Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

5. Lease Serial No.
NMNM2748

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
GISSLER B 38

2. Name of Operator
BURNETT OIL CO. INC.
Contact: LESLIE GARVIS
E-Mail: lgarvis@burnettoil.com

9. API Well No.
30-015-34359

3a. Address
BURNETT PLAZA - SUITE 1500 801 CHERRY STREET UNIT 9 FORT WORTH, TX 76102
FORT WORTH, TX 76102

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

10. Field and Pool, or Exploratory
LOCO HILLS PADDOCK

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 14 T17S R30E 750FNL 2310FWL

11. County or Parish, and State
EDDY COUNTY.COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☒ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Burnett requests permission to deepen the Gissler B 38 well in the Loco Hills Yeso field in Eddy County to the base of the Yeso near 6150? TVD using United Drilling Rig #5. The well is currently 4969? deep with 7? 23# casing and is producing from the Paddock only. Prior to deepening the well, the 32 Paddock perfs will be cement squeezed with 300 sx cmt. Based on Burnett?s Blinebry completions offset to this well, it is anticipated to be a very economic re-entry with 2-3 slick water frac stages in the new hole. A 6 1/8? bit will be used for the new hole and 5.5? 15.5# J-55 Flush Joint casing will be run to TD and cemented with 155 sx cmt. We are requesting a variance in order to run 5.5", 15.50#, J55 casing with a FJM collar inside a 6 1/8" hole. A cement bond log will be run in the 5.5? casing prior to any Blinebry completions. A tieback sleeve will be set at approximately 4100?, which is 435? above the top perf in the Paddock. After production data is gathered from the Blinebry, the Paddock will be re-stimulated with a slick water frac. Please also see the proposed well bore diagram for this well.

Accepted for record
NMOCD TCG 6-6-14
SEE ATTACHED FOR CONDITIONS OF APPROVAL

NM OIL CONSERVATION
ARTESIA DISTRICT
JUN 06 2014

RECEIVED

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #245420 verified by the BLM Well Information System
For BURNETT OIL CO. INC., sent to the Carlsbad
Committed to AFMSS for processing by JERRY BLAKLEY on 06/03/2014 ()

Name *(Printed/Typed)* LESLIE GARVIS — Title REGULATORY COORDINATOR

Signature (Electronic Submission) — Date 05/13/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED

Approved By _____ Title _____ Date JUN 3 2014

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #245420 that would not fit on the form

32. Additional remarks, continued

BURNETT OIL CO., INC.

DRILLING PLAN
Gissler B 38 Deepening

VERTICAL RE-ENTRY CEDAR LAKE GLORIETA YESO WELL
NOTE: ALL WELLS IN THIS DEEPENING PLAN HAVE 7" CASING SET AND CEMENTED THROUGH THE PADDOCK (UPPER PART OF YESO).

1. **Geological Name of Surface Formation with Estimated Depth:**

   a. **Formations behind casing:**

	Geological Name	Estimate Top	Anticipated Fresh Water, Oil or Gas
a.	Alluvium	Surface	Fresh Water, Sand
b.	Anhydrite	217'	
c.	Salt	434'	
d.	Base Salt/Tansill	1175'	
e.	Yates	1331'	
f.	Seven Rivers	1723'	Oil
g.	Queen	2241'	Oil
h.	Grayburg	2708'	Oil
i.	San Andres	3030'	Oil
j.	Glorieta	4330'	Oil
k.	Yeso	4515'	Oil

b. Formations to be drilled: Basal Yeso (T/Tubb) . **Current TD: 4969'. Proposed new TD: 6150'**

We will isolate the oil zones by running 5.5" Flush Joint casing to total depth and circulating cement to top of liner at 4100'.

2. **Liner Program: (ALL CASING WILL BE NEW API APPROVED MATERIAL.)**

   (MW = 10 PPG IN DESIGN FACTOR CALCULATIONS.)

   a. **Existing casing: 7" 23# J-55 from surface to 4969', cmt to surface.**

   b. **Design Safety Factors:**

Type	Hole Size	Interval	OD Csg	Weight	Collar	Grade	Collapse Design Factor	Burst Design Factor	Tension Design Factor
Liner	6 1/8"	4969' - TD	5.5"	15.50#	FJM	J55	*1.125	1.00	1.80

3. **Cementing Program - 5.5" Production Liner**

BLM to be notified prior to all cementing and tag operations in order to observe the operation if desired.

Cement: 155 sx 50/50 P/C+5%PF44(BWOW)(Salt)+2%PF20(BentoniteGel)+0.7% PF606(Fluid Loss)+0.2%PF65(Dispersant)+0.4#/skPF46(Defoamer) 25% excess Density 14.3ppg, 1.34CF/sk Yield 6.064 gal/sx water

The above cement volumes may be revised pending the caliper measurement from the open hole logs. **Casing/cementing design is to bring cement to ~~200' above~~ top of liner.**

4. **Pressure Control Equipment:**

The blowout prevention equipment (BOPE) (shown in the attached diagram) will consist of a 2000# Double Ram 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 ten (10) minutes. The 7" 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.

5. **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 4969' until 5.5" casing is cemented.

   d. An H2S compliance package will be on all sites while drilling.

6. **Proposed Mud Circulation System**

Depth	Mud Wt	Visc	Fluid Loss	Type System	Max Volume
4969' - 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.

Pason equipment will be used to monitor the mud system.

7. **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 4969' (7" csg shoe): Dual Laterolog-Micro Laterolog with Compensated Neutron, Spectral Density log with Spectral Gamma Ray and Caliper.

8. **Potential Hazards:**

No abnormal pressures or temperatures are expected. 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 2737#. This is based upon the following formula of .445 x BH ft. estimate. The anticipated bottom hole temperature is 105°F. This is based upon logs of drilled wells surrounding this well

See COA

There is known H2S in this area. In the event that it is necessary to follow the H2S plan, a remote choke will be installed as required in Onshore Order 6. Refer to the attached H2S plan for details.

9. **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 approximately 6 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.

Burnett Oil Company

Proposed in Red

FIELD:	Cedar Lake Yeso	WELL NAME:	Gissler B 38			FORMATION:	Yeso
UNIT:	C	SEC:	14	GL:	3710'	STATUS:	Oil Well
TWNSHP/RANGE:	T17S R30E	COUNTY:	EDDY	KB:	3724'	API NO:	30-015-34359
LOCATION:	750' FWL 2310' FWL	STATE:	NM	DF:		LAT:	
						LONG:	

Spud Date: 3/18/2006
Completion: 4/23/2006

HISTORY:

4/12/2006
Perf'd 4535',4541',4562',4567',4620',4634',
4642',4668',4671',4719',4742',4744',4756',
4785',4798',4820'
16 Intervals @ 2 SPF

Break down w/ 2000 gal 15% acid

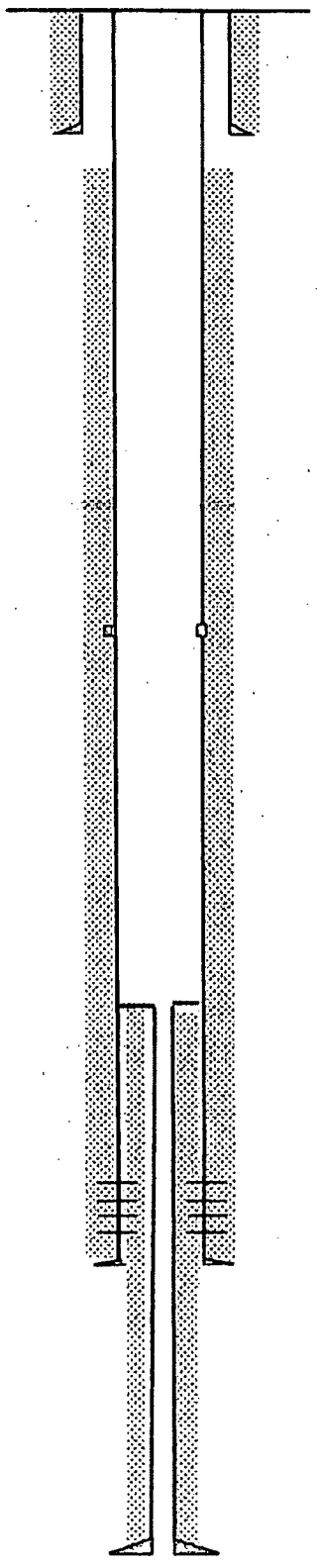
4/14/2006
Frac w/20,000 gal water
55,000 gal hot acid 20% HCL
15 BPM

IP (Initial Completion) 04/29/2006
148, 383, 195

Tie Back Sleeve @ 4,100'

TD @ 4969'

TD @ 6100'



9 5/8" @ ~~420~~ 413' ← 44-3/4" per completion report
in 12 1/4" hole
Cemented w/600 sx 205 sx Top Out

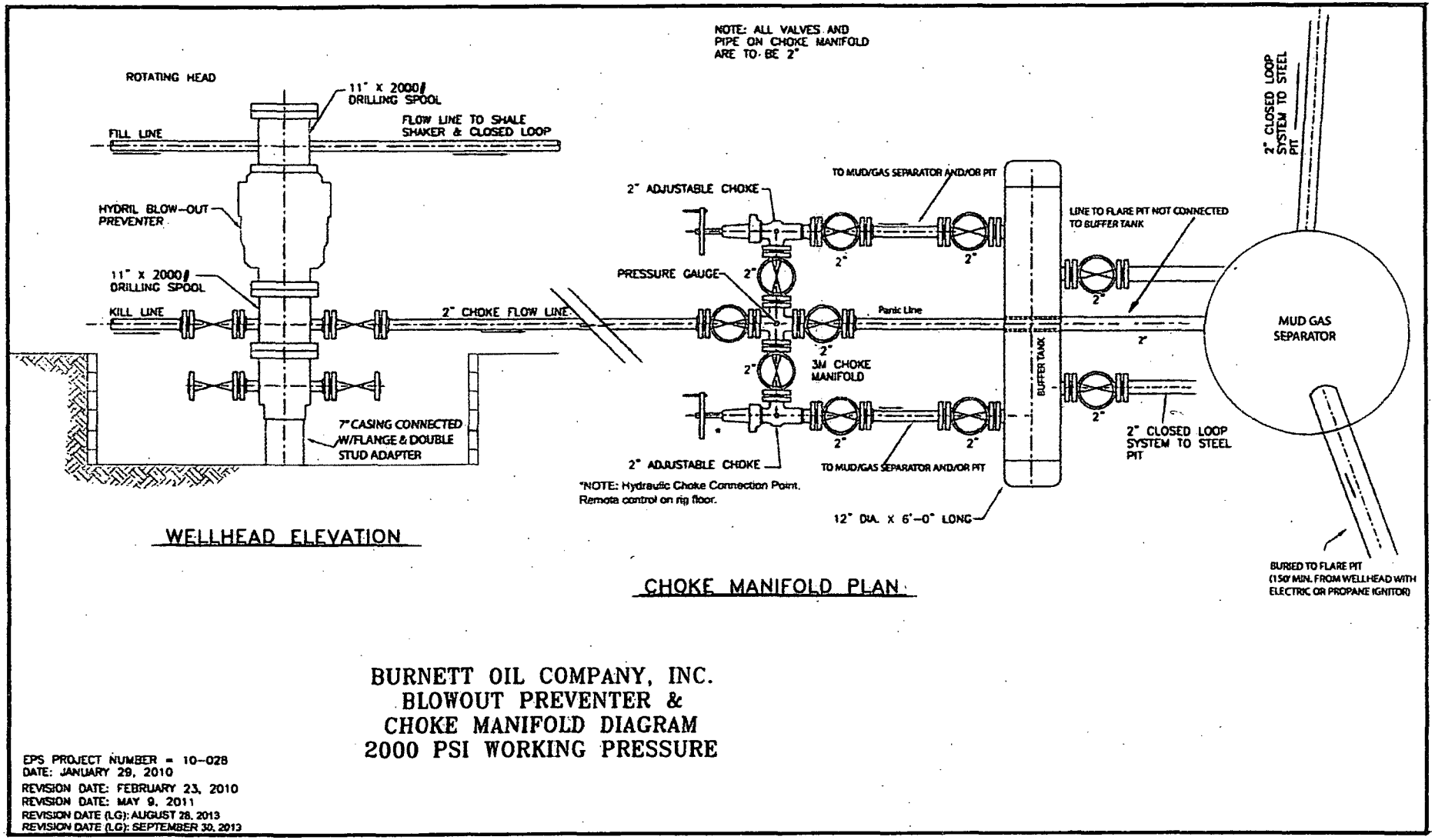
7" 23# CSG at 4935'
in 8 3/4" hole
Cemented w/ 2525 sx
TOC Surface

5.5" 15.5# J-55 FJM
In 6 1/8" hole
155 sx

DV Tool at 2586'

Squeeze perfs with 300 sx before deepening

Updated: 4/21/2014
By: BAS



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

EPS PROJECT NUMBER = 10-028
DATE: JANUARY 29, 2010
REVISION DATE: FEBRUARY 23, 2010
REVISION DATE: MAY 9, 2011
REVISION DATE (LG): AUGUST 28, 2013
REVISION DATE (LG): SEPTEMBER 30, 2013

Gissler B 38
30-015-34359
Burnet Oil Co.
June 03, 2014
Conditions of Approval

1. Work to be complete within 180 days.
2. Surface disturbance beyond the existing pad requires prior approval.
3. Closed loop system to be used.
4. H2S monitoring equipment should be onsite for personnel protection from surrounding oil operations. Operator should not encounter H2S while deepening.
5. BOP to be tested to **2000 psi** based on BHP expected.
6. Variance for stand-off of less than 0.422" is approved due to NMOCD classifying the formations in this area as the Yeso group.
7. Cement on liner shall tie back to liner top, if this is not achieved contact appropriate BLM office. When plugged, cement plug will be required across this tie back and across squeezed perforations.
8. Test casing as per Onshore Order 2.III.B.1.h.
9. Subsequent sundry detailing work and current well test data are to be submitted when work is complete.

JAM 060314