PARTMENT

OIL CONSERVATION DIVISION

State of New Mexico

Santa Fe, New Mexico 87505

IERALS and NATURAL RESOURCES

February 8, 1995

Layton Enterprises, Inc. 3103 - 79th Street Lubbock, Texas 79423

ENERG.,

Attn: Donald R. Layton

Administrative Order NSL-3478

Dear Mr. Layton:

Reference is made to your application dated January 16, 1995 for an unorthodox Allison-Pennsylvanian oil well location in an existing standard 80.25-acre oil spacing and proration unit for said Allison-Pennsylvanian Pool comprising Lot 3 and the SE/4 NW/4 (E/2 NW/4 equivalent) of Section 2, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico, which currently has dedicated thereon the Fox "A" State Well No. 1 (API No. 30-025-03557) located at a standard oil well location 1980 feet from the North line and 2070 feet from the West line (Unit F) of said Section 2.

It is our understanding that the subject well in this application, the Fox "A" State Well No. 5 (API No. 30-025-31343), was drilled to a total depth of 12,487 feet in August/September 1991 to test the Devonian formation at a standard oil well location 2310 feet from the North line and 2070 feet from the West line (Unit F) of said Section 2. It is our understanding that the Devonian interval subsequently tested dry and the well has been shut-in since then.

It is further understood that the Devonian zone is to be properly plugged back at this time and that said well will be recompleted up-hole to the Allison-Pennsylvanian Pool, which pursuant to **Rule 3** of the "*Special Rules and Regulations for the Allison-Pennsylvanian Pool*", as promulgated by Division Order No. R-1389-B, the location is considered to be unorthodox.

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