

**ROBERT L. BAYLESS**

P. O. BOX 168  
FARMINGTON, NM 87499

FAX NO.  
(505) 326-6911

OFFICE NO.  
(505) 326-2659

November 28, 2001

PRIORITY OVERNIGHT MAIL

Ms. Lori Wrotenbery, Director  
**NEW MEXICO OIL  
CONSERVATION DIVISION**  
1220 S. Saint Francis  
Santa Fe, NM 87505

RE: NMOCD Case No. 12593  
Order No. R-11552  
Robert L. Bayless, Operator  
Hazel Bolack # 2 Well  
SE/4 Sec. 10-T30N-R11W  
San Juan County, NM

DEC - 3 PM 2:40  
OIL CONSERVATION DIV.

Dear Ms. Wrotenbery:

Pursuant to the referenced Order No. R-11552 enclosed please find an itemized Authority for Expenditure (AFE) estimate for the referenced Hazel Bolack #2 Well. These AFE's were mailed October 8, 2001, to all non-consenting working interest owners as per the Order.

Should you have any questions, I may be reached at (505) 564-7808.

Yours truly,



Anne Jones  
Land Dept.

**ROBERT L. BAYLESS**  
**AUTHORITY FOR EXPENDITURE**

LEASE NAME:	Hazel Bolack	WELL NUMBER:	2	LOCATION:	SE/4 Section 10 T30N-R11W
FIELD:	Blanco Mesa Verde	COUNTY:	San Juan	STATE:	New Mexico
TYPE WELL:	Gas Well	TOTAL DEPTH:	5000	DATE:	February 1, 2001
OPERATOR:	Robert L. Bayless	PREPARED BY:	amb	FILE:	bolack2.xls

							DRY HOLE	COMPLETED
DRILLING INTANGIBLES								
3 04	PERMITTING	(STAKING,DAMAGES,ARCHAEOLOGY,PAPERWORK)					3500	3500
3 05	DIRTWORK	(LOCATION,PITS,ROADS)					5000	5000
3 08	DRILLING	FOOTAGE	5000 FEET @	\$13.00	/ FOOT		65000	65000
3 08	DRILLING	DAYWORK	1 DAYS @	\$4,800.00	/ DAY		4800	4800
3 21	CAS NG CREW	INTERMEDIATE CASING					1500	1500
3 26	CEMENTING	SURFACE					2000	2000
3 26	CEMENTING	INTERMEDIATE					7000	7000
3 65	CEMENTING	PLUGGING					4000	4000
3 60	LOGGING	INTERMEDIATE					5000	5000
3 60	LOGGING	PRODUCTION					8000	8000
3 18	MUD AND MATERIALS						0	0
3 09	DRILL BITS						0	0
3 15	WATER & WATER HAULING						500	500
3 16	AIR COMPRESSOR PACKAGE						11000	11000
	WELL TESTING	(DST,CORING,ETC)					0	0
3 63	WELL TESTING	(MUD LOGGING & WELLSITE GEOLOGIST)					500	500
3 53	SUPERVISION	(ENG,GEO,LEGAL)	7 DAYS @	\$400.00	/ DAY		2800	2800
3 27	TRUCKING						1500	1500
4 11	MISC. LABOR						2500	2500
3 67	MISC INTANGIBLES						2000	2000
3 59	ADMINISTRATIVE OVERHEAD		7 DAYS @	\$300.00	/ DAY		2100	2100
3 57	CONTINGENCY		5 %				6435	6235
TOTAL DRILLING INTANGIBLES:							135135	130935

COMPLETION INTANGIBLES:								
4 21	CASING CREW							2000
4 08	COMPLETION UNIT		7 DAYS @	\$1,800.00	/ DAY			12600
4 26	CEMENTING	PRODUCTION						8000
4 60	WIRELINE	(PERFORATING AND LOGGING)						4000
4 62	STIMULATION	(ACIDIZING AND FRACTURING)						45000
	SUPERVISION	(ENG,GEO)	7 DAYS @	\$400.00	/ DAY			2800
4 15	WATER	(PURCHASE AND HAULING)						2000
5 06	DIRTWORK	(LOCATION CLEANUP)					1000	1000
4 27	TRUCKING							5000
4 16	RENTALS							2000
5 11	MISC. LABOR	(WELL HOOKUP)						10000
	MISC INTANGIBLES							2000
	ADMINISTRATIVE OVERHEAD		5 DAYS @	\$300.00	/ DAY			1500
	CONTINGENCY		5 %				50	4895
TOTAL COMPLETION INTANGIBLES:							1050	102795
TOTAL INTANGIBLES:							136185	233730

DRILLING AND COMPLETION TANGIBLES:								
3 22	SURFACE CASING	120 FEET TYPE	9 5/8" 36 #/FT	@	\$11.00	/ FOOT	1320	1320
3 23	INTERMEDIATE CASING	2000 FEET TYPE	7" 23 #/FT	@	\$9.00	/ FOOT	18000	18000
4 22	LONGSTRING CASING	5000 FEET TYPE	4 1/2" 10.5#/FT	@	\$5.75	/ FOOT		28750
4 29	TUBING	5000 FEET TYPE	2 3/8" 4.7#/FT	@	\$1.70	/ FOOT		8500
5 39	LINEPIPE	200 FEET TYPE	2 INCH	@	\$1.25	/ FOOT		250
5 40	VALVES, PIPING, AND FITTINGS							2000
4 24	WELLHEAD EQUIPMENT	(WELLHEADS,VALVES,FITTINGS,ETC.)					1375	5500
	PIPELINE	C FEET TYPE	4 INCH	@	\$8.00	/ FOOT		0
5 41	METER INSTALLATION FEE							0
5 42	METER RUN							5000
5 33	SEPERATOR							8000
5 34	DEHYDRATOR							10000
5 37	PRODUCTION TANK							7500
5 67	MISC EQUIPMENT	(FENCES,CULVERTS,ETC.)						2500
5 59	CONTINGENCY			5 %			1035	4866
TOTAL TANGIBLES:							21730	102186
TOTAL WELL COST:							\$157,915	\$335,916

APPROVED		BY	DATE	WORKING INTEREST	OWNER SHARE	
					DRY HOLE	COMPLETED
ROBERT L. BAYLESS, et al				100.0000%	\$157,915	\$335,916
				0.0000%	\$0	\$0
				100.0000%	\$157,915	\$335,916