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Form 3160-4 (August 2007)

*(See instructions and spaces for additional data on page 2)

SEP 1 8 2007

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

Bureau of Land Management Farmington Field Office

See attached

FORM APPROVED OMB NO. 1004-0137 Expires July 31, 2010

				OIW.	ite or ,		TIODIVID.								Empireo c	, 51, 2010
WELL COMM LETTON ON NECOMM ELTON NET ON TAND ECO								5. Lease Serial No. NMSF-044535B								
la Type of V			ıl Well	Z G	as Well	Dry Deepen	Other	□ D/8	F Resur				6. If	Indian,	Allottee o	r Tribe Name
	•		ther		- OIR OVE	В Весреп 🗀		<i>D</i> iii	. 10571,				7. U	nit or C	A Agreem	ent Name and No.
2 Name of Robert L. I	Operator Bavless, P	roduce	r LLC											ease Nar n Cany	ne and We	ell No
3 Address	P.O. Box 168	l						Phone 1		de area	a code,)	9. A	FI Well	No.	
	Farmington, I			aulu an	d un accoud	ance with Federa		05-326-	2659						90 - 6	65 Exploratory
4 Location		_					u requiremer	usj.							and Coa	
1335' FNL & 995' FEL, Sec. 15, T. 28N, R. 11W At surface 1335' FNL & 995' FEL, Sec. 15, T. 28N, R. 11W							11	11 Sec, T., R., M., on Block and Survey or Area Sec. 15, T. 28N, R 11W								
At top pro	d. interval r	•	below				1. 20N, K	. 1144					12	County (or Parish	13. State
At total de	pth 1335'	FNL &				8N, R. 11W								San Juan NM		
14. Date Sp 05/07/200				Date T /11/20	D Reached	d		Date Comp D & A		9/06/26 eady to						KB, RT, GL)* B, 5501' GL
18. Total De		1660		711720		ig Back T D	MD 1606'	_D&A				idge Plug		MD MD	1300 1414	.b, 5501 GL
21 - 5		1660		D	(C		TVD 1606'			22 W	aa wall	cored?	ZN	TVD	Vac (Subr	mit analysis)
21 Type El Gamma R			-	-	(Submit cop	y of each)					as wen		□ Z] N			mit report)
	and Liner R		·			1)				Dı	rection	al Survey	? 🔽 N	lo 🗖	Yes (Subi	nit copy)
23 Casing Hole Size	Size/Gra		<i>Kepori ai</i> Wt (#/ft)		op (MD)	Bottom (MD)	Stage C	ementer	No. o	of Sks.	&	Slurry	Vol.	Com	ent Top*	Amount Pulled
					op (MD)		De	pth		of Cem		(BB				
8-3/4"	7"/J-55 4-1/2"/J-		20#/ft 0.5#/ft	0,		138' 1652'	n/a n/a		50 sx F			59 cu ft.		0'		Circ. 4 bbls to surface
6-1/4"	4-1/2/3-	-55 1	U.5#/IL	-		1002	n/a		145 sx	PRB-	2	289 cu f	ι.	U		Circ. 9 bbis to surface
	-			-		<u> </u>		····	ļ							
	-	_	,	†							\neg					
				1												
	Record		<u> </u>				15.46	. (1.(2))							0 : 0 0	
2-3/8"	1562'	Set (MD RKR	n/a	cer Dept	n (MD)	Size	Depth S	et (MD)	Packer I	Jeptn (r	MD)	Sız	e	Depti	ı Şet (MD	Packer Depth (MD)
25 Produci			17170				26. Pe	rforation	Record		l					
4) -	Formation				ор	Bottom	Perforated Interval Size				Holes		Perf. Status			
A) Basin F	-ruitland C	oal	1	1181'		1536'					18 ho		open			
C)						*****					6 hole					
D)												holes open				
27. Acid, F	racture, Trea	atment,	Cement S	queeze	etc		1020 1				0.71	uiu	2.7110	.00	орон	
	Depth Inter								Amount a							
1384'-144						HCI Acid, 31,00										
1523'-153	1'			50 gai	15% HC	Acid, 25,500	gal SilverS	tim LT X	-Link G	elled v	vater	38,000) lbs 20	1/40 sar	id	
			- +		· · · · · · · · · · · · · · · · · · ·											
28 Product	ion - Interva	al A														
Date First	Test Date		Test		Oil		Water	Oil Gra		Gas			uction N	/lethod	RCUD	SEP 21 '07
Produced		Tested	Prod	uction	BBL		BBL	Corr A	Pi	Gra	vity	Pur	mping			CONS. DIV.
	09/06/07		04.77		0.1	no flow	11/-4	Gas/Oil		11/-1	II Statu				UIL (ouro. Div.
Choke Size	Tbg Press. Flwg.	Csg. Press.	24 H Rate		Oıl BBL		Water BBL	Ratio	!	1		ıs pending	pipelin	e conne	ection [NST. 3
3/4"	SI 0 psi	40 ps	_{si} -			no flow					·					
28a Produc					6.	10		70		- -						
Date First Produced	Test Date	Hours Tested	Test Prod	uction	Oil BBL		Water BBL	Oil Gra Corr. A		Gas Gra	vity	Prod	luction N	Aethod		
				•							,				. 	ACCEPTED FOR RECORD
Choke	Tbg. Press	Csg.	24 H	r.	Oıl		Water	Gas/Oil	l	We	II Stati	IS			- 11 -	- SUL ILLI ORRECORD
Size	Flwg. SI	Press	Rate	_	BBL	MCF	BBL	Ratio								SIP 20 2077
	F -	i	-			1 1		4		1					H	_ , ,

28b Prod	luction - Inte	rval C	·								
Date First	Test Date	Hours	Test	Oil	Gas	Water		ravity	Gas	Production Method	
Produced		Tested	Production	BBL	MCF	BBL	Corr	API	Gravity		
]									
Choke	Tbg Press		24 Hr.	Oil	Gas	Water	Gas/C		Well Status		
Size	Flwg. SI	Press	Rate	BBL	MCF	BBL	Ratio				
	31	1		ŀ		İ	Į				
28c Prod	luction - Inte	rval D		.4		I					
	Test Date	1	Test	Oil	Gas	Water		ravity	Gas	Production Method	
Produced		Tested	Production	BBL	MCF	BBL	Corr.	API	Gravity		
	}	1		1		\	-		-	1	
Choke	Tbg Press		24 Hr	Oil	Gas	Water	Gas/C		Well Status		
Size	Flwg. SI	Press	Rate	BBL	MCF	BBL	Ratio			-	
	51	\		1			- 1				
29 Dispo	sition of Ga	s (Solid, us	ed for fuel, ve	nted, etc.)			<u> </u>				
Shut-in per	nding pipeline	connection									
20 Sum	many of Porc	us Zones I	Include Aqu	fers)					21 Formati	on (Log) Markers	
Jo. Suilli	mary or rote	ius Zones (Include Aqu	iicis).					Ji Formani	on (Log) warkers	
						intervals and all					
includ recove		erval tested	d, cushion use	ed, time too	ol open, flow	ing and shut-in p	pressures	and	l l		
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For	mation	Top	Bottom		Des	Descriptions, Contents, etc				Name	Meas. Depth
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Fruitland		1181'	1536'	Coal, s	andstone, natu	ral gas			Ojo Alamo		378'
				1					}		
Pictured C	liffs	1536'		Sandst	one, natural ga	ıs			Kirtland		510'
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32 Addı	tional remar	ks (include	plugging pro	cedure)							
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33 India	ate which its	ms have h	en attached	ov placing	a check in the	e appropriate bo	ixes:				
33. maic	ate willow in	onio nave o	on phaomod	of placing	a officer til til	с арриорилас во	7103				
☑ Ele	ectrical/Mech	anical Logs	(I full set req	'd)		Geologic Repor	rt	DST Re	port	□ Directional Survey	
☐ Su	ndry Notice f	or plugging	and cement v	erification		Core Analysis		Other.			
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					mation is co	mpiete and corre				ecords (see attached instructions)*	
1	Name (please	print) Ca	atlain H. Ric	nardson			Title	Operation	s Engineer		
5	Signature	ittiku	MARK	scha	rds	on	Date	09/18/200	7		
			161								

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.

(Continued on page 3)

Robert L. Bayless, Producer LLC Horn Canyon 2 1335' FNL & 995' FEL Section 15, Township 28N, Range 11W San Juan County, NM API# 30-045-33990

Fruitland Coal Completion Report

9/4/2007 Set frac tanks on location. Fill tanks w/ 2% KCl water. Installed WSI frac valve on casing. Pressure tested casing and valve to 3500 psi. Pressure tested OK. (30-min. test)

9/5/2007 Rigged up Blue Jet Wireline Service. Ran GR-CCL from corrected PBTD of 1601' to 300'.

9/6/2007 Perforated the Basal Fruitland Coal interval with 3-1/8" casing gun at 3 spf using Blue Jet Wireline Service.

Perforations

1523'-1531' 8ft 24 holes 0.41" diameter

Rigged up Halliburton frac crew to break down Basal Fruitland Coal interval. Pumped 2% KCl water and brokedown perforations at 5 bpm and 1350 psi. Continued pumping and established a rate of 7 bpm into the perforations at 1250 psi (ISIP=1101 psi; FG=1.10 psi/ft).

Acidized Basal Fruitland Coal interval w/ 750 gallons of 15% HCl acid containing 36 RCN ball sealers at 5 bpm and 1280 psi. Saw good ball action and zone balled off at 3500 psi (ISIP=855 psi; FG=0.99 psi/ft). Surged balls off of perforations. Ran junk basket and recovered 36 ball sealers.

Attempted to fracture stimulate the Basal Fruitland Coal as follows:

4,000 gals of 15 vis Silver Stim LT pad	20 bpm @ 1250 psi
6,500 gals of 15 vis Silver Stim LT w/ 1/4 ppg sand	20 bpm @ 1000 psi
5,150 gals of 15 vis Silver Stim LT w/ 1/2 ppg sand	20 bpm @ 800 psi
1,700 gals of flush	15 bpm @ 700 psi

Shut down upon observation of pumping pressures due to suspicion of fracturing Pictured Cliffs formation. ISIP=490 psi; FG=0.75 psi/ft. Halliburton was a having problem with cross-link chemical which was lined out during shut-down. Allowed pressure to bleed off and fracture to heal. Fractured Basal Fruitland Coal as follows:

14 bpm @ 850 psi
15 bpm @ 800 psi
15 bpm @ 700 psi
15 bpm @ 675 psi
15 bpm @ 670 psi
15 bpm @ 650 psi
14 bpm @ 500 psi

Total fluid pumped was approximately 1120 bbls. ISIP=479 psi; FG=0.75 psi/ft. Shut-in pressure decreased to 460 psi in 15 minutes. Average rate was 14.9 bpm with an average treating pressure of 751 psi. Maximum treating pressure was 5001 psi, and minimum pressure was 500 psi.

Ran Weatherford composite frac plug in hole on wireline and set at 1510'. Pressure tested casing and frac plug to 3500 psi. Perforate the Upper Fruitland Coal Interval with 3-1/8" casing gun at 3 spf as follows:

1384'–1390'	6 ft	18 holes	0.41" diameter
1410'-1412'	2 ft	6 holes	0.41" diameter
1444'-1446'	2 ft	6 holes	0.41" diameter
Total	10 ft	30 holes	0.41" diameter

Pumped 2% KCl water and brokedown perforations in several steps at 5 to 7 bpm and pressures of 1700 psi to 3050 psi. Halliburton was experiencing problems with their flow meter, so pressure was allowed to bleed of while flow meter was repaired. Once flow meter was repaired, pumped 2% KCl water into perforations to establish rate of 5 bpm and pressure of 1700 psi.

Acidized Upper Fruitland Coal with 750 gallons of 7-1/2% HCl acid containing 45 RCN ball sealers at 5 bpm. Saw good ball action with complete ball off @ 3900 psi before acid was completely flushed to perforations. Shut down for 15 minutes to allow pressure to bleed off and balls to fall off, and continued displacing acid 2 to 10 bpm and 1700 psi (ISIP=970 psi; FG=1.12 psi/ft). Ran junk basket and recovered 11 ball sealers.

Fractured Upper Fruitland Coal as follows:

9,000 gals of 15 vis Silver Stim LT pad	22 bpm @ 2100 psi
3,000 gals of 12 vis Silver Stim LT w/ 1 ppg sand	25 bpm @ 2100 psi
5,400 gals of 12 vis Silver Stim LT w/ 2 ppg sand	25 bpm @ 1850 psi
4,600 gals of 12 vis Silver Stim LT w/ 3 ppg sand	25 bpm @ 1660 psi
4,700 gals of 12 vis Silver Stim LT w/ 4 ppg sand	25 bpm @ 1600 psi
4,000 gals of 12 vis Silver Stim LT w/ 5 ppg sand	25 bpm @ 1600 psi
850 gals of flush	20 bpm @ 1500 psi

Total fluid pumped was approximately 780 bbls. ISIP=1125 psi; FG=1.23 psi/ft. Shut-in pressure decreased to 800 psi in 15 minutes. Average rate was 24.6 bpm with an average treating pressure of 1782 psi. Maximum treating pressure was 3925 psi, and minimum pressure was 1500 psi.

Shut-in and secure well. Wait on rig.

9/7/2007 Road rig and air unit to location. Rigged up rig, and well was flowing water. Monitored well flow for day. Shut-in and shut down.

9/8/2007 2 psi on casing with a small show of water when the well head was opened up.

9/9/2007 0 psi on casing and no water.

9/10/2007 0 psi on casing. Nipple down wellhead and nipple up BOP. Trip in hole with tubing. Tagged fill @ 1367' (frac plug at 1510' and top perf at 1384'). Cleaned out to 1416' where sand got hard and picked up power swivel to clean out to plug at 1510'. Drilled out plug and chased to bottom. Drilled remainder of plug. Cleaned out to 1606'. Cleaned up well. Tripped out to string float. Took out string float. Tripped out of hole the rest of the way. Removed bit sub and put on tail joint and seating nipple. Tripped in with 1338' of tubing. Shut in well and SDFN.

9/11/2007 Tubing pressure = 0 psi; casing pressure = 40 psi. Tripped in hole 17 joints and tagged no fill. Pulled up 2 joints and landed tubing at 1562' as follows:

KB	4
49 joints 2-3/8" 4.7# J-55 EUE tubing	1541.6
2-3/8" seating nipple	1.1
2-3/8"x15' 4.7# J-55 EUE tubing	15
Total	1561.7

Rigged up to swab. Made 5 runs recovering 1/4 to $\frac{1}{2}$ bbl of water. Rigged down sandline, and rigged up to run rods. Ran rods in hole as follows:

KB	4
2"x1-1/2"x12' RWAC pump	12
61 7/8" plain sucker rod	1525
7/8"x4' plain pony rod	4
1-1/4" Polished rod w/ 14 ft in hole	14
Total	1559

Rig down and move off location.