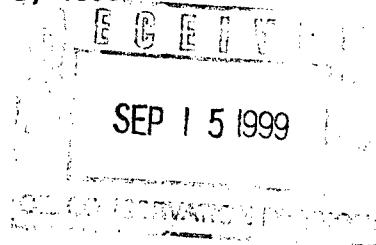


NSL 10/5/99



September 8, 1999

State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



Attn: Michael E. Stogner

Re: Unorthodox Location
Allison Devonian Field
El Zorro Fremont Federal No. 2
Sec. 1, T9S, R36E
Lea County, New Mexico

Gentlemen:

We request approval of the captioned drilling location. Spacing rules require wells to be drilled no nearer than 330 feet from any proration unit boundary. This location does not meet that requirement.

The proposed well is a Devonian development well which we feel will be necessary to maximize oil recovery from this relatively small structure. The non-standard location is necessary to properly locate the well structurally as indicated by the 3D seismic data in Exhibit A (Structure Map) and Exhibit B (Cross Section).

The location is 1290 feet from the nearest lease boundary line of the 320 acre lease. The 40 acre proration unit is offset in all directions by our leases so there are no other offset operators.

Also attached are copies of the survey plat Form C-102, and ownership map with pertinent lease and location data.

The drilling application has been approved by BLM and copies are in the Hobbs OCD office.

Your consideration is appreciated.

Very truly yours,

LAYTON ENTERPRISES, INC.

A handwritten signature in dark ink, appearing to read 'Donald R. Layton'. Below the signature, the name 'Donald R. Layton' and the title 'President' are printed in a sans-serif font.

Donald R. Layton
President

xc: OCD, Hobbs

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-	Pool Code 96450	Pool Name Allison; Devonian
Property Code 017754	Property Name EL ZORRO FREMONT FEDERAL	Well Number 2
OGRID No. 013178	Operator Name LAYTON ENTERPRISES INC.	Elevation 4039'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	1	9 S	36 E		1880	NORTH	1350	EAST	LEA

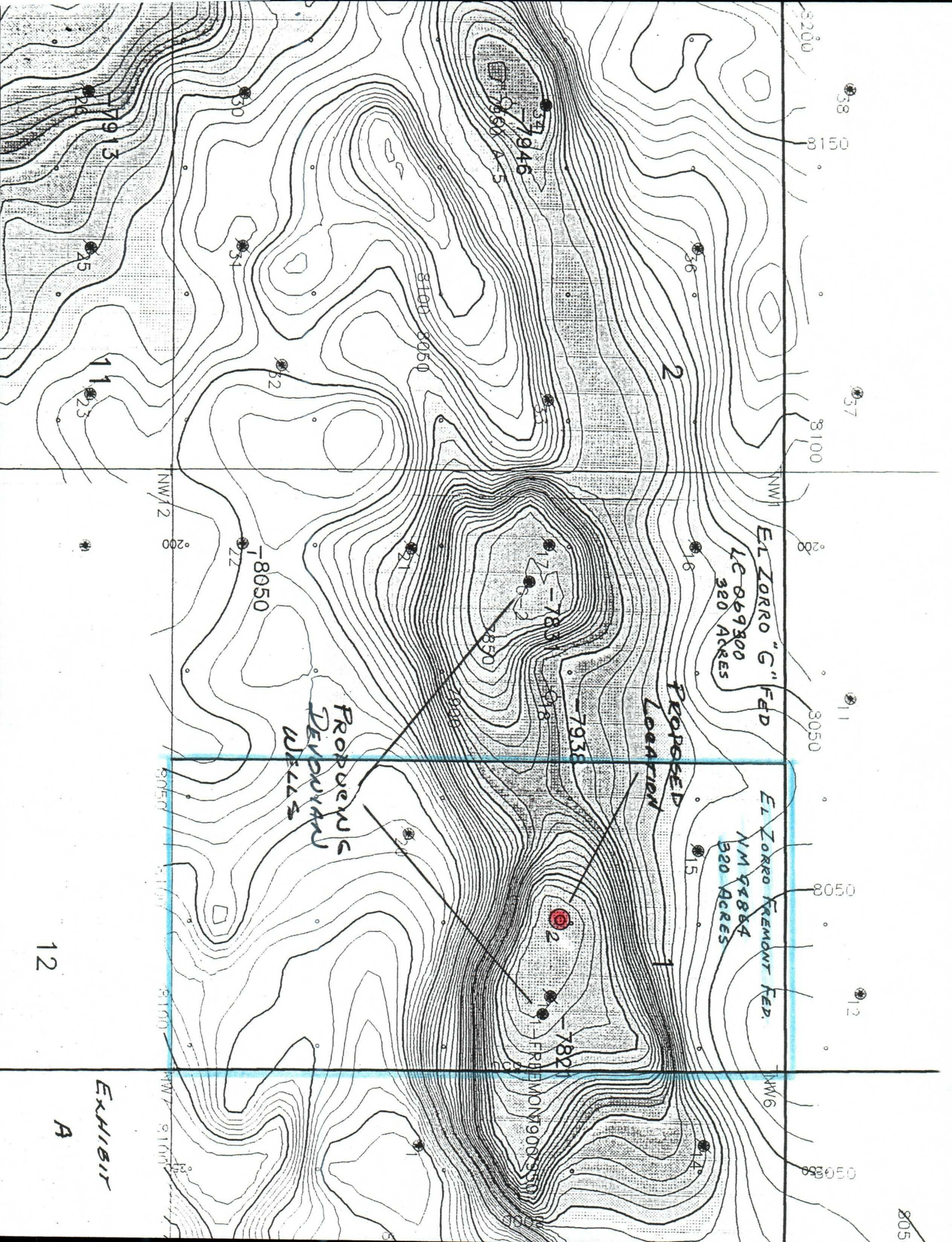
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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

				OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <i>Donald R. Layton</i> Signature Donald R. Layton Printed Name President Title 7-22-99 Date
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 supervision, and that the same is true and correct to the best of my belief. July 20, 1999 Date Surveyed <i>[Signature]</i> Signature of Professional Surveyor 7977 Professional Surveyor No. W.O. No. 92594 Certified by Jones 7977 BASIN SURVEYS				

[illegible]



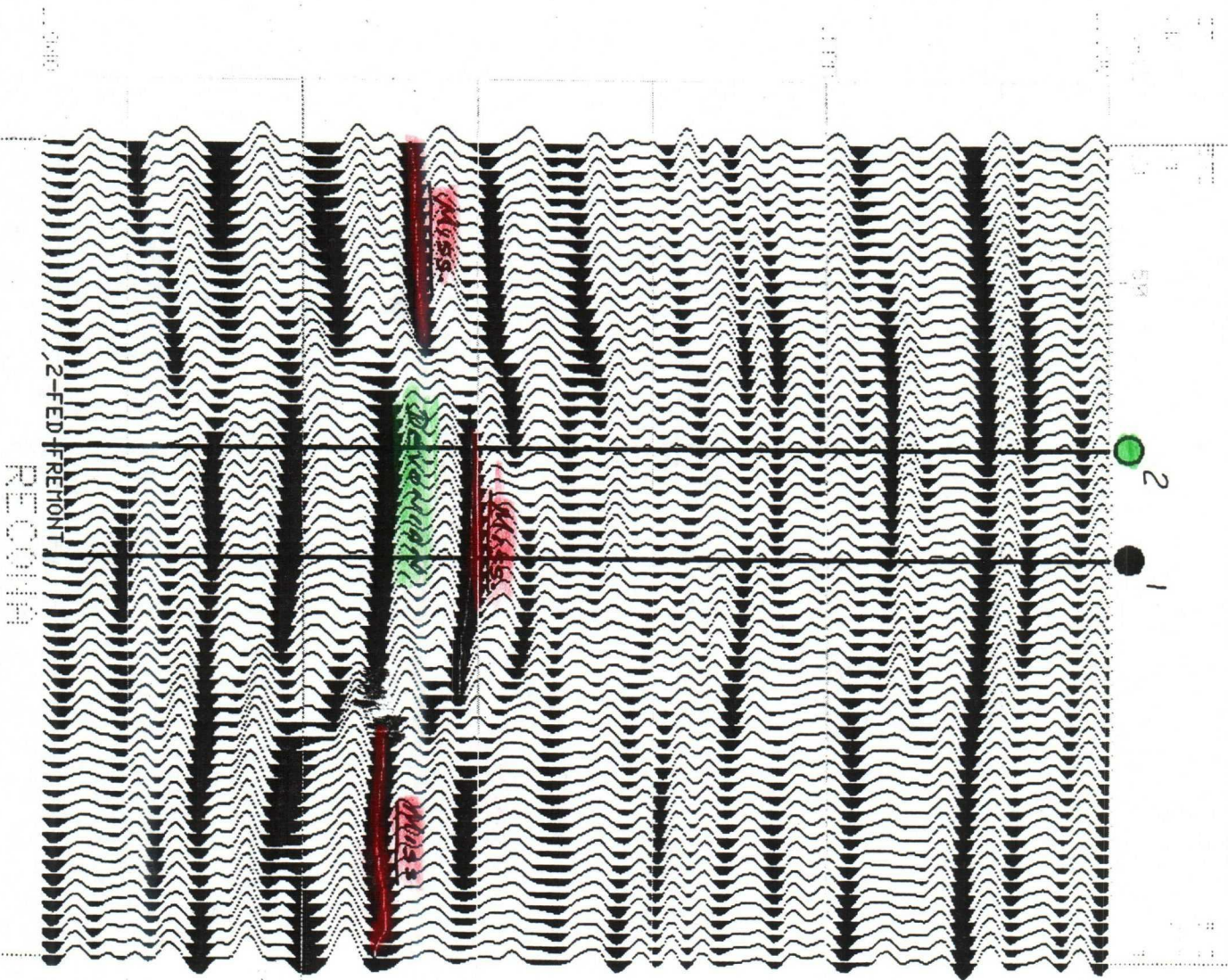
EL ZORRO "G" FED
LC 069300
320 ACRES

EL ZORRO FREMONT FED.
NM 54884
320 ACRES

PROPOSED
Location

PROPOSED
DEBRIS
WELLS

Hardcopy of SEIS_IMAG



REC0014

Exhibit
B