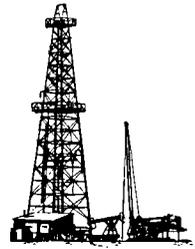




LAYTON ENTERPRISES, INC.

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

OIL CONSERVATION DIVISION
RECEIVED
95 JAN 27 AM 8 52



January 16, 1995

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Non-Standard Location -- Allison Penn Field
Fox "A" State No. 5-F
Sec. 2, T9S, R36E
Lea County, New Mexico

Gentlemen:

The captioned well was drilled in October 1991 to a depth of 12,500' to test the Devonian. This zone tested 100% water and the well was temporarily abandoned. Subsequently a bridge plug with cement cap was set to isolate the Devonian zone, the casing tested, and the well placed in extended shut-in status to June 19, 1997.

It is our intention to attempt completion in the "Bough" Penn zone. However, pool rules require wells to be located within 150 feet of the center of a 40 acre unit. This well location does not meet that requirement, and we request approval of a non-standard location.

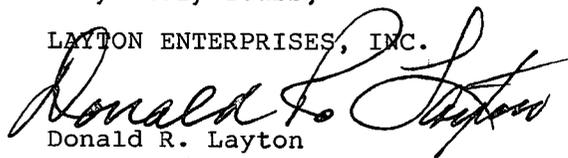
We are currently producing our Fox "A" State No. 1-F located only 350 feet north of the captioned location. This well was a re-entry of a P-A well re-completed in 1990. It is a light marginal producing well, a condition we attribute at least in part to formation damage incurred in the original plugging operation, and we feel we can make a much better well from the new completion in the No. 5 well. We may wish to continue to produce the No. 1 well also for the time being but eventually intend to plug it back to test the San Andres zone.

This well is located near the center of the 640 acre lease and there are no other offset operators to the proration unit.

Attached are copies of the ownership map and our application filed with the district office. Your consideration of our request is greatly appreciated.

Very Truly Yours,

LAYTON ENTERPRISES, INC.


Donald R. Layton
President

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-101
 Revised 1-1-89

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

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

API NO. (assigned by OCD on New Wells)
30-025-31343

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
V-2522

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
 DRILL RE-ENTER DEEPEN PLUG BACK

b. Type of Well:
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. Name of Operator
LAYTON ENTERPRISES, INC.

3. Address of Operator
3103 79th St Lubbock, Tx. 79423

4. Well Location
 Unit Letter F : 2310 Feet From The NORTH Line and 2070 Feet From The WEST Line
 Section 2 Township 9S Range 36E NMPM LEA County

7. Lease Name or Unit Agreement Name
Fox "A" STATE

8. Well No.
5

9. Pool name or Wildcat
ALLISON PENN

10. Proposed Depth
11425 PB

11. Formation
PENN

12. Rotary or C.T.
ROTARY

13. Elevations (Show whether DF, RT, GR, etc.)
7055.6

14. Kind & Status Plug. Bond
STATEWIDE-CURRENT

15. Drilling Contractor
COBRA-DAVIS

16. Approx. Date Work will start
MARCH 1, 1995

17. **PROPOSED CASING AND CEMENT PROGRAM**

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
28	20	54	90	30	SURFACE
17 1/2	13 3/8	72	340	350	CIRC 125 SX
12 1/2	8 3/8	32	4135	1700	CIRC 190 SX
7 7/8	5 1/2	23 1/2	12,511	2000	EST 5000

INTEND TO PERFORATE AND ACIDIZE BOUGH PENN ZONE 9600-9800. WILL PERFORATE & TREAT FAVORABLE POROSITY ZONES AS INDICATED BY LOGS AND TEST FOR PRODUCTION. IF TESTS INDICATE PRODUCTION, WILL INSTALL PUMPING EQUIPMENT AND PLACE WELL ON PRODUCTION.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Donald R. Layton TITLE PRESIDENT DATE 1-16-95

TYPE OR PRINT NAME DONALD R. LAYTON TELEPHONE NO. 506-785-7655

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

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

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

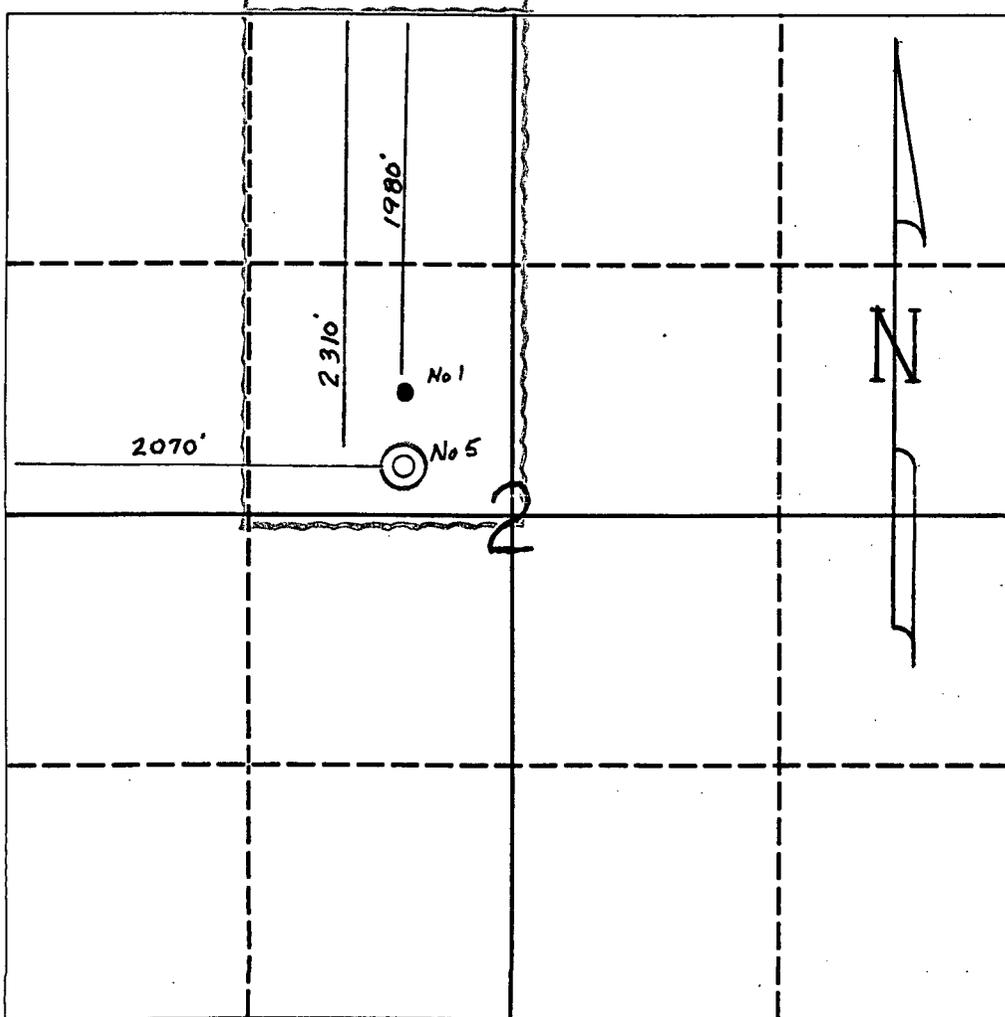
Operator LAYTON ENTERPRISES, Inc			Lease FOX "A" STATE			Well No. 5		
Unit Letter F	Section 2	Township 9S	Range 36E	County LEA		NMPM		
Actual Footage Location of Well: 2310 feet from the NORTH line and 2070 feet from the WEST line								
Ground level Elev. 4055.6		Producing Formation PENN			Pool ALLISON PENN		Dedicated Acreage: 80 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary. _____)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, 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.

Signature
Donald R. Layton
 Printed Name
DONALD R. LAYTON
 Position
PRESIDENT
 Company
LAYTON ENTERPRISES, Inc
 Date
1-16-95

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 knowledge and belief.

Date Surveyed
JULY 31, 1991
 Signature & Seal of Professional Surveyor
(S) NEAL D. KING
SEE ORIGINAL PLATS ON OLD FORM C-102

Certificate No.
6541

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-4-85

All distances must be from the outer boundaries of the Section.

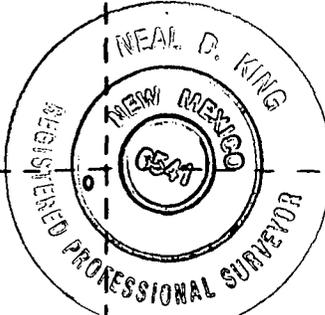
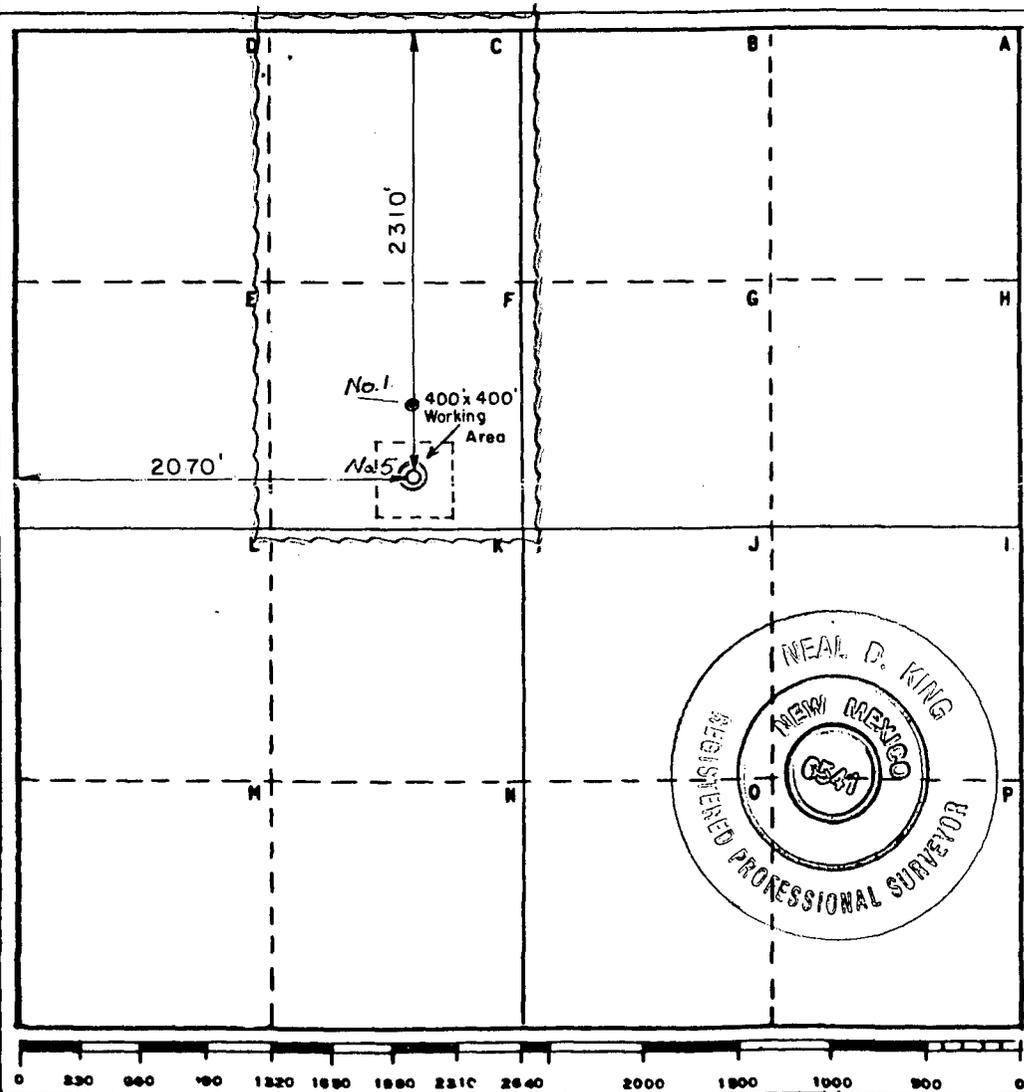
Operator Layton Enterprises, Inc.			Lease Fox "A" State			Well No. 5		
Unit Letter F	Section 2	Township 9 South	Range 36 East	County Lea				
Actual Footage Location of Well: 2310 feet from the North line and 2070 feet from the West line								
Ground Level Elev: 4055.6	Producing Formation PENN		Pool ALLISON FENN			Dedicated Acreage: 80 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Name	<i>Donald R. Layton</i>
Position	PRESIDENT
Company	LAYTON ENTERPRISES, INC.
Date	7-31-91
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 knowledge and belief.	
Date Surveyed	July 31, 1991
Registered Professional Engineer and/or Land Surveyor	
	<i>Neal D. King</i>
Certificate No.	6541



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

'95 JAN 27 AM 8:50
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

1/24/95

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

- MC _____
- DHC _____
- NSL X _____ SD
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

<u>Leyton Enterprises, Inc</u>	<u>For A State</u>	<u>#5-F</u>	<u>2-9s-3tc</u>
Operator	Lease & Well No.	Unit	S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Supervisor, District 1

Sec : 02 Twp : 09S Rng : 36E Section Type : NORMAL

4 40.30 CS V02522 02/93 DONALD R LAYTON & A	3 40.25 CS V02522 02/93 DONALD R LAYTON &	2 40.21 CS V02522 02/93 DONALD R LAYTON &	1 40.16 CS V02522 02/93 DONALD R LAYTON &
E 40.00 CS V02522 02/93 DONALD R LAYTON &	F 40.00 CS V02522 02/93 DONALD R LAYTON & A A	G 40.00 CS V02522 02/93 DONALD R LAYTON &	H 40.00 CS V02522 02/93 DONALD R LAYTON & A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

ALLISON-PENNSYLVANIAN POOL
Lea and Roosevelt Counties, New Mexico

Order No. R-1389-B, Combining the Allison-Pennsylvanian and North Allison-Pennsylvanian Pools, and Adopting Rules for the Allison-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico, August 26, 1959.

Application of the Atlantic Refining Company for an order combining the Allison-Pennsylvanian and North Allison-Pennsylvanian Pools, Lea and Roosevelt Counties, New Mexico, and for the Promulgation of Special Rules and Regulations to provide for 80-acre Proration Units.

CASE NO. 1637
Order No. R-1389-B

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on April 15, 1959, at Hobbs, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," and Order No. R-1389 was entered on May 7, 1959. The case was reopened and a rehearing held on July 15, 1959, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

NOW, on this 26th day of August, 1959, the Commission, a quorum being present, having considered the application and the evidence adduced at the original hearing and at the rehearing and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, The Atlantic Refining Company, seeks an order combining the Allison-Pennsylvanian Pool and the North Allison-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico.

(3) That the testimony presented establishes that the wells in the Allison-Pennsylvanian Pool and the North Allison-Pennsylvanian Pool, as well as certain intervening acreage, are producing from a single common source of supply and that said pools should be combined and designated as the Allison-Pennsylvanian Pool with the pool to encompass the acreage shown in Appendix "A" attached hereto and made a part hereof.

(4) That the applicant further seeks the promulgation of special rules and regulations for said Allison-Pennsylvanian Pool to provide for 80-acre proration units.

(5) That the applicant has proved by a preponderance of the evidence that the Allison-Pennsylvanian Pool, comprising the acreage shown in Appendix "A," can be efficiently and economically drained and developed on 80-acre proration units.

(6) That to require development of the Allison-Pennsylvanian Pool on 40-acre proration units might cause the drilling of unnecessary wells.

(7) That the evidence presented indicates that it is uneconomical to drill wells on 40-acre proration units in the Allison-Pennsylvanian Pool and to remain on such a spacing pattern might impede further development in said pool.

(8) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That Commission Order No. R-1389, dated May 7, 1959, be and the same is hereby superseded effective September 1, 1959.

(2) That special rules and regulations for the Allison-Pennsylvanian Pool in Lea and Roosevelt Counties, New Mexico, with horizontal limits as described in Appendix "A," be and the same are hereby promulgated as follows effective September 1, 1959; provided, however, that the increased allowable pro-

visions contained herein shall not become effective until October 1, 1959.

SPECIAL RULES AND REGULATIONS FOR THE ALLISON-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the Allison-Pennsylvanian Pool or in the Pennsylvanian formation within one mile of the Allison-Pennsylvanian Pool, and not nearer to nor within the limits of another designated Pennsylvanian pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Allison-Pennsylvanian Pool shall be located in a unit containing 80 acres, more or less, which consists of the S/2, N/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The initial well on any 80-acre unit in said pool shall be located within 150 feet of the center of either the NW/4 or the SE/4 of the quarter section on which the well is located. Any well which was drilling to or completed in the Allison-Pennsylvanian Pool prior to September 1, 1959, is granted an exception to the well location requirements of this Rule.

RULE 4. For good cause shown, the Secretary-Director may grant exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot or when the application is for the purpose of joining fractional lots not exceeding 20.49 acres each with a standard unit. All operators offsetting the proposed non-standard unit shall be notified of the application by registered mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Allison-Pennsylvanian Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 5. An 80-acre proration unit (79 through 81 acres in the Allison-Pennsylvanian Pool shall be assigned an 80-acre proportional factor of 4.77 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

IT IS FURTHER ORDERED:

That Operators who propose to dedicate 80 acres to a well in the Allison-Pennsylvanian Pool must file an amended Commission Form C-128 with the Hobbs District Office of the Commission by September 15, 1959, in order that the well may be assigned an 80-acre allowable on the October proration schedule.

APPENDIX "A"
ALLISON-PENNSYLVANIAN POOL
HORIZONTAL LIMITS

**TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM,
ROOSEVELT COUNTY**

Section 35: E/2
Section 36: W/2 W/2

**TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM,
LEA COUNTY**

Section 1: W/2 W/2
Section 2: E/2 NW/4, SW/4, E/2
Section 10: NE/4
Section 11: All

DONE at Santa Fe, New Mexico, on the day and year hereinafore designated.
Section 12: W/2 NW/4