

SUBSCRIBED AND SWORN TO before me this 9th day of July, 1997
Teresa J. Britton

My Commission expires: 8-9-99

Notary Public **TERESA J. BRITTON**
Notary Public, State of Texas
My Commission Expires 8-9-99

FOR OIL CONSERVATION DIVISION USE ONLY:

VIII. CERTIFICATION OF APPROVAL:

This Application for Qualification of Well Workover Project is hereby approved and the above referenced Well is designated as a Well Workover Project pursuant to the "Natural Gas and Crude Oil Production Incentive Act" (Laws 1995, Chapter 15, Sections 1 through 8). The Oil Conservation Division hereby verifies the Production Projection for the Well Workover Project attached to this application. By copy of this Application and Certification of Approval, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project has been completed as of 7-1-97, 1997.

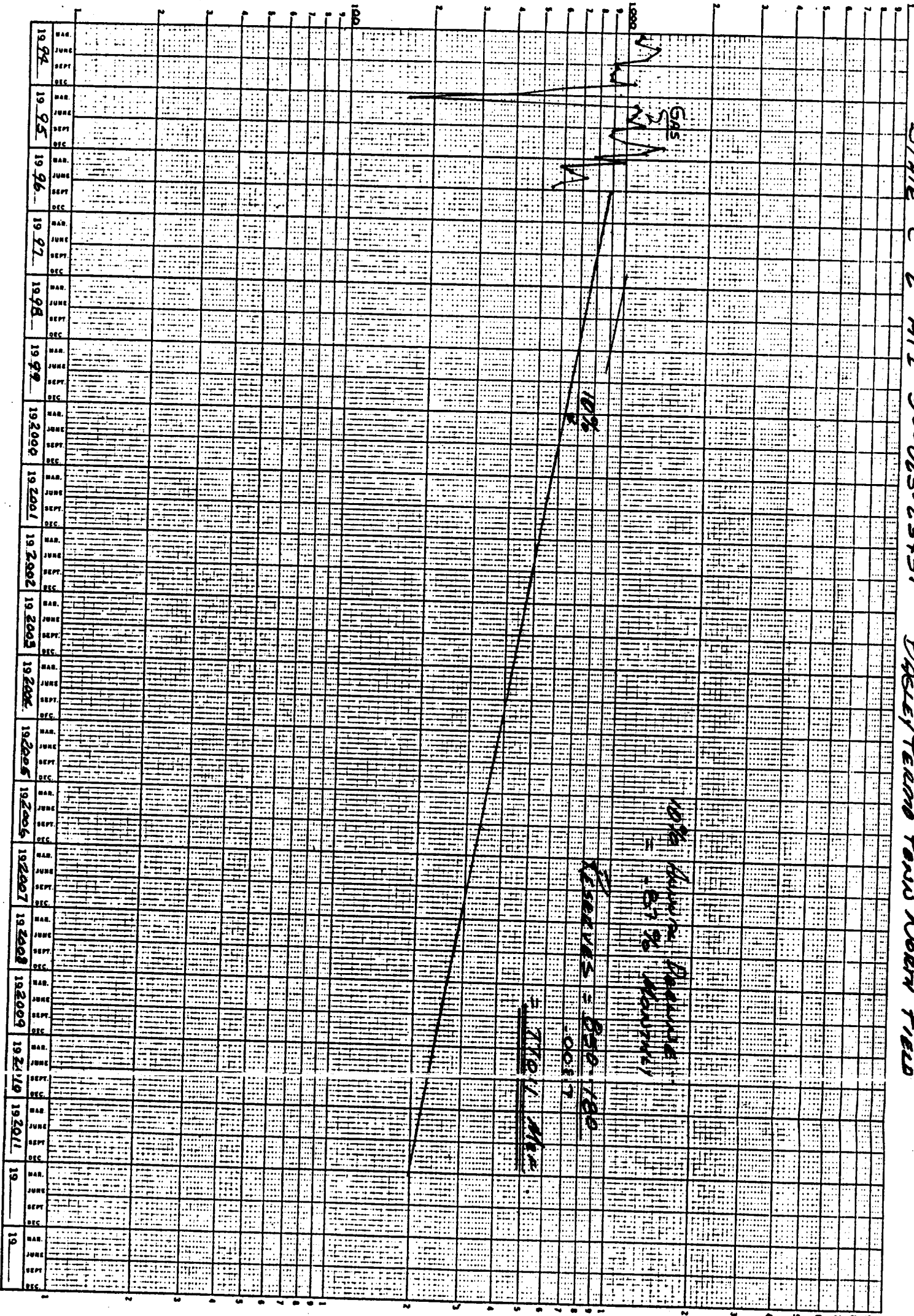
Paul J. Kautz
District Supervisor, District 4
Oil Conservation Division
Date: 7/26/97

IX. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT.

DATE: _____

7/26/97

Mcf/Mo



STATE C # 2 API # 30-085-23431 BRLEY FARM FOUR NORTH FIELD

100% Actual Production
 - 51% of Reserves

RESERVES = 550,000

5,170,100 Mcf

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
I, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

WELL API NO.
30-025-23931

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
B-9949

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name
STATE C

1. Type of Well:
OIL WELL GAS WELL OTHER

8. Well No. **2**

2. Name of Operator
LAYTON ENTERPRISES, INC.

9. Pool name or Wildcat
BAGLEY FERMIO PENN NORTH

3. Address of Operator
3103 79th ST. LUBBOCK, TEXAS 79423

4. Well Location
Unit Letter **H** : **1980** Feet From The **NORTH** Line and **660** Feet From The **EAST** Line
Section **4** Township **12 S** Range **33 E** NMPM **LEA** County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
4244 GL

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input checked="" type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: RESTORE OIL PRODUCTION <input checked="" type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.
6-3-97 TO 7-1-97
FISHED JUNK TUBING & TOOLS - RAN BIT & CASING SCRAPER & CLEANED OUT TO FBTD 9984' - PERFORMED AND TREATED ADDITIONAL PENN ZONES: FERMONT 9358-62, 9311-13, 9254-56, 9222-50-2ft - TREATED w/ 1500 GAL 20% HCL ACID. - RANGER LAKE 9122-26, 9150-57 @ 2ft - TREATED 1000 GAL 20% HCL - BURSAM 8980-86, 9068-72 2ft - TREATED 1000 GAL 20% HCL - WASHED ALL PERFS w/ 1000 GAL MCA ACID - RAN PRODUCTION TUBING, RODS & PUMP - SET PUMPING UNIT & PUT WELL ON PUMP ON 7-1-97.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE *Donald R. Layton* TITLE PRESIDENT DATE 7-7-97
TYPE OR PRINT NAME DONALD R. LAYTON TELEPHONE NO. 806/745-4638

(This space for State Use)
APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

STATE O-G ILL NO 2 API NO 50 225-23431
 BAGLEY PERMO PENN NORTH PRODUCTION FORECAST

MONTH	1		2		3		4		5	
	OIL		GAS		OIL		GAS		OIL	
	1997		2000		2000		2001		2002	
01	0	844	0	624	0	624	0	624	0	
02	0	840	0	620	0	620	0	620	0	
03	0	834	0	615	0	615	0	615	0	
04	0	830	0	610	0	610	0	610	0	
05	0	824	0	605	0	605	0	605	0	
06	0	818	0	600	0	600	0	600	0	
07	0	812	0	595	0	595	0	595	0	
08	0	800	0	590	0	590	0	590	0	
09	0	790	0	582	0	582	0	582	0	
10	0	780	0	576	0	576	0	576	0	
11	0	770	0	570	0	570	0	570	0	
12	0	764	0	565	0	565	0	565	0	
TOTAL	0	9706	0	7152	0	7152	0	7152	0	
		1998		2001		2001		2001		
01	0	760	0	562	0	562	0	562	0	
02	0	756	0	559	0	559	0	559	0	
03	0	752	0	556	0	556	0	556	0	
04	0	746	0	552	0	552	0	552	0	
05	0	740	0	548	0	548	0	548	0	
06	0	736	0	542	0	542	0	542	0	
07	0	730	0	536	0	536	0	536	0	
08	0	724	0	530	0	530	0	530	0	
09	0	718	0	524	0	524	0	524	0	
10	0	712	0	521	0	521	0	521	0	
11	0	704	0	516	0	516	0	516	0	
12	0	700	0	512	0	512	0	512	0	
TOTAL	0	8778	0	6458	0	6458	0	6458	0	
		1999		2002		2002		2002		
01	0	692	0	508	0	508	0	508	0	
02	0	686	0	502	0	502	0	502	0	
03	0	680	0	498	0	498	0	498	0	
04	0	674	0	494	0	494	0	494	0	
05	0	668	0	490	0	490	0	490	0	
06	0	660	0	486	0	486	0	486	0	
07	0	654	0	482	0	482	0	482	0	
08	0	650	0	480	0	480	0	480	0	
09	0	644	0	476	0	476	0	476	0	
10	0	640	0	470	0	470	0	470	0	
11	0	636	0	465	0	465	0	465	0	
12	0	630	0	460	0	460	0	460	0	

	6	7	8	9	10	11	12	13
	GAS	OIL	GAS	OIL	GAS		TOTALS	
03	2006		2009		YEAR	OIL	GAS	
156	0	330	0	240	1997	0	9706	
152	0	328	0	238	98	0	8778	
149	0	325	0	236	99	0	7914	
146	0	322	0	233	2000	0	7152	
142	0	320	0	231	01	0	6458	
139	0	317	0	229	02	0	5811	
135	0	314	0	228	03	0	5231	
130	0	311	0	226	04	0	4690	
126	0	308	0	224	05	0	4219	
122	0	306	0	222	06	0	3786	
119	0	304	0	220	07	0	3413	
115	0	301	0	219	08	0	3069	
5231	0	3786	0	2746	09	0	2746	
04	2007		2010		10	0	2972	
412	0	299	0	217	11	0	1671	
408	0	296	0	215				
404	0	293	0	213	TOTALS		0	77116
400	0	291	0	211				
396	0	289	0	209				
392	0	286	0	207				
388	0	283	0	205				
384	0	281	0	203				
381	0	278	0	201				
378	0	275	0	199				
375	0	272	0	197				
372	0	270	0	195				
4690	0	3413	0	2972				
05	2008		2011					
369	0	268	0	193				
366	0	266	0	191				
362	0	264	0	189				
360	0	261	0	187				
357	0	259	0	185				
354	0	257	0	183				
351	0	255	0	182				
348	0	252	0	181				
344	0	250	0	180				
340	0	248	0	0				
336	0	246	0	0				
332	0	243	0	0				