AT5-08-877

Form 3160-3
(August 2007)

OCD-ARTESIA

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1210

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No	**NMLC 029338A**
6 If Indian, Allottee or Tribe Name	
7 If Unit or CA Agreement, Name and No	
8 Lease Name and Well No	**GISSLER A #33H**
9 API Well No	30-015- 36654

1a Type of Work ☒ DRILL ☐ REENTER

AUG 29 2008
OCD-ARTESIA

1b. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2 Name of Operator
BURNETT OIL CO., INC.

3a Address 76102
801 Cherry ST. Unit #9 Fort Worth, TX

3b Phone No *(include area code)*
(817) 332-5108

10. Field and Pool, or Exploratory
LOCO HILLS,PADDOCK

4 Location of Well *(Report location clearly and in accordance with any State requirements *)*
At surface **Unit I, 1800' FSL, 990' FEL**
At proposed prod zone **Unit A 990' FNL, 990' FEL, SEC 23, T17S, R30E BTM HOLE**

11 Sec , T , R., M , or Blk and Survey or Area
SEC 14, T17S, R30E

14 Distance in miles and direction from nearest town or post office*
Approx 6 miles East & North of Loco Hills, New Mexico

12 County or Parish
EDDY CTY

13 State
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 Spacing Unit dedicated to this well **80**
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **330'**	19. Proposed Depth ~~7000~~ MD 7466 4800 TVD	20 BLM/BIA Bond No on file **NMB# 000197**
21 Elevations (Show whether DF, KDB, RT, GL, etc) **3697' GL**	22. Approximate date work will start* **AUGUST 30, 2008**	23 Estimated duration **25 Days to Drill**

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, shall be attached to this form

1. Well plat certified by a registered surveyor
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the BLM

25 Signature: Mark A Jacoby	Name *(Printed/Typed)* **MARK JACOBY**	Date 7/24/2008
Title **ENGINEERING MANAGER**		
Approved by *(Signature)* /s/ Don Peterson	Name *(Printed/Typed)*	Date AUG 27 2008
Title **FIELD MANAGER**	Office **CARLSBAD FIELD OFFICE**	

Application approval 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
Conditions of approval, if any, are attached

APPROVAL FOR TWO YEARS

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

(Continued on page 2)

*(Instructions on page 2)

Roswell Controlled Water Basin

NOTE: NEW PIT RULE
19-15-17 NMAC PART 17
A form C-144 must be approved
before starting drilling operations.

ENTERED AFMSS

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

ENTERED RBDMS

Approval Subject to General Requirements & Special Stipulations Attached

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015-36654	96718	LOCO HILLS PADDOCK

Property Code	Property Name	Well Number
002388	GISSLER "A"	33H
OGRID No.	**Operator Name**	**Elevation**
003080	BURNETT OIL CO., INC.	3697'

Surface Location

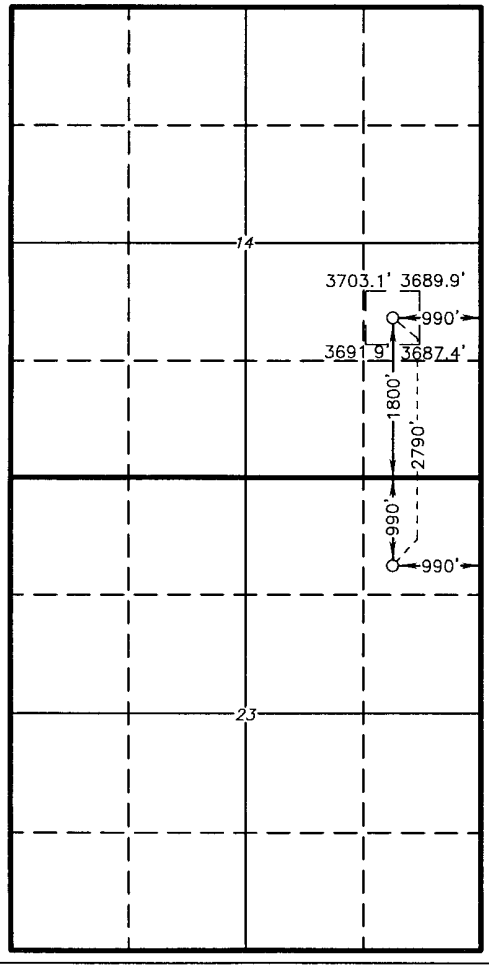
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	14	17 S	30 E		1800	SOUTH	990	EAST	EDDY

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
A	23	17 S	30 E		990	NORTH	990	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
120			

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



SURFACE LOCATION
Lat – N32.832065698
Long – W103.936666873
NMSPCE– N 666645.314
E 621841.553
(NAD-27)

BOTTOM HOLE LOCATION
Lat – N32.824399010
Long – W103.936709222
NMSPCE– N 663856.060
E 621839.012
(NAD-27)

SCALE – 1" = 2000'

OPERATOR CERTIFICATION

I hereby certify that the information contained 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 pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date 7/24/2008

MARK A JACOBY
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 supervison, and that the same is true and correct to the best of my belief

JUNE 26, 2008
Date Surveyed

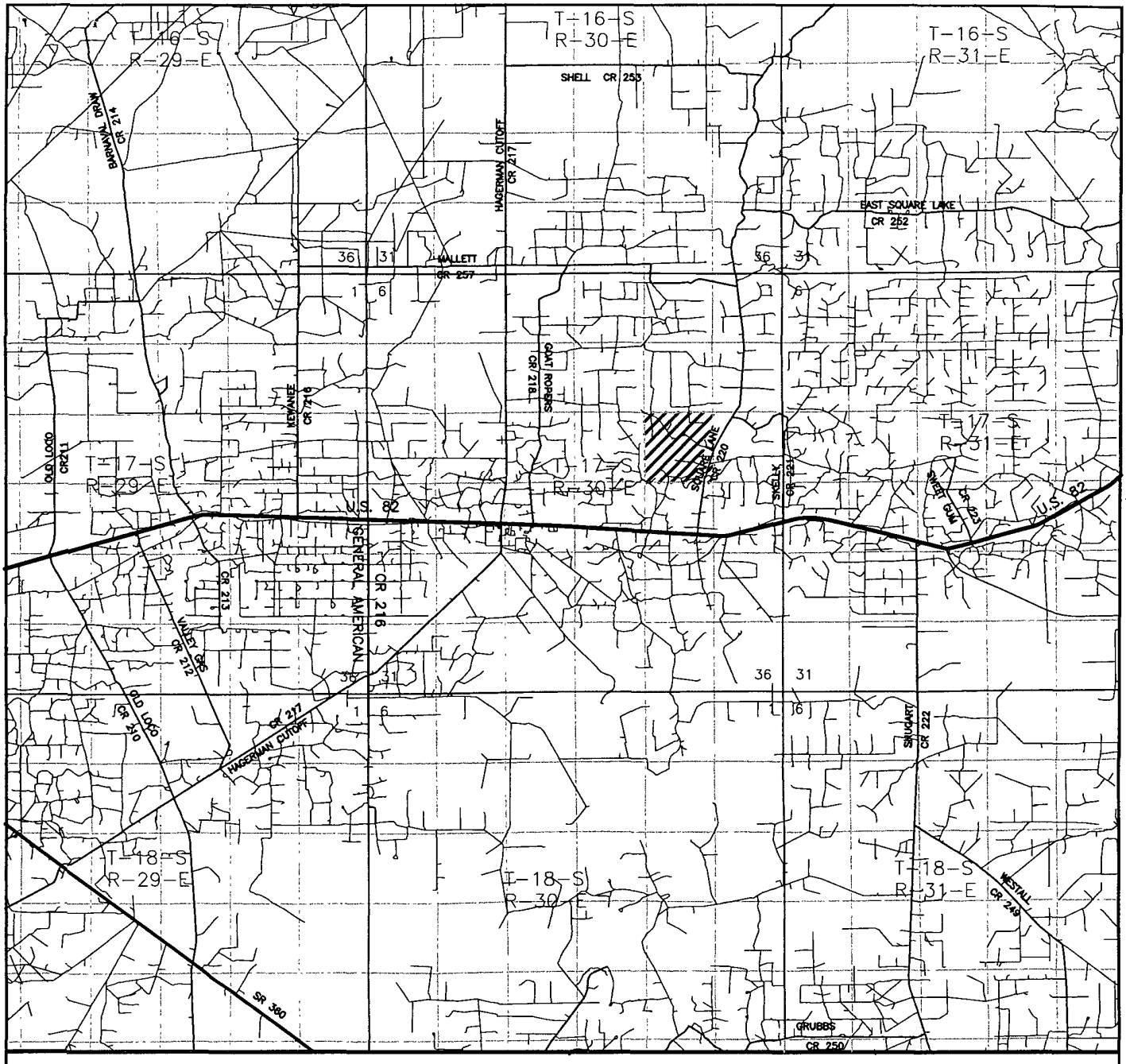
Signature & Seal of Professional Surveyor

GARY L. JONES NEW MEXICO 7977 REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 195

Certificate No. Gary L. Jones 7977

BASIN SURVEYS



GISSLER "A" #33H
Located 1800' FSL and 990' FEL
Section 14, Township 17 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico.

TAS

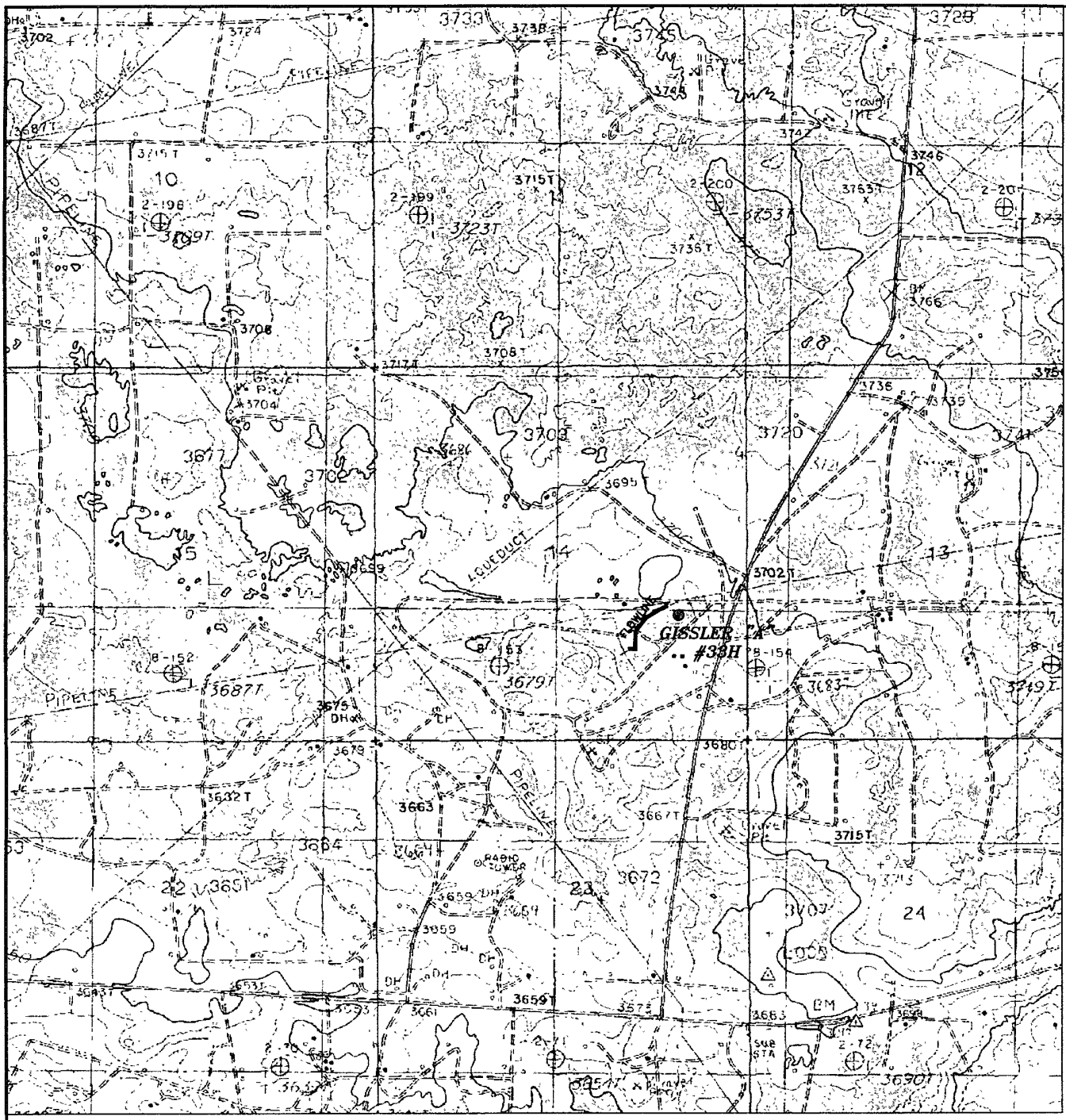
~~GISSLER B #33~~
~~SURFACE EXHIBIT~~ A

basin surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	JMS 19513
Survey Date:	06-24-2008
Scale.	1" = 2 MILES
Date:	06-25-2008

BURNETT OIL CO., INC.



GISSLER "A" #33H
Located 1800' FNL and 990' FEL
Section 14, Township 17 South, Range 30 East
N.M.P.M., Eddy County, New Mexico.

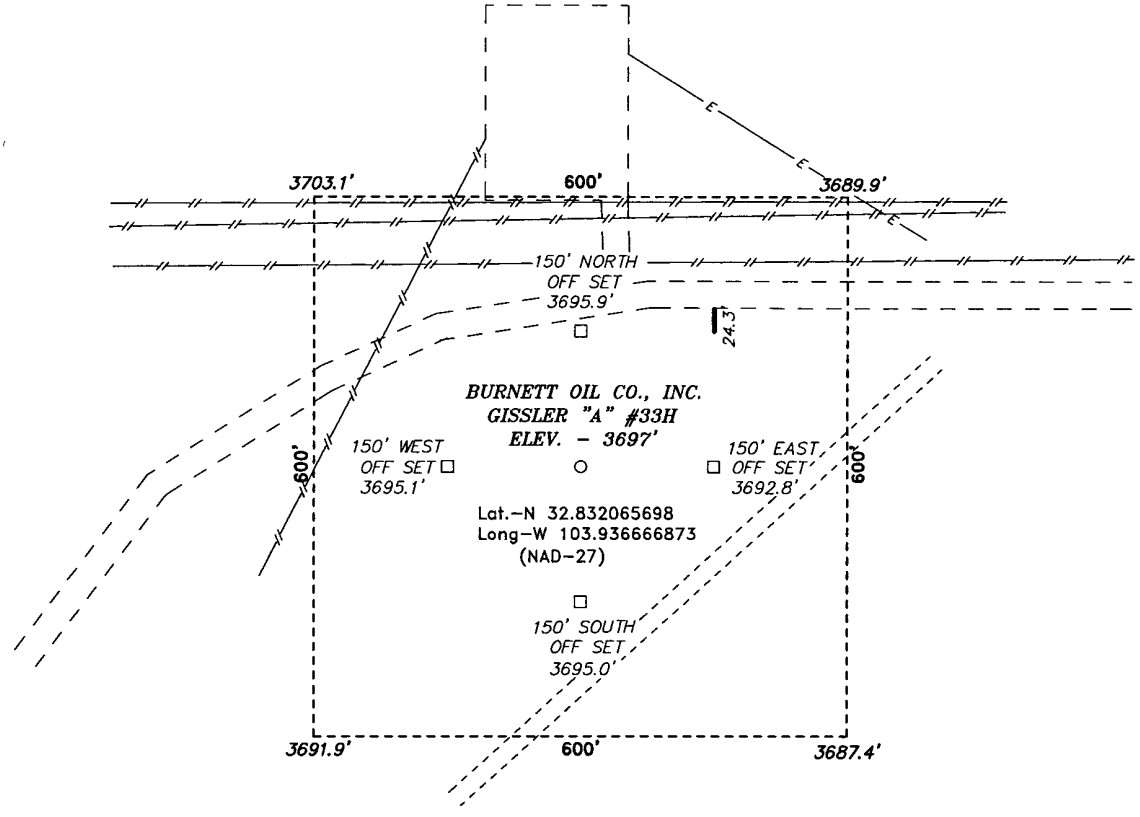
~~GISSLER B #33~~ TAS
~~SURFACE~~ EXHIBIT A1

Basin Surveys
focused on excellence in the oilfield
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	JMS 19513T
Survey Date:	06-24-2008
Scale:	1" = 2000'
Date:	06-25-2008

BURNETT OIL CO., INC.

SECTION 14, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



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GISSLER B #33
SURFACE EXHIBIT A2

200 0 200 400 FEET
SCALE: 1" = 200'

Directions to Location:

FROM THE MILE MARKER 134 OF HWY 82 GO 0.6 MILES SOUTH TO CO. RD. 220 (SQUARE LAKE), GO 1.1 MILES TO LEASE ROAD AND G WEST 0.2 MILES TO PROPOSED LOCATION.

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

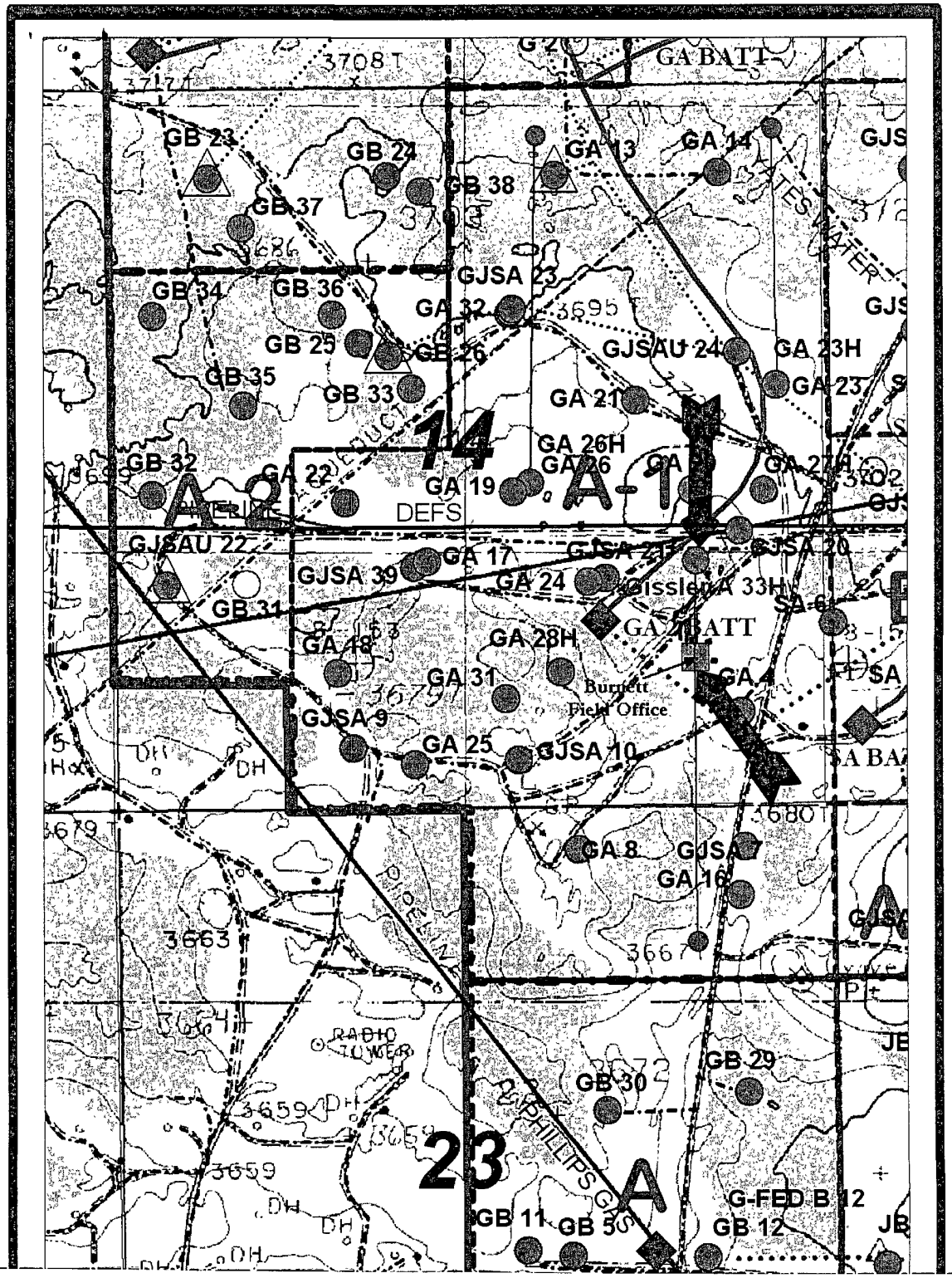
W.O. Number: 19513	Drawn By: J. SMALL
Date: 06-25-2008	Disk: JMS 19513

BURNETT OIL CO., INC.

REF: GISSLER "A" #33H / WELL PAD TOPO

THE GISSLER "A" #33H LOCATED 1800' FROM THE SOUTH LINE AND 990' FROM THE EAST LINE OF SECTION 14, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 06-24-2008 | Sheet 1 of 1 Sheets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GA 21
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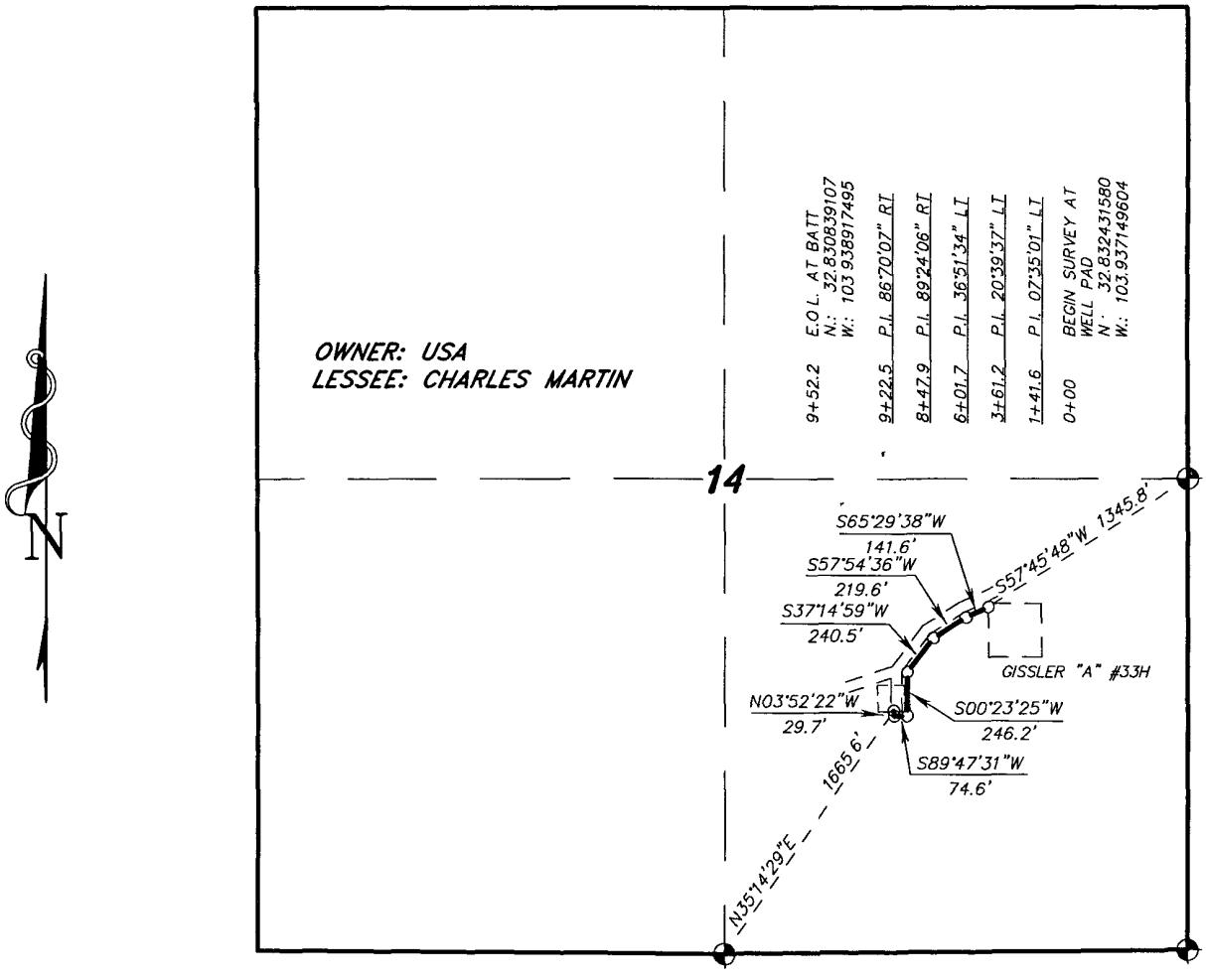
GA 26H
GB 32
GA 22
GA 19
A-2
A-1
DEFS
GJSAU 22
GA 17
GJSA 39
GA 24
GJSA 33H
GB 31
GA 28H
GA 18
GA 31
Burnett
Field Office
GJSA 9
GA 25
GJSA 10
GA 8
GJSA
GA 16
3663
RADIO
TOWER
GB 29
GB 30
23
A
PHILLIPS
G-FED B 12
GB 11
GB 50
GB 12

SECTIONS 14, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 14, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 14 = 952.2 FEET = 57.71 RODS = 0.18 MILES = 0.66 ACRES

TMS

~~GISSLER B #33~~

~~SURFACE EXHIBIT C~~

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES, P.S. No. 7977
TEXAS P.L.S. No. 5074

1000 0 1000 2000 FEET

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

BURNETT OIL CO., INC.

REF: PROPOSED FLOWLINE TO THE GISSLER "A" #33H

A PIPELINE CROSSING USA LAND IN
SECTION 14, TOWNSHIP 17 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

W.O. Number: 19513	Drawn By: J. M. SMALL		
Date: 06-25-2008	Disk: JMS 19513	Survey Date: 06-24-2008	Sheet 1 of 1 Sheets

6666

MASTER DEVELOPMENT PLAN
BURNETT OIL CO., INC.
ALL HORIZONTAL CEDAR LAKE YESO/ LOCO HILLS PADDOCK WELLS
FEDERAL LEASE # LC029338A, LC029339A, LC030570A, LC055264, LC055958, NM2746, NM 2747, NM2748, NM05067 & NM074939
Section 8, 11, 12, 13, 14, 23, 24 & 25, Township 17 South, Range 30 East, Eddy County, N.M

A: DRILLING PROGRAM

1. **Geological Name of Surface Formation**
   a. Alluvium.....Surface

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. Total Depth ~~6000'~~ 7466 APPROX.

   No other formations are expected to yield oil, gas or fresh water in measurable volumes. We will set 10-3/4" 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.)**

Hole Size	Interval	OD Csg	Weight	Collar	Grade	Collapse Design Factor	Burst Design Factor	Tension Design Factor
(MW = 10 PPG IN DESIGN FACTOR CALCULATIONS.)								
14-3/4"	0'-400'	0'-400'	10-3/4"	32.75#	ST&C	H40	1.125	1.00	1.80
8-3/4"	0'-4500'	0'- 4500'	7"	23.00#	LT&C	J55	1.40	1.00	1.80
8-3/4"	4500'-TD'	4500'--TD'	7"	23.00#	BT&C	J55	1.26	1.00	1.80

*** 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 (Note Yields and DV Tool Depth if Multiple Stage.)**
   BLM WILL BE NOTIFIED TO HAVE THE OPTION TO WITNESS ALL CEMENTING AND TAG OPERATIONS.

   a. 10-**3/4" Surface** Cement to surface Lead with 150 sx Class C cement +10% A-10, + 10#/sx LCM-1, 1% CaCl, 0.01 gps FP-6L, 14.6 ppg, 1.67 CF/Sk Yield. Tail with 500 sks Class C cement + 2% CaCl + 0.01 gps FP-6L.14.8 ppg, 1.35 CF/Sx yield. **TOC Surface.**

   If cement does not circulate to surface, BLM will be notified of same, plus the plans to bring the cement to surface so BLM may witness tagging and cementing. The plan to bring the cement to surface will be to run 1" and tag top of cement at 0°, 90°, 180° and 270°. Appropriate cement volumes will be pumped through 1" to bring cement to surface. In rare situations where severe lost circulation may exist, BLM may be requested to approve dumping pea gravel then cementing on top of it to the surface through 1".

b. **7" Production Casing**

Stage 1 Cement: 600 sks Super H + 0.5% LAD.1 + .4% CFR3 +1 lb/sx Salt +.25lb/sx DAIR 3000. 1.60 CF/Sx Yield. **DV @ approx. 2600'.**

See COA → **Stage 2 Cement:** Lead : 1600 sx Prem. Cl C +2% CaCl + .124 #/sx Poly Flake. 1.89 CF/Sx Yield
Tail: 200 sx Cl C+1% CaCl. Yield 1.33 CF/sx , **TOC Surface.**

The above cement volumes may be revised pending the caliper measurement from the open hole logs. Casing design is to bring all cement to the surface.

In the event cement does not circulate to surface, the BLM will be notified. A temperature survey will be run. Cement will then be brought to surface by running 1" to tag top of cement and then cement though 1" to bring cement to surface. If top of cement is too deep for running 1", an alternate plan will be developed, including BLM in discussions, to bring cement to surface.

5. **Pressure Control Equipment:**
The blowout prevention equipment (BOPE) shown in **Drilling Exhibit E** 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' - TD' MD	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 ROE 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 DRILLING EXHIBIT A**
f. **ATTACHED EMERGENCY CALL LIST FOR ANY ON SITE EMERGENCY DRILLING EXHIBT B.**

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

c. 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.

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 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 open hole 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 bottom hole pressure is 1000#. The maximum anticipated bottom hole temperature is 92°F.

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.

B: SURFACE USE PROGRAM

1. EXISTING ROADS:

a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. This well was staked by Basin Surveys or John West Survey.
b. All roads into the location are shown on the Vicinity Map (Surface Exhibit A.)
c. Directions to location: from intersection of US Hwy #82 and Square Lake (**CR 220)** go north on CR 220 and follow Surface Exhibit A2 to the proposed well pad.

2. New or Reconstructed Access Roads:

a. The well site layout, Form C-102 and Surface Exhibit A1 & A2 show the existing area. **Any additional required access road will be shown on Surface Exhibit A2 and Exhibit B.**
b. All construction material will be native caliche. It may be available at the proposed location. If unavailable on location or road, caliche will be hauled from nearest BLM approved caliche pit.

3. Location of existing wells:

a. See the attached Surface Exhibit B plat showing all wells within a ½ mile radius of the proposed well site.

4. Location of existing and/or proposed production facilities:

See Surface Exhibit B, C and C1 for the location of existing on lease Tank Battery facility on this Federal Lease.

a. This battery is on the federal lease and may be an allocated above ground commingled Grayburg/Cedar Lake Yeso or Loco Hills Paddock production facility.
b. The well site will require electricity for the prime mover. We will contact the electric cooperative to provide the electric power poles and the electric line from their nearest connection. The routing and pole placement will be provided in their ROW application. All electrical installation will be done in accordance with all existing state and federal regulations.
c. All flowline from the new well pad site is on this Federal lease. (See Surface Exhibit B, C and C1 plat.) The required flowline will be laid above ground along existing road and flowline routing. All flowline will be 3" poly pipe.

5. Location and Type of Water Supply:

All water to be used in drilling this well will be brine or fresh water transported by truck over existing and above proposed lease road from Loco Hills, New Mexico or produced water furnished from our existing waterflood facilities in the area. We may install a pump and lay a **temporary** 2" poly line on the lease from the battery to the rig for this drilling water.

6. **Construction Materials:**
All construction material for the roadway and drilling pad will be native caliche from the nearest BLM approved pit or from existing available deposits found on the location. All will be in accordance with the drilling stipulations for this well.

7. **Methods of Handling Waste Disposal:**
a. Drill cuttings will be disposed of in a closed loop system using steel haul off tanks. All drilling fluids will be hauled off location to a contracted off lease disposal location.
b. 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 off-lease disposal station within 30 days following the completion activities.
c. A properly maintained Porto-john will be provided for the crews during drilling and completion operations. All will be removed after all completion operations have ended.
d. Oil produced during testing will be put into steel storage tank for later sales.
e. Water produced during testing operations will be put in the steel frac. tanks until well is turned to the lease tank battery. All produced water will be disposed of through one of our approved disposal methods.

8. **Ancillary Facilities:** There are no planned ancillary facilities for this well.

9. **Well Site Layout:**
. Surface 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.

10. **Plans for surface Reclamation:**
a. After drilling and successful completion operations are finished, all equipment and other materials not required for normal production operations will be removed.
b. The pad size will be reduced to the amount required for normal operation of the producing well. This reduced portion will be restored to the BLM stipulations in section a.
d. If a well is abandoned, the surface location and unneeded road will be restored according to BLM stipulations within 90 days of final abandon and sit re-seeded with BLM (B) seed mix.

11. **Surface ownership:**
All lands are owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is multiple uses with the primary use of the region for the production of oil and gas and the grazing of livestock.

12. **Other information:**
a. The area surrounding the well site is grassland. The area is relatively flat with small hills and sand dunes. The topsoil is fine, deep sand underlain by caliche. Vegetation cover is generally sparse and consists of mesquite, yucca, shinnery oak and sparse native grasses. Wildlife in the area includes deer, coyotes, rabbits, rodents, reptiles, dove and quail.
b. No permanent or live water is found in the general proximity of this area.
c. No dwellings are found within two (2) miles of this location.
d. There is intermittent cattle grazing and hunting in the area; however, the principal land use is for oil and gas production.
e. An archaeological clearance report from Boone Archaeological Services will be sent to the BLM office in Carlsbad, N.M.

13. **Bond Coverage:**
Current Bond is BLM Bond # NMB000197. The Surety Bond is #B000863. Both are effective May 21, 2004 and remain in place.

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BURNETT OIL CO., INC.OPERATOR CERTIFICATION
ALL HORIZONTAL CEDAR LAKE YESO/ LOCO HILLS PADDOCK WELLS
FEDERAL LEASE # LC029338A, LC029339A, LC030570A, LC055264, LC055958, NM2746, NM2747 NM2748, NM05067 & NM074939
Section 8, 11, 12, 13, 14, 23, 24 & 25, Township 17 South, Range 30 East, Eddy County, N.M

Operator's Representative:
Burnett Oil Co., Inc. 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: (575) 677-2313
Home phone: (575) 746-8647
Cellular phone: (575) 703-9601

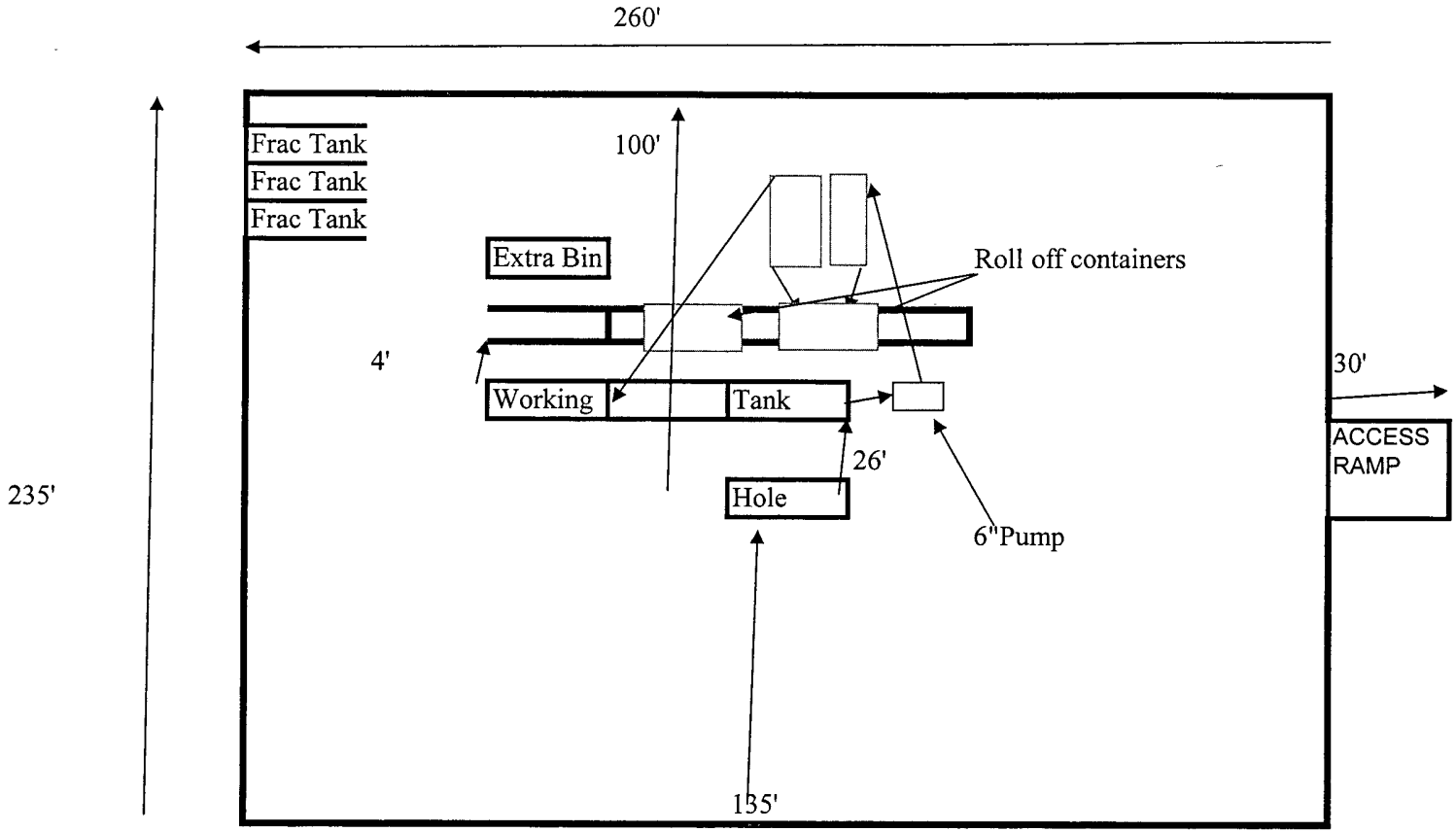
I hereby certify that I, or persons under my direct supervision have inspected the drill site and access route; that I am familiar with the conditions that currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with operations 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: 7/24/2008

By Mark A Jacoby
Mark A. Jacoby
Engineering Manager

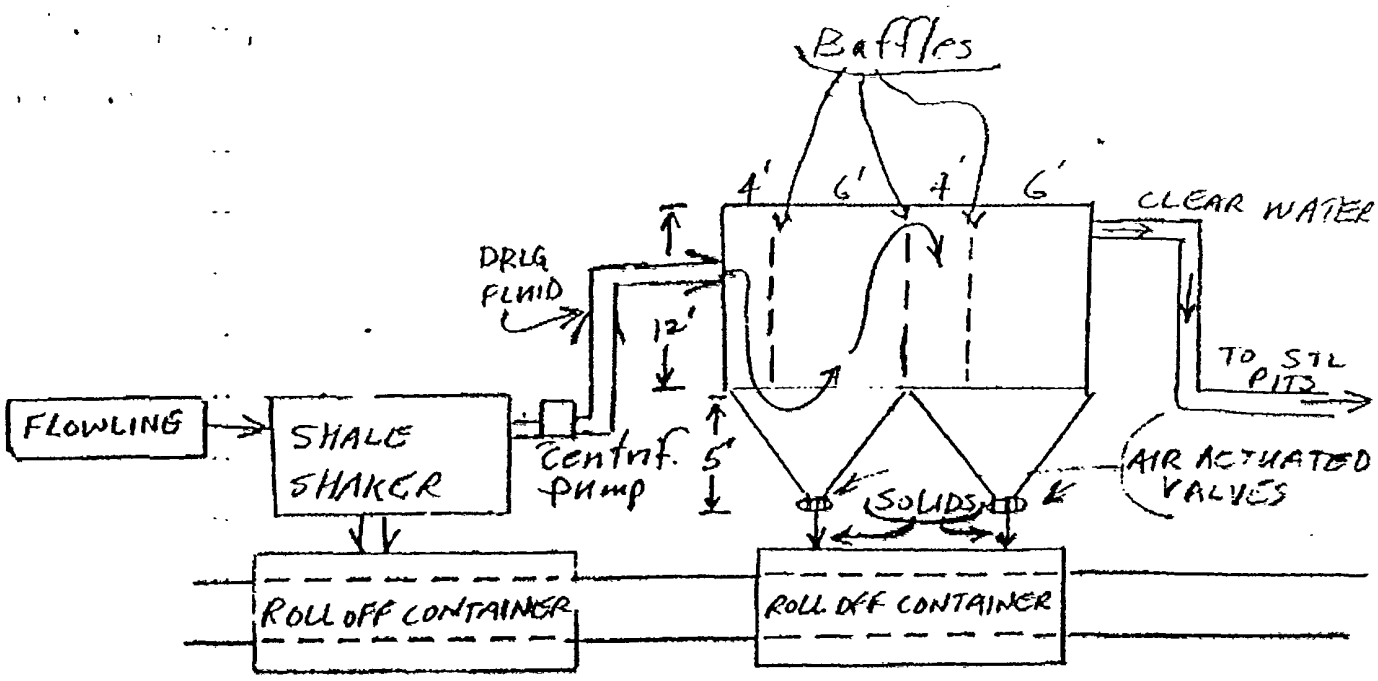
RIG PLAT

50' Of Excess Around Back Of Rig For Water Trucks.



BURNETT OIL CO., INC. PROPOSED DRILL SITE LAYOUT

GISSLER A #33H
SURFACE EXHIBIT D



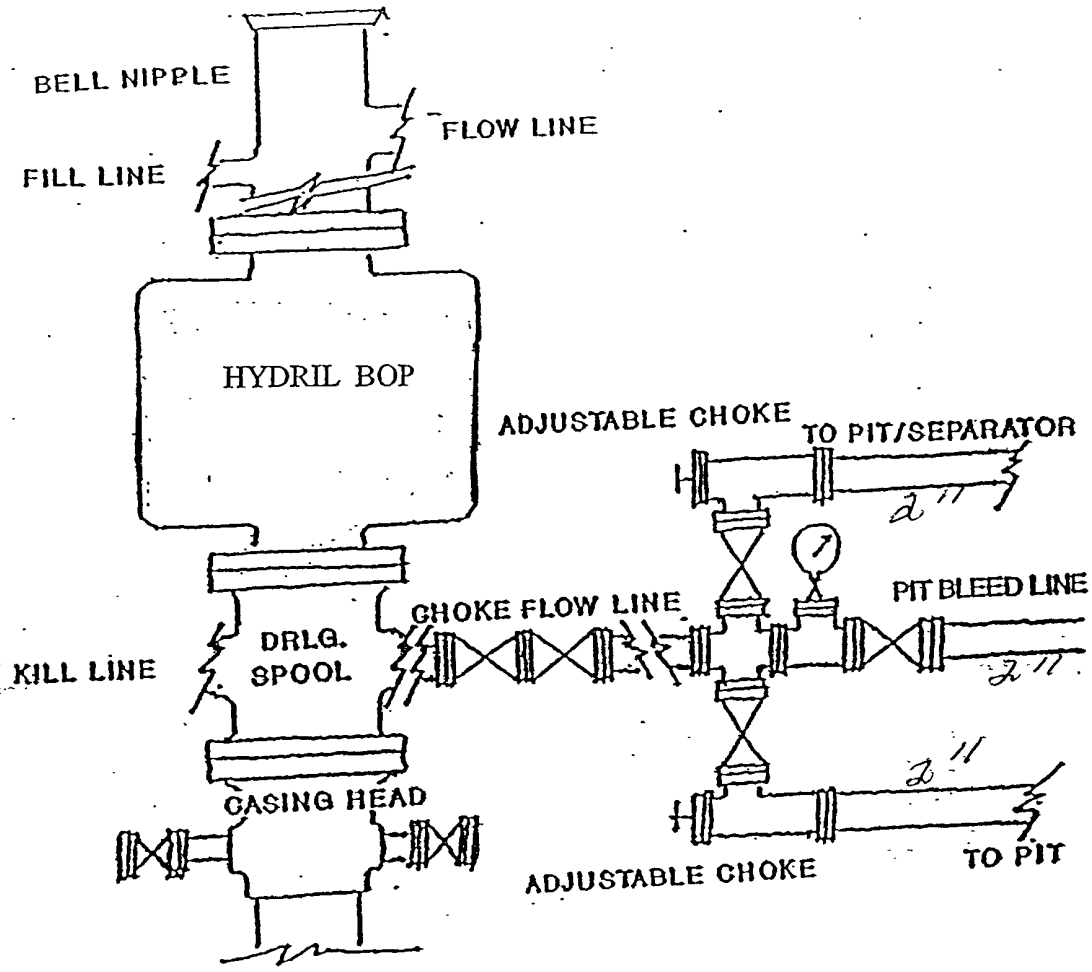
OPERATIONAL & MAINTENANCE:

Drilling fluid coming out of wellbore will go through flowline across shale shaker. Solids will drop into roll-off bins. Drilling fluid will be pumped into containers with baffles as drawn above. Baffles slow fluid velocity to allow solids to fall down through 6" air actuated valves into roll-off containers. Clear water goes out back to drilling fluid steel pits. Solids are hauled to disposal. Leftover liquid will be hauled to disposal.

BURNETT OIL CO. INC

Operation and Maintenance
Closed Loop equipment will be inspected daily by each tour and any necessary maintenance performed
Any leak in system will be repaired and/or contained immediately
OCD notified within 48 hours
Remediation process started

Closure Plan
During drilling operations all liquids, drilling fluids and cuttings will be hauled off via CRI (Controlled Recovery Incorporated Permit R-9166).



BURNETT OIL CO., INC.

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

DRILLING EXHIBIT E

6666

BURNETT OIL CO., INC. EMERGENCY NOTIFICATION LIST

Burnett's New Mexico Office	**(575) 677-2313**
Belton Mathews BOCI District Superintendent	**CELL # (575) 703-9601**
BURNETT OIL HOME OFFICE (817) 332-5108	
Mark Jacoby BOCI ENGINEERING MANAGER	CELL # (817) 312- 2751

EDDY COUNTY SHERIFF	**911 OR (575) 746-9888**
NEW MEXICO STATE POLICE	(575) 746-2701

Loco Hills Fire Department (VOLUNTEER ONLY)	911 OR (575) 677 2349
For Medical and Fire	(575) 746-2701 (ARTESIA)

Flight For Life Air Ambulance (LUBBOCK)	(806) 743-9911
Aerocare Air Ambulance (LUBBOCK)	(806) 747-8923
Med Flight Air Ambulance (ALBUQ)	(505) 842-4433
S B Med Svc Air Ambulance ALBUQ)	(505) 842-4949

US Bureau of Land Management Carlsbad	(575) 361-2822	(575) 234-5972
New Mexico Oil Conversation Division	ARTESIA	(575) 748-1283
New Mexico Emergency Response Commission	24 HR	(575) 827-9126
New Mexico State Emergency Operation Center		(575) 476-9635
Local Emergency Planning Committee (Artesia)		(575) 746-2122
National Emergency Response Center (Washington, DC)		(800) 424-8802

Boots & Coots IWC	(800) 256-9688
Cudd Pressure Control	(432) 570-5300
Halliburton Svc	(575) 746-2757
B J Svc	(575) 746-2293

THIS MUST BE POSTED AT THE RIG WHILE ON LOCATION.

Burnett Office 87 SQUARE LAKE ROAD (CR #220), Loco Hills, New Mexico 88255
(Loco Hills, New Mexico (2 MILES East of Loco Hills On US Hwy 82 TO C#220 Then North On CR# 220 Approx One Mile To Office.).

DRILLING EXHIBIT A

HYDROGEN SULFIDE (H2S) CONTIGENCY PLAN

ASSUMED 100 PPM ROE = 3000'

Emergency Procedures

In the event of a release of gas containing H2S, The first responder(s) must

* Isolate the area and prevent entry by other persons into the 100 ppm ROE.
* Evacuate any public places encompassed by 100 ppm ROE.
* Be equipped with H2S monitors and air packs in order to control release.
* Use the "buddy system" to ensure no injuries occur during the response.
* Take precautions to avoid personal injury during this operation.
* Have received training in the following:
    1. H2S detection
    2. Measures for protection against this gas
    3. Equipment used for protection and emergency response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO2.) Intentional ignition must be coordinated with the NMOCD and local officials. Additional the New Mexico State Police may become involved. NM State Police shall be the incident command on scene of any major release. Take care to protect downwind whenever there is an ignition of gas.

Characteristics of H2S and SO2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H2S	1.189 Air =1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO2	2.21 Air = 1	2 ppm	NA	1000 ppm

Contacting Authorities

Burnett Oil Co., Inc. personal must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind and direction, location of release, etc. **Be sure all is written down and ready to give to contact list (Drilling Exhibit A.) Direction to the site are below.** Burnett's response must be in coordination with the State of New Mexico's Hazardous Materials Emergency Response Plan.

Burnett Office 87 SQUARE LAKE ROAD (CR #220), Loco Hills, New Mexico 88255
(Loco Hills, New Mexico (2 MILES East of Loco Hills On US Hwy 82 TO C#220 Then North On CR# 220 Approx One Mile To Office

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	BURNETT OIL, INC
LEASE NO.:	NMLC029338A
WELL NAME & NO.:	33H-GISSLER
SURFACE HOLE FOOTAGE:	1800' FSL & 990' FEL
BOTTOM HOLE FOOTAGE	990' FNL &990' FEL
LOCATION:	Section 14, T. 17S., R 30 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1 through June 15 annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (505) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Although this is a closed loop system and no reserve pits will be needed, the V-door will be to the North. the South side of the pad will need to be bermed
Due to a significant draw and a dwelling to the South, the South side of the pad will need to be bermed.

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the
Carlsbad Field Office at (505) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

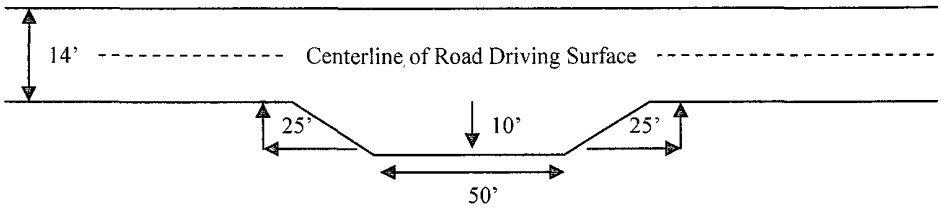
Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching
Ditching shall be required on both sides of the road.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

Standard Turnout – Plan View

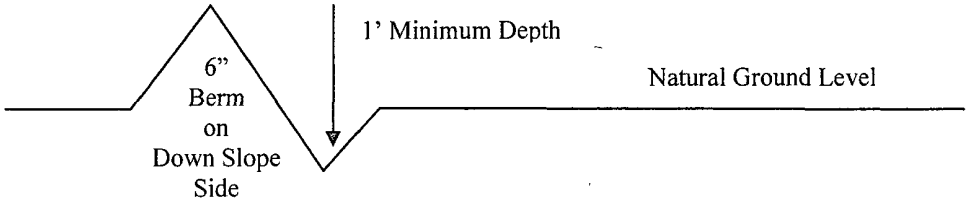


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ lead-off ditch interval

Culvert Installations
Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards
An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

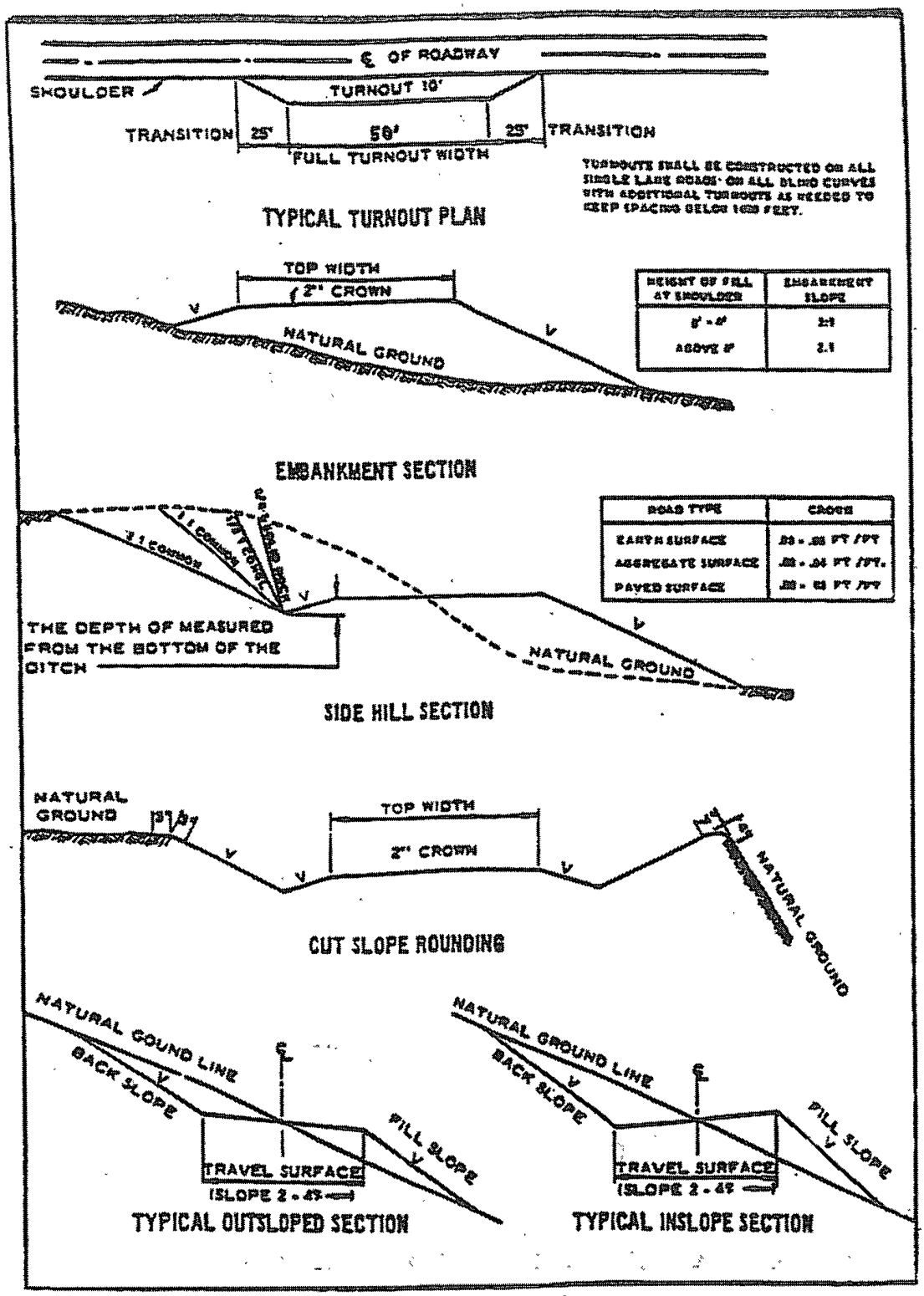
A gate shall be constructed and fastened securely to H-braces.

Fence Requirement
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access
Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

1. A Hydrogen Sulfide (H2S) Drilling Plan should be activated 500 feet prior to drilling into the **Grayburg** formation. **Measurements between 500-2000 ppm in the gas stream have been reported. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**

2. 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.

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Possible lost circulation in the Grayburg and San Andres formations.
Possible water flows in the Salado and Artesia Groups.

1. The **10-3/4** inch surface casing shall be set **at approximately 400 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface.

    a. For the surface casing: If cement does not circulate to the surface, the appropriate BLM office shall be notified and a tag with 1" will be performed at four positions 90 degrees apart to verify cement depth. BLM Petroleum Engineer Technician to witness tags. If depth is greater than 100' or water is standing in the annulus, remedial cementing will be done. If no water and TOC tag is less than 100', when 100% excess cement of the annulus volume was run on the primary job, ready-mix can be used to bring cement to surface.

    b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.

Operator to fill every 25 joints with water while running 7" casing to meet minimum BLM requirements for collapse.

2. The minimum required fill of cement behind the 7 inch production casing is:

    a. **First stage to DV tool, cement shall:**

    ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office, before proceeding with second stage cement job.

    b. **Second stage above DV tool, cement shall:**

    ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office. **Proposed cement volume for second stage calculates to approximately 630% excess.**

3. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. The tests shall be done by an independent service company.

    b. The results of the test shall be reported to the appropriate BLM office.

    c. 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.

    d. 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.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

WWI 082108

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures
The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

IX. INTERIM RECLAMATION & RESEEDING PROCEDURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

B. RESEEDING PROCEDURE

Once drilling and completion of proposed location is complete and all trash removed, reseed location as follows:

Seed Mixture for LPC Sand/Shinnery Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A
**Four-winged Saltbush	5lbs/A

* This can be used around well pads and other areas where caliche cannot be removed.

*Pounds of pure live seed:

Pounds of seed **x** percent purity **x** percent germination = pounds pure live seed

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.