

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB NO. 1004-0136

Expires: January 31, 2004

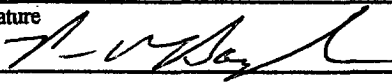

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. 32270	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. BROWN #1G	
2. Name of Operator ROBERT L. BAYLESS, PRODUCER LLC		9. API Well No. 30-045 31447	
3a. Address P.O. BOX 168, FARMINGTON, NM 87499	3b. Phone No. (include area code) (505) 326-2659	10. Field and Pool, or Exploratory BASIN FRUITLAND COAL	
4. Location of Well (Report location clearly and in accordance with an State requirements *) At surface 1260' FNL & 970' FWL		11. Sec., T., R., M., or Blk. and Survey or Area SECTION 10, T30N, R12W	
At proposed prod. zone SAME		12. County or Parish SAN JUAN	
14. Distance in Miles and Direction from nearest town or post office		13. State NM	
15. Distance from proposed* location to nearest property or lease line, ft. 970 (Also to nearest drig. unit line, if any)		17. Spacing Unit dedicated to this well 316.17 N/2	
18. Distance from proposed location* to nearest well, drilling, completed, or applied for, on this lease, ft. 500		20. BLM/BIA Bond No. on file 40S23024BCA	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5773-123 57686L		22. Approximate date work will start* ASAP	23. Estimated duration 7 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:

- | | |
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| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) PRICE M. BAYLESS	Date 2/25/03
Title ENGINEERING MANAGER		
Approved by (Signature) 	Name (Printed/Typed)	Date APR 14 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 30-045-31447	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code 32270	⁵ Property Name BROWN	⁶ Well Number 10
⁷ OGRID No. 150182	⁸ Operator Name ROBERT L. BAYLESS, PRODUCER LLC	⁹ Elevation 5768

¹⁰ Surface Location

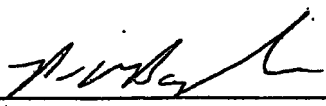

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	10	30 N	12 W		1260	North	970	West	San Juan

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 316.17	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

<div><p>16</p><p>N 87° 24' W</p><p>40.93 ac.</p><p>N 89° 36' W</p><p>39.28 ch.</p><p>4</p><p>1260'</p><p>970'</p><p>3</p><p>Lat. 36° 49' 50" N</p><p>Long. 108° 05' 27" W</p><p>2</p><p>Lot No. (TYP.)</p><p>1</p><p>39.48 ch.</p><p>5</p><p>6</p><p>Sec.</p><p>10</p><p>8</p><p>7</p><p>9</p><p>N 87° 52' W</p><p>82.24 ch.</p></div>	<div><p>17 OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p><p></p><p>Signature PRICE M. BAYLESS</p><p>Printed Name ENGINEERING MANAGER</p><p>Title 1/28/03</p><p>Date</p></div> <div><p>18 SURVEYOR CERTIFICATION</p><p>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.</p><p>Date of Survey</p><p>Signature and Seal of Professional Surveyor</p><p></p><p>William E. Mahnke II</p><p>Certificate Number 8466</p></div>
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Robert L. Bayless, Producer LLC

Drilling Technical Program

(Attachment to Form 3160-3)

Brown #1G

1260 FNL & 970 FWL (nwnw)

Section 10, T30N, R12W

San Juan County, New Mexico

1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>Depth KB</u>	<u>Est Pressure</u>
Ojo Alamo	500 feet	
Kirtland	570 feet	
Fruitland	1620 feet	500
Pictured Cliffs	2038 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 – 2175	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 2175 feet.
- C. A proposed wellbore diagram is attached.

7. CEMENTING PROGRAM

- A. Surface casing: 30 sx (35.4 cf) Class B w/ 3% CaCl₂, 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.