

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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| SANTA FE | | |
| FILE | | |
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| LAND OFFICE | | |
| TRANSPORTER | OIL | |
| | GAS | |
| OPERATOR | | |
| PRORATION OFFICE | | |

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-104
Revised 10-01-78
Format 08-01-83
Page 1

REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

| | |
|---|---|
| Operator LAYTON ENTERPRISES, INC | |
| Address 3103 79th St Lubbock, Texas 79423 | |
| Reason(s) for filing (Check proper box) | Other (Please explain) |
| <input checked="" type="checkbox"/> New Well <input type="checkbox"/> Recompletion <input type="checkbox"/> Change in Ownership | Change in Transporter of: <input type="checkbox"/> Oil <input type="checkbox"/> Casinghead Gas <input type="checkbox"/> Dry Gas <input type="checkbox"/> Condensate |
| Approval to flare casinghead gas from this well must be obtained from the BUREAU OF LAND MANAGEMENT (BLM) | |

If change of ownership give name and address of previous owner _____

II. DESCRIPTION OF WELL AND LEASE

| | | | | |
|--|---------------|--|--|-----------------------|
| Lease Name EL ZORRO "C" FEDERAL | Well No. 3 | Pool Name, Including Formation Allison Penn | Kind of Lease State, Federal or Fee Federal | Lease No. NM 57713 |
| Location | | | | |
| Unit Letter C ; 660 Feet From The North Line and 1430 Feet From The West | | | | |
| Line of Section 11 Township 9 S Range 36E ; NMPM, Lea County | | | | |

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

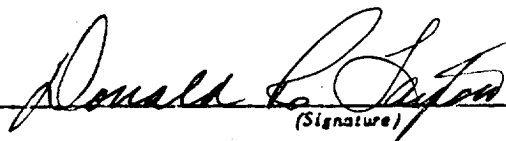
| | | |
|---|---|-------------|
| Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/> NAVAJO REFINING CO | Address (Give address to which approved copy of this form is to be sent) BOX 159 Artesia, New Mexico 88210 | |
| Name of Authorized Transporter of Casinghead Gas <input checked="" type="checkbox"/> or Dry Gas <input type="checkbox"/> WARREN PETROLEUM CO | Address (Give address to which approved copy of this form is to be sent) BOX 1589 Tulsa, Oklahoma 74102 | |
| If well produces oil or liquids, give location of tanks. | Unit C | Sec. 11 |
| | Twp. 9S | Rge. 36E |
| Is gas actually connected? | | When |

If this production is commingled with that from any other lease or pool, give commingling order number: _____

NOTE: Complete Parts IV and V on reverse side if necessary.

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given is true and complete to the best of my knowledge and belief.


(Signature)

President

(Title)

11-10-88

(Date)

OIL CONSERVATION DIVISION

APPROVED _____, 19 _____

BY ORIGINAL SIGNED BY JERRY SEXTON
DISTRICT I SUPERVISOR

TITLE _____

This form is to be filed in compliance with RULE 1104.

If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.

All sections of this form must be filled out completely for allowable on new and recompleted wells.

Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.

Separate Forms C-104 must be filed for each pool in multiply completed wells.

IV. COMPLETION DATA

| | | | | | | | | | |
|---|---|----------------------|-------------------------|---------------|----------------------|---------------------------|-----------|-------------|--------------|
| Designate Type of Completion - (X) | | Oil Well X | Gas Well | New Well X | Workover | Deepen | Plug Back | Same Res'v. | Diff. Res'v. |
| Date Spudded 9-8-88 | Date Compl. Ready to Prod. 10-25-88 | | Total Depth 9800 | | P.B.T.D. 9790 | | | | |
| Elevations (DF, RKB, RT, GR, etc.) 7052 GL | Name of Producing Formation PERMO PENN | | Top Oil/Gas Pay 8958 | | Tubing Depth 9790 | | | | |
| Perforations 8958-75 9658-72 | | | | | | Depth Casing Shoe 9800 | | | |
| TUBING, CASING, AND CEMENTING RECORD | | | | | | | | | |
| HOLE SIZE | | CASING & TUBING SIZE | | DEPTH SET | | SACKS CEMENT | | | |
| 17 1/2 | | 13 3/8 | | 380 | | 350 | | | |
| 11 | | 8 3/4 | | 4157 | | 1400 | | | |
| 7 1/2 | | 5 1/2 | | 9800 | | 1325 | | | |
| | | 2 7/8 | | 9790 | | - | | | |

V. TEST DATA AND REQUEST FOR ALLOWABLE (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

| | | | |
|--|-------------------------|--|-----------------|
| Date First New Oil Run To Tanks 11-1-88 | Date of Test 11-9-88 | Producing Method (Flow, pump, gas lift, etc.) 1 1/2" Rod Pump | |
| Length of Test 29 hrs | Tubing Pressure 30 | Casing Pressure 5 | Choke Size - |
| Actual Prod. During Test | Oil - Bbls. 14 | Water - Bbls. 206 | Gas - MCF 58 |

GAS WELL

| | | | |
|----------------------------------|---------------------------|---------------------------|-----------------------|
| Actual Prod. Test - MCF/D | Length of Test | Bbls. Condensate/MMCF | Gravity of Condensate |
| Testing Method (pilot, back pr.) | Tubing Pressure (Shut-in) | Casing Pressure (Shut-in) | Choke Size |

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NOV 14 1988

OCD
HOBBS OFFICE

INCLINATION REPORT

OPERATOR Layton Enterprises, Inc. ADDRESS 3103 79th Lubbock, Texas 79423
 LEASE NAME El Zorro "C" Federal WELL NO. 3 FIELD Allison
 LOCATION Section 11, T-9-S, R-36-E, Lea County, New Mexico 660/N + 1430/W

| DEPTH | ANGLE INCLINATION DEGREES | DISPLACEMENT | DISPLACEMENT ACCUMULATED |
|-------|------------------------------|--------------|-----------------------------|
| 219 | 3/4 ° | 2.89 | 2.89 |
| 380 | 1 ° | 2.82 | 5.71 |
| 828 | 3/4 ° | 5.91 | 11.62 |
| 1328 | 3/4 ° | 6.60 | 18.22 |
| 1828 | 1 ° | 8.75 | 26.97 |
| 2220 | 3/4 ° | 5.17 | 32.14 |
| 2672 | 1/2 ° | 3.96 | 36.10 |
| 3166 | 3/4 ° | 6.52 | 42.62 |
| 3663 | 1 3/4 ° | 15.24 | 57.86 |
| 3851 | 1 ° | 3.26 | 61.12 |
| 4145 | 1 1/2 ° | 7.70 | 68.82 |
| 4341 | 1 ° | 3.43 | 72.25 |
| 4747 | 1 ° | 7.11 | 79.36 |
| 5242 | 1 ° | 8.66 | 88.02 |
| 5742 | 1 ° | 8.75 | 96.77 |
| 6178 | 1 ° | 7.63 | 104.40 |
| 6676 | 1 1/4 ° | 10.88 | 115.28 |
| 7176 | 1 1/4 ° | 10.93 | 126.21 |
| 7674 | 1 ° | 8.72 | 134.93 |

I hereby certify that the above data as set forth is true and correct to the best of my knowledge and belief.

SITTON DRILLING CO.

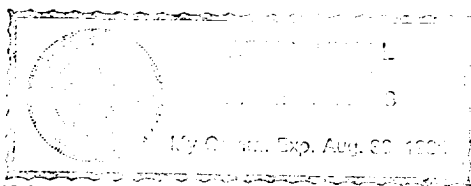
TITLE President

AFFIDAVIT:

Before me, the undersigned authority, appeared Ronald Sitton known to me to be the person whose name is subscribed herebelow, who, on making deposition, under oath states that he is acting for and in behalf of the operator of the well identified above, and that to the best of his knowledge and belief such well was not intentionally deviated from the true vertical whatsoever.

AFFIANT'S SIGNATURE

Sworn and subscribed to in my presence on this the 3rd day of October, 19 88



SEAL

Bucky Knell

Notary Public in and for the County
of Lubbock, State of Texas

INCLINATION REPORT

OPERATOR Layton Enterprises, Inc. ADDRESS 3103 79th Lubbock, Texas 79423
 LEASE NAME El Zorro "C" Federal WELL NO. 3 FIELD Allison
 LOCATION Section 11, T-9-S, R-36-E, Lea County, New Mexico

| DEPTH | ANGLE | | DISPLACEMENT | DISPLACEMENT ACCUMULATED |
|-------|-------------|---------|--------------|-----------------------------|
| | INCLINATION | DEGREES | | |
| 8204 | 3/4 | ° | 7.00 | 141.93 |
| 8704 | 1 | ° | 8.75 | 150.68 |
| 8808 | 1 | ° | 1.82 | 152.50 |
| 9264 | 3/4 | ° | 6.02 | 158.52 |
| 9800 | 1 | ° | 9.38 | 167.90 |