5 0 5230				
COMPLETION	8/1/06	9/29/06					
HOLE		CASING				CEMENT	
SIZE	DEPTH	SET AT	SIZE	WEIGHT	GRADE	COND	# SX TYPE CMT. TOP
14 3/4"	90'	90'	16"				Conductor
8 3/4"	428	428	9 5/8"	32.3#	H-40	N	150 Thixo
	5230	0-4192	7"	23	J55	N	450 Premix + 22cc
		4192-4483	4 1/2"	10.5	J55	N	1200 H-A 12.7# 4
INTERVAL		FORMATION		RECOVERY AND DESCRIPTION (Full analysis submitted separately)			
(Compos. BP @ 4460')		CMT thru SQZ AG 4449 to 1050'		500 S/S 102 @ 14.2			
6 1/8" 4150-6300'		6300' 5 1/2"		17 L80 7" CIBP @ 4175, CMT w/ 100 SK CLC per caliper			
INTERVAL		FORMATION		TIME OPEN			
TYPE LOG		LOGGING COMPANY		INTERVAL LOGGED		REMARKS	
PERFORATED INTERVALS							
PERFORATING COMPANY				TYPE GUN		NO. SHOTS PER FOOT	
PRODUCING FORMATION(S)		Yeso T/ 4683'		DEPTH, TOP OF FORMATION			
ZONES TO BE TESTED BEFORE ABANDONMENT:							
DATE FIRST PROD.	ZONE	BOPD	OIL GVTY.	BWPD	GAS MCFD.	GOR	BHP
FLOWING PRESSURE		CHOKE SIZE		SHUT IN PRESSURE			
TUBING:	CASING:			TUBING:		CASING:	
PUMPING							
SPM:				STROKE LENGTH.			

WELL DIAGRAM AFTER SIDETRACK

SCHEMATIC OF DOWNHOLE EQUIPMENT

(X1000) 0



7 PURCHASER:

OIL

GAS WELL GAS:

CSG. HD. GAS:

DRILLING DATA

BRIEF RESUME ON MUD SYSTEM, LOST CIRCULATION ZONES, FISHING, DRILLING PROBLEMS, MUD COSTS.

DRLG NOTES: LCC 200' Drly e 5230' drl strg stuck - fishing optns for 13 days, then remedial ad follows w/ BLM apprvl. 10 CPM w/ flow. Fish is 685' of DCs (24 DCs of bit sub + 8 3/4\"/>

CONCRETE DATA

BRIEF RESUME ON PROCEDURE

7/07 Pmp dn BH w/ RA onatl. Pmp 12 BW Flo chkr + 4 BW + 150 SX CLC + 2% CaCL dn BH. Temp SURV = CMT in SRFC to 570'.

2/19/08 LD W/RAHS Pmp, rods, Ybg.

PROPOSED SIDETRACK: (1) Set 7\"/>

FISH = (Top to Btm) screw in sub w/ 8 3/4\"/>

TUBING	TYPE		GRADE	
	NO. JOINTS	DEPTH	S.N.	DEPTH
WAS TUBING RUN OPEN ENDED				
SIZE		MAKE		
TYPE		SETTING DEPTH		
PACKER	SIZE	NO.	SIZE	NO.
	SIZE	NO.	SIZE	NO.
RODS	SIZE	NO.	SIZE	NO.
	SIZE	NO.	SIZE	NO.
SUB SURFACE PUMP	MAKE		SIZE	TYPE
PUMPING UNIT	MAKE		SIZE	
PRIME MOVER	MAKE		SIZE/H.P.	

SPECIAL EQUIPMENT

REMARKS

DRILLING PLAN
BURNETT OIL CO., INC.
JACKSON B #44
VERTICAL CEDAR LAKE GLORIETTA YESO WELL
FEDERAL LEASE LC055264.
Section 24, Township 17 South, Range 30 East, Eddy County, New Mexico

1. Geological Name of Formation with Estimated Depth:

a. Alluvium.....Surface
b. Anhydrite..... 390'
c. Salt.....530'
d. Base Salt.....1290'
e. Yates.....1450'
f. Seven Rivers..1604'
g. Queen..... 2222'
h. Grayburg..... 2670'
i. San Andres.....2985'
j. Glorieta.....4460'
k. Yeso.....4580'

2. Estimated tops of Geologic Markers & Depths of Anticipated Fresh Water, Oil or Gas:

a. Seven Rivers.....1604' Oil
b. Queen..... 2222' Oil
c. Grayburg..... 2670' Oil
d. San Andres..... 2985' Oil
e. Glorieta..... 4460' Oil
f. Yeso..... 4580' Oil
g. Total Depth 6300'

No other formations are expected to yield oil, gas or fresh water in measurable volumes. Deepest water is expected to be above 400'. We will set 9 5/8" casing @ approx. +/- 400' in the Anhydrite, above the Salt and circulate cement to surface.

We will isolate the oil zones by running 7" casing to total depth and circulating cement to surface.

3. Casing Program: (ALL CASING WILL BE NEW API APPROVED MATERIAL.)

<u>Hole Size</u>	<u>Interval</u>	<u>OD Csg</u>	<u>Weight</u>	<u>Collar</u>	<u>Grade</u>	<u>Collapse Design Factor</u>	<u>Burst Design Factor</u>	<u>Tension Design Factor</u>
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(MW = 10 PPG IN DESIGN FACTOR CALCULATIONS.)

14-3/4"	0'-400'	9 5/8"	32.3#	ST&C	H40	1.125	1.00	1.80
8-3/4"	400'-4192'	7"	23.00#	LT&C	J55	* 1.125	1.00	1.80
6-1/8"	4460'-6300'	5-1/2"	17.00#	LT&C	L80	1.92	1.00	3.70

* 500' of fresh water gradient (.433 psi/ft) fluid will be maintained inside casing to keep SF 1.125. If fluid is not at the surface, the fluid level inside 7" Casing will be determined by wireline to insure a 500' minimum of standing fluid.

4. Cementing Program Described Includes Past Cementing and Proposed Cementing
BLM WILL BE NOTIFIED TO HAVE THE OPTION TO WITNESS ALL CEMENTING AND TAG OPERATIONS.

IPSCO UITA-FJ-5 1/2" 17# L80

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

A) Previous Cementing Description

- a. 9 5/8" Surface Cemented to surface with 150 sx Thixotropic + 450 sx Premium Plus + 2% CaCl, Circ 100 sx, 1.35 CF/Sx yield. **TOC Surface. Excess cement 100%.**
- b. 7" 23# J55 at 0' - 4192' + 4 1/2" 10.5# J55 at 4193' - 4483'
4 1/2" composite BP set at 4460', perf 4 holes in 4 1/2" csg at 4449' & cement with 1200 sx Halliburton LP @ 12.7 ppg + 500 sx 50/50 Poz @ 14.2 ppg, no circ. TOC1050' by CBL. Per BLM approval pump RA material down BH, cement down BH with 12 bbl FloChek + 4 BW + 150 sx CI C + 2% CaCl, Temp survey cement from 0' - 570'. Approved by BLM.

B) Proposed Cementing of Liner in Sidetrack

See COA

Cement 5 1/2" 17# I80 Liner w/ 100 sx Class C +0.7% CFR-3 (dispersant) + 0.2% HR-601 (retarder) at 16.8 ppg + 1.02 cf/sx yield. **Excess in casing = 40%, Excess in 6 1/8" OH = 55%.**

5. Pressure Control Equipment:

** See COA*

The blowout prevention equipment (BOPE) shown in **Drilling Exhibit #1** will consist of a 2000 PSI Hydril Unit (annular) with hydraulic closing equipment. The equipment will comply with Onshore Order #2 and will be tested to 50% of rated working pressure (RWP), and maintained for at least 10 minutes. The 10-3/4" drilling head will be installed on the surface casing and in use continuously until total depth is reached. An independent testing company will be used for the testing. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines and choke manifold having 2000 PSI WP rating.

6. Proposed Mud Circulation System

Depth	Mud Wt	Visc	Fluid Loss	Type System
0'-400'	8.6-9.5			Fresh Water
400' - 4050'	10.0 max.			Brine Water
4050' - 6300'	10.0 max.			Brine Water

The necessary mud products for weight addition and fluid loss control will be on location at all times.

7. Auxiliary Well Control and Monitoring Equipment:

- a. A Kelly cock will be in the drill string at all times.
b. A full opening drill pipe stabbing valve with the appropriate connections on the rig floor at all times.
c. Hydrogen Sulfide detection and breathing equipment will be installed and in operation at drilling depth of 1800' (which is more than 500' above top of Grayburg) until 7" casing is cemented. An H2S compliance package will be on all sites while drilling.

8. Hydrogen Sulfide Plan and Training:

Based on our area testing H2S at 100 PPM has a radius of 139' and does not get off our well sites. There are no schools, residences, churches, parks, public buildings, recreation area or public within 2+ miles of our area.

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 each 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 the prevailing wind.
d. The proper techniques for first aid and rescue procedures.
e. **ATTACHED HYDROGEN SULFIDE (H2S) CONTINGENCY PLAN.**
f. **ATTACHED EMERGENCY CALL LIST FOR ANY ON SITE EMERGENCY.**

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

a. 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.)

b. H₂S detection and monitoring equipment:

1. Three (3) portable H₂S monitors positioned on location for best coverage and response. These units have warning lights at 10 PPM and warning lights and audible sirens when H₂S levels of 15 PPM is reached. A digital display inside the doghouse shows current H₂S levels at all three (3) locations.
2. An H₂S Safety compliance set up is on location during all operations.
3. **We will monitor and start fans at 10 ppm or less, an increase over 10 ppm results in the shutdown and installation of the mud/gas separator.**

c. Visual warning systems:

1. Wind direction indicators will be positioned for maximum visibility.
2. Caution/Danger signs will 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.

d. Mud program:

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.

e. Communication:

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

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.

9. Logging, Coring and Testing program:

- a. Any drill stem tests will be based on geological sample shows and planned before spudding.
- b. The openhole electrical logging program will be:
 1. Total depth to 1000': Dual Laterolog-Micro Laterolog with Compensated Neutron, Spectral Density log with Spectral Gamma Ray and Caliper.

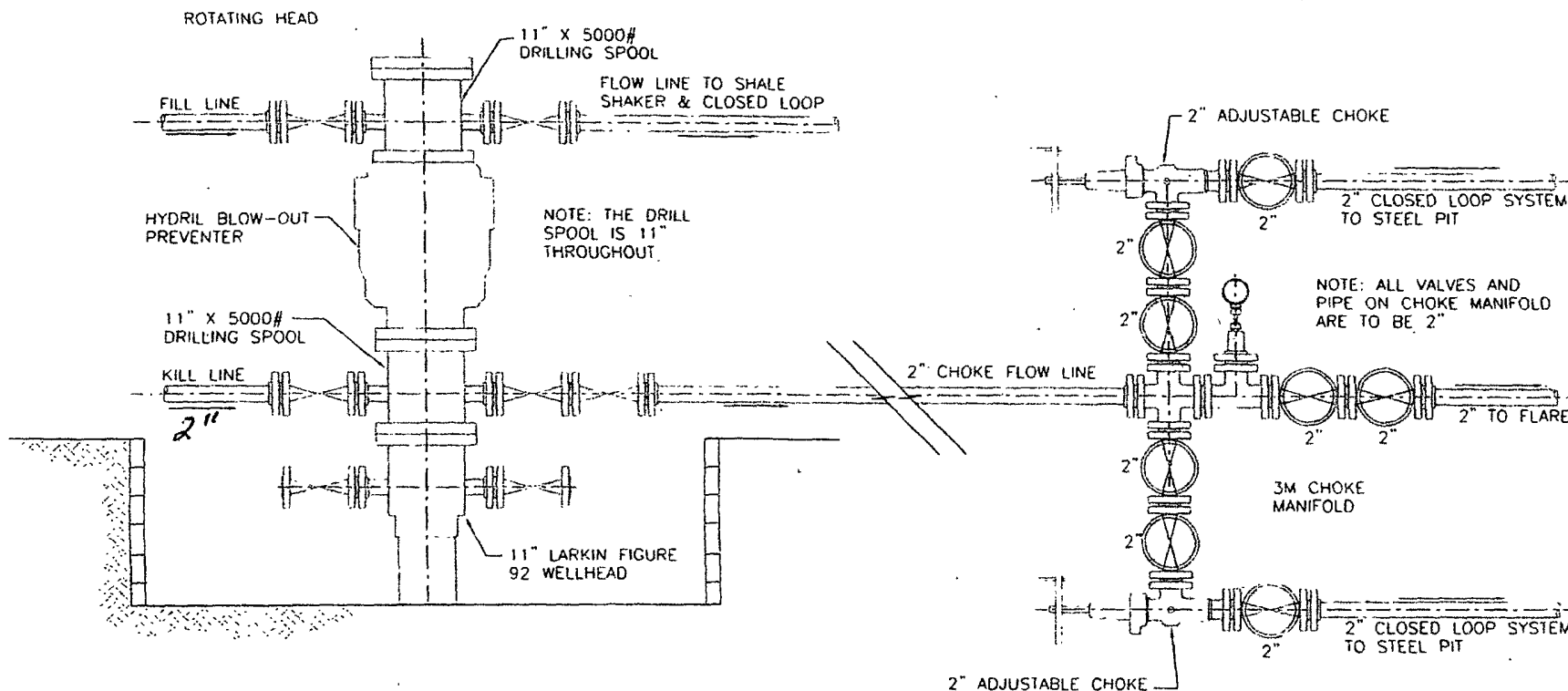
2. Total depth to Surface: Compensated Neutron with Gamma Ray.
3. Coring program will be planned and submitted on a well by well basis.
4. Additional testing will be done subsequent to setting the 7" production casing. The specific intervals will be based on log evaluation, geological sample shows and drill stem tests.

10. Potential Hazards:

No abnormal pressures or temperatures are expected. There is known H₂S in this area. The operator will comply with the provisions of Onshore Oil and Gas Order #6. No lost circulation is expected to occur. All personnel will be familiar with the safe operation of the equipment being used to drill this well. The maximum anticipated bottomhole pressure is 2803#. This is based upon the following formula of .445 x BH ft. estimate. The anticipated bottom hole temperature is 105°F. This is based upon logs of wells drilled surrounding this well.

11. Anticipated Start Date and Duration of Operation

Road and location construction will begin after BLM has approved the APD and has approved the start of the location work. Anticipated spud date will be as soon as the location building work has been completed and the drilling rig is available to move to the location. Move in and drilling is expected to take approx 25 days. If production casing is run, an additional 60 days would be required to complete the well and install the necessary surface equipment (pumping unit, electricity, flowline and storage facility) to place the well on production.



WELLHEAD ELEVATION

CHOKE MANIFOLD PLAN

BUNETT OIL COMPANY, INC.
 BLOWOUT PREVENTER &
 CHOKE MANIFOLD DIAGRAM
 2000 PSI WORKING PRESSURE

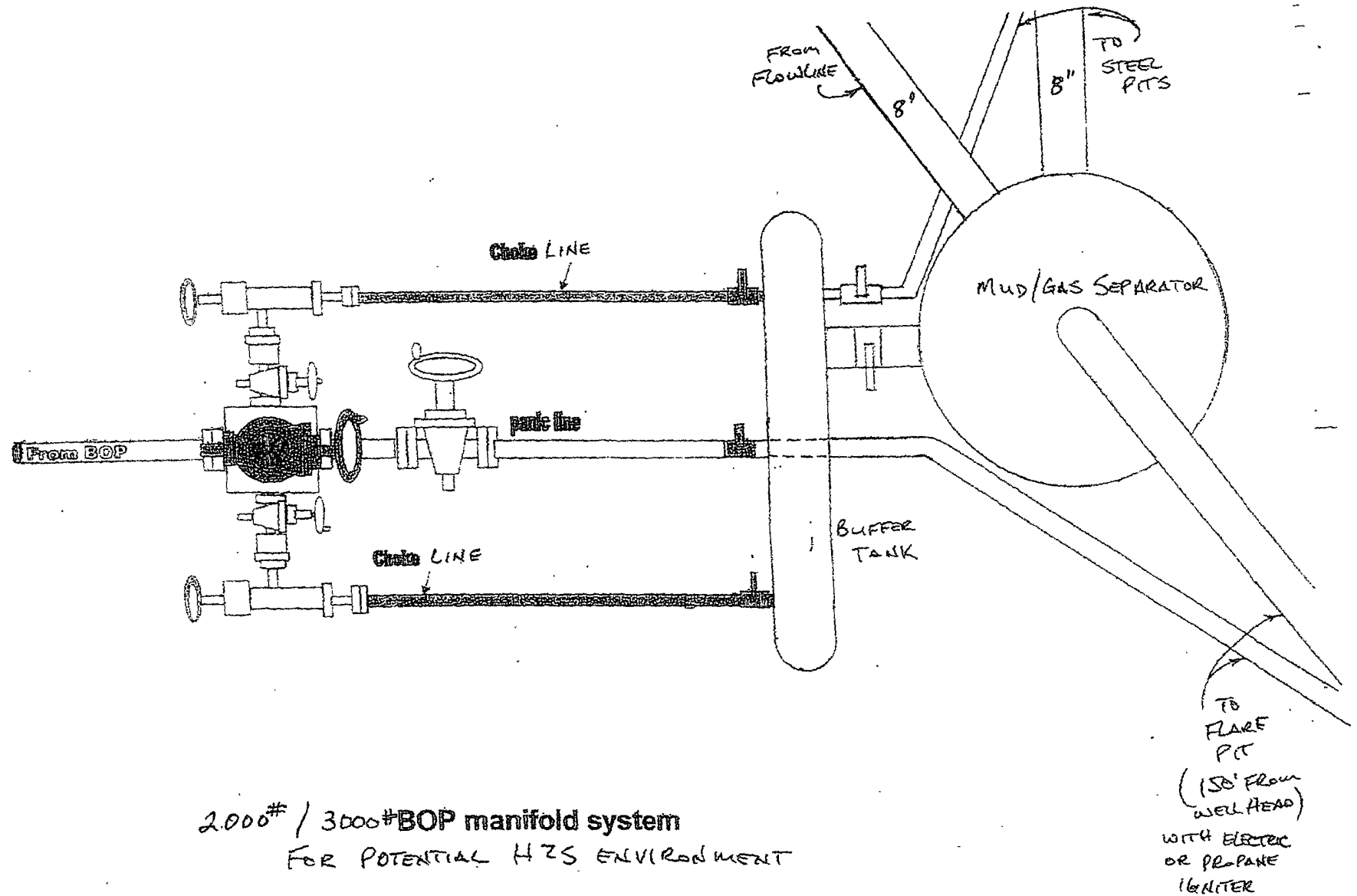
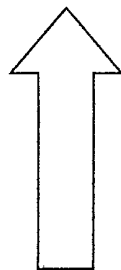
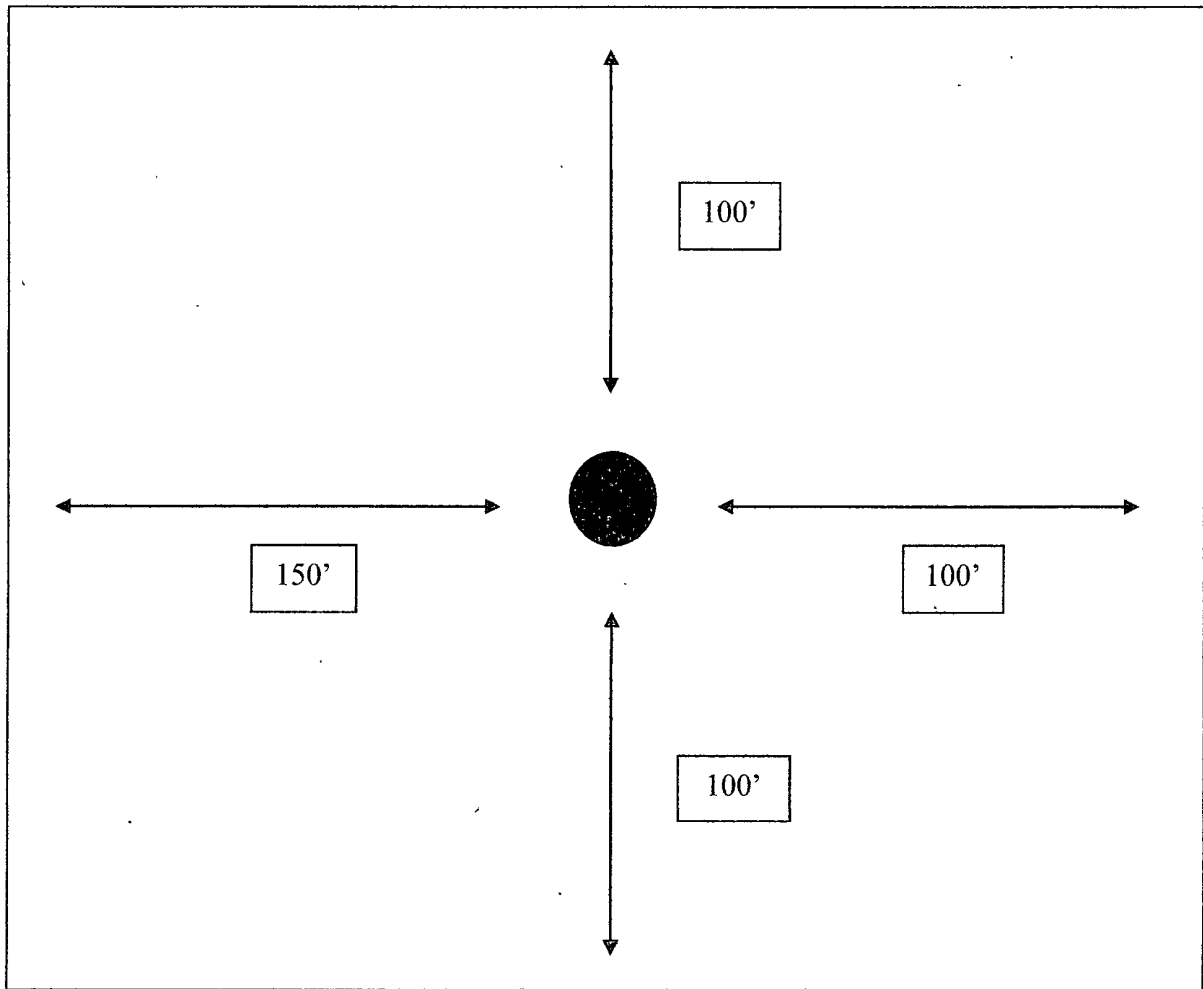


EXHIBIT 'A'

**Well Pad Dimensions
Jackson B #44
V-Door East**



NORTH

Jackson B #44
30-015-34864
Burnett oil Company
January 13, 2012

Conditions of Approval

General Requirements

1. Surface disturbance beyond the existing pad: Approved by John Fast/ Jim Amos 11/23/2011; per Sundry submitted on 11/18/2011
2. Closed loop system required.
3. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to cutting out/drilling out the Sidetrack window. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.
4. 2000 (2M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

Conditions of Approval

Jackson B #44

30-015-34864

- b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- c. The results of the test shall be reported to the appropriate BLM office.
- d. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
- e. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

Proper Plugging of existing wellbore below Sidetrack Window

Per General procedure provided by Operator

Step #5 will be changed as follows:

Notification: Contact the BLM office at least 24 hours prior to the commencing of plugging operations. Eddy County, call 575-361-2822.

- 1. A 145 foot plug required at approximately 4600' (top of Glorietta) Plug to be tag on at approx.. 4455' or shallower
- 2. A 145 across 4-1/2" csg by 6-1/4" drill collars; began plug at approx.. 50' below 4-1/2" csg shoe Tag at approx.. 4388' or shallower.
- 3. Operator has the option of combining the above plugs into one solid plug. Notify BLM of discussion.

Sidetrack Window Note:

Possible loss circulation zones in the San Andres formation

- 4. Continue on with step 7 of operator's general procedure. CIBP to be set at Approx..4180' and cap with 70 sx Class C cement. Sidetrack window will be cut at approx... 3875'
- 5. Note: prior to cutting window for Sidetrack Test BOP/BOPE as stated above.

Conditions of Approval

Jackson B #44

30-015-34864

- 6. Note: Per discussion with Operator: Liner will be IPSCO Ultra-FJ -5-1/2" casing 17# L80 and cement from TD to tie back a minimum of 200 feet into 7" casing.**
- 7. Note: Liner tie back into 7" casing shall be a minimum of 200 feet. Additional cement for liner will be required, as excess cement calculates neg 11%
Top of Liner will be at approx.. 3650 feet**
- 8. Work to be completed in 90 days**
- 9. Subsequent sundry and completion report required when work is complete.**

WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations

EGF 011312

BLM
[Signature]