

**ROBERT L. BAYLESS**

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November 28, 2001

PRIORITY OVERNIGHT MAIL

Ms. Lori Wrotenbery, Director  
**NEW MEXICO OIL  
CONSERVATION DIVISION**  
1220 S. Saint Francis  
Santa Fe, NM 87505

RE: NMOCD Case No. 12593  
Order No. R-11552  
Robert L. Bayless, Operator  
Hazel Bolack # 2 Well  
SE/4 Sec. 10-T30N-R11W  
San Juan County, NM

01 DEC - 3 PM 2:40  
NEW MEXICO OIL CONSERVATION DIV

Dear Ms. Wrotenbery:

Pursuant to the referenced Order No. R-11552 enclosed please find an itemized Authority for Expenditure (AFE) estimate for the referenced Hazel Bolack #2 Well. These AFE's were mailed October 8, 2001, to all non-consenting working interest owners as per the Order.

Should you have any questions, I may be reached at (505) 564-7808.

Yours truly,



Anne Jones  
Land Dept.

**ROBERT L. BAYLESS  
AUTHORITY FOR EXPENDITURE**

LEASE NAME:	Hazel Bolack	WELL NUMBER:	2	LOCATION:	SE/4 Section 10 T30N-R11W
FIELD:	Blanco Mesa Verde	COUNTY:	San Juan	STATE:	New Mexico
TYPE WELL:	Gas Well	TOTAL DEPTH:	5000	DATE:	February 1, 2001
OPERATOR:	Robert L. Bayless	PREPARED BY:	omb	FILE:	bolack2.xls

DRILLING INTANGIBLES							DRY HOLE	COMPLETED
3.04	PERMITTING	(STAKING,DAMAGES,ARCHAEOLOGY,PAPERWORK)					3500	3500
3.06	DIRTWORK	(LOCATION,PITS,ROADS)					5000	5000
3.08	DRILLING	FOOTAGE	5000 FEET @	\$13.00	/ FOOT		65000	65000
3.08	DRILLING	DAYWORK	1 DAYS @	\$4,800.00	/ DAY		4800	4800
3.21	CAS NG CREW	INTERMEDIATE CASING					1500	1500
3.26	CEMENTING	SURFACE					2000	2000
3.26	CEMENTING	INTERMEDIATE					7000	7000
3.65	CEMENTING	PLUGGING					4000	4000
3.60	LOGGING	INTERMEDIATE					5000	5000
3.60	LOGGING	PRODUCTION					8000	8000
3.18	MUD AND MATERIALS						0	0
3.09	DRILL BITS						0	0
3.15	WATER & WATER HAULING						500	500
3.16	AIR COMPRESSOR PACKAGE						11000	11000
	WELL TESTING	(DST,CORING,ETC)					0	0
3.63	WELL TESTING	(MUD LOGGING & WELLSITE GEOLOGIST)					500	500
3.53	SUPERVISION	(ENG,GEO,LEGAL)	7 DAYS @	\$400.00	/ DAY		2800	2800
3.27	TRUCKING						1500	1500
4.11	MISC. LABOR						2500	2500
3.67	MISC INTANGIBLES						2000	2000
3.59	ADMINISTRATIVE OVERHEAD		7 DAYS @	\$300.00	/ DAY		2100	2100
3.57	CONTINGENCY		5 %				6435	6235
TOTAL DRILLING INTANGIBLES:							135135	130935

COMPLETION INTANGIBLES:							DRY HOLE	COMPLETED
4.21	CASING CREW							2000
4.08	COMPLETION UNIT		7 DAYS @	\$1,800.00	/ DAY			12600
4.26	CEMENTING	PRODUCTION						8000
4.60	WIRELINE	(PERFORATING AND LOGGING)						4000
4.62	STIMULATION	(ACIDIZING AND FRACTURING)						45000
	SUPERVISION	(ENG,GEO)	7 DAYS @	\$400.00	/ DAY			2800
4.15	WATER	(PURCHASE AND HAULING)						2000
5.06	DIRTWORK	(LOCATION CLEANUP)					1000	1000
4.27	TRUCKING							5000
4.16	RENTALS							2000
5.11	MISC LABOR	(WELL HOOKUP)						10000
	MISC INTANGIBLES							2000
	ADMINISTRATIVE OVERHEAD		5 DAYS @	\$300.00	/ DAY			1500
	CONTINGENCY		5 %				50	4895
TOTAL COMPLETION INTANGIBLES:							1050	102795
TOTAL INTANGIBLES:							136185	233730

DRILLING AND COMPLETION TANGIBLES:								
3.22	SURFACE CASING	120 FEET TYPE	9 5/8" 36 #/FT	@	\$11.00	/ FOOT	1320	1320
3.23	INTERMEDIATE CASING	2000 FEET TYPE	7" 23 #/FT	@	\$9.00	/ FOOT	18000	18000
4.22	LONGSTRING CASING	5000 FEET TYPE	4 1/2" 10.5#/FT	@	\$5.75	/ FOOT		28750
4.29	TUBING	5000 FEET TYPE	2 3/8" 4.7#/FT	@	\$1.70	/ FOOT		8500
5.39	LINEPIPE	200 FEET TYPE	2 INCH	@	\$1.25	/ FOOT		250
5.40	VALVES, PIPING, AND FITTINGS							2000
4.24	WELLHEAD EQUIPMENT	(WELLHEADS,VALVES,FITTINGS,ETC.)					1375	5500
	PIPELINE	C FEET TYPE	4 INCH	@	\$8.00	/ FOOT		0
5.41	METER INSTALLATION FEE							0
5.42	METER RUN							5000
5.33	SEPERATOR							8000
5.34	DEHYDRATOR							10000
5.37	PRODUCTION TANK							7500
5.67	MISC EQUIPMENT	(FENCES,CULVERTS,ETC.)						2500
5.59	CONTINGENCY			5 %			1035	4866
TOTAL TANGIBLES:							21730	102186
TOTAL WELL COST:							\$157,915	\$335,916

APPROVED	BY	DATE	WORKING INTEREST	OWNER SHARE	
				DRY HOLE	COMPLETED
	ROBERT L. BAYLESS, et al		100.0000%	\$157,915	\$335,916
			0.0000%	\$0	\$0
			100.0000%	\$157,915	\$335,916