K-06-39

Form 3160–3 (November 1983) (formerly 9–331C)

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

OCD-ARTESIA

Form approved. Budget Bureau No. 1004–0136 Expires August 31, 1985

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1249

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER — SINGLE ZONE [X] 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 prod. zone: SAME AS SURFACE — Non-Standard Location

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: EDDY

13. STATE: NM

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 330'

16. NO. OF ACRES IN LEASE: 120

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40

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

19. PROPOSED DEPTH: 5400'

20. ROTARY OR CABLE TOOLS: ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): ~~3737' GR~~ 3743 GR

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

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 of11 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 Burrnet 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 [signature] 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

eog resources

EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3600

July 11, 2006

Burnett Oil Co., Inc.
801 Cherry Street, Suite 1500
Fort Worth, Texas 76102-6881
Attention: David S. Rhodes

Re: Section 11, T17S, R30E
Eddy County, New Mexico
Oak Lake Prospect

Dear David:

EOG Resources, Inc. has no objection to Burnett Oils' proposed re-entry of the Oak Lake "11" Fed Com No. 1 Well located in the SE/4 of the referenced section to test the Yeso/Paddock formations.

Yours very truly,

EOG RESOURCES, INC.

Frank C. Estep
Landman

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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	Pool Code	Pool Name
30-015-31111	96718	LOCO HILL PADDOCK

Property Code	Property Name	Well Number
002388	GISSLER A	29

OGRID No.	Operator Name	Elevation
003080	BURNETT OIL COMPANY	3743'

Surface Location

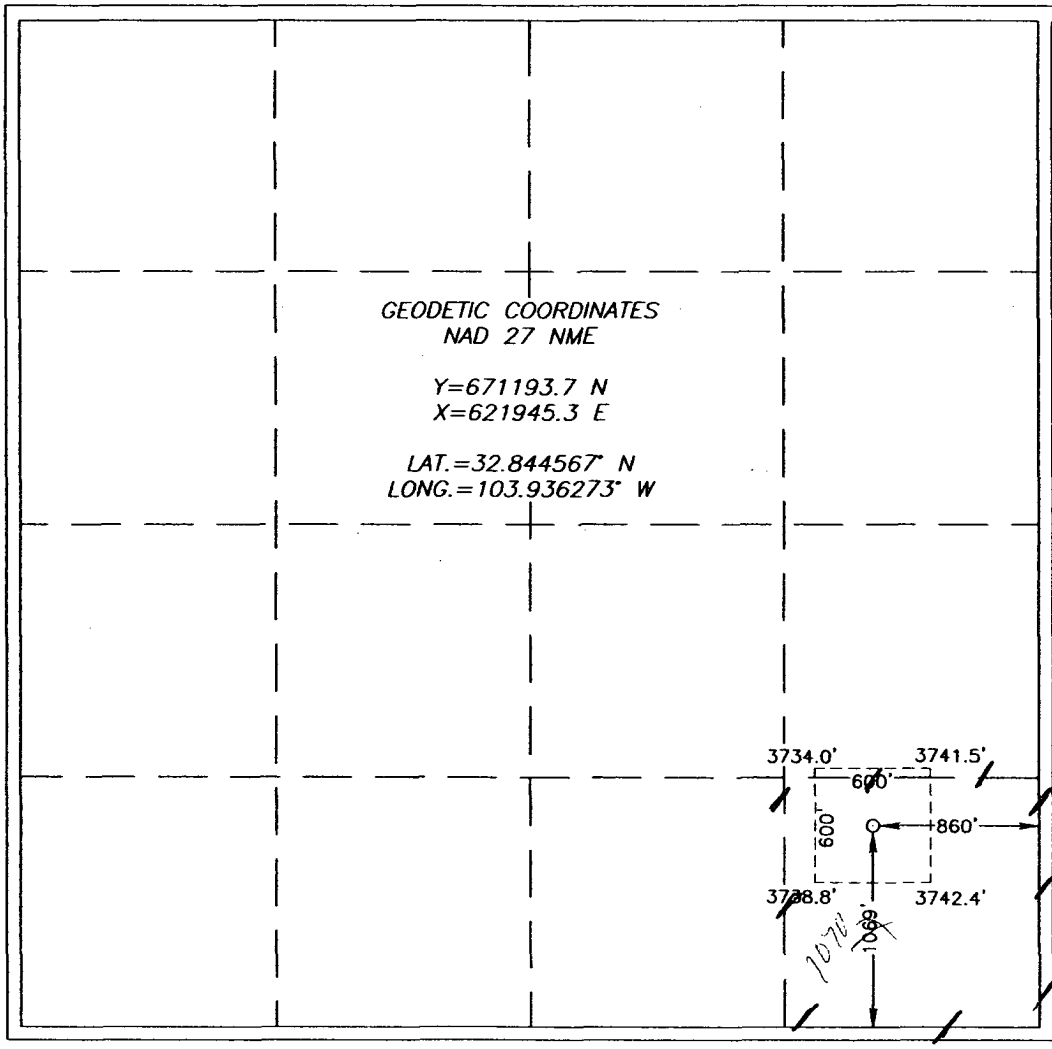
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	11	17-S	30-E		~~1069~~ 1070	SOUTH	860	EAST	EDDY

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	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

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.

Signature — Date 8/16/06

STERLING RANDOLPH
Printed Name

SURVEYOR CERTIFICATION

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.

AUGUST 2, 2006
Date Surveyed JR

Signature & Seal of Professional Surveyer

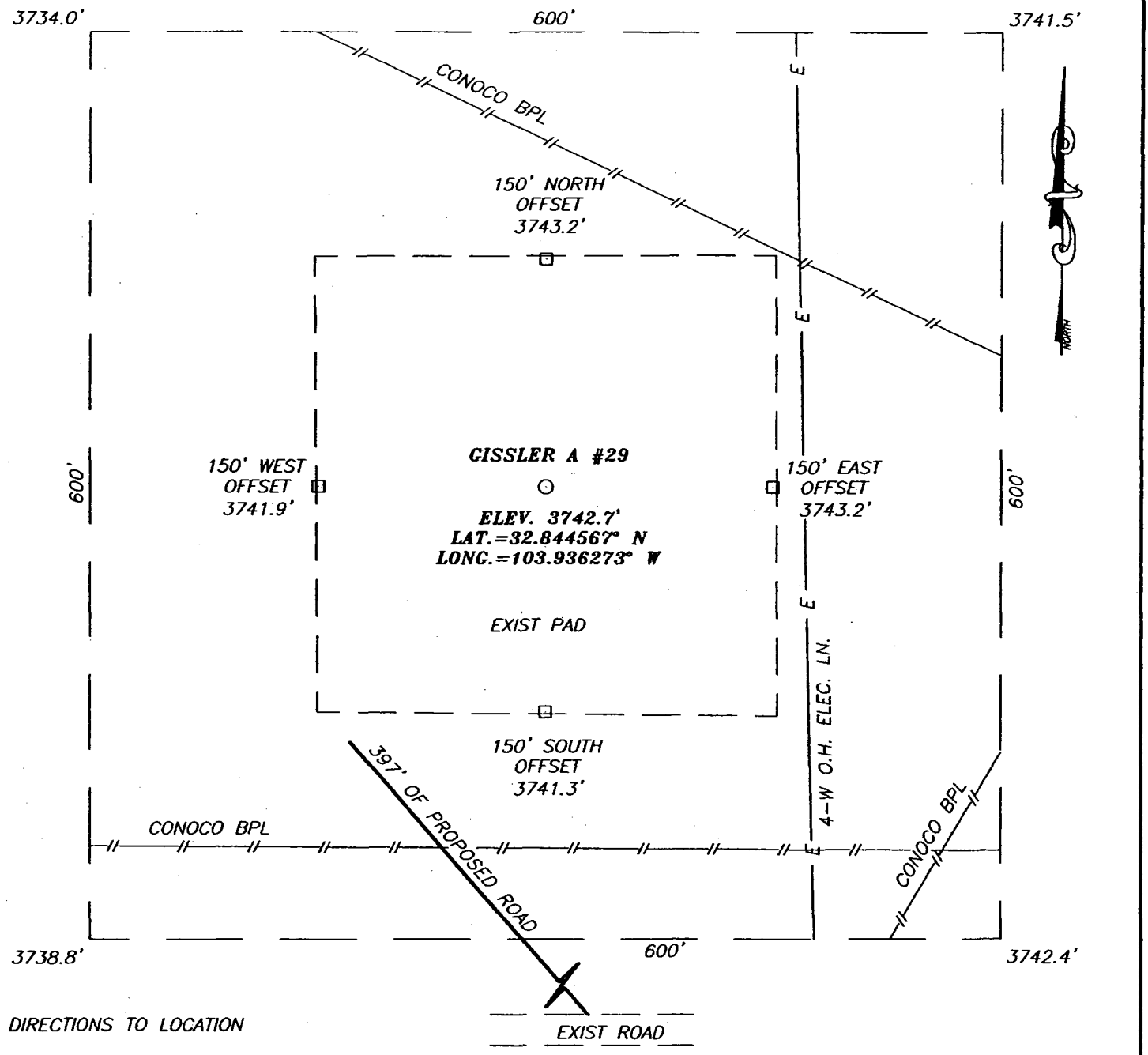
Ronald J. Eidson 8/09/06

06.11.1269

Certificate No. GARY EIDSON 12641
RONALD J. EIDSON 3239

SECTION 11, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND CO. RD. #220 (SQUARE LAKE RD.), GO NORTH ON CO. RD. #220 APPROX. 2.5 MILES. TURN LEFT AND GO WEST APPROX. 0.7 MILES. TURN LEFT AND GO SOUTHWEST APPROX. 0.1 MILES, BEND LEFT AND GO SOUTH APPROX. 0.5 MILES. TURN LEFT AND GO EAST APPROX. 0.2 MILES TO A PROPOSED ROAD SURVEY. FOLLOW PROPOSED ROAD SURVEY NORTH APPROX. 400 FEET NORTHWEST TO THIS LOCATION.

100 0 100 200 Feet

Scale: 1"=100'

PROVIDING SURVEYING SERVICES SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO

HOBBS, N.M. 88240

(505) 393-3117

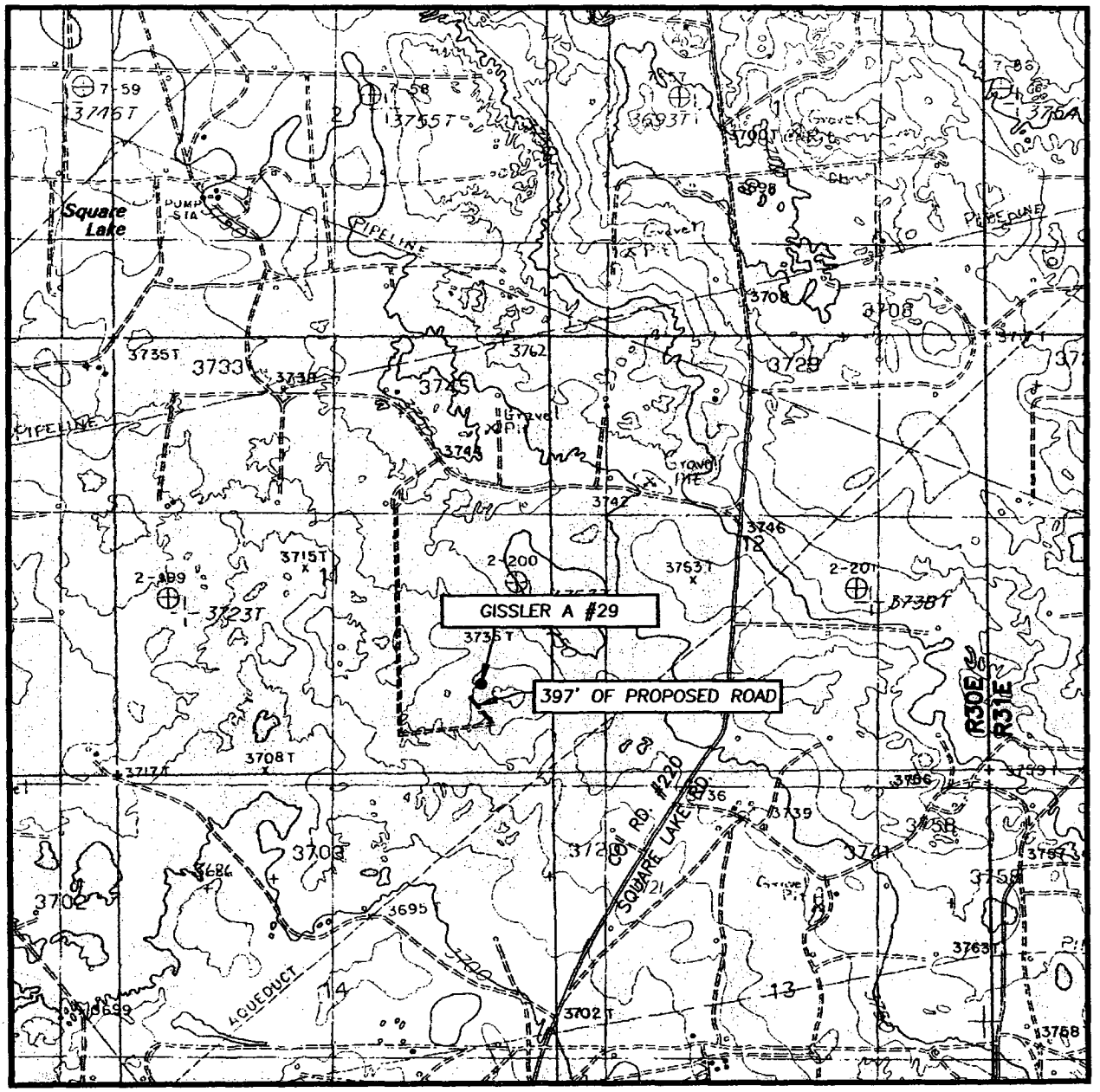
BURNETT OIL COMPANY

GISSLER A #29

LOCATED 1070' FEET FROM THE SOUTH LINE AND 860 FEET FROM THE EAST LINE OF SECTION 11, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 08/02/06	Sheet 1 of 1 Sheets		
W.O. Number: 06.11.1269	Dr By: J.R.	Rev 1:N/A	
Date: 08/04/06	Disk: CD#6	06111269	Scale: 1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
LOCO HILLS, N.M. – 10'

SEC. 11 TWP. 17-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION ~~1069'~~ 1070' FSL & 860' FEL

ELEVATION 3743'

OPERATOR BURNETT OIL COMPANY

LEASE GISSLER A

U.S.G.S. TOPOGRAPHIC MAP
LOCO HILLS, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

GISSLER A #29
EXHIBIT "B"

DRILLING PLAN

BURNETT OIL CO., INC.
LEASE NO.NMLC 029338A
GISSLER A LEASE, WELL NO.29
UNIT P 1069' FSL, 860' FEL
SECTION 11, TOWNSHIP 17 SOUTH, RANGE 30 EAST
EDDY COUNTY, NEW MEXICO

(A) DRILLING PROGRAM

(1) Estimated tops of geologic markers:

Alluvium	Surface
Anhydrite	190'
Salt	390'
Base Salt	1163'
Yates	1320'
Seven Rivers	1604'
Queen	2317'
Grayburg	2610'
San Andres	2975'
Glorieta	4470'

(2) Estimated depths of producing formations:

Fresh water	None
Saltwater flows	(?)*
Oil and Gas	1615'**, 2610'**

* As waterflows, if any, are encountered, their depth will be recorded, and drilling will continue to total depth. Multiple stage cementers will be placed in the production casing string to enable us to confine the waterflows to their respective depths by cementing. **Casing is cemented in place to 3992'.**

** Oil and gas bearing zones, if any, will be determined by log analysis, and will be confined by cementing; subsequently perforated, stimulated and produced in a conventional manner.

(3) Blowout Preventer Specifications:
A 2000 PSI Hydril unit with hydraulic closing equipment. (See Exhibit E schematic). The preventer will be tested before drilling out below surface pipe setting depth. The exact description of the preventer and related equipment will depend on the successful contractor, who has not yet been selected. No high pressure hydrocarbon zones are anticipated.

(4) Supplementary drilling equipment information:
Not available at this time.

(5) Supplementary casing program information:

a. Surface casing: **Surface casing consisting of 635' of new 11 3/4" OD 42# J-55 R3 ST&C pipe was run into this 14-3/4" hole and cemented in place with total of 430 sks. Cl "C" cement circulated to surface on 6/06/2000.** **SEE EOG #1**

b. Intermediate casing: **8 5/8" OD 32# J55 R3 ST&C casing run into this 11" hole and cemented in place w/1100 sks. 50/50 Cl C and Poz mix circulated to surface on 6/11/2000.** **SEE EOG #2**

c. Production casing: Production casing will consist of new 5 1/2" OD 15.50# J55 R3 8rd LT&C pipe run to total depth (approx. 5400') with float shoe on bottom, float collar in first collar, centralizers throughout intervals and above and below any multiple stage cementers, and be cemented with sufficient volume to bring top of cement 600'above the top of the highest potential producing horizon. If water flow is encountered, we will cement from TD back to the stage cementer, open stage cementer, cement from stage cementer with sufficient volume of Class C or equivalent to bring cement up to at least 600' above the highest potential producing horizon, then balancing hydrostatic weight of the cement by adjusting the flow of water to surface through the 5 1/2" casing, enabling the 2nd stage of cement to set up. Casing will be shut in after twelve (12)hours. If there is no flow of water to surface around the 5 1/2" casing, we will cement the water flow proper through the stage cementer with +/- 1500 sacks. In case the 2nd stage is not successful in shutting off any annular flow, we will repeat the 2nd stage until successful. After drilling out and testing the casing to 2000 PSI, a cement bond log will be run to evaluate the cement job.

(6) Mud program: Native mud (red beds and shale) will be used to total depth. The surface hole will be drilled with fresh water and lost circulation materials as needed. The remaining hole will be drilled with brine water with necessary additives.

(7) Logging program: A cased hole GR/CN log will be run. No other testing or coring is anticipated.

(8) Abnormal pressures or hazards: No abnormal pressures or potential hazards are anticipated. The maximum anticipated bottom hole pressure is 1000#. The maximum anticipated bottom hole temperature is 91°F.

(9) Other facets of the operation to be pointed out:
None.

(B) HYDROGEN SULFIDE DRILLING PROGRAM

(1) Hydrogen Sulfide Training
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 this 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 prevailing wind.

d. The proper techniques for first aid and rescue procedures.

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

(2) H2S SAFETY EQUIPMENT AND SYSTEMS

Note: all H2S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

a. Well Control Equipment:

1. Choke manifold with a minimum of one remote-controlled choke.

2. The Hydril BOP to accommodate all pipe sizes with a properly sized closing unit.

b. 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.)

c. H2S detection and monitoring equipment:

1. Three(3) portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

d. Visual warning systems:

1. Wind direction indicators will be positioned for maximum visibility.

2. Caution/Danger signs shall 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.

e. Mud program:

1. 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.

f. Metallurgy:

1. All drill strings, casings, tubing, wellheads, 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.

g. Communication:

1. Cellular Telephone and/or 2-way radio will be provided at wellsite.

2. Landline telephone is located in field office.

h. Well testing:

1. No drill stem testing or coring is planned for this well bore. Completion testing, if required, will be conducted under the same applicable H2S guidelines that were used in drilling.

(C) SURFACE USE PROGRAM

(1) Existing roads: Exhibits A, B and C show maps of the general area. From Loco Hills, New Mexico, on U.S. Highway 82 go north on County road 220(Square Lake) and go approx. 2.5 miles to an existing road and turn left and follow approx 1.5 miles to the location.

(2) Access roads to be constructed: An additional 397' of lease road From existing lease road into the well Pad will be required.

(3) Location of existing wells: See Exhibit A.

(4) Location of existing or proposed production facilities:
See Exhibit A for location of existing Gissler A production facility on the lease. We propose to above ground commingle this Loco Hills Paddock production with approved existing Grayburg production by laying approximately **1000'of new flowline** from this well pad along existing roadway to the existing Gissler A Tank Battery.

(5) Location and type of water supply: All water to be used in drilling the well will be brine or fresh water trucked from Loco Hills, New Mexico or fresh or produced water furnished by our waterflood facilities.

(6) Construction materials: Construction material will be caliche which may be available at the proposed location. If not available on location or road, caliche will be hauled from nearest approved caliche pit.

(7) Methods of handling waste disposal: Drill cuttings will be disposed of in the lined reserve drilling pit. Auxiliary emergency water containment pits may be necessitated by large volume water flows and these pits, which will hold only water, will not be lined. All drilling fluids will be allowed to evaporate after drilling is completed, at which time pits will be back filled, leveled and reseeded. Trash, waste paper, garbage and junk will be placed in a portable screened trash container on location. All trash and debris will be transported to an authorized disposal station within 30 days following completion activities. Oil and/or water produced during testing operations will be stored in steel tanks until either sold or disposed of through one of our approved disposal methods.

(8) Ancillary Facilities: There are no planned ancillary facilities.

(9) Well site layout: Exhibit D shows the relative location and dimensions of the drilling pad and related components. Only minor differences, if any, in length and/or width of the drilling pad are anticipated, depending on which drilling contractor is selected to drill the well. Only minor leveling of the drilling site is anticipated. **No additional Archaeological work is planned since the pad was done by EOG in 2000 and there is Conoco P/L under the road location.**

(10) Plans for restoration of the surface:

(a) After drilling and successful completion operations are finished, all equipment and other materials not required for normal production operations will be removed. Pits will be backfilled, leveled and re-seeded. Well site will be left in a neat condition.

(b) Any unguarded pits containing fluid will be fence until backfilled.

(c) After abandonment of the well, surface restoration will be in accordance with regulations of the SMA. Pits will be backfilled and location will be cleaned. The pit area, well pad and all unneeded access roads will be ripped to promote revegetation. Rehabilitation should be accomplished within 90 days after abandonment.

(11) Surface ownership: All lands are Federal.

(12) Other information: The topography of the area is relatively flat, with small hills and sand dunes. The soil is fine, deep sand underlain by caliche. Vegetation cover is generally sparse and consists of mesquite, yucca, oak shinnery and sparse native grasses. Wildlife in the area is typical of that of semi-arid lands and includes coyotes, rabbits, rodents, reptiles, dove and quail. There are no ponds, streams or residences in the area. There is intermittent cattle grazing and hunting in the area; however, the principal land use is for oil and gas production. An archaeological clearance report will be sent to you by a BLM approved archaeological service.

(13) Operator's representative: Our field representative responsible for compliance with the approved surface use and operations plan is:

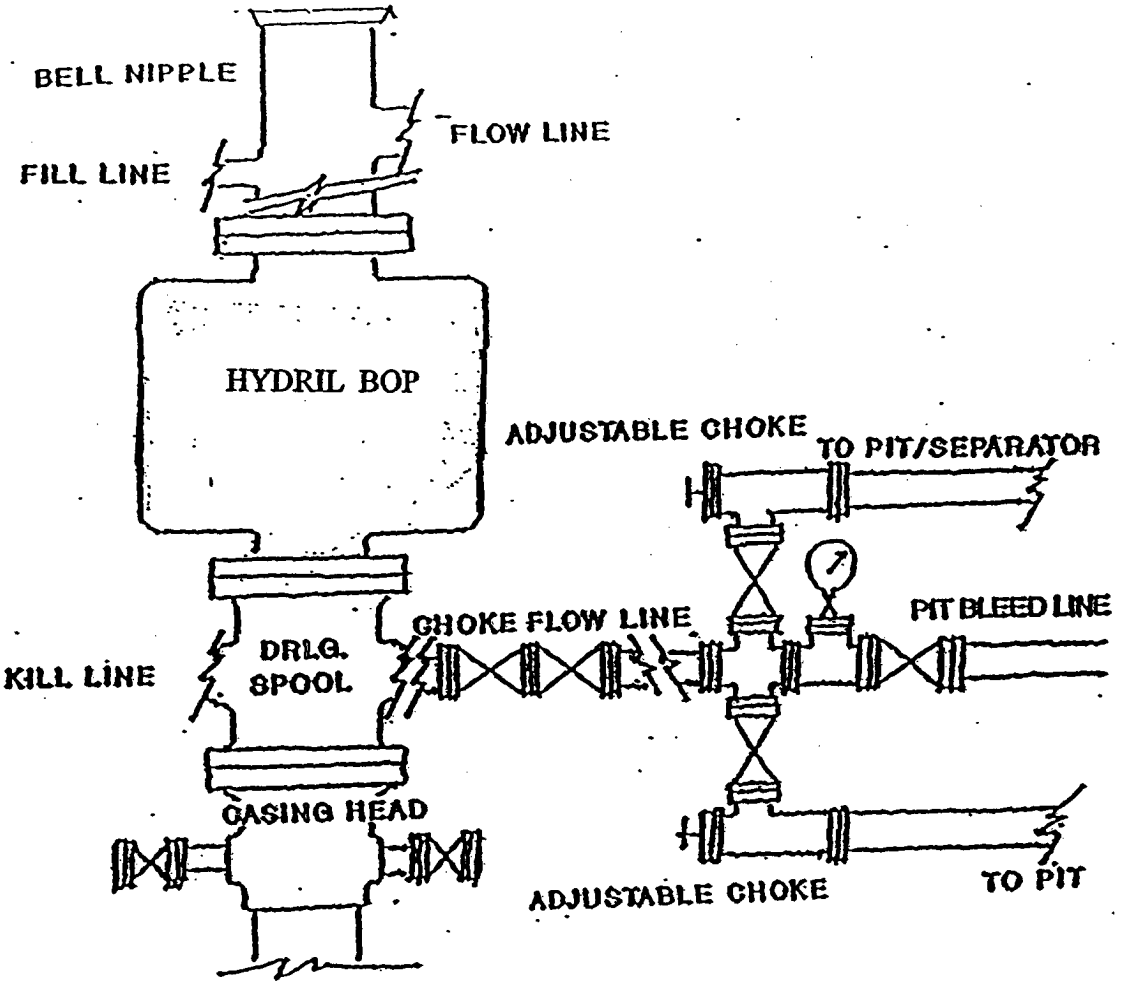
Mr. Belton Mathews, District Supt.
P.O. Box 188
Loco Hills, New Mexico 88255
Office phone: 505-677-2313
Home phone: 505-746-8647
Cellular phone: 505-746-7979

I hereby certify that I, or persons under my direct supervision have inspected the drill site and access route; that I am familiar with the conditions that currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Burnett Oil Co., Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: 8/16/2006

By: Sterling P. Randolph

Sterling P. Randolph
Petroleum Engineer



BURNETT OIL CO., INC.

BLOWOUT PREVENTER &
CHOKE MANIFOLD DIAGRAM
2000 PSI WORKING PRESSURE
SERIES 600 FLANGES

GISSLER A #29
EXHIBIT "E"

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: Burnett Oil Company, Inc. Well Name & #: Gissler A #29
Location 1070 FSL & 860 FEL; Sec. 11, T. 17 S., R. 30 E.
Lease #: LC-029338A County: Eddy State: New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

(X) Lesser Prairie Chicken (stips attached)
( ) San Simon Swale (stips attached)
( ) Flood plain (stips attached)
( ) Other

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(X) The BLM will monitor construction of this drill site. Notify the (X) Carlsbad Field Office at (505) 234-5972 ( ) Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(X) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

( ) All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____inches in depth. Approximately _____cubic yards of topsoil material will be stockpiled for reclamation.

(X) Other. **Reserve pits will be to the South, v-door will be to the West**

III. WELL COMPLETION REQUIREMENTS

( ) A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(x) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of ½ inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre. If broadcasting, the seeding rate must be doubled.

( ) A. Seed Mixture 1 (Loamy Sites)
Side Oats Grama (*Bouteloua curtipendula*) 5.0
Sand Dropseed (*Sporobolus cryptandrus*) 1.0
Plains lovegrass (*Eragrostis intermedia*) 0.5

(X) B. Seed Mixture 2 (Sandy Sites)
Sand Dropseed (*Sporobolus crptandrus)* 1.0
Sand Lovegrass (*Eragostis trichodes*) 1.0
Plains Bristlegrass (*Setaria magrostachya*) 2.0

( ) C. Seed Mixture 3 (Shallow Sites)
Side oats Grama (*Bouteloua curtipendula)* 5.0
Green Spangletop (*Leptochloa dubia*) 2.0
Plains Bristlegrass (*Setaria magrostachya*) 1.0

( ) D. Seed Mixture 4 (Gypsum Sites)
Alkali Sacaton (*Sporobolus airoides*) 1.0
Four-Wing Saltbush (*Atriplex canescens*) 5.0

( ) OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

( ) Other

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.

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RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6-mil plastic.
Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.
The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

(1) Lined as specified above and

(2) A temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be re-contoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

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.
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