

28b Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg Press Flwg. SI	Csg Press	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→						

28c Production - Interval D

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29 Disposition of Gas (*Solid, used for fuel, vented, etc.*)
Shut-in pending pipeline connection

30. Summary of Porous Zones (Include Aquifers).

Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries

31 Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc	Name	Top
					Meas. Depth
Fruitland	1181'	1536'	Coal, sandstone, natural gas	Ojo Alamo	378'
Pictured Cliffs	1536'		Sandstone, natural gas	Kirtland	510'

32 Additional remarks (include plugging procedure)

33. Indicate which items have been attached by placing a check in the appropriate boxes:

- ☒ Electrical/Mechanical Logs (1 full set req'd)
 ☐ Geologic Report
 ☐ DST Report
 ☐ Directional Survey
☐ Sundry Notice for plugging and cement verification
 ☐ Core Analysis
 ☐ Other.

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) Catlain H. RichardsonTitle Operations Engineer

Signature

Catlain H. RichardsonDate 09/18/2007

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.

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 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:

8,100 gals of 15 vis Silver Stim LT pad	14 bpm @ 850 psi
6,000 gals of 12 vis Silver Stim LT w/ 1 ppg sand	15 bpm @ 800 psi
5,000 gals of 12 vis Silver Stim LT w/ 2 ppg sand	15 bpm @ 700 psi
3,500 gals of 12 vis Silver Stim LT w/ 3 ppg sand	15 bpm @ 675 psi
2,000 gals of 12 vis Silver Stim LT w/ 4 ppg sand	15 bpm @ 670 psi
1,000 gals of 12 vis Silver Stim LT w/ 5 ppg sand	15 bpm @ 650 psi
1,000 gals of flush	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 off 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 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
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Total	1559

Rig down and move off location.