

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

N. M. OIL CONSERVATION DIVISION
P. O. BOX 100
ROSWELL, NEW MEXICO 88203

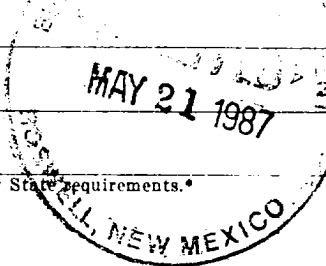
Amended

Form approved.
Budget Bureau No. 42-R1424.

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		7. UNIT AGREEMENT NAME	
2. NAME OF OPERATOR LAYTON ENTERPRISES, INC.		8. FARM OR LEASE NAME EL ZORRO "B" FEDERAL	
3. ADDRESS OF OPERATOR 3103 - 79th St., Lubbock, Texas 79423		9. WELL NO. 1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface 760' FSL 560' FEL Sec 24, T8S, R36E		10. FIELD AND POOL, OR WILDCAT Allison Penn	
14. PERMIT NO.		15. ELEVATIONS (Show whether DF, RT, GR, etc.) 4058.7 GL	
		12. COUNTY OR PARISH Roosevelt	13. STATE NM



16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>
(Other) <u>Commingle Production</u> <input checked="" type="checkbox"/>	

SUBSEQUENT REPORT OF:

WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
(Other) _____	

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

This well is scheduled for drilling to commence on June 2, 1987 and will be completed in the Bough "C" Penn zone of the Allison Field. Following completion of this well, we intend to commingle all oil and gas production in existing tank battery facility with production from El Zorro Federal No. 1, Lease No. NM53389, located in NE NE $\frac{1}{4}$, Sec. 25, T8S, R36E, Roosevelt County. The two leases have identical provisions and dates. All interests, both royalty and working interests, are identical. Agreement has been reached with the surface owner. Commingling into the existing facilities will result in less surface disturbance, will eliminate need for venting gas, will provide immediate sales facility for production and disposal of produced water, plus economic benefit to operator.

Production will be allocated to each lease on a monthly basis. If this well should prove to have production potential equal to or greater than the top allowable as established by the New Mexico State Oil Conservation Division, we will install meters to measure production separately from each lease prior to commingling. If this well produces less than top allowable, production will be allocated on the basis of monthly well tests.

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

SIGNED *Ronald L. Layton* TITLE President DATE May 18, 1987

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____

CONDITIONS OF APPROVAL, IF ANY: *Leases NM 53388 and NM 53389 are schedule B, step scale, leases. therefore if production averages greater than 50 BBL PD on a monthly basis, from either well, the wells will need to be metered separately. *See Instructions on Reverse Side*

APPROVED
PETER W. CHESTER
Peter W. Chester
MAY 26 1987
BUREAU OF LAND MANAGEMENT
ROSWELL RESOURCE AREA