

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045-34081
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NM V073920000

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		7. Lease Name or Unit Agreement Name BOEING
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		8. Well Number 1
2. Name of Operator ROBERT L. BAYLESS PRODUCER, LLC		9. OGRID Number 150182
3. Address of Operator PO Box 168, Farmington, NM 87499		10. Pool name or Wildcat Basin Dakota/Blanco Mesa Verde
4. Well Location Unit Letter <u>D</u> : <u>220</u> feet from the <u>North</u> line and <u>2384</u> feet from the <u>East</u> line Section <u>2</u> Township <u>26N</u> Range <u>8W</u> NMPM County <u>San Juan</u>		
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6183 GR		
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input checked="" type="checkbox"/> OTHER: Drilling and Production Casing reports
--	--

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Please see the Final Drilling report summary attached.

OIL CONS. DIV.
DIST. 3
RCVD MAR16'07

Report PT on surface & prod csg

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Habib Guerrero TITLE Operations Engineer DATE 03/15/07

Type or print name Habib Guerrero E-mail address: hguerrero@rlbayless.com Telephone No 505-564-7810

For State Use Only

APPROVED BY: H. Villanueva TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE MAR 16 2007
Conditions of Approval (if any):

8

Robert L. Bayless, Producer LLC

Morning Report – Drilling

Boeing #1

Surface location: 220' FNL & 2384' FEL
Section 2, T26N R8W
San Juan County, NM
API # 30-045 – 34081

02/08/07

Move Aztec rig #1-24 onto location and start to rig up.

02/09/07

Finish rig up and rig repairs. Drilled rat and mouse holes. Spudded Well at 3:00 pm 02/09/2007. Drilled hole to 163 ft. Took survey at 163 ft (0.75 Degrees). Perform rig service. Continue drilling to 321 ft, total depth for surface casing. Circulate and condition hole for casing. Rig up casing crew and run 7 joints of 8 5/8" 24 # J-55 ST&C surface casing (298 ft). Casing was landed at 317 ft. Rig up Key cementers and cement casing to Surface with 250 sx (298 cubic ft) Type V, 2% bwoc CaCl * 0.25 lb/sx Celloflake mixed at 15.6 ppg, 1.195 yield. Good returns throughout job with 20 bbls good cement circulated to reserve pit. Plug down at 05:15 am 02/10/07.

? size hole 12 1/4

02/10/07

Wait on cement for 4 hours. Break off landing joint and make up wellhead. Nipple up and pressure test BOP, held OK. Make up 7 7/8" directional BHA with Motor and MWD. Trip in the hole and tag cement at 270 ft. Drilled out cement shoe to 321 ft and continue drilling to 515 ft. Due to severe weather, the plan is to get everything drained up and shut down operations after this afternoon.

02/11/07

Drilled to 577 ft and started to build angle. Perform rig service. Mixed 50 bbls of 50 vis mud and spotted mud on bottom. Trip out of the hole and lay down tools. Drain Pumps and lines and shutdown all rig operations. Due to road and weather conditions got everyone off location last night.

02/12/07

Continue shut down due to severe weather. The cat operator will be working on the access roads. He will try to get some rock hauled in to get the road back in good condition.

02/13/07

Continue shut down due to severe weather. The cat operator tried to work on the road yesterday, but the heavy rain and snow late in the afternoon made it impossible.

02/14/07

Continue shut down due to severe weather and road conditions. As per BLM regulations, nobody was allowed to use blades or heavy equipment to work on roads in the Largo Canyon area yesterday. Today, the cat operator is going to let the roads dry and tomorrow he will try to get some rock hauled in to get the road back in good condition if weather cooperates.

02/15/07

Shut down continued due to weather and road conditions. Today, we received permission from the BLM to work on the access road to Boeing #1 but we are unable to work because the road is still too wet. We should start to work tomorrow morning after the road dries for another night. Main Largo road is still in bad condition. BLM is still restricting the transport of heavy equipment.

02/16/07

Shut down continued due to weather and road conditions.

02/17/07

Shut down continued due to road conditions. Even the weather has been great in the last 4 days, the main large road and access roads to location continue being a problem. Yesterday, the cat operator said that roads still a little wet, but it looks like he accomplished a lot draining these roads. Today, the cat operator will continue working on the access roads and it looks like tomorrow He will try to get some rock hauled in to get the road back in good condition.

02/18/07

Shut down continued due to weather and road conditions.

02/19/07

Shut down continued due to road conditions. The cat operator will continue the work on the roads hauling more rock to get the road back in good condition.

02/20/07

The shut down continued due to road conditions. Yesterday, the cat operator worked on the road and made good progress. Trucks were able to get to the other side of the wash and he was able to fix 3 out of 5 bad spots. He believes that today will be another good day and maybe we can re-start operations on Thursday.

02/21/07

The shut down is almost over. Rig crews, directional hands and others have been notified about re-start operations on Friday morning. Aztec plans are to get a mechanic out early Thursday to repair draw works brakes prior to starting up. The cat operator will continue hauling rock and working on the roads.

02/22/07

The plan this morning is to pick up directional tools, trip in the hole and drill ahead.

02/23/07

Reconnect all lines, fire up motors, fill pits with water. Pick up directional tools. Make up 7 7/8" BHA with Motor and MWD. Trip in the hole and tag up at 505 ft. Wash and ream from 505 ft to 577 ft. Perform rig service. Drilled ahead to 748 ft, clear water and poly. Started to build angle. Perform rig service and drilled to 1035 ft. Currently, we are drilling ahead through out the San Jose formation.

02/24/07

Drilled to 1594 ft. Perform rig service and repack swivel. Continue drilling ahead to 2382 ft. Mud up at 2036 ft due to seepage loses. This should not hurt our drilling curve and it will help on truck traffic on the road. Currently, we are drilling ahead through out the Picture Cliff formation maintaining angle and direction.

02/25/07

Continue drilling ahead at 3560 ft with the hole moved 425 ft south and 474 ft west. Perform rig service at 2888 ft and change out shaker screens at 3265 ft to help control mud weight. Currently, we are drilling ahead through out the Chacra formation.

02/26/07

Continue drilling ahead at 3904 ft with the hole moved 466 ft south and 519 ft west. Circulate and condition the hole for trip due to motor failure at 3899 ft. Trip out of the hole and change out motor. Trip back in the hole and tag 20 ft of fill. Break circulation, wash and ream 20 ft to bottom. Currently, we are drilling ahead through out the Cliff House formation sliding and trying to establish turn.

02/27/07

Drilled to 4150 ft with the hole moved 498 ft south and 567 ft west. Circulate and condition the hole for trip due to a problem with the pump pressure being too high (Unable to get full strokes from pump, pressures up). Trip out of the hole to check out mud motor and MWD tool. Tools looked ok. Trip back in the hole with new mud motor (shipped from Aztec 1-56) and same MWD tool. Test failed. Trip out of the hole to check out MWD and float sub for any restrictions. No restrictions were found. The decision was made to change out the MWD tool. Trip back in the hole with new MWD tool. Waiting on test results.

02/28/07

Trip back in the hole with new MWD and perform a survey check, tested ok. Tag fill at 4113 ft and wash and ream to bottom at 4150 ft. Drilled to 4210 ft. Circulate and condition the hole for trip due to MWD failure, (Wrong tool configuration). Trip out of the hole to change MWD tool. Slip and cut drilling line, 130 ft. Pick up directional tools. Trip in the hole, breaking circulation every 20 stands testing MWD tool and checking for ice plugs.

03/01/07

Finish trip back in the hole with new MWD and perform a final survey check, tested ok. Drilled ahead to 4534 ft with the hole moved 512 ft south and 624 ft west. Currently, circulating and conditioning the hole for trip due to bit failure. Rate of penetration has decreased to an unacceptable rate. The plan is to trip out and to change the actual PDC bit for a GT-S09C soft Tri-cone bit.

03/02/07

Finish trip out of the hole to change drill bit. Perform rig service. Trip back in the hole with new Tri-cone (GT-S09C, Soft) bit, breaking circulation every 20 stands and testing MWD tool. Wash and ream from 4431 ft to 4534 ft (103 ft). Drilled to 4714 ft and perform rig service. Currently, we are drilling ahead at 4765 ft with the hole moved to 516 ft south and 657 ft west.

03/03/07

Drilled to 4905 ft. Repair rotary chain. Continue drilling to 5065 ft. Perform rig service. Currently we are drilling ahead through the Mancos formation at 5200 ft with the hole moved to 518 ft south and 701 ft west.

03/04/07

Drilled to 5602 ft. Perform rig service. Currently we are drilling ahead through the Gallup formation at 5730 ft with the hole moved to 527 ft south and 779 ft west.

03/05/07

Drilled to 6121 ft. perform rig service. Work on pump throttle control. Currently, we are drilling ahead at 6230 ft with the hole moved to 529 ft south and 842 ft west. At this time our drill bit (Soft Tri-cone, GT-S09C) has completed 81 hours on bottom.

03/06/07

Drilled to 6573 ft with the hole moved 529 ft south and 887 ft west. Circulate and condition the hole for trip. Trip out of the hole for drill bit. Plan to lay down 4 drill collars and to change out the bit, motor and MWD tool.

03/07/07

Trip out of the hole for bit. Pick up new bit (hard Tri-cone) and new directional tools (Motor and MWD). Make up new 7 7/8" BHA and orientate tools. Trip in the hole breaking circulation every 20 stands and testing MWD tool. Found tight spot (Bridges) at 3900 ft. Tag up at 6475 ft. Wash and ream from 6475 ft to 6573 ft. Perform rig service. Drilled ahead to 6695 ft with the hole moved 530 ft south and 917 ft west. Currently, we are drilling through the Graneros formation at 13 ft/hr.

03/08/07

Drilled to 6703 ft. Perform rig service and repair rotary drive chain. Currently, we are drilling ahead through the Dakota formation at 6960 ft and 8 ft/hr with the hole moved 532 ft south and 951 ft west.

03/09/07

Drilled to 6974 ft. Perform rig service and repair rotary drive chain. Continue drilling ahead and reach TD at 7018 ft with the hole moved 531 ft south and 970 west. Circulate and condition the hole for logs. Trip out of the hole for logs. Stuck pipe at 855 ft. Unable to move up, down or rotate pipe, but had full circulation. Rig up Baker's surface jars. Run and work surface jars and got pipe free. Finish trip out of the hole. Lay down directional tools.

03/10/07

Pick up wiper assembly. Perform rig service. Trip back in the hole to 679 ft. Wash and ream through bridges from 679 ft to 931 ft. Continue tripping in the hole and wash through bridges at 1000 ft, 1300 ft, 2360 ft and 4258 ft. Wash and ream 90 ft of fill to bottom. Circulate and condition the hole for logs. Trip out of the hole (not bridges or tight spots). Rig up Schlumberger logging. Run in the hole with Wireline tools. Tag solid bridge at 870 ft. Worked tools several times over this interval, able to pass through. Continue tripping in the hole and tag another bridge at 965 ft. Worked tools several times, unable to pass this bridge (sticky). The decision was made to pull tools out of the hole and rig down Schlumberger.

03/11/07

Rig down Schlumberger logging truck. Pick up wiper assembly. Trip in the hole and tag bridge at 962 ft. Wash and ream from 962 ft to 1002 ft. Trip back all the way to bottom (found not bridges). Condition and circulate the hole for logs. Perform rig service. Trip out of the hole for logs. Found tight spot at 1225 ft. Break circulation and work tight spot. Finish trip out of the hole for logs. Rig up Schlumberger Wireline truck. Pick up tools and run in the hole. Tag at 993 ft. Worked tools several times, unable to get pass. The decision was made to pull tools out of the hole and run casing. Pick up wiper assembly. Trip in the hole and tag bridge at 992 ft. Wash and ream from 992 ft to 1002 ft. Trip back all the way to bottom. Currently, we are circulating and conditioning the hole to run casing.

03/12/07

Circulate and conditioned the hole for casing. Trip out of the hole. Laid down drill pipe and drill collars. Rig up to run casing. Run a total of 166 joints of 4 1/2" 11.6 #/ft J-55 new casing and two magnetic markers. Casing Landed at 6990 ft, as follow:

KB to landing point	14.00 ft	0 - 14 ft
1 joint casing (cutoff 18 ft)	24.11 ft	14 - 38 ft
86 joints casing	3621.65 ft	38 - 3659 ft
14 joints casing	589.76 ft	3659 - 4249 ft
1 DV tool	2.60 ft	4249 - 4252 ft
64 joints casing	2694.52 ft	4252 - 6946 ft
Float Collar	1.00 ft	6946 - 6947 ft
Shoe Joint	42.14 ft	6947 - 6989 ft
Guide Shoe	1.00 ft	6989 - 6990 ft
	<u>6990.78 ft</u>	

1st marker (Magnetic Marker) set @ 6600 ft above the Dakota formation, 2nd marker (Magnetic Marker) set @ 3,690 ft above the Dakota formation, stage tool (DV tool) set @ 4248 ft.

03/13/07

Circulate and condition hole for cementing. Rig up BJ well services and cement as follows:

First Stage:

Flush 20 bbls of gel water.

600 sx (1272 cf) Premium Lite HS FM w/additives at 12.3 ppg, 2.12 yield.

Displaced with 50 bbl of water and 508 bbl of mud. Plug down at 04:40 hrs 03/13/2007. Drop bomb and open DV tool with 760 psi. Good returns throughout first stage, 40 bbl of good cement to surface. Wait on first stage and circulate through 4 1/2" casing for 4.0 hours.

Second Stage:

Flush 10 bbls water and 10 bbls of mud clean.

Lead 400 sx (820 cf) Premium lite FM w/additives at 12 ppg, 2.05 yield

Tail 323 sx (697 cf) Premium lite HS FM w/additives at 12.3 ppg, 2.16 yield

Displaced 66 bbl of water, plug did bump. Good returns throughout second stage, 70 bbls good cement to surface. Plug down at 10:00 am, 03/14/07. Clean pits and rig down.