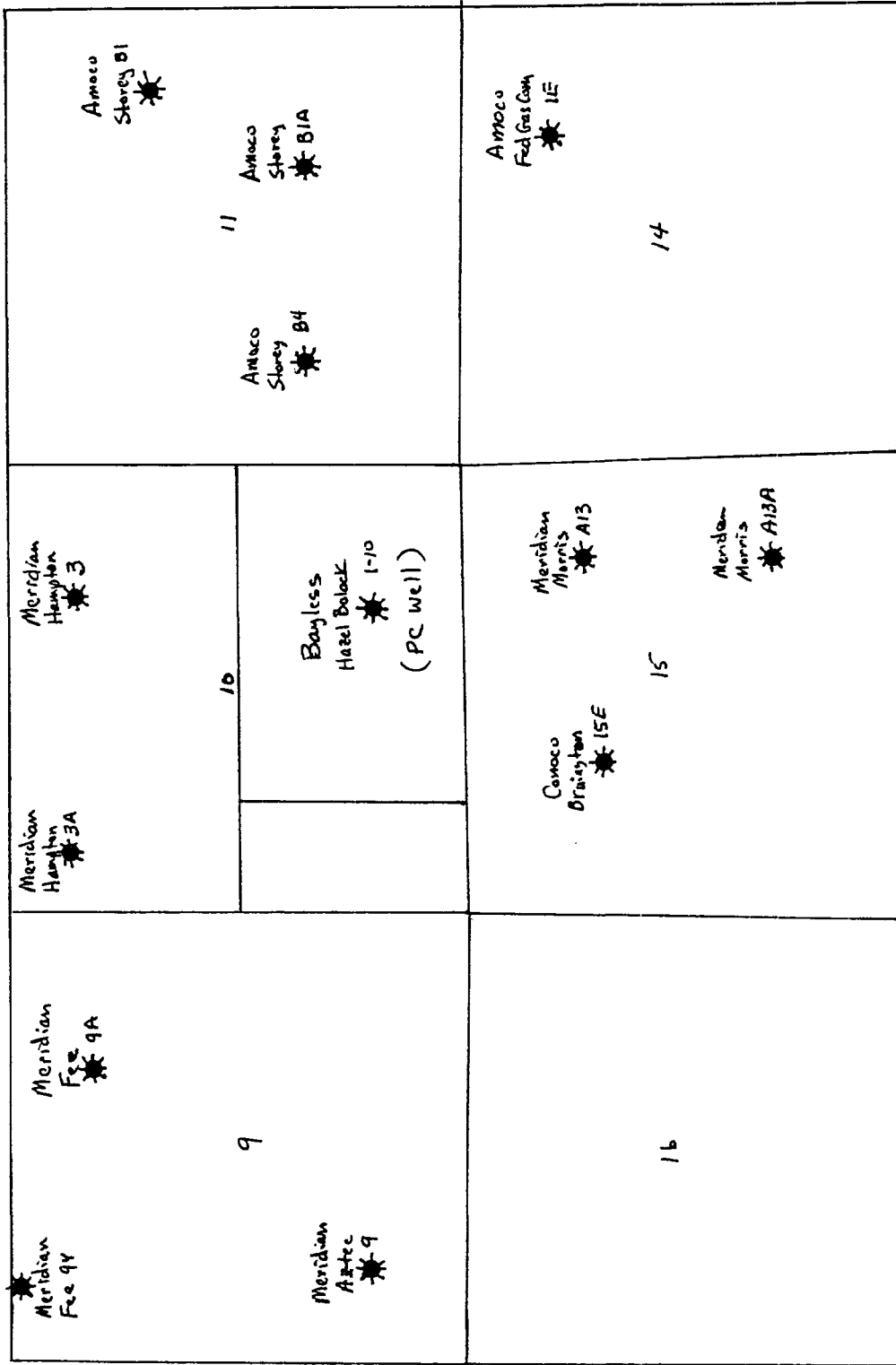


Case 11571  
July 25, 1996  
Exhibit # 1

Robert L. Bayless - Hazel Bolack 1-10 Area  
Offset Mesa Verde Wells/Ownership



ROBERT L. BAYLESS

P. O. BOX 168  
FARMINGTON, NM 87499

Case 11571  
July 25, 1996  
Exhibit #2

FAX NO.  
(505) 326-6911

OFFICE NO.  
(505) 326-2659

CERTIFIED MAIL

July 2, 1996

Meridian Oil Inc.  
P.O. Box 4289  
Farmington, NM 87499  
ATTN: Land Department

RE: APPLICATION FOR NON-STANDARD GAS SPACING AND PRORATION UNIT  
ROBERT L. BAYLESS  
SE/4 AND E/2SW/4 OF SECTION 10  
TOWNSHIP 30 NORTH, RANGE 11 WEST, N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO

Gentlemen:

The purpose of this letter is to advise you that Robert L. Bayless has filed an application with the New Mexico Oil Conservation Division seeking the issuance of an Order establishing a non-standard 240.00 acre gas spacing and proration unit for Blanco Mesa Verde Gas Pool production comprising the SE/4 and E/2SW/4 of Section 10, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico. Said unit will be dedicated to Bayless's existing Hazel Bolack No. 1-10 Well located 1000' FSL and 1650' FEL of said Section 10. This well is currently completed in the Pictured Cliffs formation. Bayless will plug off the Pictured Cliffs formation and deepen the well to the Mesa Verde formation. Bayless has requested that the application be placed on the July 25, 1996 Examiner Hearing Docket.

As the operator of an adjoining proration unit, you are entitled to appear before the New Mexico Oil Conservation Division on July 25, 1996 for the purpose of presenting evidence in support of, or in opposition to, the application.

Please feel free to contact us should you have any questions regarding this matter.

Sincerely,

  
ROBERT L. BAYLESS

RLB/pc

# P21.9 294 813

Case 11571  
July 25, 1996  
Exhibit #3

Is your RETURN ADDRESS completed on the reverse side?

<b>SENDER:</b> <ul style="list-style-type: none"><li>Complete items 1 and/or 2 for additional services.</li><li>Complete items 3, 4a, and 4b.</li><li>Print your name and address on the reverse of this form so that we can return this card to you.</li><li>Attach this form to the front of the mailpiece, or on the back if space does not permit.</li><li>Write "Return Receipt Requested" on the mailpiece below the article number.</li><li>The Return Receipt will show to whom the article was delivered and the date delivered.</li></ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  Meridian Oil Inc. P.O. Box 4289 Farmington, NM 87499		4a. Article Number P 269 294 813	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
5. Received By: (Print Name) Judith Dee		7. Date of Delivery 07-08-96	
6. Signature: (Addressee or Agent) X Judith Dee		8. Addressee's Address (Only if requested and fee is paid)	
PS Form 3811, December 1994		Domestic Return Receipt	

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

<b>SENDER:</b> <ul style="list-style-type: none"><li>Complete items 1 and/or 2 for additional services.</li><li>Complete items 3, 4a, and 4b.</li><li>Print your name and address on the reverse of this form so that we can return this card to you.</li><li>Attach this form to the front of the mailpiece, or on the back if space does not permit.</li><li>Write "Return Receipt Requested" on the mailpiece below the article number.</li><li>The Return Receipt will show to whom the article was delivered and the date delivered.</li></ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  Amoco Production Co. P.O. Box 800 Denver, Co 80202		4a. Article Number P269 294 814	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
5. Received By: (Print Name)		7. Date of Delivery 7/8/96	
6. Signature: (Addressee or Agent) X		8. Addressee's Address (Only if requested and fee is paid)	
PS Form 3811, December 1994		Domestic Return Receipt	

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

<b>SENDER:</b> <ul style="list-style-type: none"><li>Complete items 1 and/or 2 for additional services.</li><li>Complete items 3, 4a, and 4b.</li><li>Print your name and address on the reverse of this form so that we can return this card to you.</li><li>Attach this form to the front of the mailpiece, or on the back if space does not permit.</li><li>Write "Return Receipt Requested" on the mailpiece below the article number.</li><li>The Return Receipt will show to whom the article was delivered and the date delivered.</li></ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  Conoco Inc 10 Desta Dr. W, Ste 100W Midland, Tx 79705		4a. Article Number P 269 294 815	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
5. Received By: (Print Name) Arita Gonzalez		7. Date of Delivery 7-8-96	
6. Signature: (Addressee or Agent) X		8. Addressee's Address (Only if requested and fee is paid)	
PS Form 3811, December 1994		Domestic Return Receipt	

Thank you for using Return Receipt Service.

Case 11571  
 July 25, 1996  
 Exhibit #4

ROBERT L. BAYLESS  
 AUTHORIZATION FOR EXPENDITURE  
 DEEPEN EXISTING WELL

LEASE NAME:	Hazel Bolack	WELL NUMBER:	1-10	LOCATION:	NW/4 Sec. 15-T28N-R11W
FIELD:	Blanco Mesa Verde	COUNTY:	San Juan	STATE:	New Mexico
TYPE WELL:	Gas Well	TOTAL DEPTH:	5000	DATE:	12/19/1995
OPERATOR:	Robert L. Bayless	PREPARED BY:	pmb	FILE:	c:\excel\afe\hbolack.xls

DRILLING INTANGIBLES:			COMPLETED	DRY HOLE
5104	PERMITTING	(STAKING,DAMAGES,ARCHAEOLOGY,PAPERWORK)	\$500	\$500
5106	DIRTWORK	(LOCATION,PITS,ROADS)	\$500	\$500
5208	DRILLING	FOOTAGE: FEET @ / FOOT	\$0	\$0
5208	DRILLING	DAYWORK: 10 DAYS @ \$1,800 / DAY	\$18,000	\$18,000
5423	CEMENTING	Squeeze Open Hole	\$1,500	\$1,500
5427	CEMENTING	PLUGGING.	XXXXXXXXXXXXXXXXXXXX	\$4,000
5732	LOGGING	PRODUCTION:	\$3,500	\$3,500
5320	MUD AND MATERIALS		\$0	\$0
5209	DRILL BITS		\$0	\$0
5219	WATER & WATER HAULING		\$500	\$500
5733	WELL TESTING	(DST,CORING,ETC)	\$0	\$0
5734	WELL TESTING	(MUD LOGGING & WELLSITE GEOLOGIST)	\$0	\$0
5612	SUPERVISION	(ENG,GEO,LEGAL) 5 DAYS @ \$400 / DAY	\$2,000	\$2,000
5528	TRUCKING		\$250	\$250
5211	MISC. LABOR		\$2,500	\$2,500
5936	MISC. INTANGIBLES		\$2,000	\$2,000
5631	CONTINGENCY	5 %	\$1,563	\$1,763
5629	ADMINISTRATIVE OVERHEAD	6 DAYS @ \$300 / DAY	\$1,800	\$1,800
TOTAL DRILLING INTANGIBLES:			\$34,613	\$38,813

COMPLETION INTANGIBLES:				
6311	CASING CREW		\$1,000	XXXXXXXXXXXXXXXXXXXX
6108	COMPLETION UNIT	5 DAYS @ \$1,800 / DAY	\$9,000	XXXXXXXXXXXXXXXXXXXX
6327	CEMENTING	PRODUCTION:	\$4,500	XXXXXXXXXXXXXXXXXXXX
6432	WIRELINE	(PERFORATING AND LOGGING)	\$4,000	XXXXXXXXXXXXXXXXXXXX
6439	STIMULATION	(ACIDIZING AND FRACTURING)	\$30,000	XXXXXXXXXXXXXXXXXXXX
6812	SUPERVISION	(ENG,GEO) 5 DAYS @ \$400 / DAY	\$2,000	XXXXXXXXXXXXXXXXXXXX
6119	WATER	(PURCHASE AND HAULING):	\$2,000	XXXXXXXXXXXXXXXXXXXX
6506	DIRTWORK		\$1,000	XXXXXXXXXXXXXXXXXXXX
6728	TRUCKING		\$2,500	XXXXXXXXXXXXXXXXXXXX
6210	RENTALS		\$1,000	XXXXXXXXXXXXXXXXXXXX
6611	MISC. LABOR	(WELL HOOKUP)	\$3,000	XXXXXXXXXXXXXXXXXXXX
6636	MISC. INTANGIBLES		\$2,000	XXXXXXXXXXXXXXXXXXXX
6831	CONTINGENCY	5 %	\$3,050	XXXXXXXXXXXXXXXXXXXX
6829	ADMINISTRATIVE OVERHEAD	5 DAYS @ \$300 / DAY	\$1,500	XXXXXXXXXXXXXXXXXXXX
TOTAL COMPLETION INTANGIBLES:			\$65,550	\$0
TOTAL INTANGIBLES:			\$100,163	\$38,813

DRILLING AND COMPLETION TANGIBLES:				
5423	SURFACE CASING	0 FEET TYP 8 5/8" 24 #/FT @ / FOOT	\$0	XXXXXXXXXXXXXXXXXXXX
6323	LONGSTRING CASING	5,000 FEET TYP 3 1/2" 9.3#/FT @ \$5.75 / FOOT	\$28,750	XXXXXXXXXXXXXXXXXXXX
6337	TUBING	5,000 FEET TYP 2 3/8" 4.7#/FT @ \$1.55 / FOOT	\$7,750	XXXXXXXXXXXXXXXXXXXX
6647	LINEPIPE	200 FEET TYP 2 INCH @ \$1.00 / FOOT	\$200	XXXXXXXXXXXXXXXXXXXX
6647	VALVES, PIPING, AND FITTINGS		\$2,000	XXXXXXXXXXXXXXXXXXXX
6325	WELLHEAD EQUIPMENT	(WELLHEADS,VALVES,FITTINGS,ETC.)	\$2,500	\$750
6646	PIPELINE	0 FEET TYP 2 INCH @ / FOOT	\$0	XXXXXXXXXXXXXXXXXXXX
6648	METER INSTALLATION FEE		\$0	XXXXXXXXXXXXXXXXXXXX
6649	METER RUN		\$0	XXXXXXXXXXXXXXXXXXXX
6641	SEPERATOR		\$0	XXXXXXXXXXXXXXXXXXXX
6642	DEHYDRATOR		\$8,000	XXXXXXXXXXXXXXXXXXXX
6644	PRODUCTION TANK		\$5,000	XXXXXXXXXXXXXXXXXXXX
6636	MISC. EQUIPMENT	(FENCES,CULVERTS,ETC.)	\$500	XXXXXXXXXXXXXXXXXXXX
	CONTINGENCY	5 %	\$2,735	XXXXXXXXXXXXXXXXXXXX
TOTAL TANGIBLES:			\$57,435	\$750
TOTAL WELL COST:			\$157,598	\$39,563