

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

5. Lease Serial No. Multiple--See Attached
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No. Multiple--See Attached
8. Well Name and No. Multiple--See Attached
9. API Well No. Multiple--See Attached
10. Field and Pool, or Exploratory Multiple--See Attached
11. County or Parish, and State EDDY COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator BURNETT OIL COMPANY INC Contact: LESLIE GARVIS E-Mail: lgarvis@burnettoil.com	
3a. Address 801 CHERRY STREET UNIT 9 FORT WORTH, TX 76102-6881	3b. Phone No. (include area code) Ph: 817-583-8730
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached	

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Venting and/or Flaring
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or 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 is requesting permission to flare at the Gissler 3-2 battery from October through December 2016. We will only be flaring as needed (i.e. during DCP maintenance). All gas flared will be metered and reported as per BLM requirements.

We have previously received approval to install a flare at this location and an updated battery diagram showing the flare location is on file.

The Gissler B 3-2 battery is located at:
T17S, R30E, SECTION 12, UNIT C, NENW
560' FNL, 1990' FWL
LEASE: NMNM-2748

NM OIL CONSERVATION
ARTESIA DISTRICT
OCT 24 2016
RECEIVED

14. I hereby certify that the foregoing is true and correct. Electronic Submission #350372 verified by the BLM Well Information System For BURNETT OIL COMPANY INC, sent to the Carlsbad Committed to AFMSS for processing by DEBORAH MCKINNEY on 09/09/2016 (16DLM0880SE)	
Name (Printed/Typed) LESLIE GARVIS	Title REGULATORY COORDINATOR
Signature (Electronic Submission)	Date 09/08/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>TEUNGKU MUCHLIS KRUENG</u>	Title PETROLEUM ENGINEER	Date 10/18/2016
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 Carlsbad

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #350372 that would not fit on the form

5. Lease Serial No., continued

NMNM074939
NMNM2748

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM2748	NMNM2748	GISSLER B 53	30-015-37242-00-S1	Sec 12 T17S R30E NENW 990FNL 2160FWL
NMNM2748	NMNM2748	GISSLER B 102	30-015-41545-00-S1	Sec 14 T17S R30E NWNW 990FNL 330FWL 32.838919 N Lat, 103.949551 W Lon
NMNM2748	NMNM2748	GISSLER B 109	30-015-42230-00-S1	Sec 11 T17S R30E SESW 330FSL 2420FWL 32.842533 N Lat, 103.942795 W Lon
NMNM2748	NMNM2748	GISSLER B 15	30-015-22213-00-S1	Sec 11 T17S R30E SWNW 1980FNL 660FWL
NMNM2748	NMNM2748	GISSLER B 20	30-015-25221-00-S1	Sec 11 T17S R30E SWSW 660FSL 660FWL
NMNM2748	NMNM2748	GISSLER B 24	30-015-25684-00-S1	Sec 14 T17S R30E NENW 660FNL 1980FWL
NMNM2748	NMNM2748	GISSLER B 37	30-015-34688-00-S1	Sec 14 T17S R30E NWNW 1010FNL 990FWL
NMNM2748	NMNM2748	GISSLER B 38	30-015-34359-00-S1	Sec 14 T17S R30E SWNW 750FNL 2310FWL
NMNM2748	NMNM2748	GISSLER B 43	30-015-36415-00-S1	Sec 11 T17S R30E SESW 330FSL 1800FWL
NMNM2748	NMNM2748	GISSLER B 50	30-015-36783-00-S1	Sec 11 T17S R30E NWSW 1650FSL 990FWL
NMNM2748	NMNM2748	GISSLER B 61	30-015-37675-00-S1	Sec 11 T17S R30E NESW 1486FSL 2300FWL
NMNM2748	NMNM2748	GISSLER B 66	30-015-38975-00-S1	Sec 14 T17S R30E NENW Lot C 380FNL 1800FWL
NMNM2748	NMNM2748	GISSLER B 69	30-015-38671-00-S1	Sec 11 T17S R30E NWSW 2160FSL 430FWL
NMNM2748	NMNM2748	GISSLER B 70	30-015-39209-00-S1	Sec 11 T17S R30E NESW Lot K 2210FSL 1750FWL
NMNM2748	NMNM2748	GISSLER B 74	30-015-39580-00-S1	Sec 14 T17S R30E NWNW 330FNL 430FWL
NMNM2748	NMNM2748	GISSLER B 77	30-015-39802-00-S1	Sec 11 T17S R30E SESW 74FSL 1395FWL
NMNM2748	NMNM2748	GISSLER B 82	30-015-39803-00-S1	Sec 11 T17S R30E SESW 1310FSL 2350FWL
NMNM2748	NMNM2748	GISSLER B 84	30-015-39954-00-S1	Sec 11 T17S R30E SWSW 1180FSL 490FWL
NMNM2748	NMNM2748	GISSLER B 91	30-015-41001-00-S1	Sec 11 T17S R30E SESW 1265FSL 1626FWL
NMNM2748	NMNM2748	GISSLER B 97	30-015-41276-00-S1	Sec 11 T17S R30E SWSW 330FSL 820FWL 32.842534 N Lat, 103.948002 W Lon
NMNM074939	NMNM074939	GISSLER B 101	30-015-42226-00-S1	Sec 14 T17S R30E SWNW 2630FNL 480FWL 32.834399 N Lat, 103.949112 W Lon
NMNM074939	NMNM074939	GISSLER B 106	30-015-42343-00-S1	Sec 14 T17S R30E SWNW 1650FNL 1090FWL 32.837093 N Lat, 103.947126 W Lon
NMNM074939	NMNM074939	GISSLER B 108	30-015-42229-00-X1	Sec 14 T17S R30E SENW 1760FNL 2205FWL 32.836791 N Lat, 103.943497 W Lon
NMNM074939	NMNM074939	GISSLER B 25	30-015-25685-00-S1	Sec 14 T17S R30E SWNW 1880FNL 760FWL
NMNM074939	NMNM074939	GISSLER B 26	30-015-25763-00-S1	Sec 14 T17S R30E SENW 1980FNL 1980FWL
NMNM074939	NMNM074939	GISSLER B 31	30-015-32200-00-S1	Sec 14 T17S R30E NWSW 1650FSL 990FWL
NMNM074939	NMNM074939	GISSLER B 32	30-015-32754-00-S1	Sec 14 T17S R30E NWSW 2310FSL 330FWL
NMNM074939	NMNM074939	GISSLER B 33	30-015-33125-00-S1	Sec 14 T17S R30E SENW 2195FNL 2215FWL
NMNM074939	NMNM074939	GISSLER B 34	30-015-33517-00-S1	Sec 14 T17S R30E SWNW 1650FNL 330FWL
NMNM074939	NMNM074939	GISSLER B 35	30-015-33495-00-S1	Sec 14 T17S R30E SWNW 2310FNL 990FWL
NMNM074939	NMNM074939	GISSLER B 36	30-015-34022-00-S1	Sec 14 T17S R30E SENW 1650FNL 1650FWL
NMNM074939	NMNM074939	GISSLER B 68	30-015-38976-00-S1	Sec 14 T17S R30E NWSW Lot L 2475FSL 1240FWL
NMNM074939	NMNM074939	GISSLER B 89	30-015-40431-00-S1	Sec 14 T17S R30E NWSW 1700FSL 330FWL

10. Field and Pool, continued

GRAYBURG
GRAYBURG JACKSON
GRAYBURG JACKSON-SR-Q-GRBG-SA
LOCO HILLS-GLORIETA-YESO
LOCO HILLS-PADDOCK
LOCO HILLS-QU-GB-SA
SQUARE LAKE
UNKNOWN

32. Additional remarks, continued

The following wells are associated with this battery:

- Gissler B 15 30-015-22213
- Gissler B 20 30-015-25221
- Gissler B 24 30-015-25684
- Gissler B 25 30-015-25685
- Gissler B 26 30-015-25763
- Gissler B 31 30-015-32200
- Gissler B 32 30-015-32754
- Gissler B 33 30-015-33125
- Gissler B 34 30-015-33517
- Gissler B 35 30-015-33495
- Gissler B 36 30-015-34022
- Gissler B 37 30-015-34688
- Gissler B 38 30-015-34359
- Gissler B 43 30-015-36415
- Gissler B 50 30-015-36783
- Gissler B 61 30-015-37675
- Gissler B 66 30-015-38975
- Gissler B 68 30-015-38976

32. Additional remarks, continued

Gissler B 69 30-015-38671
Gissler B 70 30-015-39209
Gissler B 74 30-015-39580
Gissler B 77 30-015-39802
Gissler B 82 30-015-39803
Gissler B 84 30-015-39954
Gissler B 89 30-015-40431
Gissler B 91 30-015-41001
Gissler B 97 30-015-41276
Gissler B 101 30-015-42226
Gissler B 102 30-015-41545
Gissler B 106 30-015-42343
Gissler B 108 30-015-42229
Gissler B 109 30-015-42230

BUREAU OF LAND MANAGEMENT

**Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Multiple—See Attached
BURNETT OIL COM. INC.
NMNM37242
10/18/2016**

Pursuant to **NTL-4A III**, Lessees or operators are hereby authorized to vent or flare gas on a short-term basis without incurring a royalty obligation in the following circumstances:

- A. Emergencies. During temporary emergency situations, such as compressor or other equipment failures, relief of abnormal system pressures, or other conditions which result in the unavoidable short-term venting or flaring of gas. However, this authorization to vent or flare gas in such circumstances without incurring a royalty obligation is limited to 24 hours per incident and to 144 hours cumulative for the lease during any calendar month, except with the prior authorization, approval, ratification, or acceptance of the Supervisor.
- B. Well Purging and Evaluation Tests. During the unloading or cleaning up of a well during drillstem, producing, routine purging, or evaluation tests, not exceeding a period of 24 hours.
- C. Initial Production Tests. During initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first, unless a longer test period has been authorized by the appropriate State regulatory agency and ratified or accepted by the Supervisor.
- D. Routine or Special Well Tests. During routine or special well tests, other than those cited in NTL-4A III.B and C above, only after approval by the Supervisor.

If a flaring event conforms with the requirements listed above as per NTL-4A III., the flared volumes are not royalty bearing and the operator does not need to submit a Sundry Notice. Report flared volumes as unavoidably lost on OGOR B.

Condition of Approval to Flare Gas

1. The first 24 hours of a temporary emergency flare* is considered "unavoidably lost" and is therefore royalty free. Flared volumes that are considered unavoidably lost are not to be included in Sundry Notice (Form 3160-5). NTL-4A specifies no more than 24 hours per incident and no more 144 hours cumulative for the lease during any calendar month. These Volumes are not royalty bearing and shall be reported on OGOR "B" as disposition code "23".
2. Flared volumes considered to be "avoidably lost":
 - Exceeding the first 24 hours for each temporary emergency flare event (144 hours cumulative for the lease per month), well purging and evaluation test.
 - During initial well evaluation tests, exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first
 - Scheduled flaring operations

These flare events will require prior approval via Notice of Intent- Sundry Notice (Form 3160-5). Volumes flared beyond limits defined in NTL-4A are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with NTL-4A.IV.B.. Volumes for avoidably lost gas shall be reported on OGOR "B" reports as disposition code "08". If the operator believes that the flared volumes were "unavoidably lost" and the BLM determines them to be "avoidably lost", the operator can submit a more detailed request via Sundry Notice (Form 3160-5) for an exception in accordance with NTL-4A.IV.B.. As an alternative to producing oil and flaring gas the operator may choose to shut the well in and avoid paying royalties on otherwise avoidably lost gas.

3. Approval not to exceed 90 days,(from 10/01/2016 to 12/31/2016), if flaring is still required past 90 days submit new request for approval.
4. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared on a Sundry Notice (Form 3160-5). Include method for volume determination and duration. Report unavoidably lost (first 24 hrs of unexpected event) and avoidably lost (exceeding the first 24 hrs or flared gas that has been approved as avoidably lost by the Authorized Officer) volumes and durations on the Subsequent Report.
5. In determining the volumes of gas to be reported in accordance with NTL-4A the BLM CFO requires Vent/flare gas metering to meet all requirements for a sales meter as per Federal Regulations, Onshore Order #5 and NTL 2008-01. Include meter serial number on Sundry Notice (Form 3160-5).
 - If installation of an approved gas meter is not economically feasible for continued operations. Submit Notice of Intent - Sundry Notice (Form 3160-5) to request an alternate method of determining gas volumes with a valid justification. Alternate methods are listed in NTL-4A. The Authorized Officer may require the installation of additional measurement equipment whenever it is determined that the present methods are inadequate to meet the purposes of this Notice.
6. An updated facility diagram is required within 60 days of modifications to existing facilities per Onshore Order #3.
7. This approval does not authorize any additional surface disturbance.
8. Subject to like approval from NMOCD

Regulations and Definitions

Definition: As per **NTL-4A II. A.** "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) and combination of the foregoing.

NTL-4A.IV.B. Oil Well Gas. Except as provided in II.C and III above, oil well gas may not be vented or flared unless approved in writing by the Supervisor. The Supervisor may approve an application for the venting or flaring of oil well gas if justified either by the submittal of **(1)** an evaluation report supported by engineering, geologic, and economic data which demonstrates to the satisfaction of the Supervisor that the expenditures necessary to market or beneficially use such gas are not economically justified and that conservation of the gas, if required, would lead to the premature abandonment of recoverable oil reserves and ultimately to a greater loss of equivalent energy than would be recovered if the venting or flaring were permitted to continue or **(2)** an action plan that will eliminate venting or flaring of the gas within 1 year from the date of application.

***Temporary Emergency Flaring** is defined as an unexpected situation requiring immediate action. A flaring event is considered an emergency if the occurrence is out of the operators control and the operator had less than 24 hrs notification of the event. Scheduled or routine flare events will not be considered an emergency.