

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

743

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

## 1A. TYPE OF WORK

DRILL ☒DEEPEN ☐

## B. TYPE OF WELL

OIL  
WELL ☒GAS  
WELL ☐OTHER ☐SINGLE  
ZONE ☒MULTIPLE  
ZONE ☐

## 2. NAME OF OPERATOR

LAYTON ENTERPRISES, INC.

## 3. ADDRESS AND TELEPHONE NO.

3103 79th St. Lubbock, Texas 79423

## 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*

At surface

1880' FNL 1350' FEL Sec. 1, T9S, R36E

At proposed prod. zone  
Same

## 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

9 miles E-NE of Crossroads, New Mexico

## 16. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest drlg. unit line, if any)

1350'

## 16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION\*  
TO NEAREST WELL, DRILLING COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

840'

## 19. PROPOSED DEPTH

12,900

## 20. ROTARY OR CABLE TOOLS

Rotary

## 21. ELEVATIONS (Show whether DF, RT, GR, etc.)

GR: 4039'

## 22. APPROX. DATE WORK WILL START\*

Sept. 15, 1999

## 23.

## PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2	13 3/8	54	350	350 sx Class C (Circ)
12 1/2	8 5/8	32	4,150	1100 sx HL+300 sx Cl. C. (circ)
7 7/8	5 1/2	23 or 20	12,500	1700 sx HL+300 sx Cl. H

Propose to drill to approximately 12,900' to test the Devonian Formation.  
See supplemental drilling data for casing & BOP details.  
If test is favorable, will run and cement 5 1/2" production casing-  
Perforate favorable zones - Run tubing and stimulate as necessary.

CHUCK CODE 13178  
PROPERTY NO. 17754  
HOLE CODE 96450  
EFF. DATE 9-16-99  
API NO. 30-025-34703

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

## 24.

SIGNED

Donald R. Layton

TITLE President

DATE 7-20-99

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE SEP 17 1999

Application approval 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.

CONDITIONS OF APPROVAL, IF ANY:

Acting Assistant Field Office Manager,  
Lands and Minerals

APPROVED BY (ORIG. SGD.) ARMANDO A. LOPEZ

TITLE

DATE

8/24/99

\*See Instructions On Reverse Side

APPROVED FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the

RECEIVED

JUL 26 '99

BLM  
ROSWELL, NM

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION

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

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34703	Pool Code 96450	Pool Name Allison; Devonian
Property Code 017754	Property Name EL ZORRO FREMONT FEDERAL	Well Number 2
OGRID No. 013178	Operator Name LAYTON ENTERPRISES INC.	Elevation 4039'

Surface Location

UL or lot No. G	Section 1	Township 9 S	Range 36 E	Lot Idn	Feet from the 1880	North/South line NORTH	Feet from the 1350	East/West line EAST	County LEA
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Donald R. Layton</i> Signature Donald R. Layton Printed Name President Title 7-22-99 Date</p>
<p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>July 20, 1999 Date Surveyed GARY L. JONES Signature &amp; Seal of Professional Surveyor 7977 JMO No. 9259A Certificate No. Gary L. Jones 7977 BASIN SURVEYS</p>				

PERTINENT INFORMATION

For

LAYTON ENTERPRISES, INC.  
No. 2 El Zorro Fremont Federal  
SW $\frac{1}{4}$  NE $\frac{1}{4}$  Sec. 1, T9S, R36E  
Lea County, N.M.

LOCATION: 9 Miles East-Northeast of  
Crossroads, New Mexico

FEDERAL LEASE NUMBER: NM 94864

LEASE ISSUED: June 1, 1995

ACRES IN LEASE: 320 Ac.

RECORD LESSEE: Donald R. Layton & Mary L. Layton

BOND COVERAGE: Operators \$25,000 Statewide Bond

AUTHORITY TO OPERATE: Designation of Operator,  
to Layton Enterprises, Inc.

SURFACE OWNERSHIP: Privately-owned by Rhea Howe  
HC 65 Box 32  
Crossroads, N.M. 85114  
Phone: (505) 398-2320

EXHIBITS:

- A. Road and Well Map
- B. Contour Map
- C. Rig Layout
- D. BOP Diagram & Choke Manifold

## SUPPLEMENTAL DRILLING DATA

LAYTON ENTERPRISES, INC.  
No. 2 El Zorro Fremont Federal  
SW  $\frac{1}{4}$  NE  $\frac{1}{4}$  Sec. 1, T9S, R36E  
Lea County, N.M.

NM 94864

The following items supplement Form 3160-3 in accordance with instructions contained in Onshore Oil and Gas Order No.1:

1. SURFACE FORMATION: Tertiary

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Red Beds	300'	Glorieta	5520'
Rustler Anhydrite	2270'	Abo	7730'
Yates	2830'	Wolfcamp	8270'
San Andres	4080'	Bough C	9630'

3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATIONS:

0 - 300' - Fresh Water  
4080' - Oil in San Andres formation  
9630' - Oil in Bough formation

4. PROPOSED CASING PROGRAM:

13-3/8" Casing - 54.5#, H-40, ST&C, cemented at 350'±  
with sufficient Class C to circulate.  
8-5/8" Casing - 32#, H-40, ST&C, cemented at 4150'±  
with 1100 sx HL + 200 sx Class C  
to circulate.  
5-1/2" Casing - 12,900' - 20#, N-80 or 23#, N-80, LT&C  
Cemented with 2000 sx.

Equivalent or better grades and weights of casing may be substituted. Additional cement may be used as appropriate.

5. PRESSURE CONTROL EQUIPMENT: The blowout preventer equipment will consist of 3000#WP double-ram preventers and choke manifold, and 3000#WP annular type preventer. A sketch of the BOP stack is attached.

6. CIRCULATING MEDIUM:

- 0 - 350': Fresh Water mud
- 350' - 4000': Brine mud with additives necessary to control viscosity to 28-34 Sec. and weight to 9.6-10.1#/Gal.
- 4000' - 9500': Brine mud with additives to control viscosity to 28-34 Sec. and weight to 9.4-9.7#/Gal. with minimum water loss.
- 9500' - TD: Brine base mud with weight of 9.0-9.3#/Gal. to minimize pressure on production zone.

7. AUXILIARY EQUIPMENT: Safety valve to fit the drill pipe in use will be kept on the rig floor at all times.

8. TESTING, LOGGING AND CORING PROGRAM:

- DST: Drill stem tests will be made when samples, drilling time or other data indicate a test is warranted.
- Logging: Logs will include GR-CNL, FDC and DLL logs as determined by well-site geologist.
- Coring: None planned

9. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:

None anticipated.

Bottom hole pressure estimated to be 4650 psi based on Layton Enterprises, Inc. El Zorro Fremont No. 1 well located 1/4 mile east.

10. ANTICIPATED STARTING DATE: Work will start as soon as the Application is approved and will continue for about 60 days.

# MULTI-POINT SURFACE USE AND OPERATIONS PLAN

## LAYTON ENTERPRISES, INC.

No. 2 El Zorro Fremont Federal  
SW $\frac{1}{4}$  NE $\frac{1}{4}$  Sec 1, T9S, R36E  
Lea County, N.M.

NM 94864

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operation.

### 1. EXISTING ROADS:

- A. EXHIBIT "A" is a portion of a road map showing the location of the proposed well as staked. The well is approximately 9 miles east-northeast of Crossroads, New Mexico.
- B. Directions: From Crossroads, go 3 miles east on Highway 508. From this point go 4 $\frac{1}{2}$  miles northeast on the County road. Turn north on the lease road and go 1-3/4 miles north and 1 mile east to well location on existing lease road.

### 2. PLANNED ACCESS ROAD:

- A. Length and Width: Access will be over an existing road 1/10 miles long and 20 feet wide.
- B. Surfacing Material: Because of the extremely sandy soil, the road and pad will be surfaced with caliche.
- C. Maximum Grade: Less than 2%.
- D. Turnouts: None necessary
- E. Drainage Design: Road will be constructed with a crown to provide drainage.

F. Culverts: None

G. Cuts and Fills: Will only require levelling of low sand dunes.

H. Gates, Cattleguards: No additional gates or cattleguards will be required for the existing lease road.

3. LOCATION OF EXISTING WELLS:

A. Nearest well is the Layton producing oil well, located  $\frac{1}{4}$  mile east of this proposed well. Exhibit "B" indicates existing wells.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Tank battery and separation equipment will be constructed on the location.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. Water will be trucked to the location from a commercial source, using proposed access road.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Necessary caliche for surfacing the road and pad will be obtained from a pit in the SW $\frac{1}{4}$  SE $\frac{1}{4}$  Sec. 13, T9S, R36E.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. Water produced during test will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.

D. Current laws and regulations pertaining to the disposal of human waste will be complied with.



- E. All trash and debris will be properly removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None necessary

9. WELL SITE LAYOUT:

- A. Exhibit "C" indicates the relative location and dimensions of the well pad, mud pits, reserve pit, and location of major rig components.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the wellsite in an aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the well is non-productive the disturbed area will be rehabilitated to fee owner and Federal Agency requirements and will be accomplished as expeditiously as possible.

11. OTHER INFORMATION:

- A. Topography: Regional land slope is to the east. The surface at the well site is generally flat, except for shallow sand dunes.
- B. Soil: Soil near well site is loose sand.
- C. Flora and Fauna: The flora is sparse consisting of typical desert vegetation, such as yucca, snakeweed, shinners oak and range grasses. Wildlife includes coyotes, rodents, reptiles and various birds.
- D. Ponds or Streams: None
- E. Residences and Other Structures: An occupied ranch house is located about two miles southeast.

F. Archaeological, Historical and Other Cultural Sites:  
No sites were observed during staking of the location. An archaeological report has been prepared by Agency for Conservation Archaeology of Eastern New Mexico University.

G. Land Use: Grazing and wildlife habitat.

H. Surface Ownership: The surface is privately-owned by Mr. Rhea Howe. An easement agreement has been obtained from the surface owner.

12. OPERATOR'S REPRESENTATIVE:

Representative responsible for assuring compliance with the approved Surface Use Plan.

Don Layton  
3103 79th Street  
Lubbock, Texas 79423  
Phone: 806-745-4638

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge true and correct; that the work associated with the operations proposed herein will be performed by LAYTON ENTERPRISES, INC. and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of #18 U. S. C. 1001 for the filing of false statements.

7-20-99

Date:

Donald L. Layton

## FEE SURFACE AGREEMENT

This is to advise that the well pad, pit and access road to the Layton Enterprises, Inc. No.2 El Zorro Fremont Federal located in the SW $\frac{1}{4}$  NE $\frac{1}{4}$  Sec. 1, T.9S., R.36E., Lea County, New Mexico, will be on land owned by Rhea Howe.

This is also to certify that negotiations regarding surface damages occasioned by the drilling and producing of this well have been consummated. The location will be cleaned and levelled after the well is drilled.

7-20-99

Date:

Ronald L. Layton



February 9, 1995

Mr. Rhea Howe  
HC 65 Box 32  
Crossroads, New Mexico 88114

Re: Surface Reclamation  
Sec. 1 & Sec. 11, T9S, R36E  
Lea County, N.M.

Dear Sir:

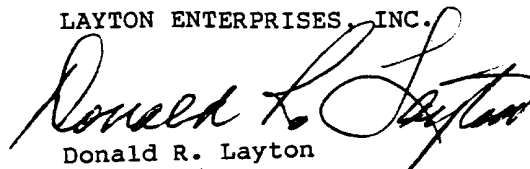
We have previously reached an agreement with you concerning compensation to you for surface use occasioned by our oil well drilling activities. In addition, this letter will also set out our intention and agreement regarding reclamation of the surface following abandonment of any of the wells we drill or re-enter.

In the event of any dry hole drilled, an unsuccessful re-entry attempt, or eventually after plugging and abandonment of any producing wells, we will clear and level the locations, remove all equipment or other material and restore the surface to a natural state as nearly as possible. Caliche pads and roads will be ripped up (unless you request otherwise) to promote vegetation and the area re-seeded with natural grasses.

If this agreement meets with your approval, please so signify by signing and returning one copy of this letter.


Very truly yours,

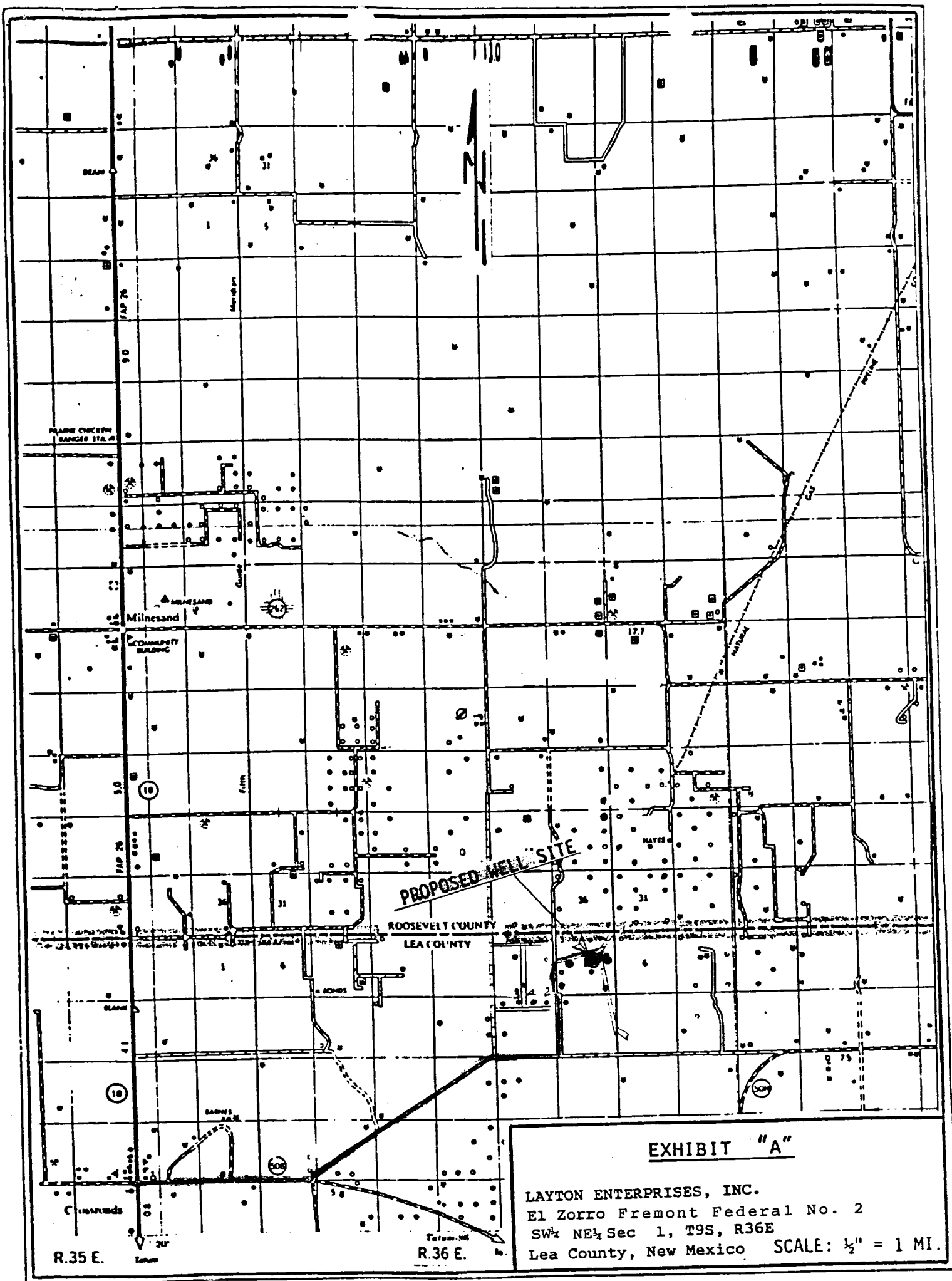
LAYTON ENTERPRISES, INC.

  
Donald R. Layton  
President

Agreed to and Accepted:

Mr. Rhea Howe

  
Date: Jan 10, 1995



Topographic map of a region in Mexico, showing contour lines, roads, and various landmarks. The map is overlaid with a grid. Key features include: "Landmark" in the top left, "Oil Well" in the top right, "Gravel Pit" in the center, "Roosevelt Co" and "Lea Co" in the bottom left, and "CROSSROADS 6 MI" at the bottom. The map is labeled with numbers 1 through 36, likely representing sections or blocks. The title "BLUET IN MEX 2021 0.3 MI" is in the top right corner.

CROSSROADS 6 Mi

EXHIBIT "C"

LAYTON ENTERPRISES, INC.  
NO. 2 EL ZORRO FREMONT FEDERAL  
SW $\frac{1}{4}$  NE $\frac{1}{4}$  SEC. 1, T9S, R36E  
Lea County, N.M.

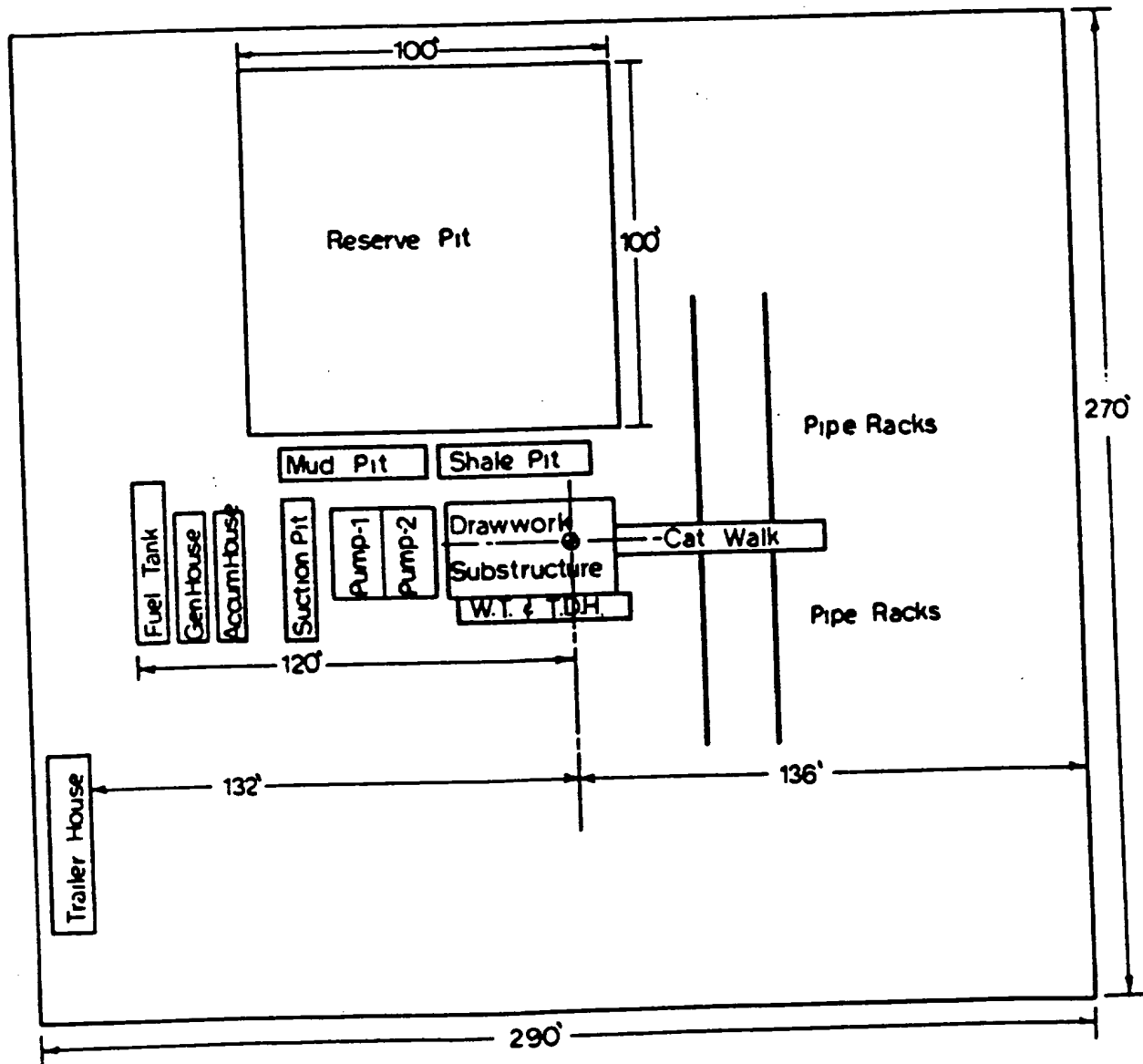
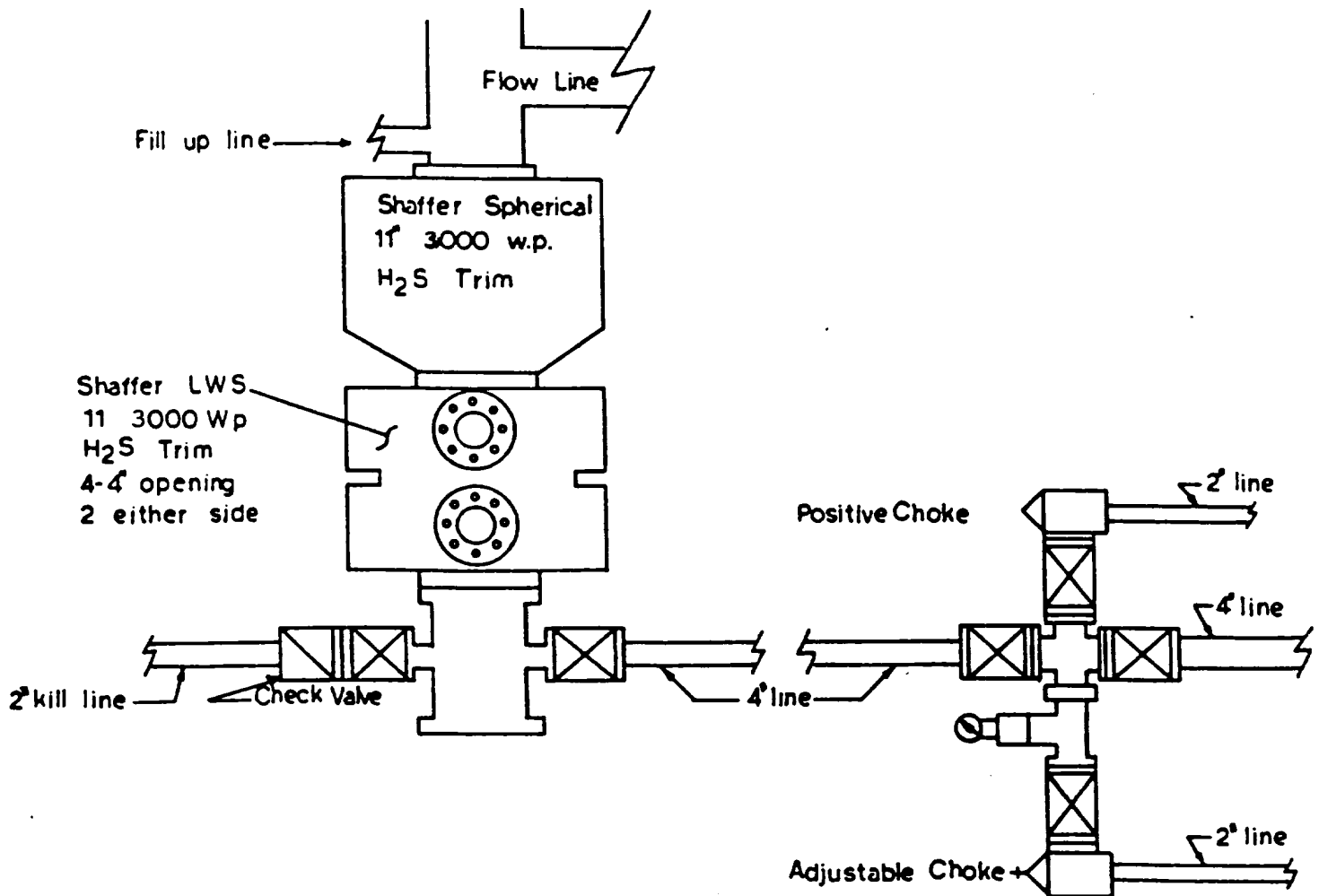


EXHIBIT "D"

LAYTON ENTERPRISES, INC.  
NO. 2 EL ZORRO FREMONT FEDERAL  
SW $\frac{1}{4}$  NE $\frac{1}{4}$  SEC. 1, T9S, R36E  
Lea County, N.M.





# HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

for

LAYTON ENTERPRISES, INC.  
No. 2 EL ZORRO FREMONT FEDERAL  
SW $\frac{1}{4}$  NE $\frac{1}{4}$  Sec. 1, T9S, R36E  
Lea County, N.M.

## I. Hydrogen Sulfide Training

- A. All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:
  - 1. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
  - 2. The proper use and maintenance of personal protective equipment and life support systems.
  - 3. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
  - 4. The proper techniques for first aid and rescue procedures.
- B. In addition, all supervisory personnel will be trained in the following areas:
  - 1. The effects of H<sub>2</sub>S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
  - 2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
  - 3. The contents and requirements of the H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan.
- C. There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan. All personnel will be required to carry documentation that they have received the proper training.

## II. H<sub>2</sub>S Safety Equipment and Systems

Note: All H<sub>2</sub>S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet or above, or three days prior to penetrating the first zone containing or reasonably expected to contain H<sub>2</sub>S.

- A. Well Control Equipment:
  - 1. Flare line.
  - 2. Choke manifold.
  - 3. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
  - 4. Auxiliary equipment to include annular preventer.

B. Protective Equipment for Essential Personnel:

1. Mark II Surviveair 30-minute units located in the dog house and at briefing area, as indicated on well site diagram.

C. H<sub>2</sub>S Detection and Monitoring Equipment:

1. Two portable H<sub>2</sub>S monitors positioned on location for best coverage and response. These units have warning signals when H<sub>2</sub>S levels of 20 ppm are reached.

D. Visual Warning Systems:

1. Wind direction indicators as shown on well site diagram.
2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility color of sufficient size to be readable at a reasonable distance from the immediate location.

E. Mud Program:

1. The mud program has been designed to minimize the volume of H<sub>2</sub>S circulated to the surface. Proper mud weight and safe drilling practices will minimize hazards when penetrating H<sub>2</sub>S-bearing zones.

F. Metallurgy:

1. All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H<sub>2</sub>S service.
2. All elastomers used for packing and seals shall be H<sub>2</sub>S trim.

G. Communication:

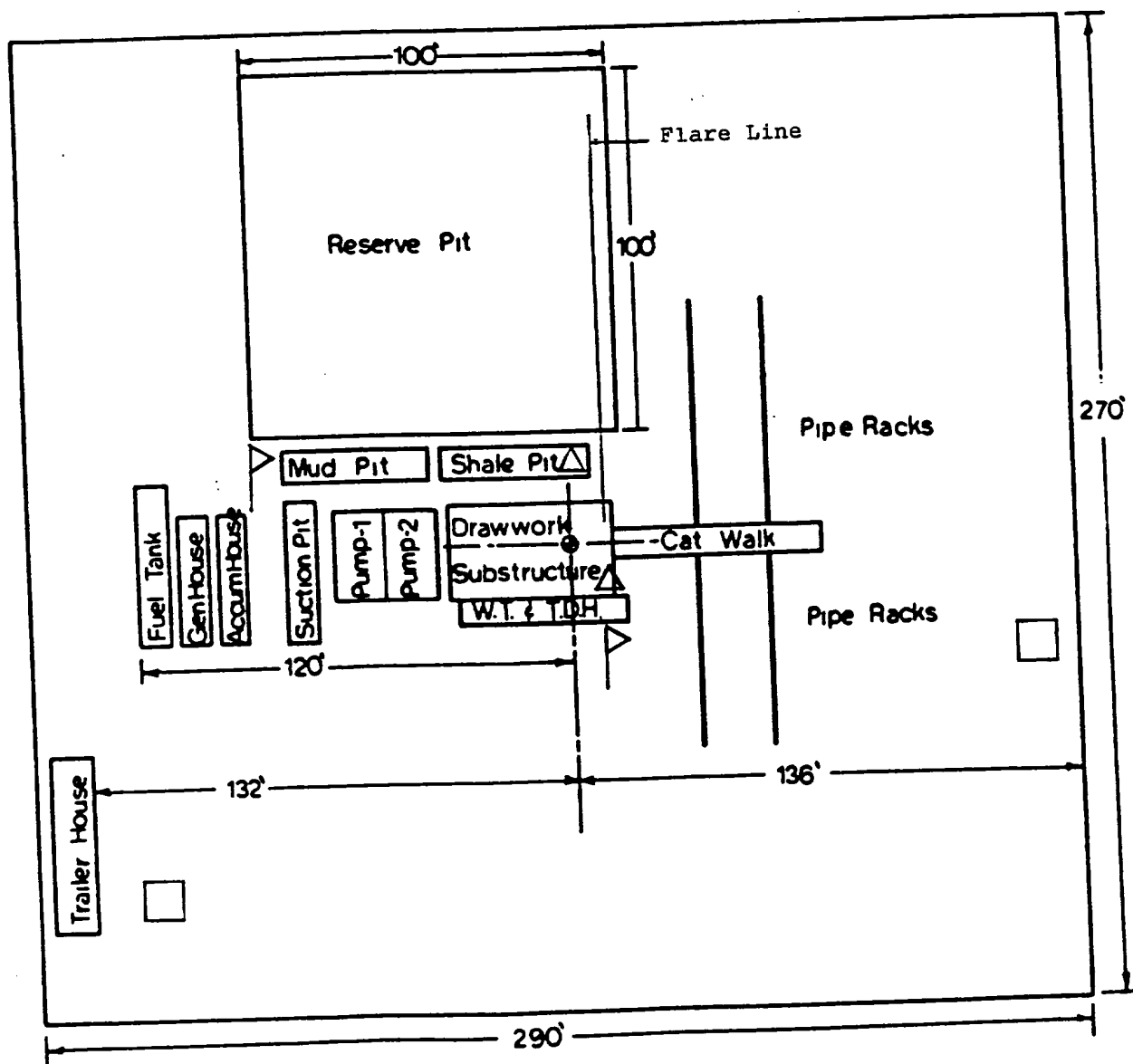
1. Radio communications in company vehicles including cellular telephone and 2-way radio.
2. Land line (telephone) communications at field office.

WELL SITE DIAGRAM

△ - H<sub>2</sub>S Monitors

▷ - Wind Direction Indicators

□ - Safe Briefing Areas



ELF  
\_\_\_\_\_  
ABOVE DATE DOES NOT  
INDICATE WHEN  
CONFIDENTIAL LOGS  
WILL BE RELEASED