

Release Date: June 15, 1987

By LK



May 20, 1987

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

RE: Lease Commingling

Gentlemen:

It is our intent to commence drilling our El Zorro "B" Federal No. 1 in the Allison Penn Field on or about June 1, 1987. Completion of this well should occur on or about July 10, 1987.

Under the provisions of Rule 309-B, we request authority to commingle production from this well with production from our El Zorro Federal No. 1, in presently existing and operating tank battery facilities.

The producing zone, Federal lease stipulations, and all interest owners are identical in both leases. The attached data sheet, lease plat, and tank battery diagram give pertinent details.

We certify that on this date we are notifying all interest owners and purchasers by copies of this application.

Very truly yours,

LAYTON ENTERPRISES, INC.

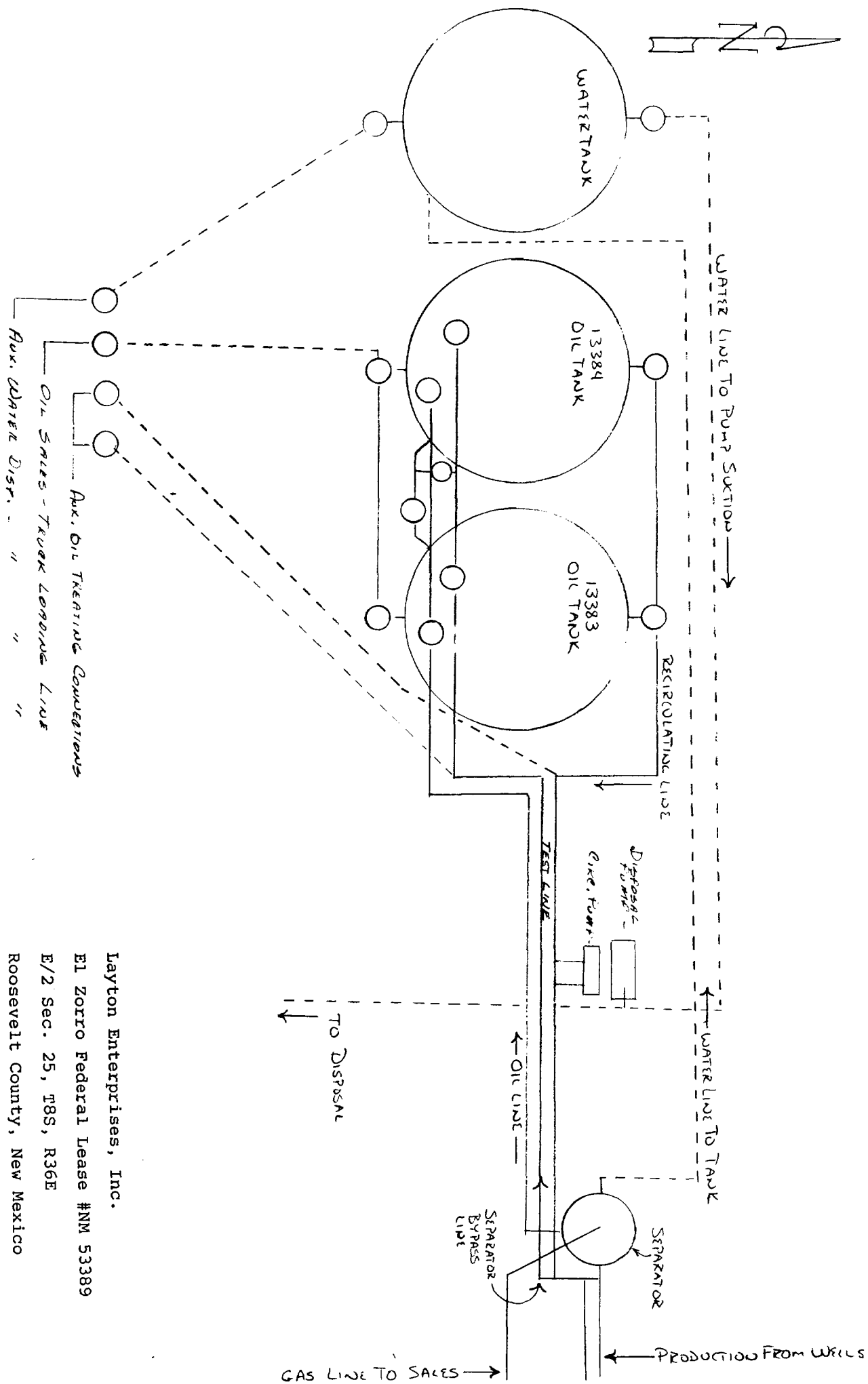
Donald R. Layton
Donald R. Layton
President

LEASE COMMINGLING DATA SHEET

	<u>El Zorro Federal Lse.</u>	<u>El Zorro "B" Federal Lse.</u>
Federal Lease No.	NM 53389	NM 53388
Date of Lease	9-1-'82	9-1-'82
Location of Wells	660'FNL 510'FEL Sec. 25, T8S R36E Roosevelt Co., NM	760'FSL 560'FEL Sec. 24, T8S R36E Roosevelt Co., NM
Location of Tank Battery	NE NE $\frac{1}{4}$, Sec.25-8-36	
Oil Purchaser	Navajo Refining Co.	
Gas Purchaser	Warren Petroleum Co.	
<u>Interest Owners:</u>		
United States of America--RI	0.12500	0.12500
Sabine Corporation--ORRI	0.03000	0.03000
D.R. et ux M.L. Layton--WI	0.84500	0.84500
Field		Allison Penn
Producing Zone		Bough "C" Penn @9714-34

Method of Allocation:

- A. If the El Zorro "B" Federal No. 1 production equals or exceeds the top allowable for the field, meters will be set to measure production from each well prior to commingling.
- B. If the El Zorro "B" Federal No. 1 production is less than top allowable, allocation will be made on the basis of monthly well tests. Testing can be conducted either by isolation in the tanks or by commercially manufactured portable test equipment at the well head.



Layton Enterprises, Inc.
 El Zorro Federal Lease #NM 53389
 E/2 Sec. 25, T8S, R36E
 Roosevelt County, New Mexico

TANK BATTERY

TOWNSHIP PLAT

Scale: 1 inch = 1 mile

Printed in U.S.A.

TOWNSHIP 8 S RANGE 36 E COUNTY ROOSEVELT STATE NEW MEXICO

REMARKS:

COMPANY

EL ZORRO FED. LCE # NM 53389 E/2 25-85-36E
EL ZORRO "E" FED. LCE # NM 53388 ALL 24-85-36E

LAYTON ENTERPRISES, INC.

