State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

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

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

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

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

WELL API NO.
30-045-33637

5. Indicate Type of Lease

STATE [ ]   FEE [X]

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name

Brown

1. Type of Well
OIL WELL [ ]   GAS WELL [X]   OTHER:

2. Name of Operator
ROBERT L. BAYLESS, PRODUCER LLC

8. Well No.
1R

3. Address of Operator
P.O. BOX 168,   FARMINGTON, NM 87499

9. Pool name or Wildcat
Basin Fruitland Coal

4. Well Location

Unit Letter   G   :   1869   Feet from the   North   Line and   2514   Feet from The   East   Line

Section   10   Township   30N   Range   12W   NMPM   San Juan   County

10. Elevation   (Show whether DF, RKB, RT, GR, etc.)
5733' GR

11.   Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO :			SUBSEQUENT REPORT OF :	
PERFORM REMEDIAL WORK	[ ]	PLUG AND ABANDON [ ]	REMEDIAL WORK [ ]	ALTERING CASING [ ]
TEMPORARILY ABANDON	[ ]	CHANGE PLANS [ ]	COMMENCE DRILLING OPNS. [ ]	PLUG AND ABANDONMENT [ ]
PULL OR ALTER CASING	[ ]		CASING TEST AND CEMENT JOB [X]	
OTHER: _____	[ ]		OTHER : _____	[ ]

12. Describe Proposed or Completed Operations   (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work)   SEE RULE 1103.

Please see attached report.

JUL 2006
RECEIVED
OIL CONS. DIV.
DIST. 3

I hearby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE _____   TITLE   Petroleum Engineer   DATE   6/30/2006

TYPE OR PRINT NAME   Tom McCarthy   TELEPHONE NO.   (505) 326-2659

(This space for State Use)
APPROVED BY   H. Villanueva   TITLE   DEPUTY OIL & GAS INSPECTOR, DIST. 3   DATE   JUL 0 3 2006

CONDITIONS OF APPROVAL, IF ANY:

Robert L. Bayless, Producer LLC
Brown No. 1R
Morning Report – Drilling
1869' FNL & 2514' FWL, Section 10, T30N, R12W
San Juan County, NM

6/24/2006: Work completed on 6/23/2006. Nipple up BOP and test to 600 PSI for 30 minutes and 250 PSI for 10 minutes. Hit hard cement at 90'. Drill out cement and begin drilling new formation with 6 ¼" bit. Drill to 710'. Circulate hole clean and pull off bottom. Shut down overnight with watchman. Surveys: 140', 3/4°.

6/25/2006: Drill to 1330' with 6 ¼" bit. Surveys: 640', 3/4°, 1140', 3/4°

6/26/2006: Work done on 6/25/2006: Drill to 1870' with 6 ¼" bit.

6/27/2006: Drill to 2165', TD. Circulate well clean. Trip out above coals. Basal coal at 1992-2010'. Lost 90 BBL circulation into coal.

6/28/2006: Work completed on 6/27. Short trip and trip out to log. Rig up Schlumberger. Trip in to log. Hit bridge at 1446'. Hole very sticky with gumbo shale. Log hole out and rig down Schlumberger. Trip in drill pipe and trip out laying down. Surveys: 1640', 1 ¼°, 2140', 1 ½°.

6/29/2006: Work completed on 6/28. Rig up casing crew and run 4 ½" 10.5# J-55 ST&C casing. Centralizers at 2110', 2025', 1941', 1857', 1773', 593', 509'.

KB to landing point:	4.00
50 joints:	2105.32
Float collar:	1.00
1 joint:	42.12
Guide shoe:	.50
Landed at:	2152.94

Rig up BJ to cement. Pump 20 BBL's gel and phenoseal. Pump 5 BBLs water with red dye. Pump 200 sx (430 CF) premium lite high strength cement with 3#/sx CSE(compressive strength enhancer), 1% KCl, ¼#/sx cello flake, .3% CD-32(polymer dispersant), 5#/sx LCM-31(asphaltite extender), .7% FL-32 (fluid loss additive). Good circulation throughout job. Displaced with 33.6 BBLs water. Circulated 5 BBLs (28 CF) cement to pit. Bumped plug and float held. Plug down at 1:35 PM. Shut well in.

6/30/2006: Shut down.

7/1/2006: Rig down and move out.