

Submit 3 Copies
to Appropriate
District Office

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.	30-045-30024
Lease Type of Lease	STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. Oil & Gas Lease No.	

RECEIVED
DEC 27 1999
OIL CON. DIV.
DIST. 3

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		Lease Name or Unit Agreement Name KRAUSE
1. Type of Well OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		
2. Name of Operator ROBERT L. BAYLESS, PRODUCER LLC	8. Well No. #1	
3. Address of Operator P.O. BOX 168 FARMINGTON, NM 87499	9. Pool name or Wildcat BASIN FRUITLAND COAL	
4. Well Location Unit Letter <u>C/S</u> : <u>1190</u> Feet from the <u>NORTH</u> Line and <u>1450</u> Feet from The <u>WEST</u> Line Section <u>2</u> Township <u>26N</u> Range <u>11W</u> NMPM <u>SAN JUAN</u> County		
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 6376		

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"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <u>SPUD, TD, LAND & CEMENT CASING, WAIT ON COMPLETION</u> <input checked="" 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.

SEE ATTACHED REPORT.

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

SIGNATURE Price M. Bayless TITLE ENGINEER DATE 12/22/99

TYPE OR PRINT NAME PRICE M. BAYLESS TELEPHONE NO. (505) 327-2659

(This space for State Use)

APPROVED BY ORIGINAL SIGNED BY CHARLIE T. PERPIN TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE DEC 27 1999

CONDITIONS OF APPROVAL, IF ANY:

Robert L. Bayless, Producer LLC

Krause #1
1190 FNL & 1450 FWL
Section 2 – T26N – R11W
San Juan County, New Mexico

Morning Report – Drilling

12/15/99

Build location and dig pit. Line and fence pit. Move L&B Speedrill onto location and rig up. Spud 8 3/4" hole at 2:00 pm, 12/14/99. Drill to 135 feet and circulate hole clean. Drain equipment and shut down overnight.

12/16/99

Circulate hole and drop survey tool. Trip out of hole. Deviation 1/4° at 135 feet. Run 4 joints (127.75 feet) 7" 23 #/ft J-55 ST&C casing. Land casing at 133 feet. Rig up Cementers Inc and cement casing with 56 sx (66.08 cf) Class B cement with 4% CaCl and 1/4 #/sx celloflake. Good returns throughout job with 4 bbls good cement circulated to pit. Plug down at 9:00 am, 12/15/99. WOC 4 hours and break off cement head. Make up wellhead and nipple up BOP. Pressure test casing and BOP to 600 psi for 30 minutes, held OK. Drip in hole and tag cement at 100 feet. Drill out cement and drill new formation to 340 feet. Circulate hole clean and shut down overnight.

12/17/99

Continue drilling to 600 feet. Circulate hole clean and run survey, deviation 1/4°. Continue drilling to 900 feet. Circulate hole clean and shut down overnight.

12/18/99

Continue drilling to 1100 feet. Circulate hole clean and run survey, deviation 1/2° at 1100 feet. Continue drilling to 1340 feet. Circulate hole clean and shut down overnight.

12/19/99

Continue drilling to 1600 feet and circulate hole clean. Run survey, deviation 3/4° at 1600 feet. Continue drilling to 1800 feet and circulate hole clean. Shut down overnight.

12/20/99

Continue drilling to 2025 feet. Circulate hole clean and condition hole for logs. Run survey, deviation 1° at 2025 feet. Shut down overnight.

12/21/99

Circulate and condition hole for logs while waiting on logging truck. Trip out for logs. Rig up HLS and log well. Shut down overnight.

12/21/99

Move off drillpipe and spot casing. Rig up casing crew and run 45 joints (1994.88 feet) 4 1/2" 10.5 #/ft new J-55 casing as follows:

KB to landing point	4.00 feet	0 – 4 feet
44 joints casing	1950.52 feet	4 – 1955 feet
Insert float	0.00 feet	1955 – 1955 feet
Shoe joint	44.36 feet	1955 – 1999 feet
Guide shoe	0.70 feet	1999 – 2000 feet
	1999.58 feet	

Land casing at 2000 feet with centralizers at 1974, 1866, 1733, 1601, 1024, and 759 feet. Circulate hole clean. Rig up Cementers Inc. and cement production casing as follows:

Flush	10 bbls fresh water
Lead	140 sx (288.40 cf) Class B w/ 2% econolite and 1/4 #/sx flocele
Tail	90 xs (106.2 cf) Class B w/ 1/4 #/sx flocele

Good returns throughout job with 10 bbls good cement circulated to pit. Bump plug to 2500 psi at 2:30 pm, 12/21/99. Release drilling rig and wait on completion.