

C. HARRADEN/ September 4, 2001 ~~CEH~~

Robert L. Bayless, Producer LLC/ Floyd # 7 APD

STIPULATION/CONDITION OF APPROVAL

In order to protect the integrity of the Ojo Alamo aquifer, minimum surface csg. depth of 610' is stipulated as a condition of approval for this APD.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		7. Unit Agreement Name	
b. Type of Well Oil <input type="checkbox"/> Gas <input type="checkbox"/> Well <input type="checkbox"/> Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>		8. Farm or Lease Name, Well No. Floyd #7 22186	
2. Name of Operator ROBERT L. BAYLESS, PRODUCER LLC		9. API Well No. 30-045-30810	
3. Address and Telephone No. P.O. BOX 168, FARMINGTON, NM 87499 (505) 326-2659		10. Field and Pool, or Wildcat Fulcher Kutz PC	
4. Location of Well (Report location clearly and in accordance with an State requirements*) At surface 955 FNL & 980 FWL At proposed prod. Zone SAME		11. Sec., T., R., M., or Blk, and Survey or Area Section 17, T30N, R12W	
14. Distance in Miles and Direction from nearest Town or Post Office*		12. County or Parish San Juan	13. State New Mexico
15. Distance from Proposed* Location to nearest Property or Lease Line, ft. (Also to nearest drlg. Unit line, if any)	16. No. of Acres in Lease	17. No. of Acres Assigned to this Well 161.78 acres NW/4	
18. Distance from Proposed Location* to nearest Well, Drilling, Completion, or applied for, on this Lease, ft.	19. Proposed Depth 2200	20. Rotary or Cable Tools Rotary	
21. Elevations (Show whether DF, FT, GR. Etc.) 5874 GR, 5879 KB		22. Approx. Date Work Will Start ASAP	

23. PROPOSED CASING AND CEMENTING PROGRAM

Size of Hole	Grade, Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
8 3/4"	J-55, 7"	23.0	120 6.10	35 sx (41.3 cf)
6 1/4"	J-55, 4 1/2"	10.5	2200	185 sx (297.5 cf)

Will drill 8 3/4" hole to 120 feet and run 120 ft of 7" 23.0 #/ft J-55 casing, cemented with 35 sx Class B cement circulated to surface. Will drill 6 1/4" hole to 2200 feet with clear water and natural mud with water loss control additives. Induction and density logs will be run. Will set 2200 ft of 4 1/2" 10.5 #/ft new J-55 casing, cemented with 185 sx (297.5 cf) Class B cement, circulated to surface. No abnormal temperature or pressure is anticipated. Estimated mud weight is 8.6 #/gallon. Pipeline will be included in this APD as per attached drawing.

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4.

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS"

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present production zone and proposed new productive zone.
If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. Price M. Bayless
Signed Price M. Bayless Title Operations Manager Date June 15, 2001

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE 9/27/01

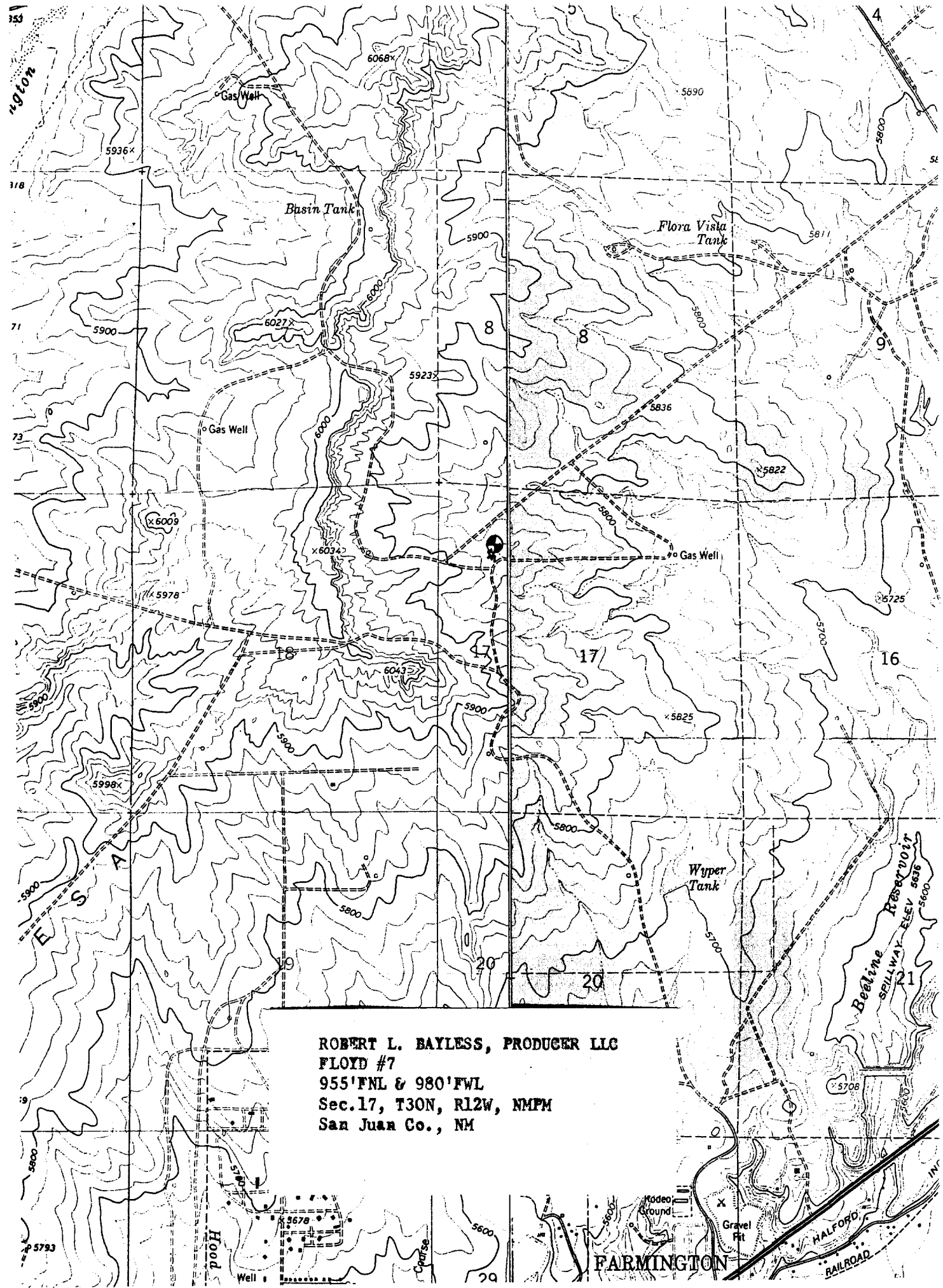
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

Approved By [Signature] Title AFM minerals Date 9/27/01

*See Instruction on Reverse Side

Title 18 U.S.C. Section 1001, makes 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 manner within its jurisdiction.



ROBERT L. BAYLESS, PRODUCER LLC
FLOYD #7
955'FNL & 980'FWL
Sec.17, T30N, R12W, NMPM
San Juan Co., NM

FARMINGTON

Robert L. Bayless, Producer LLC

Drilling Technical Program

(Attachment to Form 3160-3)

Floyd #7

955 FNL & 980 FWL (nwnw)

Section 17, T30N, R12W

San Juan County, New Mexico

1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>Depth KB</u>	<u>Est Pressure</u>
Ojo Alamo	465 feet	
Kirtland	585 feet	
Fruitland	1680 feet	450 psi
Pictured Cliffs	2045 feet	570 psi

2. WELL CONTROL SYSTEM

- A. The proposed blowout system (schematic drawings attached) is a bag type preventer, and will be used in 1000 psi service. Bayless requests a waiver from O & G Order #2 requirements for 2M service as the well is shallow and low pressure, with the surface pressure not to exceed 350 psi. Such moderate conditions lower any chance of uncontrolled gas flow.
- B. Minimum required working pressure rating for BOP stack is 1000 psi. Maximum anticipated bottom hole pressure = 570 psi. Well Control Anticipated Surface Pressure (ASP) = $570 \text{ psi} - (.22 * 2200') = 86 \text{ psi}$, assuming a partially gas cut column per BLM guidelines.
- C. BOP pressure testing will be conducted at the time of installation and prior to drilling out surface casing shoe. Bag type preventer will be tested to 250 psi. The BOP will be activated on each trip out of the hole and all will be recorded in the driller's log. A choke manifold will be installed as per attached drawing. Working pressure for the choke manifold is 1000 psi. In addition, a kill line from the mud pump will be installed.
- D. Stabbing valves for drill pipe and drill collars will be available on the rig floor. An upper kelly cock will also be available on the rig.
- E. Anticipated formation pressures average .25 psi/ft gradient and formation fracture pressures are anticipated to exceed the maximum mud weight of 9.1 pounds per gallon.

3. DRILLING MUD PROGRAM

