

NSL 6/3/98

ROBERT L. BAYLESS, *Producer L.L.C.*

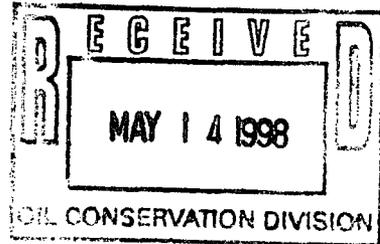
P. O. BOX 168
FARMINGTON, NM 87499

FAX NO.
(505) 326-6911

OFFICE NO.
(505) 326-2659

May 12, 1998

Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505



RE: Request for Administrative Approval
For an Unorthodox Pictured Cliffs Location
Tiger #5
690' FNL & 1070' FEL
Section 35-T30N-R30W
San Juan County, New Mexico

Gentlemen:

Enclosed, please find a copy of the C-102 for our Tiger #5 Pictured Cliffs well, along with a plat of the Pictured Cliffs rights in each of the offsetting proration units. Also enclosed is a portion of an aerial photograph of the well location. This well is located within the Farmington city limits, on surface owned by San Juan College. The location was chosen to satisfy the College and to accommodate future street and building plans. Moving the well to the south would place the well within a proposed access street or into an area for which a building has been proposed.

The Farmington City Council and the BLM have approved this well at the proposed location. An executed copy of the Surface Use Agreement has also been enclosed.

A copy of this letter has been sent to each of the offset lease owners by certified mail, so Bayless hereby requests administrative approval of this unorthodox location under Rule 104.F.

Thank you in advance for your consideration of this matter. If you need further information, please contact Tucker Bayless at 505/326-2659.

Sincerely,

Price M. Bayless

Copy by Certified Mail:

Universal Resources Corp.
1331 17th Street, Suite 800
Denver, CO 80202

Merrion Oil & Gas
610 Reilly Avenue
Farmington, NM 87401

Cross Timbers Oil Co.
810 Houston Street, Suite 2000
Fort Worth, TX 76102

Four Star Oil & Gas
PO Box 2100
Denver, CO 80201

Dugan Production
PO Box 420
Farmington, NM 87499

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 30-045-29580		2 Pool Code		3 Pool Name FULCHER KUTZ PICTURED CLIFFS	
4 Property Code		4 Property Name TIGER		5 Well Number 5	
6 GRID No.		4 Operator Name ROBERT L. BAYLESS		7 Elevation 5687	

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
A	35	30 N	13 W		690	North	1070	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 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 2/4/98 Date

**Pictured Cliffs Formation Ownership
Tiger #5 Vicinity
690 FNL & 1070 FEL
Section 35-T30N-R13W**

SW ¼ Section 26	SE ¼ Section 26	SW ¼ Section 25
Bayless	Universal Resources	Merrion Oil & Gas
NW ¼ Section 35	NE ¼ Section 35	NW ¼ Section 36
Bayless	Bayless	Cross Timbers Oil Four Star Oil & Gas
SW ¼ Section 35	NE ¼ Section 35	SW ¼ Section 36
Bayless	Bayless	Four Star Oil & Gas Cross Timbers Oil Dugan Production



Tiger #5
690 FNL & 1070 FEL
Section 35-T30N-R13W

**SURFACE DAMAGES RELEASE
and Grant of Right-of-Way**

KNOW ALL MEN BY THESE PRESENTS:

That for and in consideration of the sum or Ten Dollars (\$10.00) and other valuable consideration, this day paid to San Juan College ("SJC") by Robert L. Bayless, Producer LLC ("Bayless"), the receipt and sufficiency of which are hereby acknowledged for all purposes, SJC as the owner of the surface of the lands described on Exhibit "A" attached hereto and made a part hereof by specific reference for all purposes ("said Lands"), and their heirs, successors, and assigns, does hereby release Bayless, his successors, agents, assigns, and employees from any and all claims for damages to the surface of said Lands resulting from the drilling, completion, operation, maintenance, and/or abandonment of the Bayless' Tiger Well No. 5 ("Well") on said Lands at a location described in Exhibit "A".

The consideration paid hereunder shall also compensate SJC for damages to said Lands sustained, or which may be sustained, as a result of the construction, use and maintenance of the Well pad (approximately 100 feet by 75 feet centered around the Well location), an access road (measuring 10 feet to both sides of the centerline of such road), and a utility corridor thirty (30) feet in width, paralleling said road. The "utility corridor" shall include, but not be limited to, flow line(s), water supply line(s), produced water disposal line(s), and power and communications lines.

In conjunction with the execution of this release, SJC does hereby grant unto Bayless, its successors, agents, assigns, and employees, a rights-of-way, on and across the surface of said Lands for the construction and subsequent use of the Well pad, the access road, and utility corridor in the drilling, completion, operation, maintenance, and/or abandonment of the subject Well.

Bayless further agrees that, at the time utilities and water are brought within a reasonable distance to the Well pad, Bayless shall landscape the exterior of said Well pad to minimize visual impact to the surrounding lands. Upon development of the surface area by SJC, Bayless further agrees to provide a gate of its selection (location of the gate to be mutually agreed upon by SJC/Bayless) on the access road to deter vehicular traffic use.

In witness whereof, this release is voluntarily entered into and executed this 16th day of April, 1998.

SAN JUAN COLLEGE

By: James C. Henderson
James C. Henderson, Ed.D.
President

ROBERT L. BAYLESS, PRODUCER LLC

By: Robert L. Bayless
Robert L. Bayless
Manager

STATE OF NEW MEXICO §
COUNTY OF SAN JUAN §

This instrument was acknowledged before me this 13th day of April, 1998, by James C. Henderson, Ed.D., President of San Juan College, for the purposes stated herein.

My Commission Expires:

12/9/99

STATE OF NEW MEXICO §
COUNTY OF SAN JUAN §

Valerie Wheeler
Notary Public



OFFICIAL SEAL
Valerie Wheeler
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 12/9/99

This instrument was acknowledged before me this 16th day of April, 1998, by Robert L. Bayless, Manager of Robert L. Bayless, Producer LLC.

My Commission Expires:

April 8, 2000

Katherine Westmoreland
Notary Public

