

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.*

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

5. Lease Serial No.
SF 078841-B
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

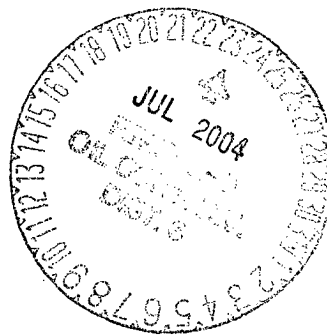
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. HAZEL BOLACK 10 #3
2. Name of Operator Robert L. Bayless, Producer LLC		9. API Well No. 30-045-32259
3a. Address PO Box 168, Farmington, NM 87499	3b. Phone No. (include area code) (505) 326-2659	10. Field and Pool, or Exploratory Area Basin Fruitland Coal
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 825' FSL & 1090' FEL, Sec. 10, T30N, R11W		11. County or Parish, State SAN JUAN, NM

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	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Spud, Surface Casing & Run	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Cement	

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 Daily Report



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Tom McCarthy	Title ENGINEER
Signature <i>Tom McCarthy</i>	Date 07/19/04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date JUL 22 2004
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	FARMINGTON FIELD OFFICE BY <i>[Signature]</i>

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
Hazel Bolack 10 No. 3
825' FSL and 1090' FEL, Section 10 T30N, R11W
San Juan County, New Mexico
Daily Report

7/6/2004: Build location.

7/7/2004: Finish building location and dig and line pit. Had night watchman.

7/8/2004: Install temporary fencing and finish location. Move in L&B Speedrill. Haul water for drilling.

7/9/2004: Spud at 9:15 AM. Drill to 142'. Run 3 joints new 7" 20# J55 EUE casing, 135.00'. Land at 140' KB. Run 2 centralizers. Rig up Key Cementers. Pump 5 BBL water, 55 sacks (65 CF) Class B cement with 3% CaCl and 1/4# celloflake/sx. Cement circulated. Displace with 3.5 BBLs water. Shut in and wait on cement. Haul frac tank to location. Had night watchman. Survey 1/4° at 122'.

7/10/2004: Saturday; start operation late. Nipple up BOP. BLM on location. Tested pipe and blind rams to 600#; bled off 15# in 30 minutes. Accumulator tested OK. Pick up 6 1/4" bit and trip in and tag cement at 105'. Drill cement to 135'. Drill formation to 480'. Had night watchman.

7/11/2004: Drill with 6 1/4" bit to 830'. Survey 1/2° at 510'. Had night watchman.

7/12/2004: Drill to 950' and trip for bit. Drill with 6 1/4" bit to 1360'. Survey 1/2° at 1050'. Had night watchman.

7/13/2004: Drill with 6 1/4" bit to 2050'. Surveys; 1500', 3/4°; 2010', 1°. Had night watchman.

7/14/2004: Drill with 6 1/4" bit to 2450'. Circulated hole. Survey at 2450' 3/4°. Short trip 15 stands Circulate hole. Trip out 15 stands. Had night watchman.

7/15/2004. TD 2450'. Circulate hole. Trip out laying down drill pipe. Wait on Schlumberger. Rig up Schlumberger and run GR, CAL, triple lithodensity, SP, array induction resistivity logs. Loggers TD 2412'. Rig down Schlumberger. Rig up casing crew. Trip in hole with 4 1/2" 10.5# J-55 EUE casing. Hit ledge half way in hole and had to circulate through it. Circulate 40' to bottom. Got pipe on bottom and lost circulation. Called out 3 loads water and LCM material. Rigged up to cement pumper and water tank and pumped 218 BW then a polymer sweep and regained circulation. Pumped 10 BBL Phenoseal sweep, 20 BBL gelled water, 5 BBL water with red dye, 475 sx (1012 cf) Premium lite High strength cement with 3#/sk CSE, 1/4 #/sx cello flake, .3% CD-32, 5%

LCM-1, and .7% FL-52. Displaced with 38.4 BBLs water. Bumped plug and held. Circulated 28 BBLs (157 cf) good cement. Rig down BJ. Had night watchman.

Casing:	Cut off:	-4.00
	61 jt 4 1/2" 10.5# J55 casing:	2418.45
	Float collar:	0.00
	1 jt casing:	39.78
	Shoe:	1.00
	Landed at:	2455.23

Drilling TD in error. Centralizers at 2420', 2340', 2261', 2182', 2102', 2023', 993' turbo, 834' turbo.

7/16/2004: Cut off casing and weld on bell nipple. Rig down and move out rig. Haul 2 loads from pit. Haul extra casing. Fence pit and clean up location.