

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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 | | 8. Well Name and No. FLOYD #3 |
| 2. Name of Operator Robert L. Bayless, Producer LLC | | 9. API Well No. 30-0045-29923 |
| 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/FULCHER KUTZ PC |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 790' fsl & 1660' fwl, Sec. 17, T30N, R12W | | 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 checked="" 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 checked="" type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other COMMINGLE |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <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 reports. The well is now commingled from the Fulcher Kutz Pictured Cliffs and the Basin Fruitland Coal. Ownership in these formations is identical.

Ditc 1021AZ



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

Name (Printed/Typed)

TOM MCCARTHY

Title

ENGINEER

Signature

[Signature]

Date

7/30/2003

Approved by

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.

Title

Office

ACCEPTED FOR RECORD

Date

AUG 15 2003

FARMINGTON FIELD OFFICE

Title 18 U.C.S. Section 1001 and Title 43 U.C.S. 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

FLOYD #3

790 FSL & 1660 FWL (SESW)
SECTION 17, T30N, R12W
SAN JUAN COUNTY, NEW MEXICO

FRUITLAND COAL ADDITION – REPORT

1/13/03 Move in and rig up JC Well Service rig. Pull rods and pump. Nipple down wellhead. Nipple up BOP. Add tubing to production string. Tag fill in well at 2008 ft (48 ft below bottom Pictured Cliffs perforation at 1960 ft). Tripped tubing out of hole. Nipple down BOP. Nipple up frac valve. Rigged up Blue Jet Wireline Service. Run junk basket to TD, casing ID is OK. Run in hole with drillable bridge plug and set at 1944 ft. Rigged up Halliburton. Pressure tested casing and bridge plug to 3000 psi, held OK. Place 2 ft of sand on top of bridge plug using wireline dump bailer. Perforate the Fruitland Coal interval with 3 1/8" casing gun at 3 JSPF as follows:

1916 – 1938 22 ft 66 holes .34" diameter

Fracture Stimulated the Fruitland Coal interval down the casing with 35,500 gallons of 25# and 20# Delta 140 & Sand Wedge system containing 60,000 lbs of 20/40 Brady sand as follows:

| | |
|---|------------------------|
| 500 gals of 7½% HCl acid spearhead | 5 bpm @ 450 psi |
| 11,000 gals of 25# Delta Frac 140 pad | 30 bpm @ 1300 psi |
| 6,000 gals of 20# Delta Frac 140 w/1 ppg sand | 30 bpm @ 1400–1550 psi |
| 3,000 gals of 20# Delta Frac 140 w/2 ppg sand | 30 bpm @ 1550–1800 psi |
| 3,500 gals of 25# Delta Frac 140 w/2 ppg sand | 35 bpm @ 1800–1950 psi |
| 7,000 gals of 25# Delta Frac 140 w/3 ppg sand | 35 bpm @ 1950–1850 psi |
| 5,000 gals of 25# Delta Frac 140 w/4 ppg sand | 35 bpm @ 1800 psi |
| 1,200 gals of 25# Water Frac G flush | 30 bpm @ 1600 psi |

ISIP was 1200 psi, decreasing to 1000 psi after 15 minutes. Average rate was 32 bpm. Average pressure was 1600 psi with maximum pressure of 1950 psi and minimum pressure of 1300 psi. Approximate load fluid to recover is 840 bbls. Shut well in. Shut down for the night.

- 1/14/03 Well did not have any pressure on it this morning. Nipple down frac valve. Nipple up wellhead and BOP. Pick up notched collar and 2 3/8" tubing. Tagged sand fill in well at 1924 ft (20 feet of sand fill). Circulated sand from wellbore to bridge plug at 1944 ft. Moved tubing to 1925 ft and rigged to swab. Made 2 swab runs, recovering significant water to tank. Tank filled, stopped swabbing. Swab got stuck. Pull out of rope socket. Shut down for the night.
- 1/15/03 No pressure on well this morning, well was left open to tank overnight. Pull 7 jts of tubing, recovered swab. Trip back in hole with tubing. Tagged sand fill at 1924 ft again. Circulate 11 ft of sand from hole and lost circulation. Moved tubing to 1895 ft and rigged to swab. Made 9 swab runs recovering approximately 15 barrels of water to production tank. Shut down for the night.
- 1/16/03 No pressure on well this morning. Tagged sand fill above perforations. Trip out of hole with tubing. Trip back in hole with bit and bailer on tubing. Bailed sand from hole to 1942 ft (2 ft above bridge plug). Trip out of hole with tubing, bailer and bit. Trip in hole with tubing to 1925 ft and rigged to swab. Made 13 swab runs recovering approximately 12 barrels of water to production tank. Shut down for the night.
- 1/17/03 Well had 300 psi on tubing this morning. Blew pressure down. Rigged to swab. Made 14 swab runs recovering approximately 20 barrels of water to production tank. Well would flow approximately 15 minutes after each swab run. Annulus pressure built to 210 psi while swabbing. Shut down for the night.
- 1/18/03 Well had 300 psi on annulus this morning. Blew pressure down. Moved tubing and tagged sand fill just below tubing. Tripped out of hole with tubing. Trip back in hole with bit and bailer on tubing. Bailed sand from hole to 1942 ft (2 ft above bridge plug). Trip out of hole with tubing, bailer and bit. Trip in hole and landed tubing as follows:

| <u>Description</u> | <u>Length</u> | <u>Depth</u> |
|--------------------------|----------------|--------------|
| KB to landing point | 2.00 | 0 - 2 |
| 1 tubing sub | 12.07 | 2 - 14 |
| 60 jts of 2 3/8" 4.7#/ft | | |
| J55 EUE tubing | 1892.07 | 14 - 1906 |
| 1 seating nipple | 1.10 | 1906 - 1907 |
| 1 tubing tail joint | 16.07 | 1907 - 1923 |
| | <u>1923.31</u> | |

Nipple down BOP. Nipple up wellhead. Shut in well. Release rig. Wait on line pressures to decrease to attempt to flow well.

Workover Report
Floyd No. 3

7/22/2003: Move in JC Well Service. Blow well down. Trip out tubing and tally. Trip in with bit and tubing to 1942' and hit sand. Drill sand and drillable bridge plug at 1944'. Pumping water with JC's water truck. Could not circulate. Drill and push bridge plug to 1984'. Pick up above perfs.

7/23/2003: Rig up Weatherford air package. Trip in with bit and circulate with air and 10 BWPH. Circulate down 3". Rig up rotating head and drill remainder of bridge plug. Continue to drill and circulate to 2025'. (This is the completion clean-out depth.) Circulate ½ hour to clean up. Trip out with tubing and bit. Rig down Weatherford. Trip in with tubing to produce. Trip in pump and rods. Hang well on and rig down.

| | |
|---------------------------------|---------|
| KB to landing point: | 2.00 |
| 2 3/8" sub | 12.00 |
| 62 jts 2 3/8" 4.7# WC50 tubing | 1957.50 |
| Seating Nipple | 1.08 |
| 1 jt tubing w/ 5/8" hole in top | 16.07 |

| | |
|--------------|----------------|
| Total | 1988.72 |
|--------------|----------------|

| | |
|---------------------------------|---------|
| 1 ¼" polish rod w/ 7/8" pin 16' | 16.00 |
| 6', 7/8" rod subs | 6.00 |
| 78 7/8" rods w/ slim hole clpgs | 1950.00 |
| 2x 1.5 x 10 RWAC | 10.00 |

| | |
|--------------|----------------|
| Total | 1982.00 |
|--------------|----------------|