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Artesia, NM 88210
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Aztec, NM 87410
District IV

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Form C-140
Originated 11/1/95

Submit Original
Plus 2 Copies
to appropriate
District Office

APPLICATION FOR
QUALIFICATION OF WELL WORKOVER PROJECT
AND CERTIFICATION OF APPROVAL

THREE COPIES OF THIS APPLICATION AND ALL ATTACHMENTS MUST BE FILED WITH THE APPROPRIATE DISTRICT OFFICE OF THE OIL CONSERVATION DIVISION.

- I. Operator: Robert L. Bayless OGRID #: 019418
Address: PO Box 168, Farmington, New Mexico 87499
Contact Party: Kevin McCord Phone: 505-326-2659
- II. Name of Well: Simms Com #7 API #: 30-039-24645
Location of Well: Unit Letter IV, 790 Feet from the South line and 790 feet from the East line,
Section 12, Township 30N, Range 4W, NMPM, Rio Arriba County
- III. Date Workover Procedures Commenced: 10/20/95
Date Workover Procedures were Completed: 10/26/95
- IV. Attach a description of the Workover Procedures undertaken to increase the production from the Well.
- V. Attach an estimate of the production rate of the Well (a production decline curve or other acceptable method, and table showing monthly oil and/or gas Project Production) based on at least twelve (12) months of established production which shows the future rate of production based on well performance prior to performing Workover.
- VI. Pool(s) on which Production Projection is based: East Blanco Pictued Cliffs
- VII. AFFIDAVIT:
State of New Mexico)
County of San Juan) ss.
Kevin McCord, being first duly sworn, upon oath states:
1. I am the Operator or authorized representative of the Operator of the above referenced Well.
 2. I have made, or caused to be made, a diligent search of the production records which are reasonably available and contain information relevant to the production history of this Well.
 3. To the best of my knowledge, the data used to prepare the Production Projection for this Well is complete and accurate and this projection was prepared using sound petroleum engineering principles.

RECEIVED
MAR 15 1996
OIL CON. DIV.
DIST. 3

(Name)

Petroleum Engineer

(Title)

SUBSCRIBED AND SWORN TO before me this 14th day of March, 1996

Kaunela Westmouland

Notary Public

My Commission expires: April 8, 1996

FOR OIL CONSERVATION DIVISION USE ONLY:

VIII. CERTIFICATION OF APPROVAL:

This Application for Qualification of Well Workover Project is hereby approved and the above referenced Well is designated as a Well Workover Project pursuant to the "Natural Gas and Crude Oil Production Incentive Act" (Laws 1995, Chapter 15, Sections 1 through 8). The Oil Conservation Division hereby verifies the Production Projection for the Well Workover Project attached to this application. By copy of this Application and Certification of Approval, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project has been completed as of 10/26, 1995

37.8
District Supervisor, District 3
Oil Conservation Division

Date: 4/1/96

IX. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT.

DATE: _____

ROBERT L. BAYLESS
SIMMS COM #1
SIMMS COM #6
SIMMS COM #7
SECTIONS 13, 24, & 12 T30N R4W
RIO ARriba COUNTY, NEW MEXICO

COMPRESSOR INSTALLATION

- 10-20-95 Work on piping at El Paso Field Services Simms Central Delivery Point Sales Meter to accommodate compressor. Shut down for the weekend.
- 10-23-95 Moved compressor to CDP meter location. Set compressor and worked on piping for hookup. Wait on EPFS concurrence to start compressor and sell gas.
- 10-26-95 Started compressor and started selling gas at 2:15 pm 10/26/95. Simms #1, Simms #6, and Simms #7 are all producing through this centralized compressor facility.

ROBERT L. BAYLESS					
SIMMS #7					
HISTORICAL PRODUCTION					
	YEAR	MONTH	GAS (MCF)	COND (BBLS)	PROD DAYS
1	1992	JAN	2338	0	20
2	1992	FEB	3004	0	20
3	1992	MAR	5681	0	28
4	1992	APR	4680	0	21
5	1992	MAY	979	0	27
6	1992	JUN	3922	0	30
7	1992	JUL	2617	0	31
8	1992	AUG	3528	0	31
9	1992	SEP	303	0	6
10	1992	OCT	3519	0	29
11	1992	NOV	4005	0	30
12	1992	DEC	2849	0	19
13	1993	JAN	1147	0	12
14	1993	FEB	1098	0	3
15	1993	MAR	1415	0	26
16	1993	APR	0	0	0
17	1993	MAY	2442	0	31
18	1993	JUN	1445	0	30
19	1993	JUL	1818	0	99
20	1993	AUG	1773	0	31
21	1993	SEP	1920	0	30
22	1993	OCT	1349	0	31
23	1993	NOV	1634	0	30
24	1993	DEC	212	0	31
	TOTAL		53,678	0	
HISTORICAL DECLINE PRODUCTION CHECK					
Initial Rate (Jan 1992):			3,125 MCFM		
Final Rate (Dec 1993):			1,531 MCFM		
Effective Decline Rate:			30%		
Reserves:			53,618 MCF		

ROBERT L. BAYLESS
SIMMS COM #7
SEWSE SEC 12 T30N R4W
RIO ARriba COUNTY, NEW MEXICO

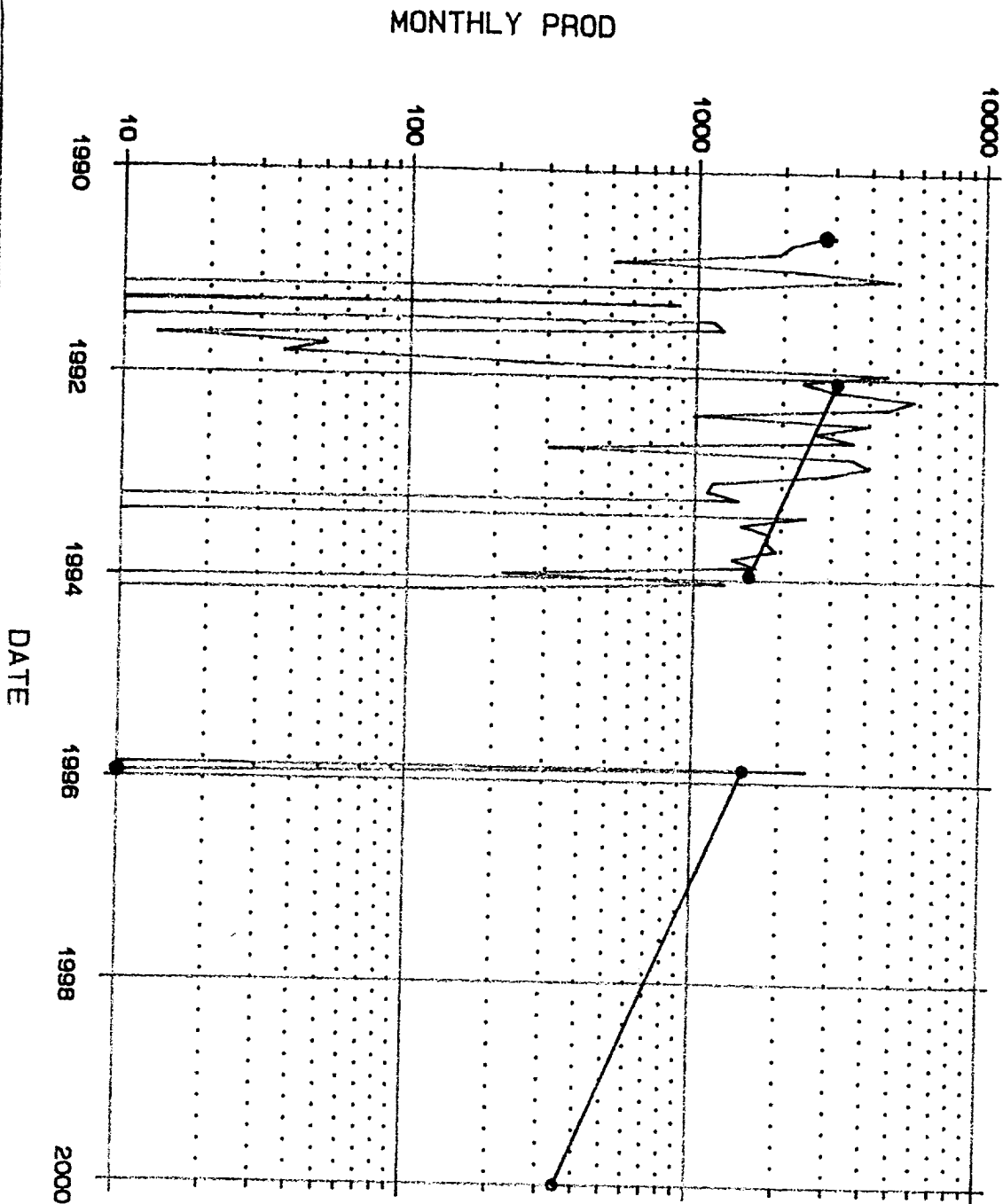
DECLINE CURVE ANALYSIS

The Simms #7 well produces gas from the East Blanco Pictured Cliffs pool. This well does not produce or sell any condensate. The gas decline curve from this well exhibits a 30% annual decline from January of 1992 until December of 1993 (24 months). This well was producing into an offlease measurement system that also gathered gas from 26 other wells operated by Bayless on the Jicarilla Indian Reservation. This system was compressed at a central delivery point. In December of 1993 the Simms wells were ordered disconnected from the system by the BLM (at the request of the Jicarilla Indian Tribe) because of questions raised about allocation of Jicarilla Tribal royalty based production and Fee-Federal royalty based production. Rather than wait through the lengthy appeal process needed to overturn the BLM's order, Bayless paid to connect and centrally compress this well (and the other 2 Simms wells) to the El Paso Field Services gathering system. This reconnect and increased centralized compression is what accounts for the re-establishment of gas production from this well in late 1995. The total gas production calculated from a 30% decline fit through the monthly production during the January of 1992 to December of 1993 time period compares very nicely to the actual total production from the well during this period (53,618 MCF calculated vs 53,678 MCF actual). The future gas production projection before the workover on the Simms #7 is merely an extension of the historical production decline trend, starting at the rate the well was producing before the forced disconnect. This projection has a starting rate of 1530 MCF per month in November of 1995 and continues at a 30% annual decline. The monthly tabular production is presented for this well for a 10 year period of time.

KIM
 Multiphase Curve Analysis
 Rate vs Time
 (c) 1991, 1999 Dwight, A Software Co.

ROBERT L. BAYLESS
 SIMMS #7
 GAS PRODUCTION

3/13/1996
 Project:
 RLB SIMMS 7



Production Curves

GAS: • GAS DATA
 0 History 8/80 - 12/95
 • HISTORICAL DECLINE FIT
 CPD 1/82 - 12/93
 Q1 : 3126.000 MCF/M
 D1 : 30.000 %
 Qe : 1531.250 MCF/M
 Nd : 53.818 MMCF
 • FUTURE PROD HIST TREND
 CPD 11/95 - 12/06
 Q1 : 1530.000 MCF/M
 D1 : 30.000 %
 Qe : 28.507 MCF/M
 Nd : 50.815 MMCF

ROBERT L. BAYLESS				
SIMMS #7				
FUTURE PRODUCTION PROJECTION BEFORE WORKOVER USING HISTORICAL TREND				
Initial Gas Rate (Nov 1995):			1530 MCFM	
Effective Decline Rate:			30%	
	YEAR	MONTH	GAS (MCF)	COND (BBLs)
1	1995	NOV	1,507	0
2	1995	DEC	1,463	0
3	1996	JAN	1,420	0
4	1996	FEB	1,379	0
5	1996	MAR	1,338	0
6	1996	APR	1,299	0
7	1996	MAY	1,261	0
8	1996	JUN	1,224	0
9	1996	JUL	1,188	0
10	1996	AUG	1,154	0
11	1996	SEP	1,120	0
12	1996	OCT	1,087	0
13	1996	NOV	1,055	0
14	1996	DEC	1,024	0
15	1997	JAN	994	0
16	1997	FEB	965	0
17	1997	MAR	937	0
18	1997	APR	909	0
19	1997	MAY	883	0
20	1997	JUN	857	0
21	1997	JUL	832	0
22	1997	AUG	808	0
23	1997	SEP	784	0
24	1997	OCT	761	0
25	1997	NOV	739	0
26	1997	DEC	717	0
27	1998	JAN	696	0
28	1998	FEB	676	0
29	1998	MAR	656	0
30	1998	APR	637	0
31	1998	MAY	618	0
32	1998	JUN	600	0
33	1998	JUL	582	0
34	1998	AUG	565	0
35	1998	SEP	549	0

ROBERT L. BAYLESS				
SIMMS #7				
FUTURE PRODUCTION PROJECTION BEFORE WORKOVER USING HISTORICAL TREND				
Initial Gas Rate (Nov 1995):			1530 MCFM	
Effective Decline Rate:			30%	
	YEAR	MONTH	GAS (MCF)	COND (BBLs)
36	1998	OCT	533	0
37	1998	NOV	517	0
38	1998	DEC	502	0
39	1999	JAN	487	0
40	1999	FEB	473	0
41	1999	MAR	459	0
42	1999	APR	446	0
43	1999	MAY	433	0
44	1999	JUN	420	0
45	1999	JUL	408	0
46	1999	AUG	396	0
47	1999	SEP	384	0
48	1999	OCT	373	0
49	1999	NOV	362	0
50	1999	DEC	351	0
51	2000	JAN	341	0
52	2000	FEB	331	0
53	2000	MAR	321	0
54	2000	APR	312	0
55	2000	MAY	303	0
56	2000	JUN	294	0
57	2000	JUL	285	0
58	2000	AUG	277	0
59	2000	SEP	269	0
60	2000	OCT	261	0
61	2000	NOV	253	0
62	2000	DEC	246	0
63	2001	JAN	239	0
64	2001	FEB	232	0
65	2001	MAR	225	0
66	2001	APR	218	0
67	2001	MAY	212	0
68	2001	JUN	206	0
69	2001	JUL	200	0
70	2001	AUG	194	0

ROBERT L. BAYLESS				
SIMMS #7				
FUTURE PRODUCTION PROJECTION BEFORE WORKOVER USING HISTORICAL TREND				
Initial Gas Rate (Nov 1995):			1530 MCFM	
Effective Decline Rate:			30%	
	YEAR	MONTH	GAS (MCF)	COND (BBLs)
71	2001	SEP	188	0
72	2001	OCT	183	0
73	2001	NOV	177	0
74	2001	DEC	172	0
75	2002	JAN	167	0
76	2002	FEB	162	0
77	2002	MAR	157	0
78	2002	APR	153	0
79	2002	MAY	148	0
80	2002	JUN	144	0
81	2002	JUL	140	0
82	2002	AUG	136	0
83	2002	SEP	132	0
84	2002	OCT	128	0
85	2002	NOV	124	0
86	2002	DEC	121	0
87	2003	JAN	117	0
88	2003	FEB	114	0
89	2003	MAR	110	0
90	2003	APR	107	0
91	2003	MAY	104	0
92	2003	JUN	101	0
93	2003	JUL	98	0
94	2003	AUG	95	0
95	2003	SEP	92	0
96	2003	OCT	90	0
97	2003	NOV	87	0
98	2003	DEC	84	0
99	2004	JAN	82	0
100	2004	FEB	79	0
101	2004	MAR	77	0
102	2004	APR	75	0
103	2004	MAY	73	0
104	2004	JUN	71	0
105	2004	JUL	69	0

ROBERT L. BAYLESS				
SIMMS #7				
FUTURE PRODUCTION PROJECTION BEFORE WORKOVER USING HISTORICAL TREND				
Initial Gas Rate (Nov 1995):			1530 MCFM	
Effective Decline Rate:			30%	
	YEAR	MONTH	GAS (MCF)	COND (BBLs)
106	2004	AUG	67	0
107	2004	SEP	65	0
108	2004	OCT	63	0
109	2004	NOV	61	0
110	2004	DEC	59	0
111	2005	JAN	57	0
112	2005	FEB	56	0
113	2005	MAR	54	0
114	2005	APR	52	0
115	2005	MAY	51	0
116	2005	JUN	49	0
117	2005	JUL	48	0
118	2005	AUG	47	0
119	2005	SEP	45	0
120	2005	OCT	44	0
121	2005	NOV	43	0
122	2005	DEC	41	0
123	2006	JAN	40	0
124	2006	FEB	39	0
125	2006	MAR	38	0
126	2006	APR	37	0
127	2006	MAY	36	0
128	2006	JUN	35	0
129	2006	JUL	34	0
130	2006	AUG	33	0
131	2006	SEP	32	0
132	2006	OCT	31	0
133	2006	NOV	30	0
134	2006	DEC	29	0