

10/13/06 DATE IN	SUSPENSE	BROOKS ENGINEER	10/16/06 LOGGED IN	NSL TYPE	PDR C0628951227 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Jayton Enterprises
For A State #16

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

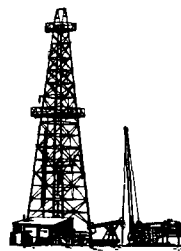
Title

Date

e-mail Address



2006 OCT 13 PM 2 19



5479

3103 - 79TH STREET • LUBBOCK, TEXAS 79423 • 806/745-4638

October 5, 2006

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

Attn: Michael E. Stogner

Re: Non-Standard Location
Allison San Andres Field
Fox A State No. 6
API # 30-025-38143
Sec. 2, T9S, R 36E

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 part of our current San Andres development program in Section 2 and Section 36. We have five additional wells staked and permitted.

The non-standard location is requested in order to locate the well on an existing well pad near the Fox A State No. 5 well, completed in the Bough C Penn Zone. Utilization of this existing facility will greatly reduce both economic waste and surface disturbance and provide a favorable location for the well.

The well is located 2,150 feet from the nearest lease boundary line near the center of the 640 acre lease. There are no offset operators.

Attached are copies of Forms C-101 and C-102 plus area and ownership maps with pertinent lease and location data.

The drilling application has been approved by the OCD Hobbs District Office.

Your consideration is appreciated.

Very truly yours,

LAYTON ENTERPRISES, INC.


Donald R. Layton
President

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address LAYTON ENTERPRISES, INC. 3103 - 79th St., Lubbock, TX 79423		² OGRID Number 013178
		³ API Number 30 - 025 - 38143
³ Property Code 003788 5786	⁵ Property Name Fox A State V-2522	⁶ Well No. 6
⁷ Proposed Pool 1 Allison San Andres South		⁸ Proposed Pool 2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	2	9S	36E		2445	North	2150	West	Lea

Proposed 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

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4053'
¹⁶ Multiple No	¹⁷ Proposed Depth 5,200'	¹⁸ Formation San Andres	¹⁹ Contractor TBA	²⁰ Spud Date ASAP
Depth to Groundwater 200'		Distance from nearest fresh water well .5 mile		Distance from nearest surface water —'
Pit: Liner: Synthetic ☒ 12' mils thick Clay ☐ Pit Volume: 1,200 bbls Drilling Method: Closed-Loop System ☐ Fresh Water ☐ Brine ☒ Diesel/Oil-based ☐ Gas/Air ☐				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
18"	14"	36	40	Redi-Mix to →	SURFACE
12 - 1/4"	8 - 5/8"	24	2,100	1,100	SURFACE
7 - 7/8"	5 - 1/2"	15.5	5,200	1,500	SURFACE

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

**Permit Expires 1 Year From Approval
Date Unless Drilling Underway**

Propose to drill to 5,200' to test San Andres.
Will set 8-5/8" casing at 2,100' and circulate cement to surface.
At TD will run logs - set 5-1/2" casing and pump cement - circulate to surface.
As indicated by logs, will perforate and treat San Andres zone(s) and equip for production.
Blowout preventers will be standard double ram 2000 psi series.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name:
Donald R. Layton
Title: President

E-mail Address: Laytonoil@aol.com

Date: 9/25/2006

Phone: (806) 745-4638

OIL CONSERVATION DIVISION

Approved by:

Harry W. Wink

Title:

OC FIELD REPRESENTATIVE II/STAFF MANAGER

SEP 29 2006

Approval Date:

Expiration Date:

"CONDITIONAL APPROVAL" Approval
for Drilling, Completion, Plugback, or
Allison San Andres without Non-Standard
Location Dedication order approved by the
Santa Fe OCD Office.

DISTRICT I'
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 86210

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

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30 - 025 - 38143	Pool Code 01190-01220	Pool Name ALLISON SAN ANDRES
Property Code 0057866	Property Name FOX A STATE	Well Number 6
OGRID No. 013178	Operator Name LAYTON ENTERPRISES, INC.	Elevation 4053'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	2	9 S	36 E		2445	NORTH	2150	WEST	LEA

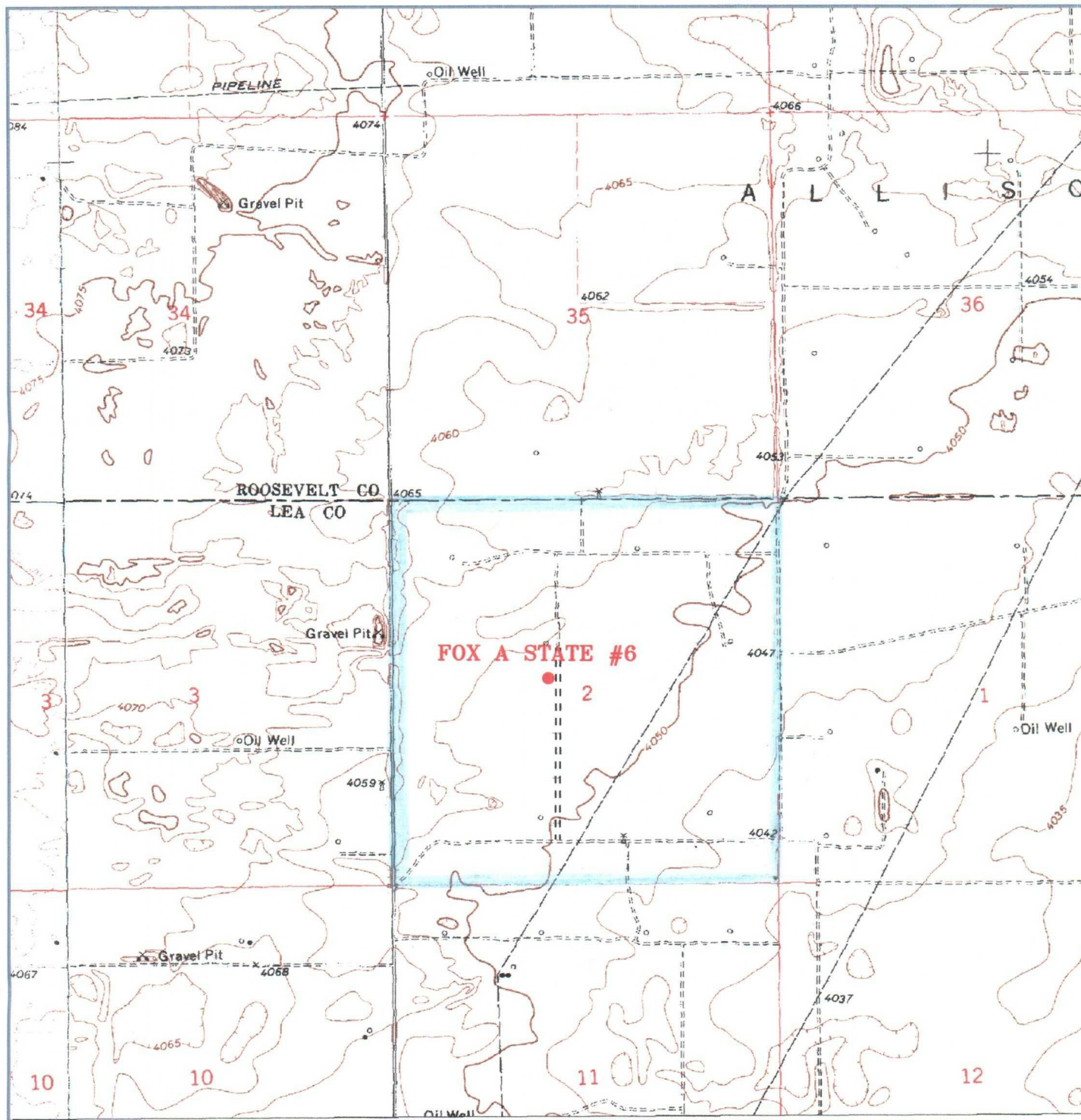
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	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 that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement, or a compulsory pooling order heretofore entered by the division. <i>Donald R. Layton</i> Signature 9/25/2006 Date Donald R. Layton, President Printed Name
	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. SEPTEMBER 19, 2006 Date Surveyed Signature & Seal of Professional Surveyor <i>GARY L. JONES</i> W.O. No. 7129 Certificate No. Gary L. Jones 7977 BASIN SURVEYS

[illegible]



FOX A STATE #6

Located at 2445' FNL and 2150' FWL
 Section 2, Township 9 South, Range 36 East,
 N.M.P.M., LEA County, New Mexico.



focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: JMS 7129T

Survey Date: 09-18-2006

Scale: 1" = 2000'

Date: 09-21-2006

LAYTON
ENTERPRISES,
INC.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 3, 2006

Mr. Donald R. Layton
President
Layton Enterprises, Inc.
3103 79th St
Lubbock, TX 79423

**Re: Administrative Application No. pDRC0628951227
Fox A State Well No. 6
F-2-9S-36E
Lea County**

Dear Mr. Layton:

The referenced application does not contain sufficient information for us to determine if all necessary notices have been given.

The application states that "The well is located 2,150 feet from the nearest lease boundary line near the center of the 640 acre lease." From this statement, it may be reasonable to infer that that the lease in question covers the all of Section 2, though that is not directly stated. We cannot, however, necessarily infer that ownership of the lease is uniform for the entire section.

If working interest ownership is uniform for all of Section 2, then no notice is required. In that event, please furnish us a written statement to that effect. Otherwise please furnish proof of notice to all working interest owners in the S/2 of Section 2.

Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

David K. Brooks,
david.brooks@state.nm.us
Assistant General Counsel



November 6, 2006

Mr. David K. Brooks
Assistant General Counsel
Oil Conservation Division
New Mexico Energy, Minerals, and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Administrative Application No. pDRC0628951227
Fox A State Well No. 6
F-2-9S-36E
Lea County

Dear Mr. Brooks:

With reference to your letter of November 3, 2006 regarding the captioned well, please be advised that the Fox A State Lease (#VO-2522) covers all of Section 2, comprising 640 acres.

Ownership of the lease is uniform for the entire section, as Layton Enterprises, Inc. owns 100% of the working interest for all of it.

Please advise if further information is needed.

Sincerely

LAYTON ENTERPRISES, INC.

A handwritten signature in cursive script, reading 'Donald R. Layton'.

Donald R. Layton
President