

6666

30-015-38373

August 23, 2010

New Mexico Oil Conservation Division
1301 Grand Avenue
Artesia, New Mexico 88210
Attn: Randy Dade

Re: H2S Rule 118 Contingency Plan. Federal Lease NMLC030570A
Stevens A #17H, Unit M, 1090' FSL, 670' FWL
Sec. 13, T17S, R30E- Eddy County, New Mexico

Dear Mr. Dade:

Please accept this letter as our notice we do not believe the referenced plan is required for the referenced well. We have calculated the hazard volume as follows: highest H2S quantity 10,000 PPM, and using a production rate of 225 MCFGPD the 100 PPM radius is 181' and the 500 PPM radius is 83'. This footage does not give off our well locations.

Please contact our Mr. Mark Jacoby or the undersigned if you require additional information.

Sincerely,



Mary Carter Starkey
Regulatory Coordinator

HYDROGEN SULFIDE (H₂S) CONTINGENCY 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. Additionally 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	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	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.) Directions 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

BURNETT OIL CO., INC.

*Stevens A 1764
Drilling Exhibit B*

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.).

STEVENS A174
Drilling Exhibit A

BURNETT OIL CO., INC. OPERATOR CERTIFICATION
ALL VERTICAL CEDAR LAKE YESO/ LOCO HILLS PADDOCK WELLS, GRAYBURG SAN
ANDRES WELLS
FEDERAL LEASE # LC029338A, LC029339A, LC030570A, LC055264, LC055958, NM2746,
NM2747 NM2748, NM05067 & NM074939
Section 1, 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: 9/7/10

By

Mark A. Jacoby
Mark A. Jacoby
Engineering Manager



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



November 19, 2010

Burnett Oil Company, Inc.
C/O Mary Starkey
801 Cherry St., Suite 1500
Fort Worth, TX 76102

Email: mcstarkey@burnettoil.com

Rebuttal of presumption of inactivity as to one well
Effective through December 16, 2010

Re: Burnett Oil Company, Inc. (OGRID 3080)
Well: Gissler B #7, 30-015-04120

Dear Operator:

Subsection (F)(2) of Oil Conservation Division (OCD) Rule 19.15.5.9 NMAC provides that the listing of a well on the OCD's inactive well list as a well inactive for more than one year plus 90 days creates a "rebuttable presumption" that the well is out of compliance with OCD Rule 19.15.25.8 NMAC (the inactive well rule).

An operator may rebut that presumption by providing evidence that the well is in compliance with OCD Rule 19.15.25.8 NMAC.

The well identified above currently appears on the OCD's inactive well list as a well operated by Burnett Oil Company, Inc. (Burnett) that has been inactive for more than one year plus 90 days. However, Burnett has indicated that the well was returned to injection in October 2010.

Burnett has satisfactorily rebutted the presumption created by OCD Rule 19.15.5.9.F.2 that the well identified above is in violation of OCD Rule 19.15.25.8 NMAC because the well has been "active" as defined by OCD rules within the past year plus 90 days.

Although the above-named well appears on Burnett's inactive well list, the OCD should not consider the well as out of compliance with OCD Rule 19.15.5.9.A.4.d NMAC or include it in calculating Burnett's compliance with OCD Rule 19.15.5.9 NMAC.

Oil Conservation Division * 1220 South St. Francis Drive
* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



November 19, 2010

Page 2

The presumption that the Gissler B #7 is not inactive will remain until the date when Burnett is required to file C-115 reports for the well. Division Rule 19.15.7.24 requires operators to file C-115 reports on or before the 15th day of the second month following the month of injection, or if such day falls on a weekend or holiday, the first workday following the 15th. Since the Gissler B #7 was apparently returned to injection in October 2010, the C-115 reports for the Gissler B #7 must be filed by Wednesday December 15, 2010. If Burnett fails to file the C-115 reports for the Gissler B #7 by December 15, the presumption that the well is inactive will return.

On December 16, 2010 if the well identified above appears on the inactive well list the presumption that the well is inactive will return.

As stated above, the OCD should not consider the Gissler B #7 as out of compliance with OCD Rule 19.15.5.9.A.4.d NMAC or include it in calculating Burnett's compliance with OCD Rule 19.15.5.9 NMAC. However, until Burnett files a C-115 report for the Gissler B #7, the well will remain on the inactive well list.

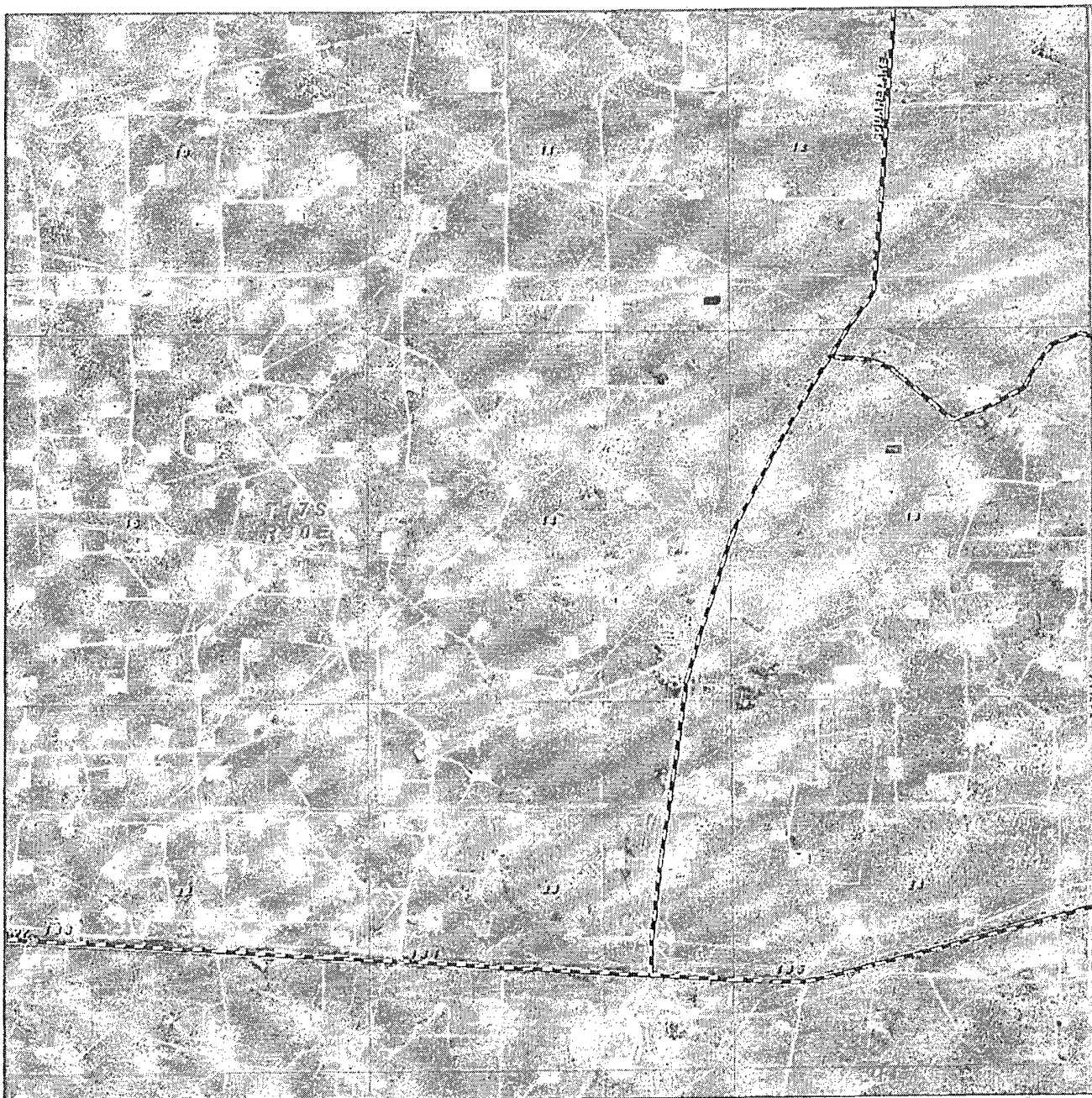
Burnett should attach a copy of this letter to any applications for a drilling permit, requests for allowable and authorization to transport, change of operator, or injection permits that Burnett might file with the OCD.

Sincerely,

/s/

Daniel Sanchez
Compliance and Enforcement Manager

Ec: Larry Hill, District I
Randy Dade, District II
Charlie Perrin, District III
Sonny Swazo, OCD General Counsel



STEVENS "A" #17H

Located 1090' FSL and 670' FWL *Surface Exhibit A2*
 Section 13, Township 17 South, Range 30 East,
 N.M.P.M., Eddy County, New Mexico.

Basin
surveys

focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

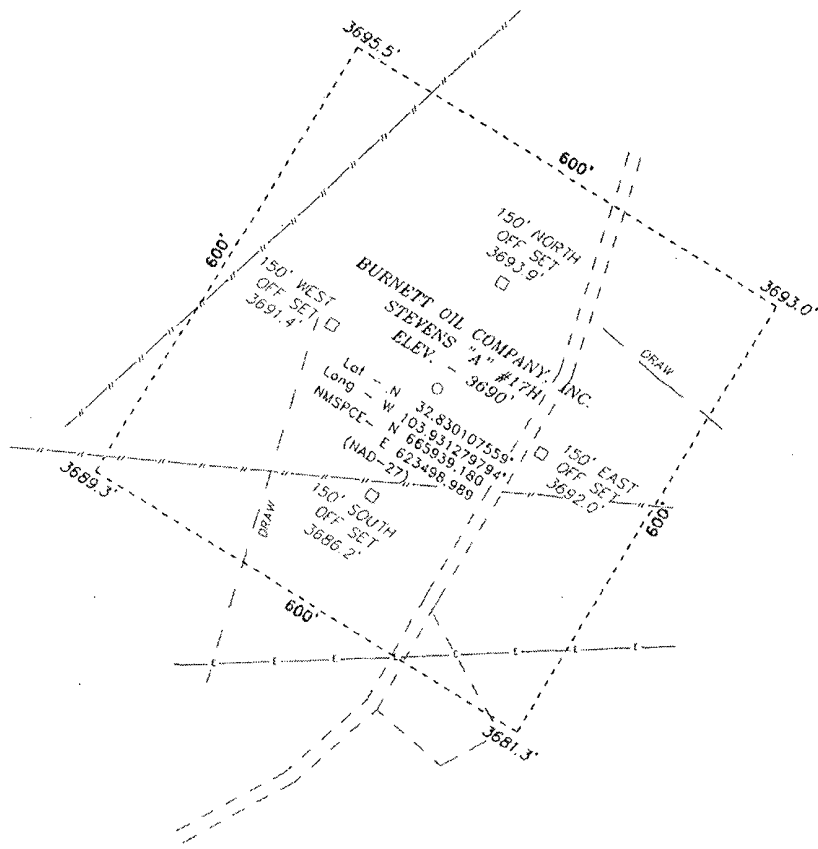
W.O. Number. JMS 23272

Scale: 1" = 2000'

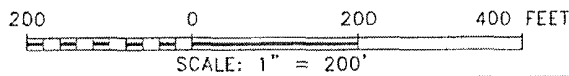
YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND

BURNETT OIL
COMPANY, INC.

SECTION 13, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Stevens A #17H
Surface Exhibit C



Directions to Location:

FROM THE JUNCTION OF SQUARE LAKE AND HWY 82,
GO NORTH ON SQUARE LAKE FOR 1.0 MILES TO
LEASE ROAD, ON LEASE ROAD GO EAST 0.2 MILES
TO LEASE ROAD, ON LEASE ROAD WIND BACK WEST
TO PROPOSED LOCATION.

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

W.O. Number: 23272 Drawn By: J. SMALL

Date: 09-09-2010 Disk: JMS 23272

BURNETT OIL COMPANY, INC.

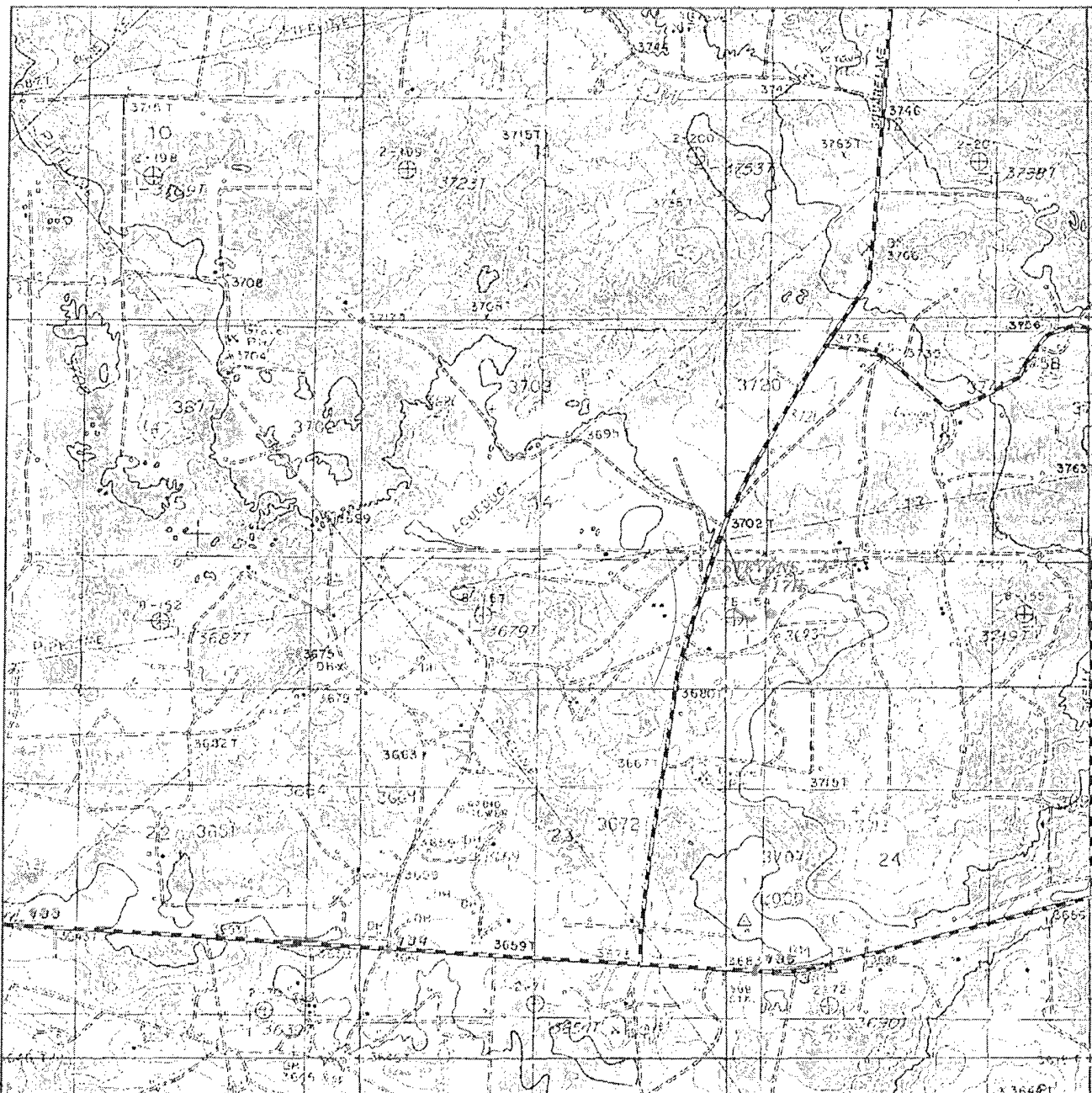
REF: STEVENS "A" #17H / WELL PAD TOPO

THE STEVENS "A" #17H LOCATED 1090'

FROM THE SOUTH LINE AND 670' FROM THE WEST LINE OF
SECTION 13, TOWNSHIP 17 SOUTH, RANGE 30 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 08-31-2010 Sheet 1 of 1 Sheets



STEVENS "A" #17H

Located 1090' FSL and 670' FWL

Surface Exhibit A7

Section 13, Township 17 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico.

basin
surveys

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in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

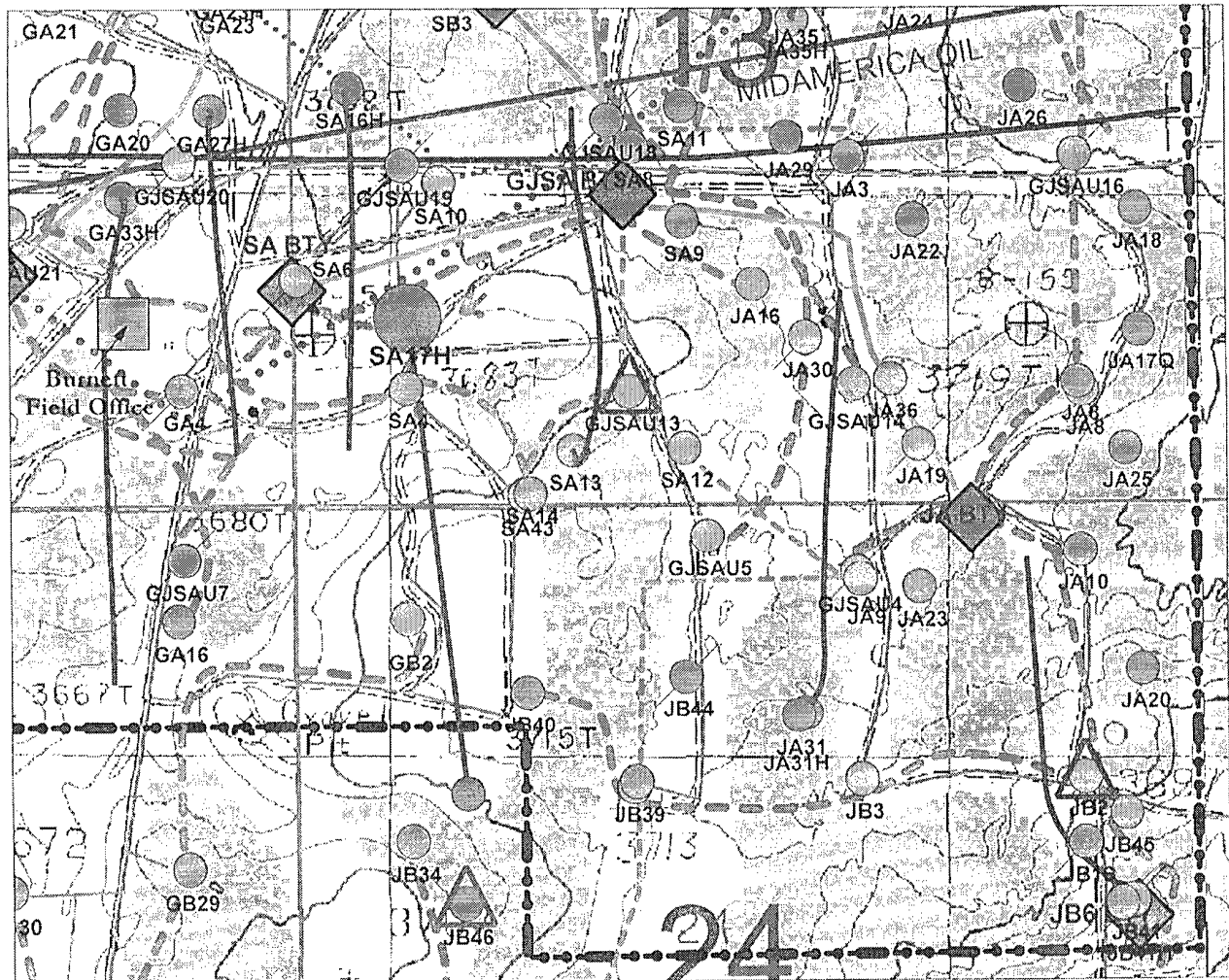
W.O. Number: JMS 23272

Survey Date: 08-31-2010

Scale: 1" = 2000'

Date: 09-09-2010

BURNETT OIL
COMPANY, INC.



Well Names

GA = Gissler A
 GB = Gissler B
 SA = Stevens A
 SB = Stevens B
 GJSA = Grayburg Jackson San Andres
 JA = Jackson A
 JB = Jackson B

Burnett Oil Co., Inc.

6666

Stevens A17H Proposed Well Location
 (Map Reflects Burnett Operated Wells Only)
 Eddy County, New Mexico

Author:
C Keeton, Eng Tech

Date:
October 1, 2010

Scale:
1" = 1000'



Stevens A17H

Surface Location:

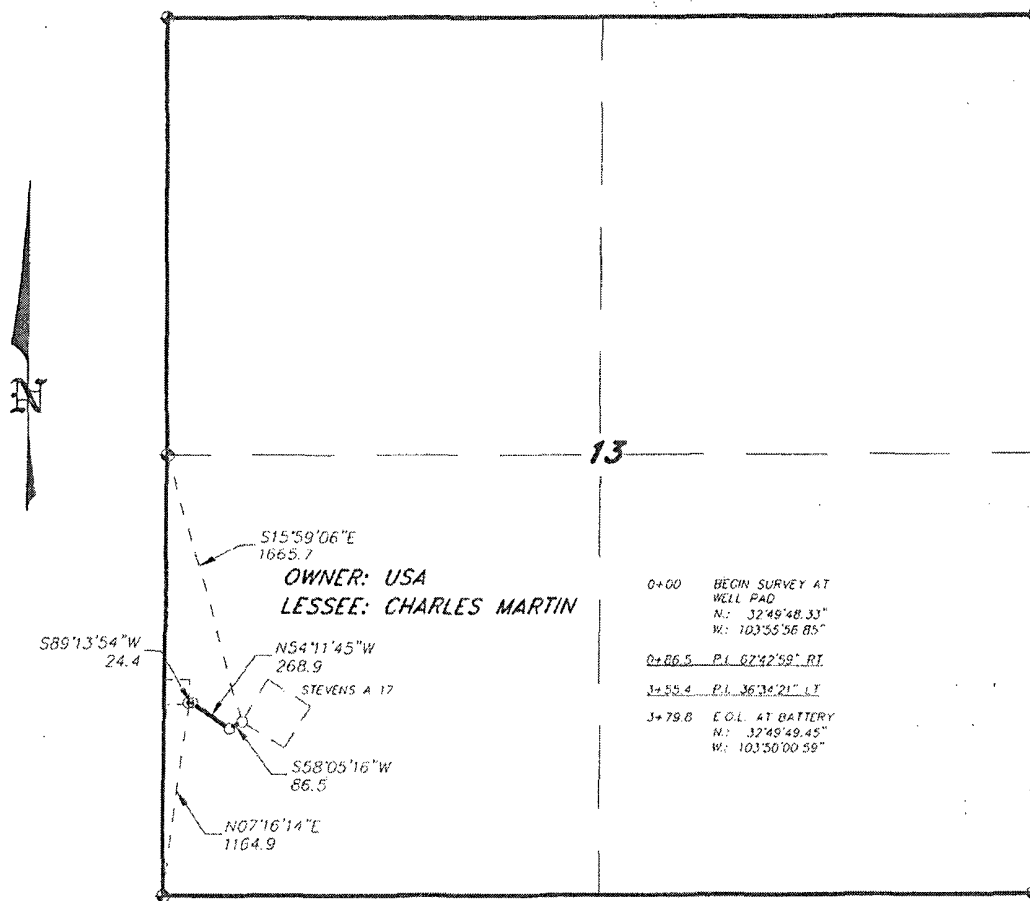
T17S, R30E, Sect 13, Unit M, NMLC030570A

1090' FSL, 670' FWL, STV A Battery

Lat/Long: 32.830108. -103.931280

--- 400'

SECTION 13, 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 13, 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 13 = 379.6 FEET = 23.02 RODS = 0.07 MILES = 0.26 ACRES

Surface Exhibit C1

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

GARY L. JONES

No. 7977
No. 5074

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

W.O. Number: 23272

Drawn By: J. M. SMALL

Date: 09-09-2010

Disk: JMS 23272

Survey Date: 08-31-2010

Sheet 1 of 1 Sheets

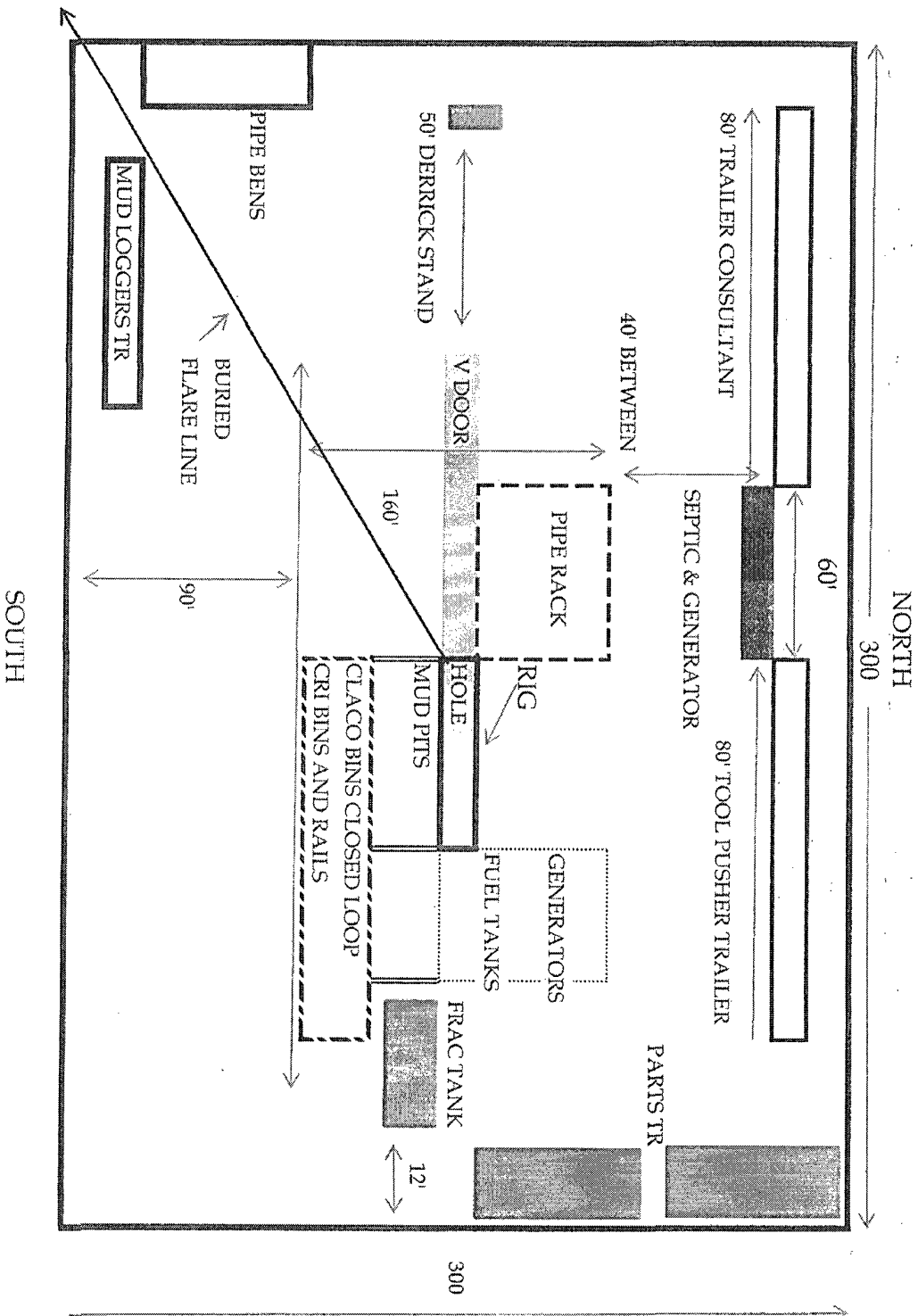
1000 0 1000 2000 FEET

BURNETT OIL COMPANY, INC.

REF: PROPOSED FLOWLINE TO THE STEVENS "A" #17H

A FLOWLINE CROSSING USA LAND IN
SECTION 13, TOWNSHIP 17 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

BURNETT OIL CO., INC. PLANNED DRILL SITE LAYOUT, UNITED RIG #5

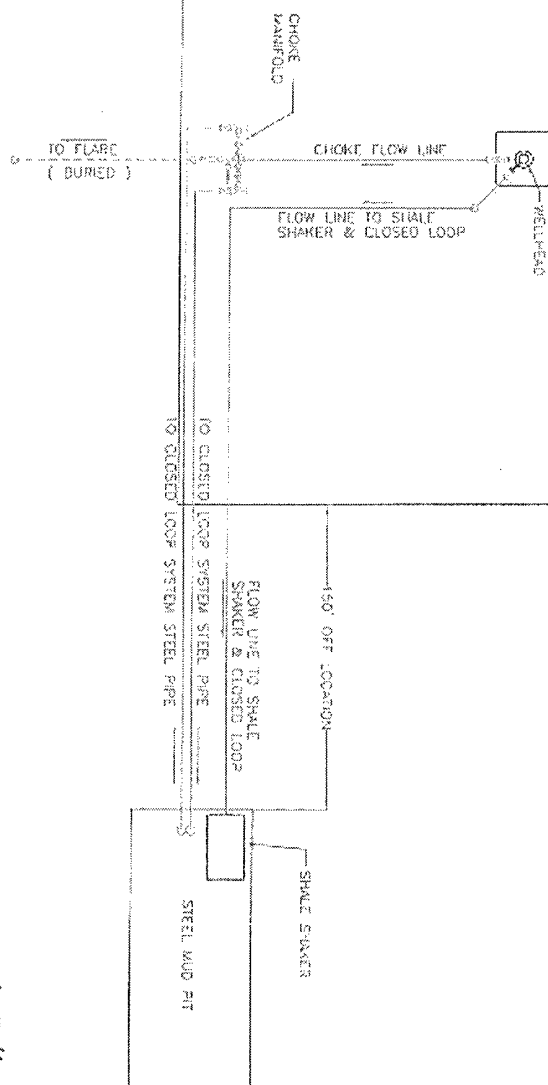


Stevens A 1714
Surface Exhibit D

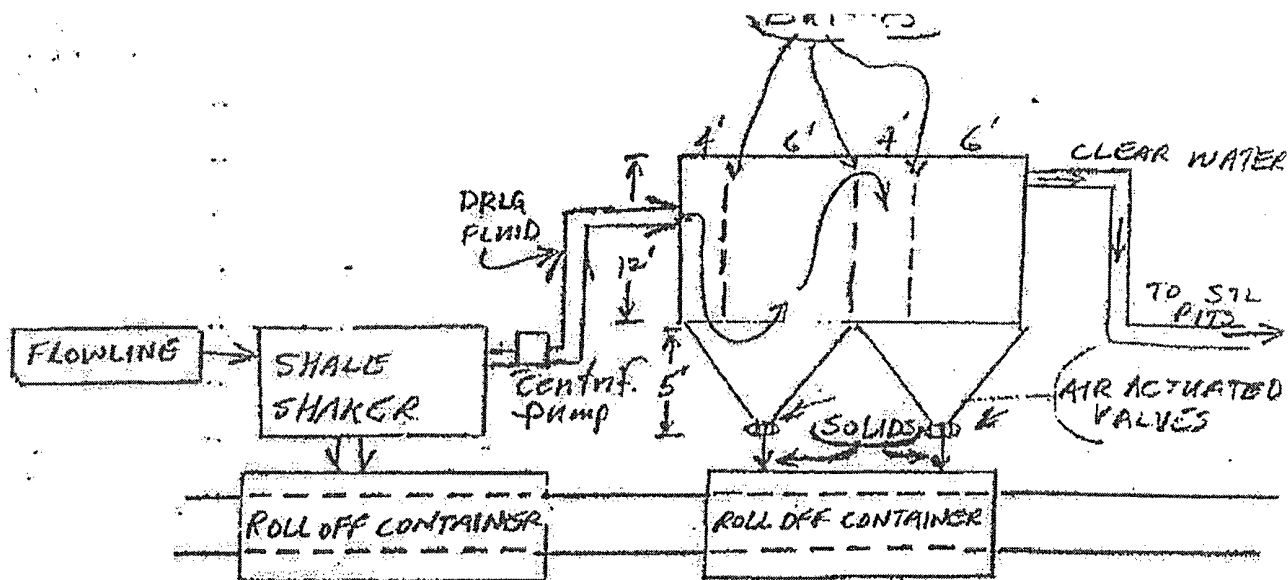
BUNETT OIL COMPANY, INC.
 DRILLING OPERATIONS
 WELL PAD PLAN LAYOUT

STEVE ADAMS 17K
 EXHIBIT E1

EPS PROJECT NUMBER: 10-029
 DATE: JANUARY 29, 2010



DRAWING SAVED AS C:\DRAWINGS\2010\04\10-029\10-029-02.dwg



OPERATIONAL & MAINTENANCE

DRILLING FLUIDS FROM THE WELLBORE WILL GO THROUGH FLOWLINE ACROSS SHALE SHAKER. SOLIDS WILL DROP INTO ROLL-OFF 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. CLEAN WATER GOES OUT BACK TO THE DRILLING FLUID STEEL PITS. SOLIDS ARE HAULED TO DISPOSAL. ANY LEFTOVER LIQUID WILL BE HAULED TO DISPOSAL.

BURNETT OIL CO., INC.

Operations and Maintenance

Closed Loop equipment will be inspected daily by each four 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 cutting will be hauled off via CRO (Controlled Recovery Incorporated Permit R-9166.)

STEVENSON 17 14
SURFACE EXHIBIT D1