

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|--|--|---|
| ¹ Operator Name and Address LAYTON ENTERPRISES, INC. 3103 - 79th St., Lubbock, TX 79423 | | ² OGRID Number 013178 |
| | | ³ API Number 30 - 025 - 38143 |
| ³ Property Code 005788 5786 | ⁵ Property Name Fox A State V-2522 | ⁶ Well No. 6 |
| ⁹ Proposed Pool 1 Allison San Andres South | | ¹⁰ Proposed Pool 2 |

7 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 2 | 9S | 36E | | 2445 | North | 2150 | West | Lea |

8 Proposed Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

Additional Well Information

| | | | | |
|---|--|--|------------------------------------|---|
| ¹¹ Work Type Code N | ¹² Well Type Code O | ¹³ Cable/Rotary R | ¹⁴ Lease Type Code S | ¹⁵ Ground Level Elevation 4053' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 5,200' | ¹⁸ Formation San Andres | ¹⁹ Contractor TBA | ²⁰ Spud Date ASAP |
| Depth to Groundwater 200' | | Distance from nearest fresh water well .5 mile | | Distance from nearest surface water —' |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12' mils thick Clay <input type="checkbox"/> Pit Volume: 1,200 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | | | |

21 Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 18" | 14" | 36 | 40 | Redi-Mix to → | SURFACE |
| 12 - 1/4" | 8 - 5/8" | 24 | 2,100 | 1,100 | SURFACE |
| 7 - 7/8" | 5 - 1/2" | 15.5 | 5,200 | 1,500 | SURFACE |
| | | | | | |
| | | | | | |

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

**Permit Expires 1 Year From Approval
Date Unless Drilling Underway**

Propose to drill to 5,200' to test San Andres.
Will set 8-5/8" casing at 2,100' and circulate cement to surface.
At TD will run logs - set 5-1/2" casing and pump cement - circulate to surface.
As indicated by logs, will perforate and treat San Andres zone(s) and equip for production.
Blowout preventers will be standard double ram 2000 psi series.

| | | | |
|--|--|--|--|
| ²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | | OIL CONSERVATION DIVISION | |
| Printed name: Donald R. Layton | | Approved by: Gary W. Wink | |
| Title: President | | Title: OC FIELD REPRESENTATIVE II/STAFF MANAGER | |
| E-mail Address: Laytonoil@aol.com | | SEP 29 2006 | |
| Date: 9/25/2006 | | Approval Date: Expiration Date: | |
| Phone: (806) 745-4638 | | "CONDITIONS FOR APPROVAL" Approval for Drilling, Re-Enter, Deepen, Plugback, or Add a Zone in the Allison San Andres without Non-Standard Location Dedication order approved by the Santa Fe OCD Office. | |

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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

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

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--------------------------------|---|---------------------------------------|
| API Number 30 - 025 - 38143 | Pool Code 1190-01220 | Pool Name ALLISON SAN ANDRES SOUTH |
| Property Code 005788 | Property Name FOX A STATE | Well Number 6 |
| OGRID No. 013178 | Operator Name LAYTON ENTERPRISES, INC. | Elevation 4053' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 2 | 9 S | 36 E | | 2445 | NORTH | 2150 | WEST | LEA |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|-----------------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| Dedicated Acres 40 | Joint or Infill | Consolidation Code | Order No. | | | | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | |
|--|--|
| | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Donald R. Layton</i> Signature 9/25/2006 Date</p> <p>Donald R. Layton, President Printed Name</p> |
| | <p>SURVEYOR CERTIFICATION</p> <p>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 belief.</p> |
| | <p>SEPTEMBER 19, 2006</p> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Gary L. Jones</i></p> |
| | <p>W.O. No. 7129</p> <p>Certificate No. Gary L. Jones 7977</p> <p>PROFESSIONAL LAND SURVEYOR</p> <p>BASIN SURVEYS</p> |