

Form 3160-5
(August 1995)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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. NM 94864
2. Name of Operator LAYTON ENTERPRISES, INC.		6. If Indian, Allottee or Tribe Name
3a. Address 3103 79th St. Lubbock, Texas 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) 1880' FNL 1350' FEL Sec 1, T9S, R36E		8. Well Name and No. EL ZORRO FREMONT FED. #2
		9. API Well No. 30-025-34703
		10. Field and Pool, or Exploratory Area Allison Devonian
		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 checked="" type="checkbox"/> Other <u>Resume Drilling</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input 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 3160-4 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 was originally approved for drilling to 12,900' depth. Due to hole conditions, drilling was suspended at 12,485', and 5½" casing set & cemented at 12,478'. The upper Devonian was completed at 12,384 - 12,416', and has been producing since. It is only marginally economic due to high water production.

We intend to resume drilling through the 5½" casing and drill a 4½" hole from 12,485' to 12,900' to test the lower Devonian zone. If production is indicated, completion will be attempted by setting & cementing a 4" liner, and perforating favorable zones indicated by logs and sample analysis. Pressure control will consist of 6" - 3000# Double Ram and annular preventer and choke manifold.

The mud program will employ 9.5# brine base mud, 35-40 viscosity, with fluid loss additives. Drilling fluids will be contained in steel pits with level indicators and capacity sufficient to maintain at least a 500 bbl system.

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

DONALD R. LAYTON

Title President

Signature

Date November 5, 2002

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.

Office

Title 18 U.S.C. Section 1001 and Title 42 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.

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