

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

2003 APR 23

FORM APPROVED
OMB NO. 1004-0136

Expires: January 31, 2004

5. Lease Serial No.

NM 05791

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

GRAHAM B #10 G

9. API Well No.

3004531646

10. Field and Pool, or Exploratory

BASIN FRUITLAND COAL

11. Sec., T., R., M., or Blk. and Survey or Area

SECTION 10, T27N, R8W

12. County or Parish

SAN JUAN

13. State

NM

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

ROBERT L. BAYLESS, PRODUCER LLC

3a. Address

P.O. BOX 168, FARMINGTON, NM 87499

3b. Phone No. (include area code)

(505) 326-2659

4. Location of Well (Report location clearly and in accordance with an State requirements *)

At surface 1060' FSL & 1435' FEL

At proposed prod. zone SAME

14. Distance in Miles and Direction from nearest town or post office*

15. Distance from proposed*

location to nearest property or lease line, ft.
(Also to nearest drig. unit line, if any)

16. No. of Acres in Lease

18. Distance from proposed location*

to nearest well, drilling, completed, or applied for, on this lease, ft.

19. Proposed Depth

2231

17. Spacing Unit dedicated to this well

320 E/P

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

5921 RKB 5916 GL

22. Approximate date work will start*

ASAP

23. Estimated duration

8 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

[Signature]

Name (Printed/Typed)

PRICE M. BAYLESS

Date

2/25/03

Title

ENGINEERING MANAGER

Approved by (Signature)

[Signature] David J. Markiewicz

Name (Printed/Typed)

Date

MAY 27 2003

Title

Office

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

NMOC

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 30-045-31686		² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code 23377	⁵ Property Name GRAHAM B WN Federal		⁶ Well Number 10 G
⁷ OGRID No. 150182	⁸ Operator Name ROBERT L. BAYLESS, PRODUCER LLC		⁹ Elevation 5916

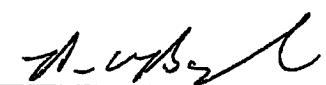
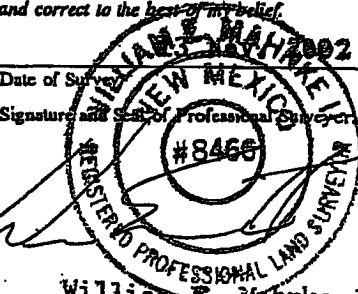
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	10	27 N	8 W		1060	South	1435	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.				

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

<div>16</div> <div>N 89° 30' W</div> <div>79.37 CH.</div> <div>81.90 CH.</div> <div>Sec.</div> <div>10</div> <div>AT. 36° 35' 03" N</div> <div>Long. 107° 39' 53" W</div> <div>1435'</div> <div>1060'</div> <div>78.70 CH.</div> <div>070 Farmington, NM</div> <div>2003 APR 23 PM 3:27</div> <div>RECEIVED</div> <div>N 53° 38' E</div>	<div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</div> <div></div> <div>Signature</div> <div>PRICE M. BAYLESS</div> <div>Printed Name</div> <div>OPERATIONS MANAGER</div> <div>Title</div> <div>NOVEMBER 18, 2002</div> <div>Date</div>
	<div>18 SURVEYOR CERTIFICATION</div> <div>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.</div> <div></div> <div>Date of Survey</div> <div>Signature and Seal of Professional Surveyor</div> <div>William E. Mahake II</div> <div>Certificate Number 8466</div>

Robert L. Bayless, Producer LLC

Drilling Technical Program

(Attachment to Form 3160-3)

Graham B#10G
1060 FSL & 1435 FEL (swse)
Section 10, T27N, R8W
San Juan County, New Mexico

1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>Depth KB</u>	<u>Est Pressure</u>
Ojo Alamo	1275 feet	
Kirtland	1400 feet	
Fruitland	1890 feet	500
Pictured Cliffs	2130 feet	550 psi

2. WELL CONTROL SYSTEM

- A. The proposed blowout system (schematic drawings attached) is a bag type preventer, and will be used in 1000 psi service. The wellhead pressure is anticipated to be low and no gas flow to surface.
- B. Maximum anticipated bottom hole pressure = 550 psi. Well Control Anticipated Surface Pressure (ASP) = 550 psi.
- C. BOP pressure testing will be conducted at the time of installation and prior to drilling out surface casing shoe. The annular will be closed daily. A choke manifold will be installed as per attached drawing. Working pressure for the choke manifold is 2000 psi. In addition, a kill line from the mud pump will be installed.
- D. Stabbing valves for drill pipe and drill collars will be available on the rig floor. An upper kelly cock will also be available on the rig.
- E. Anticipated formation pressures average .25 psi/ft gradient and formation fracture pressures are anticipated to exceed the maximum mud weight of 9.1 pounds per gallon.

3. DRILLING MUD PROGRAM

- A. A 8 3/4" surface hole will be drilled with a fresh water system. Lime and gel will be added to provide viscosity as needed.

- B. A 6 1/4" hole will be drilled to total depth utilizing LSND mud.

Interval	Mud System	Weight PPG	Viscosity sec/qt	WL cc
0 – 120 ft	Spud mud	<9.0	35 – 55	NC
120 – 2231	LSND	8.6 – 9.3	28 – 50	<12

- C. Mud level monitoring will be done visually.

4. HAZARDS

- A. Abnormal pressure is not expected in this area.
- B. Lost circulation is expected to be of minimal problems in this area.
- C. No hydrogen sulfide is expected. However, should hydrogen sulfide be encountered during drilling, detection and warning systems will be installed.
- D. Hole deviation is not expected in this area. Single shot surveys giving hole inclination will be run a minimum of every 500 feet.

5. LOGGING AND TESTING

- A. Induction and density logs will be run from total depth across all zones of interest.
- B. No drill stem tests are anticipated in this well.
- C. No cores are anticipated in this well.
- D. No mud logging unit will be used on this well.

6. CASING PROGRAM

- A. Surface casing: 7" 23.0 #/ft J-55 from surface to 120 feet
- B. Production casing: 4 1/2" 10.5 #/ft J-55 from surface to 2231 feet.
- C. A proposed wellbore diagram is attached.

7. CEMENTING PROGRAM

- A. Surface casing: 30 sx (35.4 cf) Class B w/ 3% CaCl, circulated to surface
- B. Production Casing: 175 sx (374.5 cf) Premium Lite High Strength cement circulated to surface, volume may change due to caliper log on well.