

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-045-29505
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Federal Lease NM047
7. Lease Name or Unit Agreement Name: Floyd
8. Well No. 2
9. Pool name or Wildcat Fulcher Kutz PC

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.)

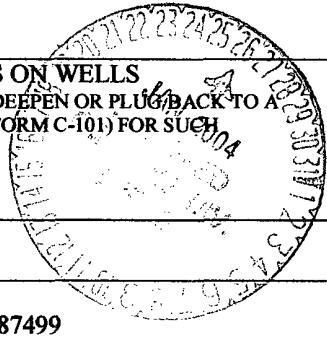
1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
 Robert L. Bayless, Producer LLC

3. Address of Operator
 P.O. Box 168 Farmington, NM 87499

4. Well Location
 Unit Letter P : 865 feet from the South line and 1065 feet from the East line
 Section 7 Township 30N Range 12W NMPM County San Juan

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
 5916 GR



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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input checked="" type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <u>Commingle zones</u> <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

Bayless proposes to complete the Basin Fruitland Coal in this wellbore and commingle production with the well's existing Fulcher Kutz Pictured Cliffs production. Ownership is the same in both horizons even though the proration units are different. The south half of Section 7 will be dedicated to the Basin Fruitland Coal for this well, plat is attached. It will be the second Basin Fruitland Coal well in this proration unit (Floyd #6, SWSW Section 7, T30N R12W). Based on other wells in the area, Bayless proposes to utilize a percentage allocation method, with 64% of production to Basin Fruitland Coal and 36% of production to the Fulcher Cliffs Pictured Cliffs.

Bayless proposes to set a bridge plug at 2070 ft, pressure test casing to 3000 psi., perforate Fruitland Coal from 2052 to 2064 ft, fracture stimulate with 26,000 gals of gelled fluid with 45,000 lbs 20/40 sand, drill bridge plug, clean out sand and put well on pump.

A copy of this sundry is sent to the BLM for notification.

DHC 1391A2

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

SIGNATURE Kevin H. McCord TITLE Operational Manager DATE 1/26/04

Type or print name Kevin H. McCord Telephone No. 326-2659

(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #6 DATE JAN 26 2004

Conditions of approval, if any:

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
Well
1000 Rio Brazos Road, Artec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

APPLICATION TYPE
 X Single

Establish Pre-Approved Pools
EXISTING WELLBORE
 X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Robert L. Bayless, Producer LLC

P.O. Box 168 Farmington, NM 87499

Operator Address
Floyd 2 P, Sec. 7, T30N, R12W San Juan

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 150182 Property Code 22186 API No. 30-045-29505 Lease Type: X Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Fulcher Kutz PC
Pool Code	71629		77200
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2052-2064		2070-2082
Method of Production (Flowing or Artificial Lift)	Pumping (water)		Pumping (water)
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1005		1007
Producing, Shut-In or New Zone	Producing		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: New Zone Rates: Est. 435 MCFD	Date: Rates:	Date: 12/2003 Rates: 245 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas % 64 %	Oil Gas % %	Oil Gas % 36 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes X No

Will commingling decrease the value of production? Yes No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Kevin H. McCord TITLE Operational Manager DATE 1/26/04

TYPE OR PRINT NAME Kevin H. McCord TELEPHONE NO. (505) 326-2659

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 21, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-29505		² Pool Code 71629		³ Pool Name BASIN FRUITLAND COAL	
⁴ Property Code		⁵ Property Name FLOYD			⁶ Well Number 2
⁷ OGRID No. 150182		⁸ Operator Name ROBERT L. BAYLESS			⁹ Elevation 5916

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
20	7	30 N	12 W		865	South	1065	East	San Juan

¹¹ 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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> Signature KEVIN H. MCCORD Printed Name ENGINEER Title 01/26/04 Date			
	¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature of Professional Surveyor William E. Morfke II Certificate Number 8456			
	E.J. BC. N88°16'14"E 2642.21' F186			
	New Mexico Oil Conservation Division			

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OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

RECEIVED
 DISTRICT

070 FARMINGTON, NM

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
				FULCHER KUTZ PC	
4 Property Code		5 Property Name			6 Well Number
		FLOYD			2
7 OGRID No.		8 Operator Name			9 Elevation
		ROBERT L. BAYLESS			5916

10 Surface Location


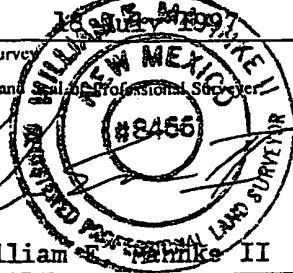
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
20	7	30 N	12 W		865	South	1065	East	San Juan

11 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
158.34									

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 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	(8)	(7)	(6)	(5)	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature PRICE M. BAYLESS Printed Name ENGINEER Title Date
	(9)	(10) Sec.	(11)	(12)	
	(16)	(15)	(14)	(13)	
		7			18 SURVEYOR CERTIFICATION 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.  Date of Survey Signature and Title of Professional Surveyor William E. Manke II Certificate Number 8466
(17)	(18)	(19)	(20)		

865' 1065'

FJ. BC 4894'16" 3422'21" 5065'

FLOYD (2 - 100%), FULCHER KUTZ

