

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
1625 N. French Dr.
Hobbs, NM 88240

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. LC 069300
2. Name of Operator Layton Enterprises, Inc.		6. If Indian, Allottee or Tribe Name
3a. Address 3103 - 79th St., Lubbock TX 79423	3b. Phone No. (include area code) (806) 745-4638	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2180' FNL 880' FWL Sec 1, T9S, R36E		8. Well Name and No. El Zorro G Federal No. 2
		9. API Well No. 30-025-33566
		10. Field and Pool, or Exploratory Area
		11. County or Parish, State Lea County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-5 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

This well has become marginally economic due to declining production.

Intend to set C.I. Bridge Plug @ 12,300' w/ 5 sx cement on top to cover Devonian zone 12,350-12,370.

Intend then to test Penn Zone(s) below 9600 for possible production as indicated by log studies and/or performance of area wells.

Blowout Preventer Program will consist of 6" 3000# Double Ram Preventer.

If no production is indicated, the tested zone(s) will be squeezed off, the bridge plug drilled out, and the well returned to production from the Devonian zone.

APPROVED FOR 3 MONTH PERIOD

ENDING 3/12/04

14. I hereby certify that the foregoing is true and correct.
Name (Printed/Typed)

Donald R. Layton

Title President

Signature

Date 12-10-2003

APPROVED

DEC 12 2003

GARY GOURLEY
PETROLEUM ENGINEER

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Officer

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.