



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

September 15, 1999

**Layton Enterprises, Inc.
3103 79-th Street
Lubbock, Texas 79423
Attention: Donald R. Layton**

Administrative Order NSL-4358

Dear Mr. Layton:

Reference is made to your application dated September 8, 1999 to drill the proposed El Zorro Fremont Federal Well No. 2 at an unorthodox oil well location within the Allison-Devonian Pool 1880 feet from the North line and 1350 feet from the East line (Unit G) of Section 1, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

The geologic interpretation submitted therein indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Devonian formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the SW/4 NE/4 of Section 1.

Further, the entire E/2 equivalent of Section 1 is a single Federal Lease (United States Government Lease No. NM-94864) in which Layton Enterprises, Inc. ("Layton") is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Layton.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad