



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joann Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 8, 2006

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

Administrative Order NSL-5479

**Re: Fox A State Well No. 6
API No. 30-025-38143
F-2-9S-36E
Lea County**

Dear Mr. Layton:

Reference is made to the following:

(a) your application (**administrative application reference No. pDRC-06-28951227**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 13, 2006,

(b) your letter dated November 6, 2006 furnishing additional information, and

(c) the Division's records pertinent to your request.

Layton Enterprises, Inc (Layton) has requested to drill its proposed Fox A State Well No. 6 at an unorthodox San Andres well location, 2445 feet from the North line and 2150 feet from the West line (Unit F) of Section 2, Township 9 South, Range 36 East, N.M.P.M., in Lea County, New Mexico. The SE/4 NW/4 of Section 2 will be dedicated to this well in order to form a standard 40-acre spacing and proration unit in the Allison San Andres Pool (**1190**). Spacing in this pool is governed by statewide Rule 104.B, which provides for 40-acres units, with wells located at least 330 feet of any unit outer boundary. The proposed location is approximately 195 feet from the southern boundary of this unit.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Layton is seeking this location in order to utilize an existing well pad, thereby reducing costs and surface disturbance.

It is further our understanding that ownership of the units in the S/2 of Section 2, towards which the proposed location encroaches, is identical to the ownership of the unit that will be dedicated to this well. Accordingly, no notice is required.

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

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', is written over a light blue horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe