

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
*Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.*

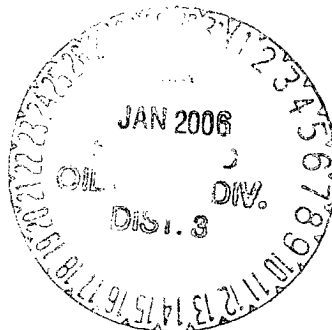
SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM 05791
2. Name of Operator Robert L. Bayless, Producer LLC		6. If Indian, Allottee or Tribe Name
3a. Address PO Box 168, Farmington, NM 87499	3b. Phone No. (include area code) (505) 326-2659	7. If Unit or C/A Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2507' FSL & 664' FEL, Sec. 9, T27N, R8W		8. Well Name and No. Graham C. WNE Prod. Com #10G
		9. API Well No. 30-045-33287
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal
		11. County or Parish, State San Juan, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA	
TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other <u>Run Casing</u>
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <u>& Cement</u>
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, A Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

SEE ATTACHED MORNING REPORT.



14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Price M. Bayless	Title Engineering Manager
Signature <i>[Signature]</i>	Date January 24, 2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice 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 operation thereon.	Office	JAN 27 2006

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

NMOCD

Robert L. Bayless, Producer LLC

Graham C #10G

2507 FSL & 664 FEL (nese)

Section 9, T27N, R8W

San Juan County, New Mexico

Morning Report – Drilling

1/11/06

Build location and dig pit. Line and fence pit. Move D&D Services Rig #1 onto location and rig up. Spud 8 3/4" hole and drill to 140 ft. Condition hole and trip out. Run 3 joints (133.90 ft) of new 7" 20.0 #/ft J-55 casing, landed at 138 ft. Rig up Key Pressure Pumping and cement with 80 sx Class B cement containing 1/4 #/sx celloflake and 3% CaCl. Good returns throughout job with 5 bbls good cement circulated to pit. Plug down at 2:00 pm, 1/10/06. Shut down overnight.

1/12/06

Nipple up wellhead and BOP. Pressure test casing, wellhead, BOP, and choke manifold to 250 psi low and 600 psi high, held OK. Trip in hole. Shut down overnight.

1/13/06

Drill out cement and run survey, deviation 3/4°. Drill new formation to 770 ft. Circulate hole clean and shut down overnight.

1/14/06

Run survey, deviation 1 1/4° at 630 ft. Continue drilling to 1390 ft. Circulate hole clean and shut down overnight.

1/15/06

Run survey at 1130 ft, deviation 1 1/2° at 1130 ft. Continue drilling to 1630 ft. Circulate hole clean and run survey, deviation 2° at 1630 ft. Continue drilling to 1705 ft. Circulate hole clean and start trip out of hole. Shut down overnight.

1/16/06

Complete trip for bit. Continue drilling to 1930 ft. Circulate hole clean and shut down overnight.

1/17/06

Continue drilling to 2320 ft TD. Run survey at 2130 ft, deviation 2 1/2° at 2130 ft. Circulate hole clean and trip out 300 ft (above Fruitland) and shut down overnight. Call loggers for 11:00 am.

1/18/06

Trip to bottom, no fill. Trip out of hole, laying down drillpipe. Rig up loggers. Hit bridge at 250 ft, rig down loggers. Trip in hole with bit and tag bridge at 250 ft, clean hole and trip in to 300 ft. Lay down drillpipe. Rig up loggers and run in hole. Hit bridge at 500 ft. Work tool and trip in to 1300 ft. Cannot go past 1300 ft. Log out until tool stuck at 900 ft. Work stuck logging tool, no luck. Leave line in tension and shut down overnight. Set up Baker Fishing services to run side door overshot in morning.

1/19/06

Rig up fishing tools and trip in hole with side door overshot. Get over fish and trip out of hole with logging tool. Trip in hole to condition hole for casing. Circulate hole clean. Shut down overnight.

1/20/06

Circulate hole clean and lay down drill pipe. Rig up casing crew and run 59 joints (2310.99 feet) 4 1/2" 10.5 #/ft new J-55 casing as follows:

KB to landing point	3.30 feet	0 – 3 feet
58 joints casing	2271.90 feet	3 – 2275 feet
Float collar	1.00 feet	2275 – 2276 feet
Shoe joint	39.09 feet	2276 – 2315 feet
Guide shoe	0.70 feet	2315 – 2316 feet
	2315.99 feet	

Land casing at 2316 feet with centralizers at 2295, 2236, 2158, 2080, 1963, 1454, and 1335 feet. Circulate hole clean. Rig up BJ Services and cement production casing as follows:

Flush	20 bbls gelled water with phenol seal
Spacer	5 bbls fresh water
Cement	300 sx (645 cf) Premium Lite High Strength w/ 1/4 #/sx cello flake
Displacement	36 bbls fresh water

Good returns throughout job with 36 bbls good cement circulated to pit. Bump plug to 1420 psi at 4:30 pm, 1/19/06. Release drilling rig and wait on completion.