

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2005 FEB 23

FORM APPROVED
OMB NO. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

070 FARMINGTON NM

| | | |
|--|---|--|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NM 047 |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator ROBERT L. BAYLESS | | 7. If Unit or CA Agreement, Name and No. |
| 3a. Address P.O. BOX 168, FARMINGTON, NM 87499 | 3b. Phone No. (include area code) (505) 326-2659 | 8. Lease Name and Well No. Floyd #9 |
| 4. Location of Well (Report location clearly and in accordance with an State requirements *) At surface 2060 FNL & 660 FEL At proposed prod. zone SAME | | 9. API Well No. 30-045-32912 |
| 14. Distance in Miles and Direction from nearest town or post office* | | 10. Field and Pool, or Exploratory Basin Fruitland Coal |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) | 16. No. of Acres in Lease | 11. Sec., T., R., M., or Blk. and Survey or Area H Section 17, T30N, R12W |
| 18. Distance from proposed location* to nearest well, drilling, completed, or applied for, on this Lease, ft. | 19. Proposed Depth 2115 | 12. County or Parish San Juan |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5779 5784 RKB | 22. Approximate date work will start* ASAP | 13. State New Mexico |
| 23. Estimated duration 8 days | | 17. Spacing Unit dedicated to this well 320 N2 324.9 |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

| | | |
|------------------------------|--|------------------|
| 25. Signature | Name (Printed/Typed) Price M. Bayless | Date 12/15/04 |
| Title Engineering Manager | | |
| Approved by (Signature) | Name (Printed/Typed) | Date 3-23-05 |
| Title AFM | Office PFD | |

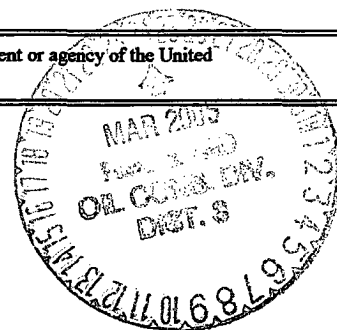
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 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.

*(Instructions on reverse)

NMOCD



District I
1625 N. French Dr., Hobbs, NM 88240
District II
1381 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Bruma Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

2005 FEB 23

AM 10 33

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

RECEIVED

| | | | | |
|-----------------------------------|---|---------------------------|--|------------------------------------|
| API Number 30-045-32912 | | Foot Code 71629 | Foot Name Basin Fruitland Coal | County OTO FARMINGTON NM |
| Property Code 22186 | Property Name FLOYD | | | Well Number 9 |
| OGRIID No. 150182 | Operator Name ROBERT L. BAYLESS, PRODUCER LLC | | | Elevation 5779 |

Surface Location


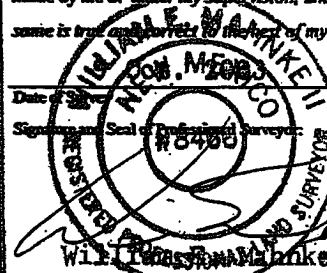
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|-----------------|
| 8 | 17 | 30 N | 12 W | | 2060 | North | 660 | East | San Juan |

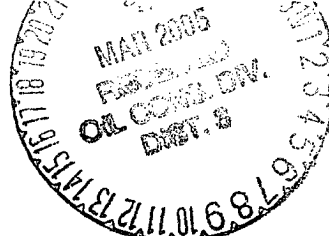
Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|---------------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 324.9 | 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

| | | | | | | | | | |
|----------------------------|--|--|--|---------------------|--|-----------------|--|---|--|
| 16. 589°57'W | | | | Fd. 79.60ch. | | Fd. | | 17. OPERATOR CERTIFICATION | |
| Lot No. (TYP.) 4 | | | | 3 | | 2 | | I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. | |
| 81.12ch. | | | | 5 | | 6 | | Signature:  | |
| 17 | | | | 7 | | 8 | | Printed Name: Price M. Bayless | |
| SEC. | | | | LAT. 36.81503°N | | 660' | | Title: Engineering Manager | |
| 12 | | | | 11 | | 10 | | Date: Dec 15, 2004 | |
| 13 | | | | 14 | | 15 | | 18. SURVEYOR CERTIFICATION | |
| 100°04'W | | | | 17 | | 16 | | 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. | |
| FA | | | | N 89°05'W | | FA | | Date of Survey: DEC 15 2004 | |
| 79.02ch. | | | | 79.02ch. | | 79.02ch. | | Signature and Seal of Professional Surveyor:  | |
| | | | | | | | | Certificate Number: 8466 | |



A hand-drawn map of a military site, likely a bunker or fortification. The map is divided into several sections by lines. The top section is labeled 'F-28' and 'F-25'. The middle section is labeled 'C-05' and 'Laydown N 85° W'. The bottom section is labeled 'C-17' and 'C-15'. A 'Reserve Pit' is shown at the bottom right, labeled 'C-21' and 'C-22'. The pit is 6' deep and 40' wide. A scale bar indicates 1" = 30'. A north arrow points upwards. The map is labeled with dimensions: 90' (width), 60' (height), 25' (width of the bottom section), and 10' (width of the bottom section). A dashed line labeled 'ACCESS' points to the left side of the map. The map is labeled with 'A', 'B', and 'C' at the corners.

90'

60'

25'

10'

ACCESS

F-28

F-25

C-05

Laydown
N 85° W

C-17

C-15

Reserve Pit
6' Deep
40'

Scale: 1" = 30'

N

A

B

C

C-21

C-22

Grd'd.Gr. 5779

Elev. 5778

| A-A' | Vert.: 1" = 30' | Horiz.: 1" = 50' | C/L |
|------|-----------------|------------------|-----|
| 5780 | | | |
| 5770 | | | |
| | | | |

| B-B' | | | | | | |
|------|--|--|--|--|--|--|
| 5780 | | | | | | |
| 5790 | | | | | | |
| | | | | | | |

| C-C' | | | | | | |
|------|-----|-----|-----|-----|-----|-----|
| 5780 | --- | --- | --- | --- | --- | --- |
| 5770 | --- | --- | --- | --- | --- | --- |
| | --- | --- | --- | --- | --- | --- |

Robert L. Bayless, Producer LLC

Drilling Technical Program

(Attachment to Form 3160-3)

Floyd #9

2060 FNL & 660 FEL (sene)

Section 17, T30N, R12W

San Juan County, New Mexico

1. ESTIMATED FORMATION TOPS

| <u>Formation</u> | <u>Depth KB</u> | <u>Est Pressure</u> |
|------------------|-----------------|---------------------|
| Nacimiento | Surface | |
| Ojo Alamo | 415 feet | |
| Kirtland | 545 feet | |
| Fruitland | 1630 feet | 420 psi |
| Pictured Cliffs | 1965 feet | 500 psi |
| Total Depth | 2115 feet | |

2. WELL CONTROL SYSTEM

- A. The proposed blowout system (schematic drawings attached) is a bag type preventer, and will be used in 1000 psi service. The wellhead pressure is anticipated to be low and no gas flow to surface.
- B. Maximum anticipated bottom hole pressure = 500 psi. Well Control Anticipated Surface Pressure (ASP) = 500 psi.
- C. BOP pressure testing will be conducted at the time of installation and prior to drilling out surface casing shoe. The annular will be closed daily. A choke manifold will be installed as per attached drawing. Working pressure for the choke manifold is 2000 psi. In addition, a kill line from the mud pump will be installed.
- D. Stabbing valves for drill pipe and drill collars will be available on the rig floor. An upper kelly cock will also be available on the rig.
- E. Anticipated formation pressures average .25 psi/ft gradient and formation fracture pressures are anticipated to exceed the maximum mud weight of 9.1 pounds per gallon.

3. DRILLING MUD PROGRAM

- A. A 8 3/4" surface hole will be drilled with a fresh water system. Lime and gel will be added to provide viscosity as needed.

- B. A 6 1/4" hole will be drilled to total depth utilizing LSND mud.

| Interval | Mud System | Weight PPG | Viscosity sec/qt | WL cc |
|---------------------------|------------|---------------|---------------------|----------|
| 0 - 120 570 ft | Spud mud | <9.0 | 35 - 55 | NC |
| 120 - 2035 | LSND | 8.6 - 9.3 | 28 - 50 | <12 |

- C. Mud level monitoring will be done visually.

4. HAZARDS

- A. Abnormal pressure is not expected in this area.
- B. Lost circulation is expected to be of minimal problems in this area.
- C. No hydrogen sulfide is expected. However, should hydrogen sulfide be encountered during drilling, detection and warning systems will be installed.
- D. Hole deviation is not expected in this area. Single shot surveys giving hole inclination will be run a minimum of every 500 feet.

5. LOGGING AND TESTING

- A. Induction and density logs will be run from total depth across all zones of interest.
- B. No drill stem tests are anticipated in this well.
- C. No cores are anticipated in this well.
- D. No mud logging unit will be used on this well.

6. CASING PROGRAM

- A. Surface casing: 7" 23.0 #/ft J-55 from surface to ~~120~~ 570 feet
- B. Production casing: 4 1/2" 10.5 #/ft J-55 from surface to 2035 feet.
- C. A proposed wellbore diagram is attached.

7. CEMENTING PROGRAM

- A. Surface casing: 30 sx (35.4 cf) Class B w/ 3% CaCl, circulated to surface
- B. Production Casing: 130 sx (277 cf) Premium Lite High Strength cement circulated to surface, volume may change due to caliper log on well.

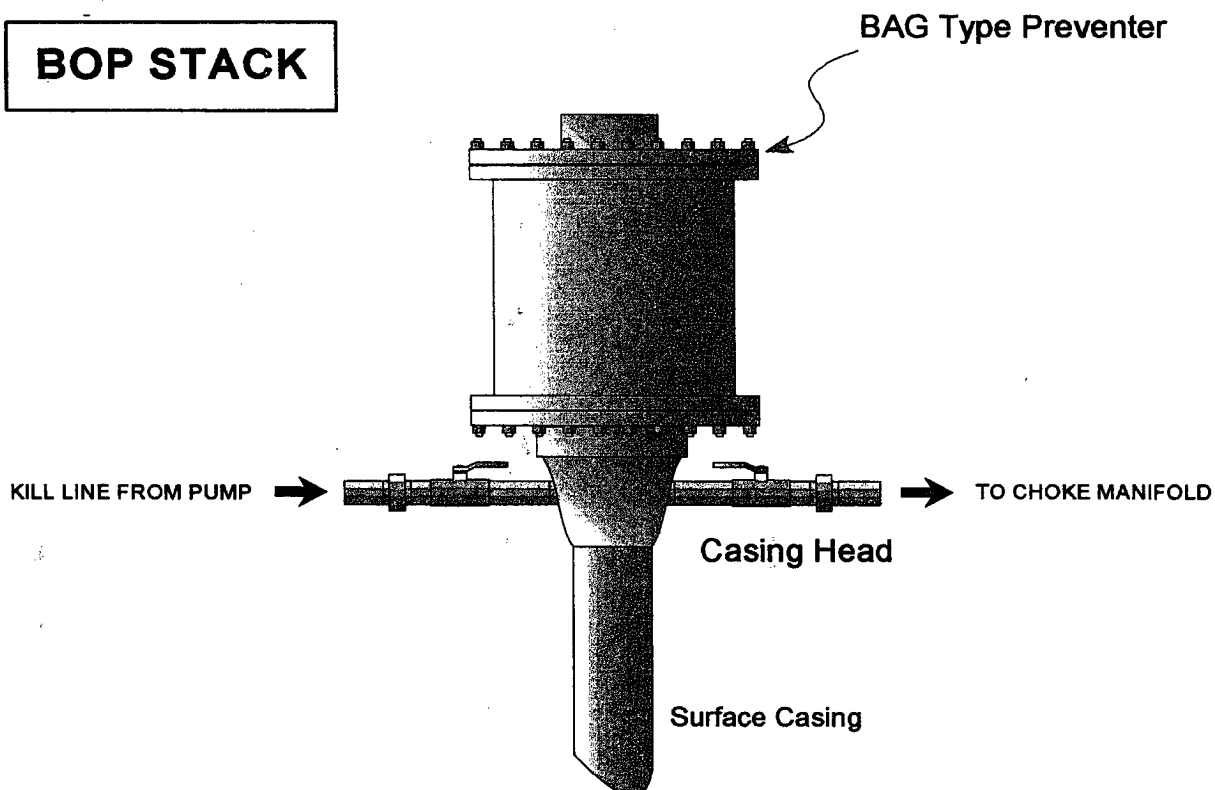
Robert L. Bayless, Producer LLC
Well Control Equipment Schematic for 1M Service

Attachment to APD Form 3160-3

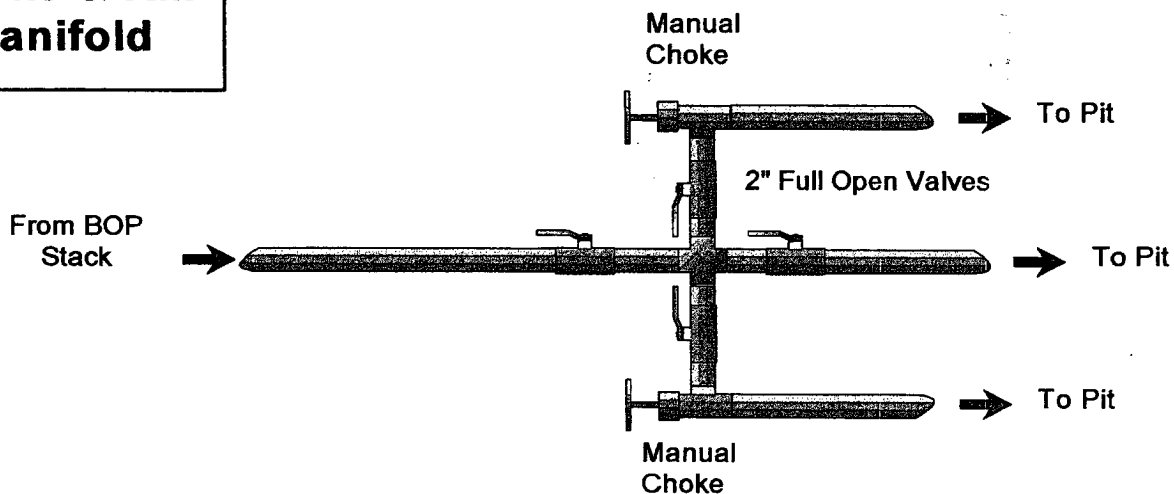
Floyd #9

Location: 2060 FNL & 660 FEL
Sec 17, T30N, R12W, NMPM
San Juan County, New Mexico

BOP STACK



Choke & Kill Manifold



Robert L. Bayless, Producer LLC
Wellbore Schematic

Floyd #9

Proposed Wellbore Configuration

Location: 2060 FNL & 660 FEL (sene)
Sec 17, T30N, R12W, NMPM
San Juan Co, New Mexico

Elevation: 5779' GL
5784' RKB

Field: Basin Fruitland Coal

