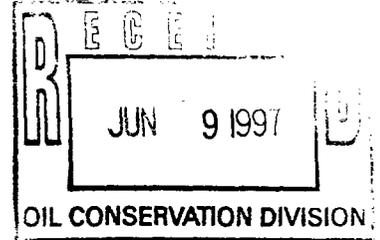


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11784

APPLICATION OF LAYTON ENTERPRISES
INC. FOR A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.



PRE-HEARING STATEMENT

This prehearing statement is submitted by Campbell, Carr, Berge & Sheridan, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Layton Enterprises Inc.
3103 79th Street
Lubbock, TX 79423
Attn: Donald R. Layton
(806) 745-4638

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

Layton Enterprises, Inc., applicant in the above-styled cause, seeks authority to institute a waterflood project within an area encompassing all or portions of Sections 1, 2, 10, and 11, Township 9 South, Range 36 East, Lea County, New Mexico, and portions of Section 36, Township 8 South, Range 36 East, Roosevelt County, New Mexico, by the injection of water into the Bough "C" member of the Pennsylvanian formation, Allison-Penn Pool, in its Fox "A" State Well No. 5 located 2310 feet from the North line and 2070 feet from the West line (Unit F) of Section 2. Applicant further seeks authority to complete this injection well unconventionally by leaving both the Bough "C" and Devonian formations open in the wellbore below a packer and allowing Devonian formation water to flow freely into the Bough "C" formation to expedite reservoir fill up.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

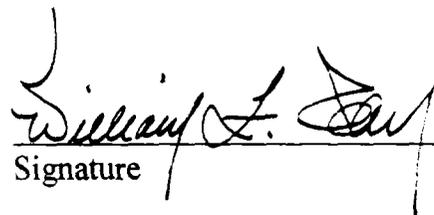
APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Donald R. Layton, Engineer	20 Min.	Approximately 4

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS


Signature