

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau 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.*

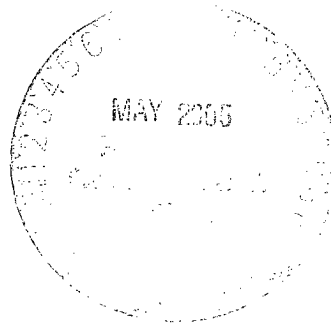
SUBMIT IN TRIPLICATE - Other instructions on reverse side

| | |
|--|---|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | 8. Well Name and No. Floyd #10 |
| 2. Name of Operator Robert L. Bayless, Producer LLC | 9. API Well No. 30-045-32911 |
| 3a. Address PO Box 168, Farmington, NM 87499 | 10. Field and Pool, or Exploratory Area Basin Fruitland Coal |
| 3b. Phone No. (include area code) (505) 326-2659 | 11. County or Parish, State San Juan, New Mexico |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec. 7, T30N, R12W 1530 FSL, 2200 FEL | |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input 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 checked="" 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>Casing and Cementing</u> |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>See attached morning report.</u> |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | <u>Surface and Production Casing</u> |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated 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 recompleat 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.)



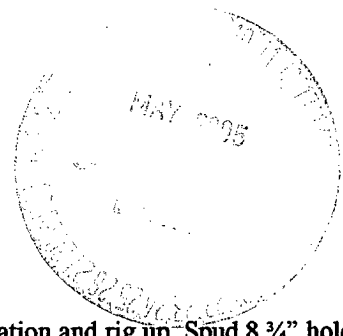
| | |
|--|------------------------------|
| 14. I hereby certify that the foregoing is true and correct | |
| Name (Printed/Typed) Price M. Bayless | Title Engineering Manager |
| Signature <i>[Signature]</i> | Date 5/2/2005 |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | |
| Approved by | Title |
| 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 operation thereon. | Office |
| FARMINGTON FIELD OFFICE | |
| BY <i>[Signature]</i> | |
| MAY 4 2005 | |
| ACCEPTED FOR RECORD | |

Title 18 U.C.S. Section 1001 and Title 43 U.C.S. Section 1212, makes it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOCD

Robert L. Bayless, Producer LLC

Floyd #10
1530 FSL & 2200 FEL
Section 7 – T30N – R12W
San Juan County, New Mexico



Morning Report – Drilling

4/23/05

Build location and dig pit. Line and fence pit. Move Baylon & Dodson Rig #1 onto location and rig up. Spud 8 3/4" hole at 1:30 pm, 4/22/05. Drill to 300 feet and circulate hole clean. Shut down overnight.

4/24/05

Continue drilling to 723 ft RKB. Circulate hole and drop survey tool. Trip out of hole. Deviation 1/4° at 723 feet. Run 16 joints (712.92 feet) 7" 20 #/ft J-55 ST&C casing. Turbo centralizers at 630 and 496 feet, centralizers at 675, 585, 272, and 51 feet. Land casing at 720 feet. Rig up BJ Services and cement casing with 241 sx (337 cf) Type III cement with 3% CaCl and 1/4 #/sx celloflake. Good returns throughout job with 10 bbls good cement circulated to pit. Bump plug, float holding OK. Plug down at 5:30 pm, 4/23/05. WOC and shut down overnight.

4/25/05

WOC and nipple up BOP. Start building choke manifold lines. Shut down overnight.

4/26/05

Nipple up BOP and pressure test all equipment and casing to 1000 psi for thirty minutes each, held OK. Trip in hole and tag cement at 675 feet. Drill out cement and continue drilling new formation to 970 feet. Circulate hole clean and shut down overnight.

4/27/05

Continue drilling to 1200 feet. Circulate hole clean and run survey, deviation 1/2° at 1200 feet. Continue drilling to 1710 ft. Circulate hole clean and run survey, deviation 3/4° at 1710 feet. Shut down overnight.

4/28/05

Continue drilling to 2230 ft. Circulate hole clean and run survey, deviation 3/4° at 2230 feet. Circulate and condition hole for logs. Shut down overnight.

4/29/05

Circulate and condition hole for logs. Trip out of hole. Rig up Schlumberger and log well. Rig down loggers. Spot casing and rig up casing crew. Run 50 joints (2213.92 feet) 4 1/2" 10.5 #/ft new J-55 casing as follows:

| | | |
|---------------------|--------------|------------------|
| KB to landing point | 8.00 feet | 0 – 8 feet |
| 49 joints casing | 2169.56 feet | 8 – 2177 feet |
| Float collar | 1.00 feet | 2177 – 2178 feet |
| Shoe joint | 44.36 feet | 2178 – 2223 feet |
| Guide shoe | 0.70 feet | 2223 – 2224 feet |
| | 2223.62 feet | |

Land casing at 2224 feet with centralizers at 2200, 2132, 2088, 1999, 1911, 1780 and 670 feet. Circulate hole clean. Rig up BJ Services and cement production casing as follows:

| | |
|--------|--|
| Flush | 20 bbls gelled water |
| Spacer | 5 bbls fresh water |
| Cement | 200 sx (430 cf) Premium Lite High Strength w/ 1/4 #/sx cello flake |

Good returns throughout job with no cement circulated to pit. Bump plug to 1200 psi at 5:30 pm, 4/28/05. Will pick cement top with temperature survey. Release drilling rig and wait on completion.

4/30/05

Rig up Wilson Service Company and run temperature survey. Cement top at 450 ft, 270 feet above surface casing shoe. Wait on completion.