

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT

<b>APPLICATION FOR PERMIT TO DRILL</b>		<b>1. WELL NAME and NUMBER</b> Cedar Camp 35-3
<b>2. TYPE OF WORK</b> DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>		<b>3. FIELD OR WILDCAT</b> WILDCAT
<b>4. TYPE OF WELL</b> Gas Well Coalbed Methane Well: NO		<b>5. UNIT or COMMUNITIZATION AGREEMENT NAME</b>
<b>6. NAME OF OPERATOR</b> ROBERT L. BAYLESS, PRODUCER LLC		<b>7. OPERATOR PHONE</b> 505 564-7802
<b>8. ADDRESS OF OPERATOR</b> P.O. Box 168, Farmington, NM, 87499		<b>9. OPERATOR E-MAIL</b> kmccord@rlbayless.com
<b>10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE)</b> ML-51390	<b>11. MINERAL OWNERSHIP</b> FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
<b>12. SURFACE OWNERSHIP</b> FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>		<b>13. NAME OF SURFACE OWNER (if box 12 = 'fee')</b>
<b>14. SURFACE OWNER PHONE (if box 12 = 'fee')</b>		<b>15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')</b>
<b>16. SURFACE OWNER E-MAIL (if box 12 = 'fee')</b>		<b>17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')</b>
<b>18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS</b> YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>		<b>19. SLANT</b> VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>

20. LOCATION OF WELL	FOOTAGES	QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN
LOCATION AT SURFACE	1114 FNL 2017 FWL	SE	35	15.5 S	22.0 E	S
Top of Uppermost Producing Zone	1114 FNL 2017 FWL	SE	35	15.5 S	22.0 E	S
At Total Depth	1114 FNL 2017 FWL	SE	35	15.5 S	22.0 E	S

<b>21. COUNTY</b> GRAND	<b>22. DISTANCE TO NEAREST LEASE LINE (Feet)</b> 1519	<b>23. NUMBER OF ACRES IN DRILLING UNIT</b> 457
<b>24. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed)</b> 7000	<b>25. PROPOSED DEPTH</b> MD: 10700 TVD: 10700	
<b>26. ELEVATION - GROUND LEVEL</b> 7540	<b>27. BOND NUMBER</b> 141769447	<b>28. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE</b> 43-8496

**Hole, Casing, and Cement Information**

String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight
COND	20	14	0 - 100	0.25	Unknown	0.0	Type V	150	1.15	15.8
SURF	12.25	9.625	0 - 1000	36.0	J-55 ST&C	0.0	Class G	530	1.15	15.8
PROD	8.75	5.5	0 - 10700	17.0	N-80 LT&C	9.4	Premium Lite High Strength	550	3.82	11.0
							50/50 Poz	1670	1.26	14.2

**ATTACHMENTS**

**VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES**

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)	<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)	<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP

<b>NAME</b> Habib Guerrero	<b>TITLE</b> Operations Engineer	<b>PHONE</b> 505 564-7810
<b>SIGNATURE</b>	<b>DATE</b> 07/13/2011	<b>EMAIL</b> hguerrero@rlbayless.com
<b>API NUMBER ASSIGNED</b> 43019500160000	<b>APPROVAL</b>   Permit Manager	

## Robert L. Bayless, Producer LLC

### DRILLING PROGRAM

(Attachment to Form 3)

#### **CEDAR CAMP # 35-3**

SHL: 1114' FNL & 2017' FWL (SENW)

BHL: 1114' FNL & 2017' FWL (SENW)

Section 35, T15.5S R22E

Grand County, Utah

**State Lease: ML - 51390**

Please contact Habib Guerrero, Operations Engineer for Bayless at (505) 326-2659 if there are any questions or concerns regarding this Drilling Program.

#### **THIS PROPOSED WELL WILL BE VERTICAL.**

GEOLOGIC SURFACE FORMATION – Green River Formation.

SURFACE ELEVATION - 7,540 ft (Ground elevation)

ESTIMATED FORMATION TOPS (Water, oil, gas and/or other mineral-bearing formations)

Wasatch	2,700 ft	Sandstones, shales, siltstones, some water, oil or gas bearing
Mesaverde	3,384 ft	Sandstones, shales, siltstones, some water, oil or gas bearing
Sego	5,091 ft	Sandstones, shales, siltstones, some water, oil or gas bearing
Castlegate	5,389 ft	Sandstones, shales, siltstones, some water, oil or gas bearing
Mancos	5,571 ft	Shale and siltstones, some water, oil or gas bearing
Dakota –Cedar Mtn	9,052 ft	Sandstones, shales, siltstones, some water, oil or gas bearing
Morrison	9,374 ft	Sandstones, shales, siltstones, some water, oil or gas bearing
Entrada	9,857 ft	Sandstones, shales, siltstones, some water, oil or gas bearing
Wingate	10,399 ft	Sandstones, shales, siltstones, some water, oil or gas bearing
Chinle	10,643 ft	Sandstones, shales, siltstones, some water, oil or gas bearing
TOTAL DEPTH:	10,700 ft	

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth, and adequately protected. A sample will be taken of any water flow and furnished to the Vernal Resource Area Office for analysis, if requested.

CASING PROGRAM

(See attached surface casing and centralizer design – Exhibit 2)

Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement *
Surf – 100 ft	20"	14"	0.250# wall GradeA	To surface with ±100 of ready mix
1,000 ft	12-1/4"	9-5/8"	36.# J-55 STC	To surface with ±530 sxs Class "G"
10,700 ft	8 3/4"	5 1/2"	17# N-80 LTC	<b>Lead:</b> ±550sx Premium G w/16% gel (5500 ft - surface) <b>Tail:</b> ±1673 sx 50:50 Pozmix G (5500 ft – 10700 ft)

\*Cement Yields:

“Class G” = 1.15 ft<sup>3</sup>/sx

“Premium G w/16% gel” = 3.82 ft<sup>3</sup>/sx

“50:50 “Pozmix G” = 1.26 ft<sup>3</sup>/sx

\* - Actual cement volume will be determined by caliper log.

PRESSURE CONTROL

(See attached BOP schematic diagram – Exhibit 3)

All well control equipment shall be installed in accordance with Onshore Order #2 for 5M (5000 psi) systems.

Well control equipment will be rigged up after setting surface casing.

BOP's and choke manifold will be installed and pressure tested before drilling out under surface casing and anytime a new casing string is set (subsequent pressure test will be performed whenever pressure seals are broken), and then will be checked daily as to mechanical operating condition. BOP's will be pressure tested at least once every 30 days. Ram type preventors and related pressure control equipment will be pressure tested to rated working pressure of the stack assembly if a test plug is used. If a plug is not used, the stack assembly will be tested to the rated working pressure of the stack assembly or to 70% of the minimum internal yield of the casing, whichever is less. Annular type preventors will be pressure tested to 50% of their rated working pressure. All casing strings will be pressure tested to 0.22 psi/ft. or 1500 psi, whichever is greater, not to exceed 70% of internal yield.

MUD PROGRAM

Interval	Mud Type	Weight (ppg)	Viscosity	Water Loss (cc)
0 - 100'	Air Water Mist			
100-1000'	Air Water Mist			
1000'-10,700'	KCL/polymer system	8.4- 9.4	45 - 60	6-8

Sufficient mud materials to maintain mud properties, control lost circulation and to contain “kick” will be available at the well site while drilling. Mud will be checked hourly by rig personnel. Material to soak up possible oil or fuel spills will be on site. A mud logger, gas detector and flow sensor will be used. Pressure, volume and temperature will be monitored.

AUXILIARY EQUIPMENT

- A) Upper Kelly cock (lower kelly cock - will be available on rig floor)
- B) Inside BOP or stab-in valve (available on rig floor)
- C) Mud monitoring will be visually observed.

LOGGING, CORING, AND TESTING PROGRAM

- A) Logging: Triple combination log will be run from TD to base of surface casing (GR-RES-CNL to surface)
- B) Coring: No Cores are planned.
- C) Testing: No DSTs are planned. A DST may be run on an unexpected show of interest.
- D) Mud Logging: Mud logger will be present from 1000 ft to TD.

ABNORMAL CONDITIONS

- A) Pressures: No abnormal conditions are anticipated, Formation pressure gradient – approximately 0.39 psi/ft
- B) Temperatures: No abnormal conditions are anticipated
- C) H2S: None anticipated
- D) Estimated bottomhole pressure: 4,170 psi

ANTICIPATED START DATE

The anticipated starting date and duration of the drilling operations will be as follow:

Starting date:	August 1, 2011
Drilling Days:	Approximately 20 days
Completion Days:	Approximately 5 days

The well will be drilled vertically from surface location to bottom hole location. The proposed well path should not pose any collision or interference concerns with any existing wells along its proposed path.

Existing location pad will be of sufficient size to accommodate all completion activities and equipment without new surface disturbance. All conditions of this approved plan will be applicable during all drilling and completion operations.

COMPLETION

Fracture stimulation of the Wingate interval is anticipated for completion of the well. A string of 2-3/8" 4.7# J-55 tubing will be run inside casing for use as a flowing string.

**Robert L. Bayless, Producer LLC****CEDAR CAMP # 35-3**

SHL: 1114' FNL &amp; 2017' FWL (SENW)

BHL: 1114' FNL &amp; 2017' FWL (SENW)

Section 35, T15.5S R22E

Grand County, Utah

**State Lease: ML - 51390****SURFACE CASING AND CENTRALIZER DESIGN**

Proposed Total Depth:	10,700 ft	Proposed Depth of Surface Casing:	1,000 ft
Estimated Pressure Gradient:	0.39 psi/ft		
Bottom Hole Pressure at 10,700 ft		Hydrostatic Head of gas/oil mud:	0.22 psi/ft
0.39 psi/ft x 10,700 ft =	4,173 psi	0.22 psi/ft x 10,700 ft =	2,354 psi

Maximum Design Surface Pressure

Bottom Hole Pressure	-	Hydrostatic Head	=	
(0.39 psi/ft x 10,700 ft )	-	(0.22 psi/ft x 10,700 ft )	=	
4,173 psi	-	2,354 psi	=	1,819 psi

Casing Strengths

9-5/8" J-55 36.0 #/ft ST&amp;C

<u>Wt (#/ft)</u>	<u>Tension (lbs)</u>	<u>Burst (psi)</u>	<u>Collapse (psi)</u>
36.0	394,000	3,520	2,020

Safety Factors

Minimum Standards:	Tension (Dry): 1.8	Burst: 1.0	Collapse: 1.125
Tension (Dry): Casing Weight:	36.0 #/ft x 1000 ft	=	36,000 lbs
Safety Factor:	394,000 lbs / 36,000 lbs	=	<b>10.94</b> OK
Burst:	Safety Factor: 3,520 psi / 1,819 psi	=	<b>1.93</b> OK
Collapse:	Hydrostatic: 0.052 x 9.4 ppg x 1000 ft	=	488 psi
Safety Factor:	2,020 psi / 488 psi	=	<b>4.14</b> OK

Use: 1000 ft of 9 5/8" 36.0 #/ft J-55 ST&C casingUse: 5M BOPE and casing headCentralizers

Centralizers will be placed at middle of bottom joint, top of second joint, top of third joint and every other joint

Surface Hole Centralizers: Use 10 total

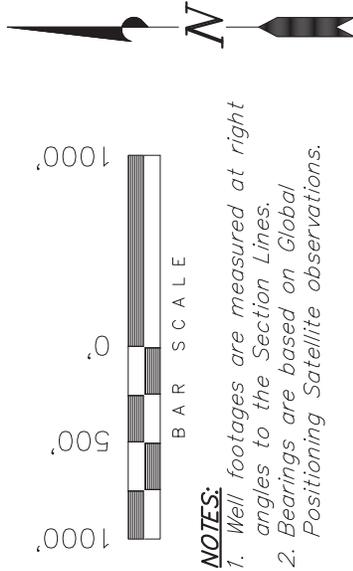
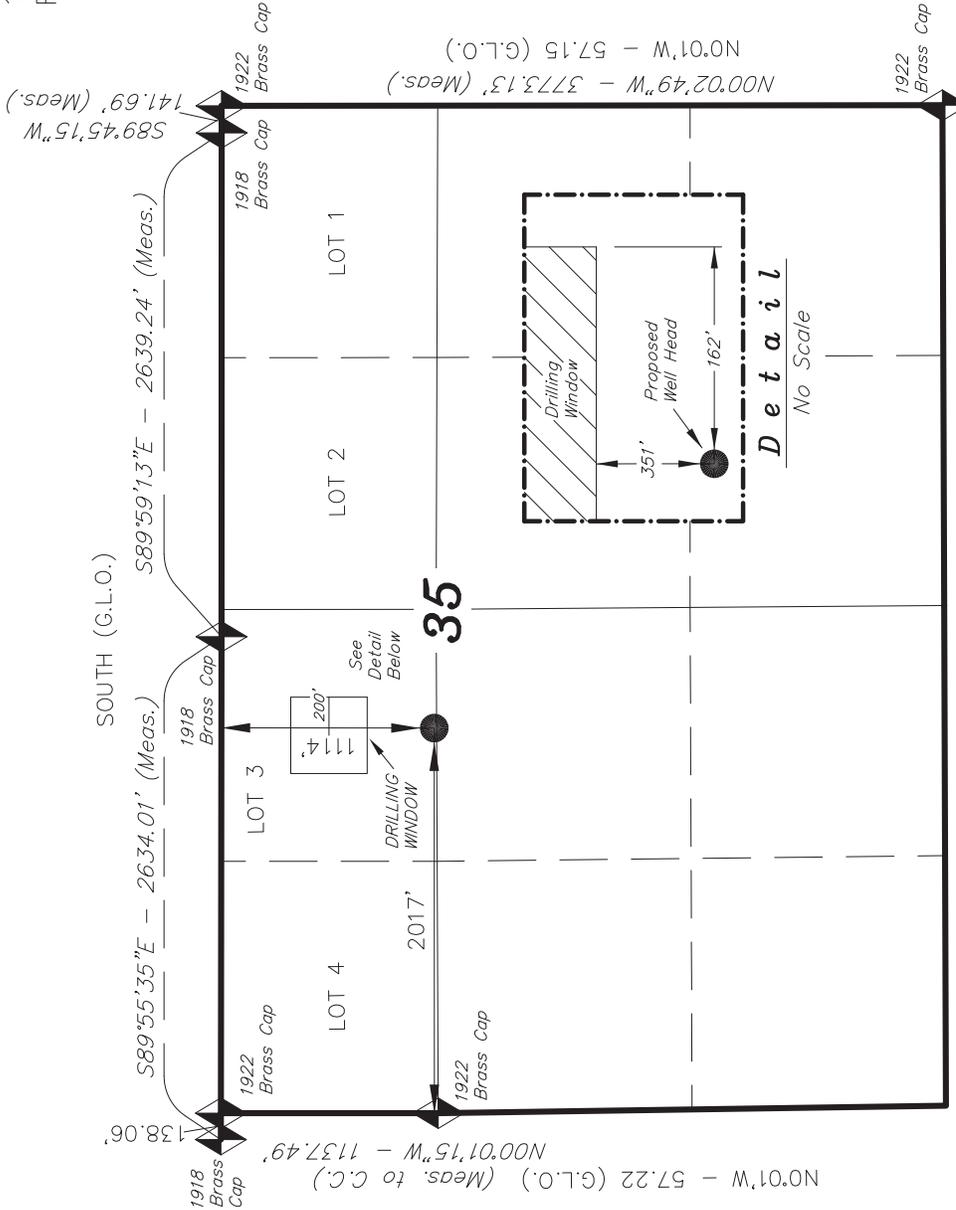
Production Hole Centralizers: Use 30 total

Note that field experience indicates that additional centralizers greatly increase the chance of "sticking" the surface casing prior to reaching surface casing total depth.

**T15.5S, R22E, S.L.B.&M.**

**ROBERT L BAYLESS PRODUCER**

WELL LOCATION, CEDAR CAMP 35-3, LOCATED AS SHOWN IN THE SE 1/4 NW 1/4 (LOT 3) OF SECTION 35, T15.5S, R22E, S.L.B.&M. GRAND COUNTY, UTAH.



- NOTES:**
1. Well footages are measured at right angles to the Section Lines.
  2. Bearings are based on Global Positioning Satellite observations.

**WELL LOCATION:  
CEDAR CAMP 35-3**

ELEV. UNGRADED GROUND = 7540.6'

THIS IS TO CERTIFY THAT THE ABOVE PLAN WAS PREPARED FROM FIELD NOTES AND SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

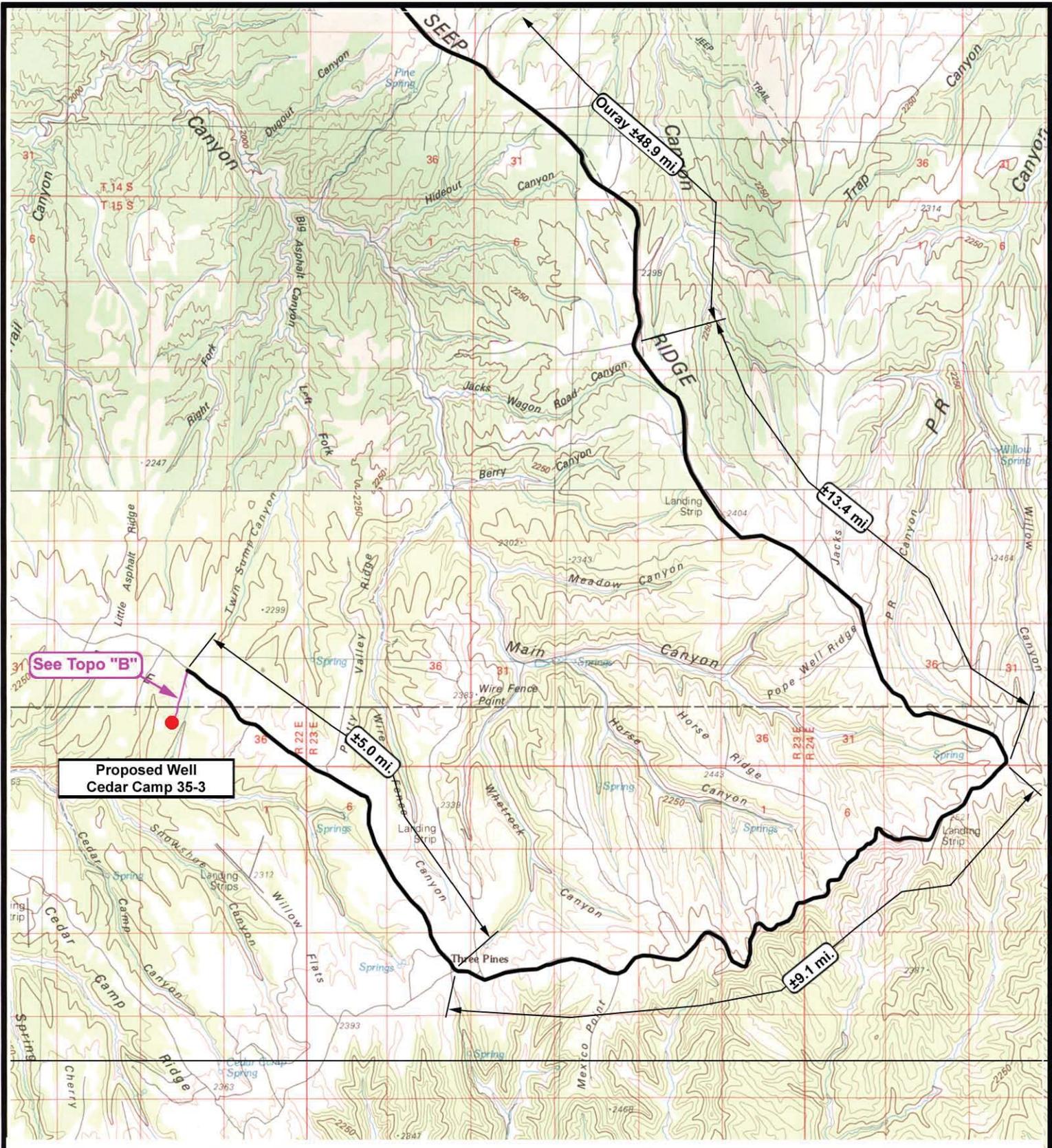
STACY W. STEWART  
REGISTERED LAND SURVEYOR  
REGISTRATION NO. 16189377  
STATE OF UTAH

**CEDAR CAMP 35-3**  
(Surface Location) **NAD 83**  
LATITUDE = 39° 27' 33.59"  
LONGITUDE = 109° 27' 41.50"

SECTION CORNERS LOCATED  
BASIS OF ELEV;  
U.S.C.S. 7-1/2 min QUAD (CEDAR CAMP CANYON)

**TRI STATE LAND SURVEYING & CONSULTING**  
180 NORTH VERNAL AVE. - VERNAL, UTAH 84078  
(435) 781-2501

DATE SURVEYED: 05-24-11	SURVEYED BY: C.D.S.
DATE DRAWN: 05-27-11	DRAWN BY: M.W.
REVISED: 07-13-11 F.T.M.	SCALE: 1" = 1000'



**Proposed Well  
Cedar Camp 35-3**

See Topo "B"

**Robert L. Bayless  
Producer**

**Cedar Camp 35-3 (Proposed Well)**  
Pad Location SENW (LOT 3)  
SEC. 35, T15.5S, R22E, S.L.B.&M.

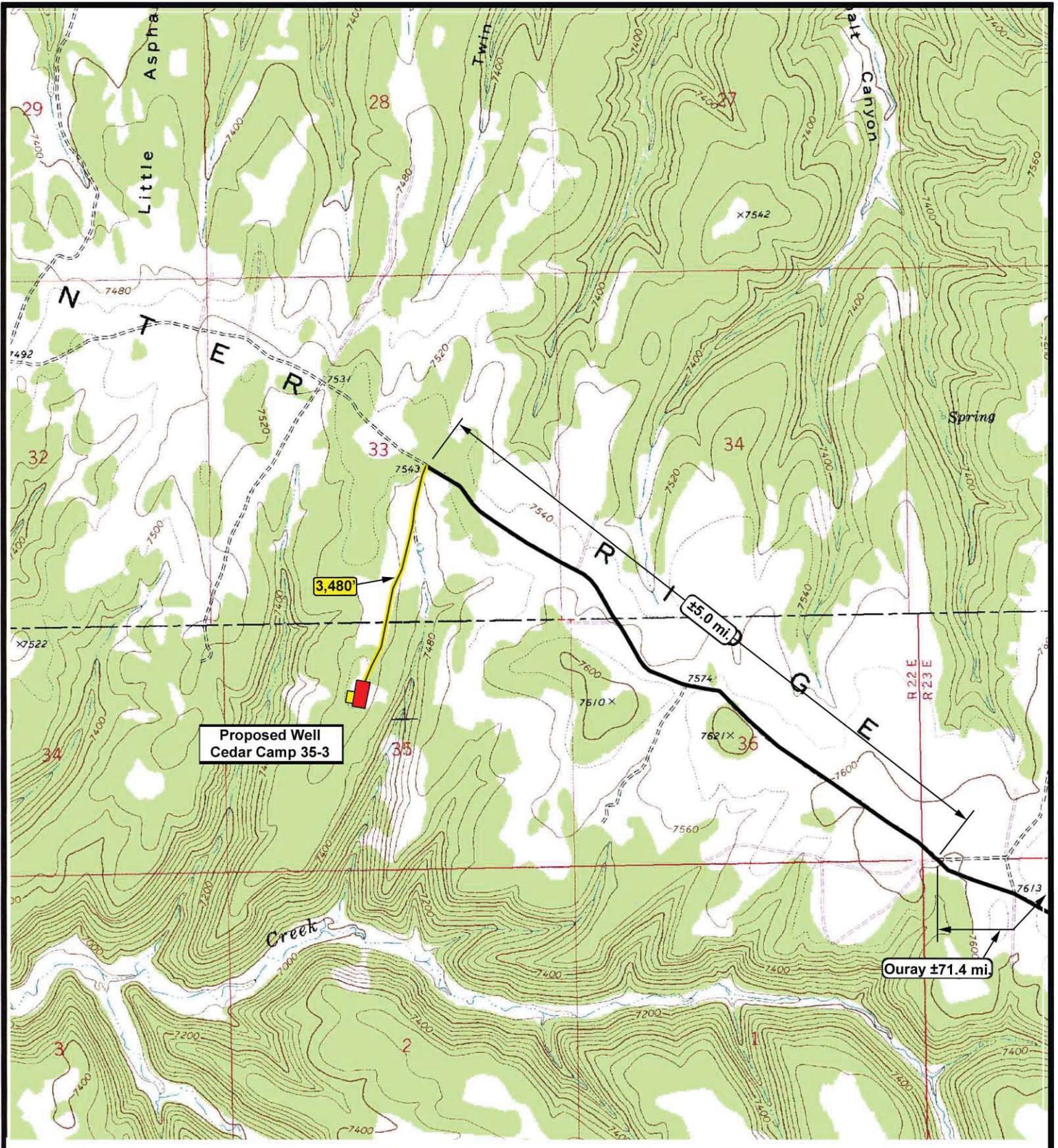


**Tri-State  
Land Surveying Inc.**  
(435) 781-2501  
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1:100,000  
DRAWN BY: m.w.  
DATE: 06-09-2011

**Legend**  
Existing Road  
Proposed Access

TOPOGRAPHIC MAP  
**"A"**



**Robert L. Bayless  
Producer**

**Cedar Camp 35-3 (Proposed Well)**  
Pad Location SENW (LOT 3)  
SEC. 35, T15.5S, R22E, S.L.B.&M.



**Tri-State  
Land Surveying Inc.**  
(435) 781-2501  
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2,000'  
DRAWN BY: m.w.  
DATE: 06-09-2011

**Legend**

- Existing Road
- Proposed Access

TOPOGRAPHIC MAP  
**"B"**

**Robert L. Bayless, Producer LLC**

**CEDAR CAMP # 35-3**

SHL: 1114' FNL & 2017' FWL (SENW)

BHL: 1114' FNL & 2017' FWL (SENW)

Section 35, T15.5S R22E

Grand County, Utah

**State Lease: ML - 51390**

**SURFACE USE PLAN**

(Attachment to Form 3)

**WELL LOCATION AND INTRODUCTION**

The surface location of this proposed vertical well is 1114' FNL & 2017' FWL (SENW) Section 35, of T15.5S R22E. The well site was surveyed and staked by Tri-State Land Surveying Inc. for Robert L. Bayless, Producer LLC (Bayless) on May 24, 2011, at a site that was geologically, legally, and topographically acceptable.

The State of Utah Division Oil & Gas will be notified 24 hours prior to commencing construction of the drillsite, 24 hours notice prior to commencing drilling and completion operations and 24 hours prior to commencing reclamation work.

**DIRECTIONS TO LOCATION**

Proceed in a westerly direction from Vernal, UT along U.S Highway 40 approximately 14.0 miles to the junction of state Highway 88. Turn left and proceed in a southerly direction approximately 17.0 miles to Ouray, Utah. Proceed in southerly, then southeasterly direction approximately 62.3 miles on the Seep Ridge road to the junction of this road and an existing road to the southwest. Turn right and proceed in a southwesterly direction approximately 9.1 miles to the junction of this road and an existing road to the northwest. Turn right and proceed in a northwesterly direction approximately 5.0 miles to the junction of this road and an existing two-track road to the southwest. Turn left at the beginning of the proposed access road and follow road flag approximately 0.66 miles to the proposed location.

1) **EXISTING ROADS**

- A) This proposed well is a development/confirmation well. Existing and planned access roads are shown on the topographic maps of the area (Topo maps A and B).
- B) Existing roads within 1.0 mile consist of existing dirt and gravel resource road, to within 0.66 miles, which will provide access to the proposed location.
- C) There are no plans for improvement of existing roads, they will be left in their current condition. Road maintenance will only be performed to keep existing roads in their current condition.

2) **PLANNED ACCESS ROADS**

± 3,480 feet (0.66 miles) total new construction, Section 35, State of Utah.  
(Topographic map B)

*This application for Permit to Drill will serve as a request for the State of Utah to initiate a Right-of-Way (ROW) application for access roads, pipelines and water haul routes, if necessary. This ROW can continue up to the wellhead. The width of ROW requested is 30 feet for construction of road and pipeline.*

- A) Subgrade (running surface) width will be approximately 18 feet, with total disturbed width being a maximum of 30 feet.
- B) Borrow ditches will be backsloped 3:1 or shallower.
- C) Maximum grades will be 6% for 500 feet.
- D) No major road cuts are necessary.
- E) Surfacing material will consist of native material from the road crown. The topsoil will be windrowed during construction and placed in the borrow ditch backslope upon road completion. During reclamation, the backslope of the borrow ditch will be revegetated per Section 10-C of this Surface Use Plan.

3) LOCATION OF EXISTING WELLS AND PRODUCING FACILITIES

The topographic map (Exhibit B) shows all existing drilling, abandoned, disposal, injection, shut-in and producing wells, production facilities and pipelines within a 1 mile radius of the proposed location.

4) NEW PRODUCTION FACILITIES PROPOSED

- A) Dimension of Proposed Facility is approximately 400 ft x 200 ft. Pad size will be reduced to minimum size necessary to conduct safe operations.
- B) Rehabilitation of unneeded, previously disturbed areas will consist of backfilling and contouring the reserve pit area, back sloping and contouring all cut and fill slopes. These areas will be re-seeded.
- C) Site preparation for production will be done with standard excavation equipment using native materials. Additional surface material will be obtained from commercial sources or an approved borrow area.
- D) Production facilities may vary according to actual reservoir discovered and will be engineered upon completion of well tests. If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All liquid hydrocarbons production and measurement will conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Orders No. 4 & 5.
- E) No facilities will be constructed off location.
- F) Production equipment will be painted light reflective colors to limit evaporation and waste of liquid hydrocarbons. All above ground permanent structures including production equipment will be painted to blend with the surrounding landscape.
- G) Any necessary pits will be fenced on all sides to prevent any wildlife and livestock entry and any production pit will be netted "bird-tight." Pursuant to On-Shore Order No. 7, this is a request for authorization for lined pit disposal of water produced from this well for a period of 90 days from the date of initial production.
- H) The gas gathering line for natural gas production from this well will be 4" OD steel pipe. The length of this line will be 3,480 ft from proposed location to the existing gas sales line that is owned and operated by Questar Pipeline. This gathering line is shown in Topographic map C.

5) LOCATION OF WATER SUPPLY

This Application for Permit to Drill will serve as a request for the State of Utah to initiate a Right-of-Way (ROW) application for access roads and water haul routes, if necessary. The water will be transported by truck. R.N Industries has water rights approval for this location and will haul water for Bayless. Water right Number 43-8496, Application # A53617. A copy of this application has been attached.

6) SOURCE OF CONSTRUCTION MATERIALS

- A) Construction materials will consist of native materials from borrow ditches and location areas.
- B) Surfacing materials will be obtained from available permitted sources, if needed, and consist of pit gravel.
- C) The use of materials will conform to 43 CFR 3610.2-3.

7) WASTE DISPOSAL

- A) Drill cuttings will be buried in the reserve pit when dry.
- B) Drilling fluid will be evaporated and then buried in the reserve pit when dry.
- C) Produced fluids other than water will be contained in storage tanks during completion and testing.
- D) Sewage disposal facilities will be in accordance with State and Local Regulations. Sewage will not be buried on location.
- E) Trash, garbage and other non-flammable waste will be contained in a portable trash cage which will be totally enclosed with small mesh wire. The cage and contents will be transported to and dumped at an approved Sanitary Landfill as necessary or upon completion of operations. Flammable waste will be disposed of by hauling to an appropriate disposal site.
- F) The reserve pit will be fenced "stock tight" on three sides during drilling operations and on the fourth side at time of rig release. The pit will remain fenced until backfilled.
- G) Upon release of the drilling rig, the rathole and mousehole will be filled. Any debris and excess equipment will be removed from the location.

Hazardous Material Statement: No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the substances, as defined in 40 CFR 355, in threshold planning quantities, will not be used, produced, stored, transported, or disposed of in association with the drilling, testing or completion of the well.

8) ANCILLARY FACILITIES

No ancillary facilities will be necessary.

9) WELLSITE LAYOUT

- A) A drill pad layout and cut/fill diagrams are attached as Exhibits 5 and 5A. Exhibit 6 shows the drilling rig layout on this drill pad. The pad has been staked at its maximum size of 400 ft x 200 ft, however it may be constructed smaller if possible, depending upon rig availability.
- B) All surface disturbing activities will be supervised by a qualified, responsible company representative who is aware of the terms and conditions of the APD and specifications in the approved plans.
- C) Topsoil (to a depth of 6 inches or maximum available) will be removed and stockpiled in a windrow on the uphill side of location in such a way as to prevent contamination and soil loss for reclamation.
- D) The reserve pit will be lined with a plastic lining 24 mil or thicker and a felt liner. The reserve pit liner will be sufficiently reinforced to withstand normal wear and tear associated with the installation and pit use and will be chemically compatible with all substances that will be put into the pit.

10) SURFACE RESTORATION

- A) Backfilling, leveling and contouring of the reserve pit is planned as soon as the pit has dried. At least 5 feet of overburden will cover the reserve pit as part of the reclamation process.
- B) Site reclamation for a producing well will be accomplished for portions of the location and road area not required for the continued operation of the well.
- C) The stockpiled topsoil material will be evenly distributed over the disturbed area for surface restoration. The site will be revegetated using a certified seed mix as prescribed by the State of Utah or BLM. Seed tags will be submitted to the Area Manager within 30 days of seeding. Revegetation is generally scheduled for the fall planting season, September 15<sup>th</sup> through the first frost, unless instructed otherwise. If necessary, a State of Utah or BLM certified weed applicator will be used for weed control.

11) GENERAL INFORMATION

- A) An archaeological, cultural and historical survey of the area will be performed and submitted separately by Grand River Institute, Grand Junction, Colorado. A Paleontology report will be performed and submitted separately by A. H. Hamblin Paleontological Consulting, Cedar City, Utah.

B) Surface Owner

Drillsite - State of Utah -SITLA  
675 East 500South, Suite500  
Salt Lake City, UT 84102  
801-538-5100  
801-355-0922 fax

Access - New State of Utah -SITLA  
675 East 500South, Suite500  
Salt Lake City, UT 84102  
801-538-5100  
801-355-0922 fax

12) LESSEE'S OR OPERATOR'S REPRESENTATIVE

Robert L. Bayless, Producer LLC  
P.O. Box 168  
Farmington, NM 87499

Kevin H. McCord – Operational Manager  
Phone: (505) 326-2659  
Fax: (505) 326-6911

Habib Guerrero – Operations Engineer  
Phone: (505) 326-2659  
Fax: (505) 326-6911

13) CERTIFICATION:

I hereby certify that Robert L. Bayless, Producer LLC is responsible under the terms and conditions of the lease to conduct lease operations in conjunction with the application. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Robert L. Bayless, Producer LLC under their nationwide surety bond, State of Utah #141769447.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Robert L. Bayless, Producer LLC and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

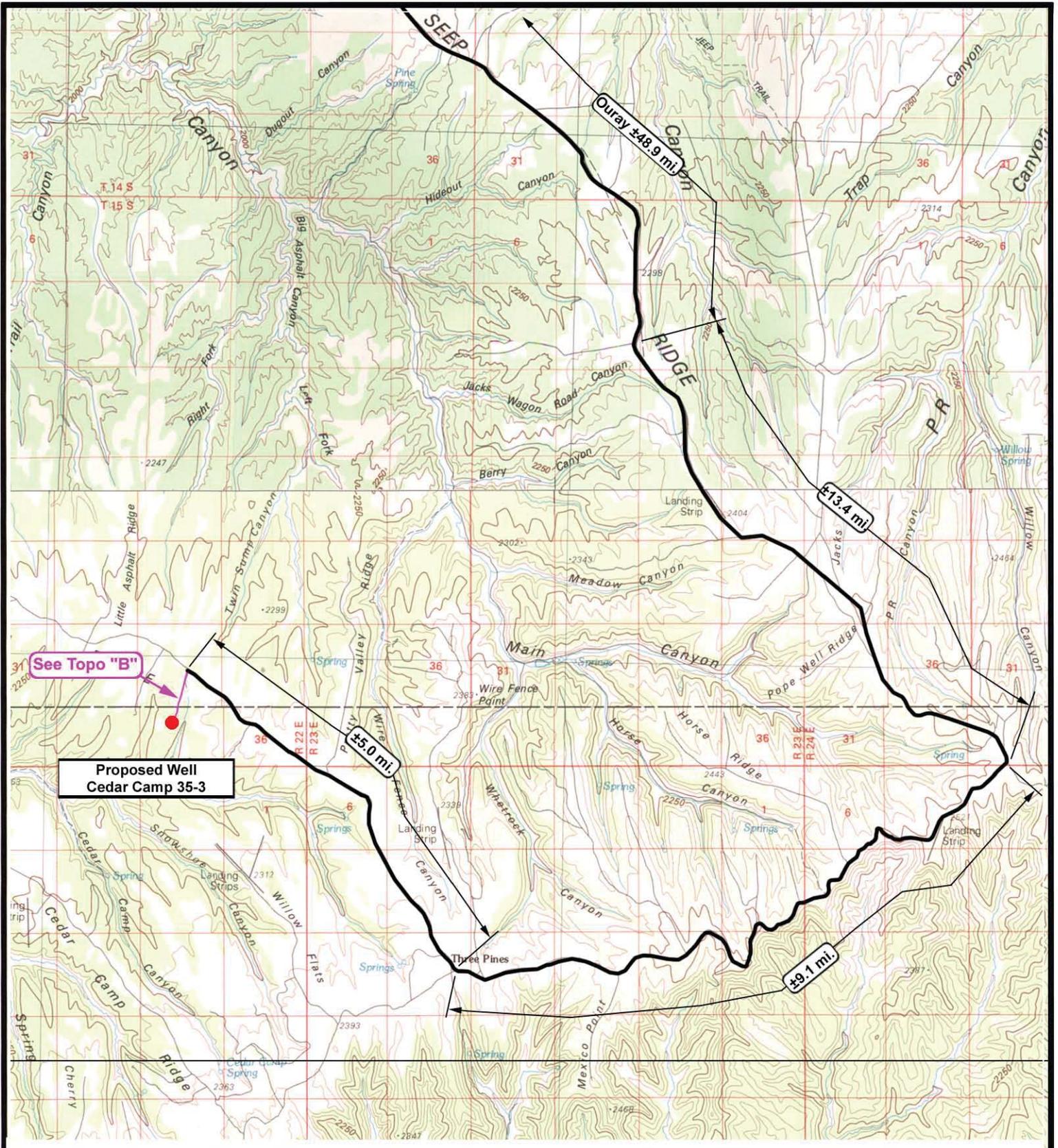
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Habib Guerrero  
Operations Engineer  
Robert L. Bayless, Producer LLC  
hguerrero@rlbayless.com

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07/13/2011

Date



**Proposed Well  
Cedar Camp 35-3**

See Topo "B"

**Robert L. Bayless  
Producer**

**Cedar Camp 35-3 (Proposed Well)**  
Pad Location SENW (LOT 3)  
SEC. 35, T15.5S, R22E, S.L.B.&M.

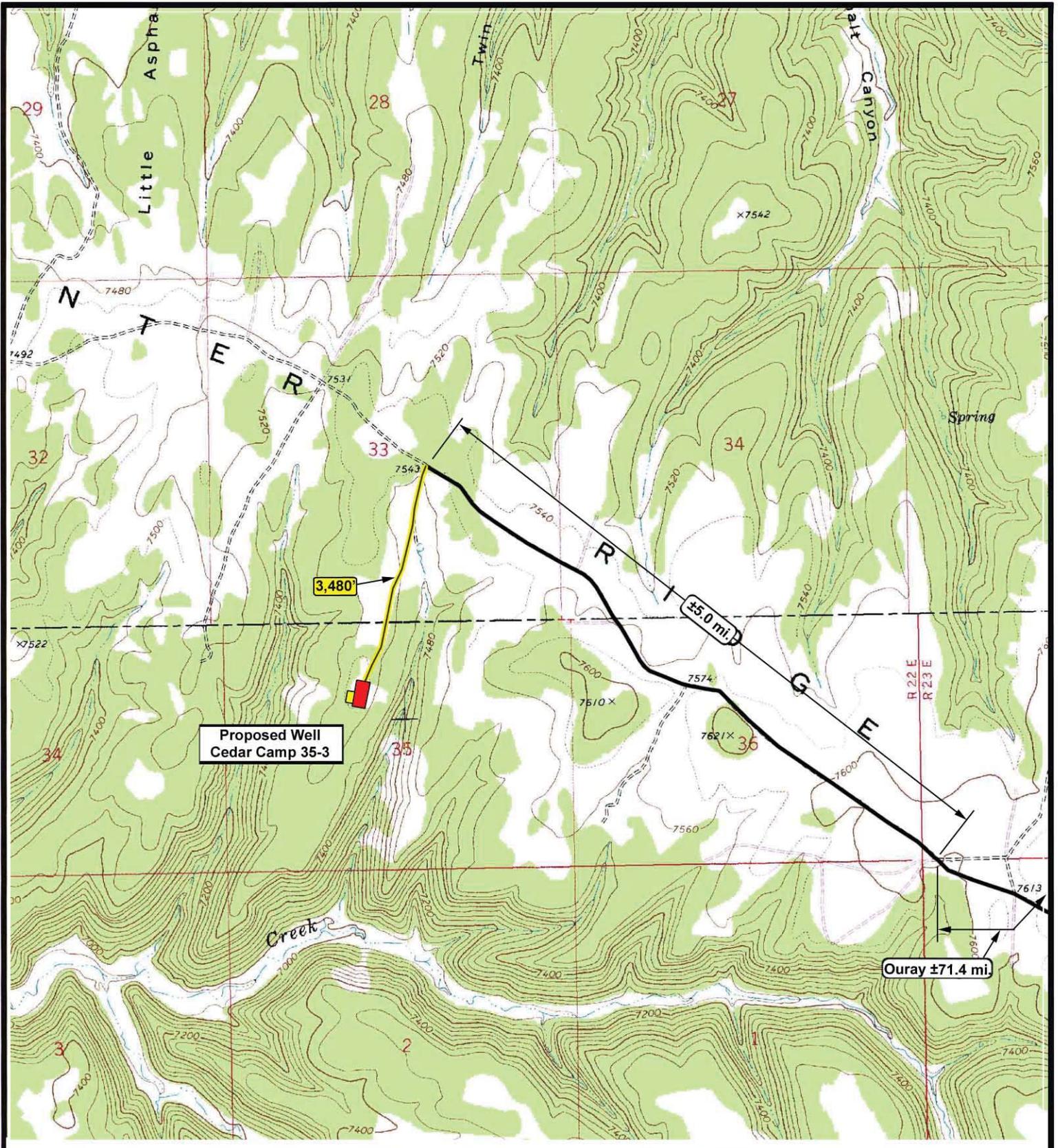


**Tri-State  
Land Surveying Inc.**  
(435) 781-2501  
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1:100,000  
DRAWN BY: m.w.  
DATE: 06-09-2011

**Legend**  
Existing Road  
Proposed Access

TOPOGRAPHIC MAP  
**"A"**



**Robert L. Bayless  
Producer**

**Cedar Camp 35-3 (Proposed Well)**  
Pad Location SENW (LOT 3)  
SEC. 35, T15.5S, R22E, S.L.B.&M.



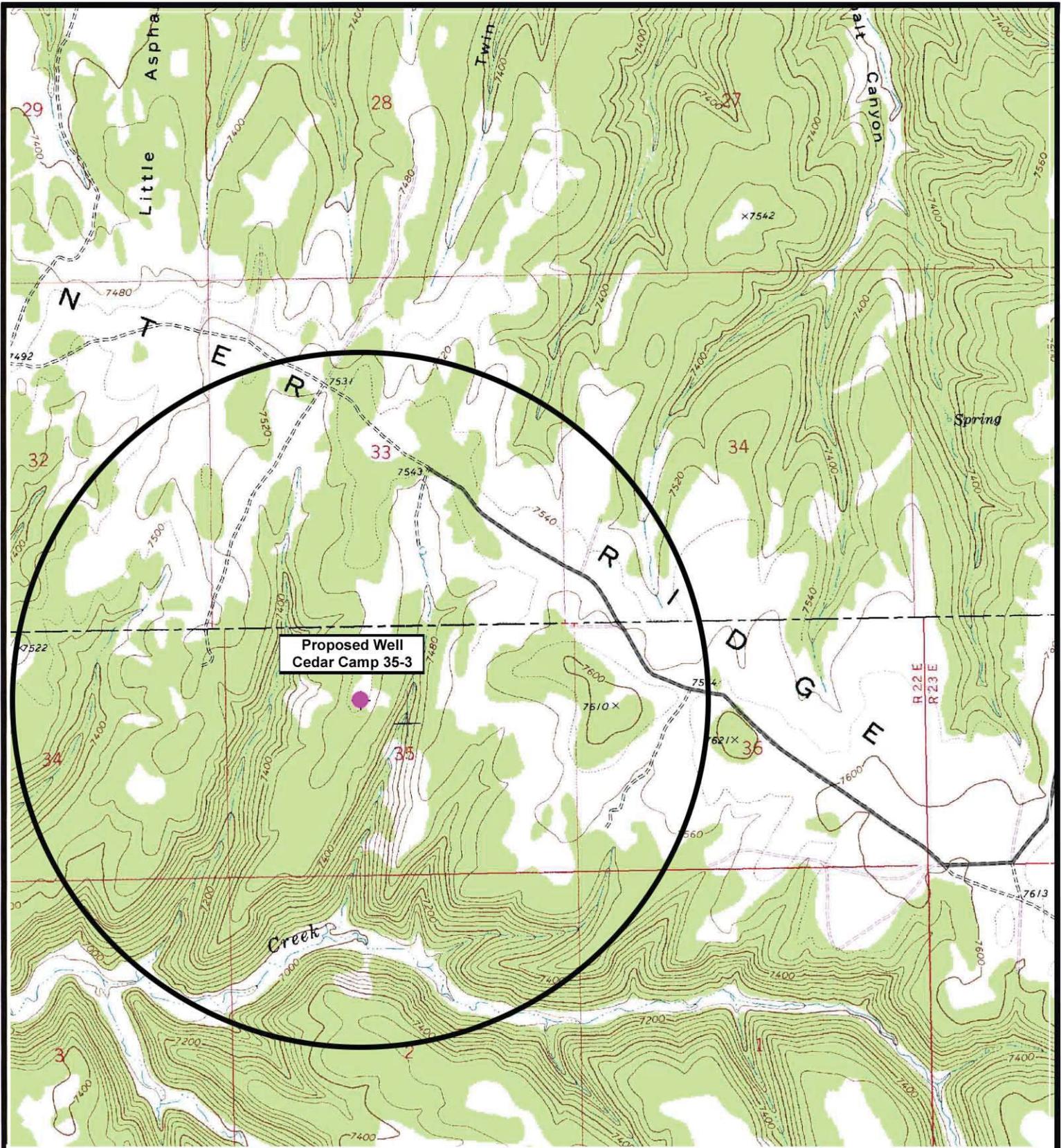
**Tri-State  
Land Surveying Inc.**  
(435) 781-2501  
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2,000'  
DRAWN BY: m.w.  
DATE: 06-09-2011

**Legend**

- Existing Road
- Proposed Access

TOPOGRAPHIC MAP  
**"B"**



**Proposed Well  
Cedar Camp 35-3**

**Robert L. Bayless  
Producer**

**Cedar Camp 35-3 (Proposed Well)**  
Pad Location SENW (LOT 3)  
SEC. 35, T15.5S, R22E, S.L.B.&M.



*Tri-State  
Land Surveying Inc.*  
(435) 781-2501  
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2000'  
DRAWN BY: m.w.  
DATE: 06-09-2011

**Legend**

- Location
- One-Mile Radius

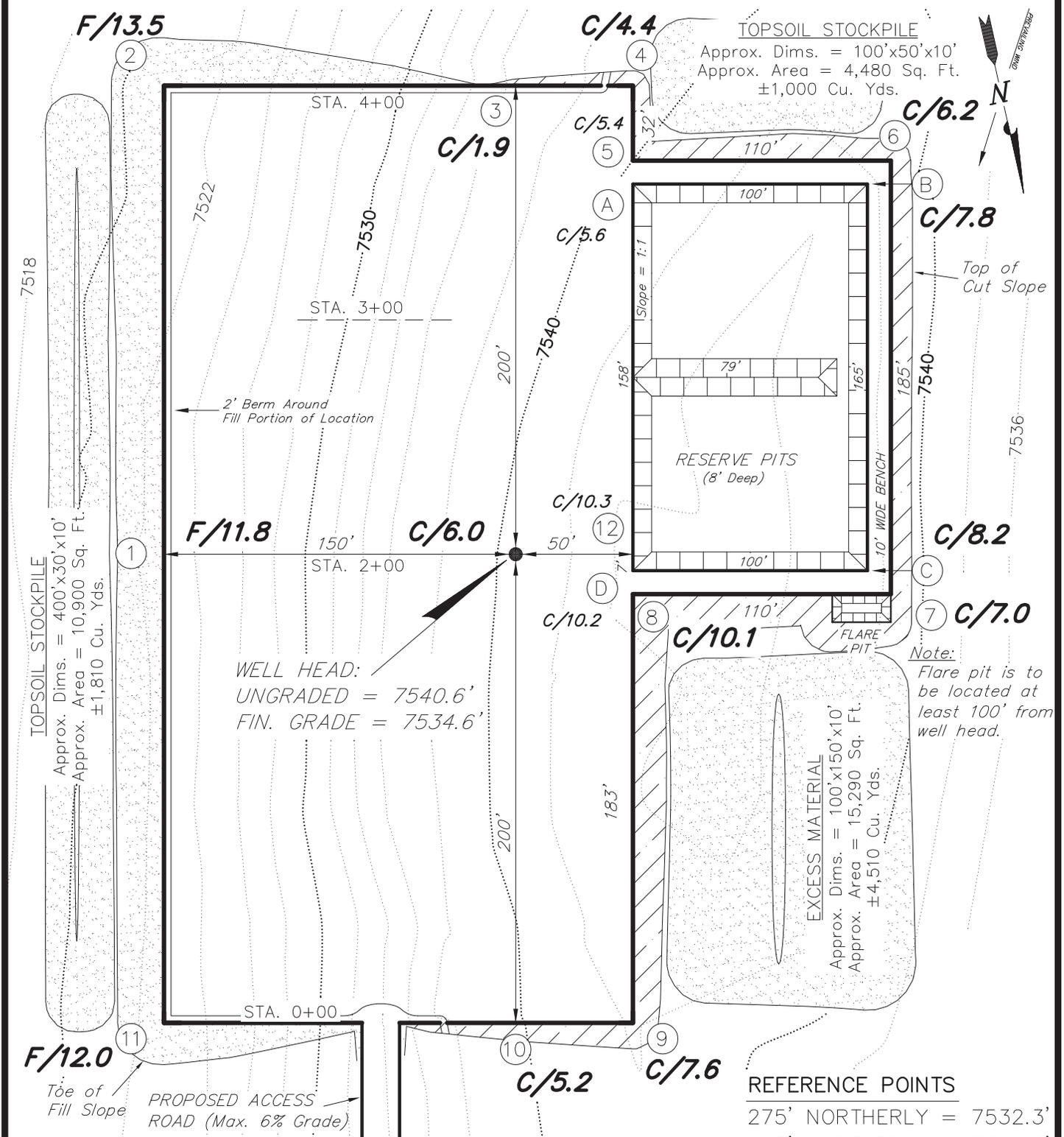
**Exhibit "B"**

# ROBERT L. BAYLESS PRODUCER

## LOCATION LAYOUT

### CEDAR CAMP 35-3

Pad Location: SENW (Lot 3) Section 35, T15.5S, R22E, S.L.B.&M.



NOTE:  
 The topsoil & waste material area is calculated as being mounds containing 7,320 cubic yards of dirt (a 15% fluff factor is included). The mound areas are calculated with push slopes of 2.5:1 & fall slopes of 2.5:1.

SURVEYED BY: C.D.S.	DATE SURVEYED: 05-24-11
DRAWN BY: M.W.	DATE DRAWN: 05-26-11
SCALE: 1" = 60'	REVISED:

**Tri State** (435) 781-2501  
 Land Surveying, Inc.  
 180 NORTH VERNAL AVE. VERNAL, UTAH 84078

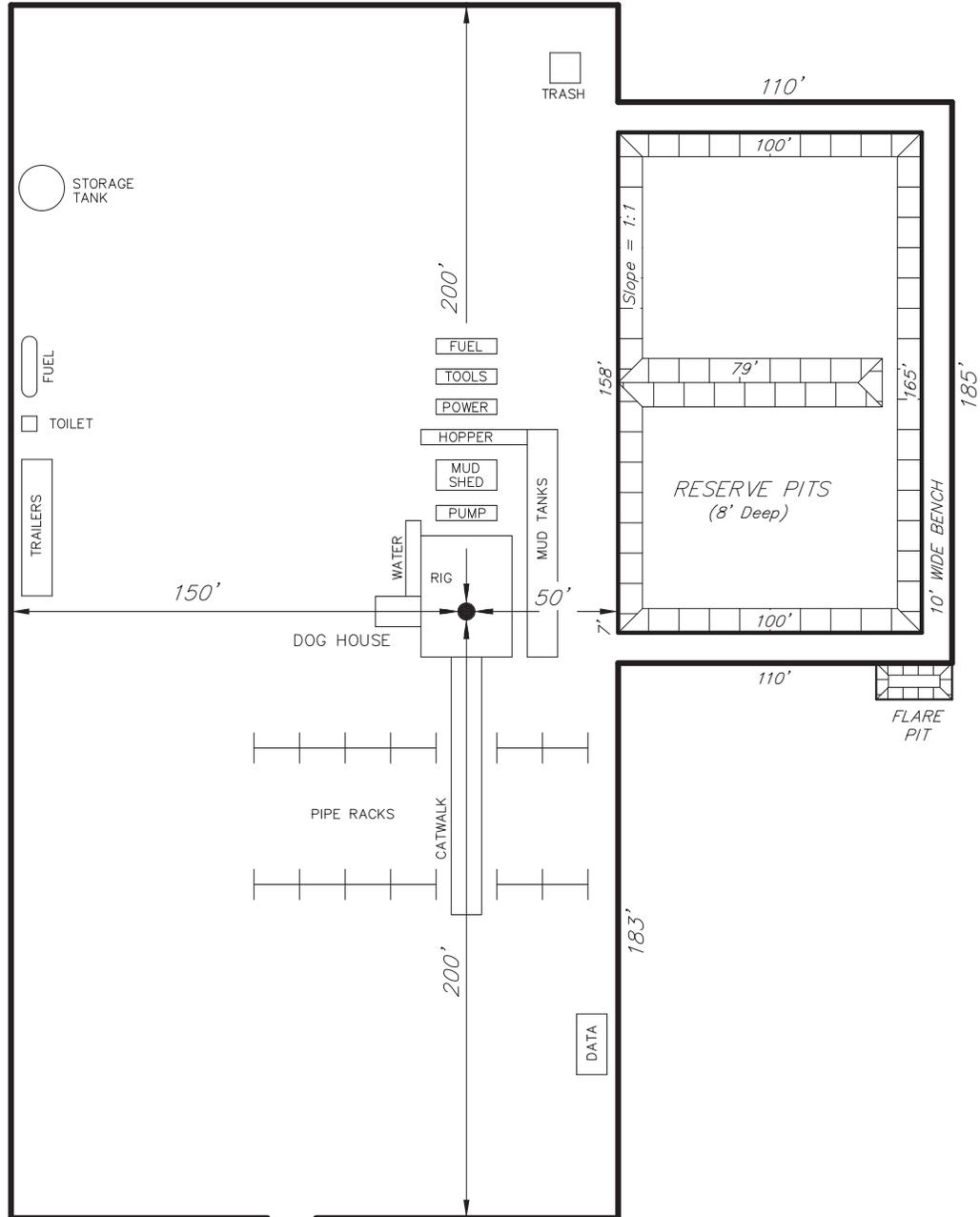
**RECEIVED: July 13, 2011**

# ROBERT L. BAYLESS PRODUCER

## TYPICAL RIG LAYOUT

### CEDAR CAMP 35-3

Pad Location: SENW (Lot 3) Section 35, T15.5S, R22E, S.L.B.&M.

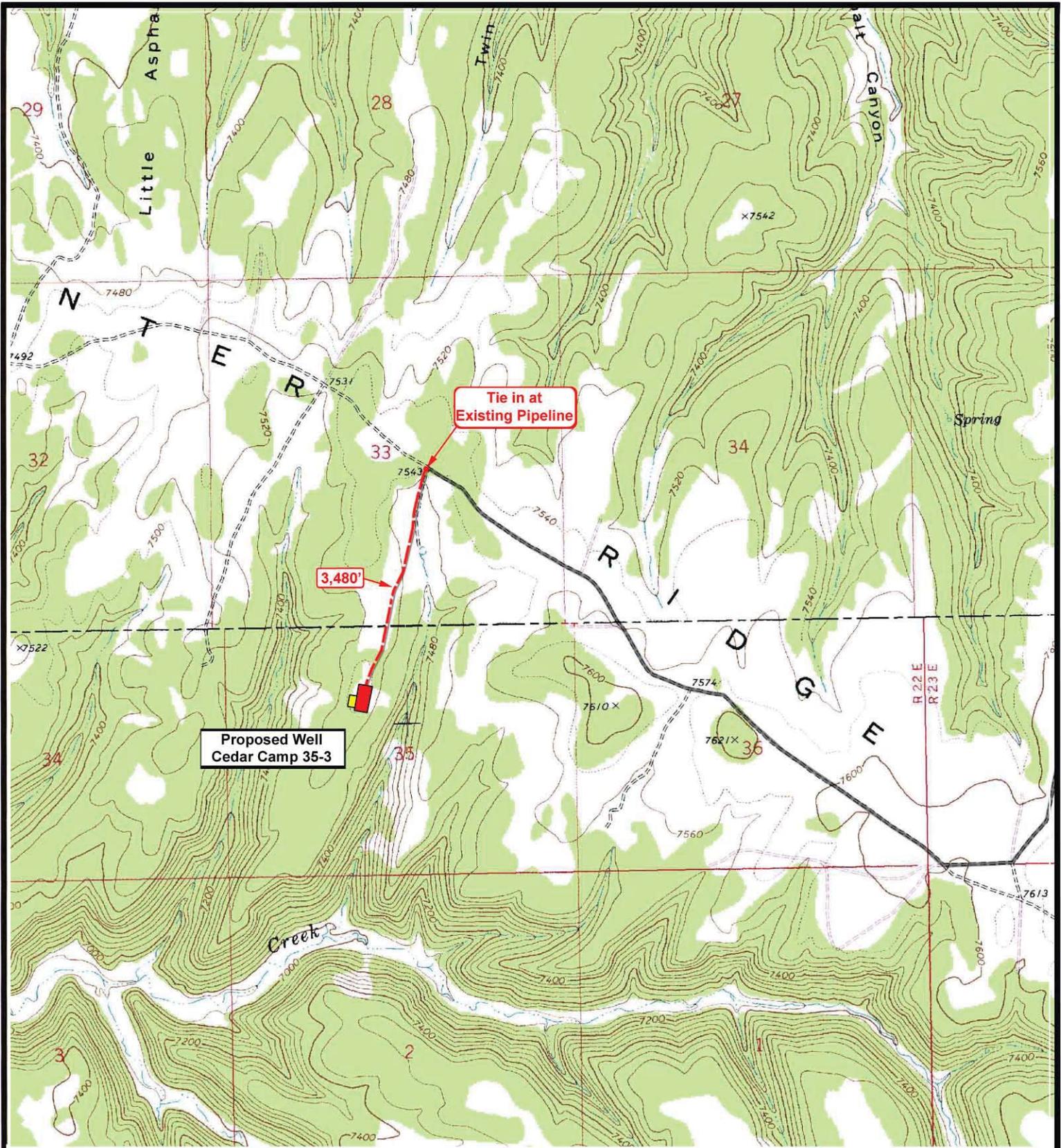


PROPOSED ACCESS ROAD (Max. 6% Grade)

SURVEYED BY: C.D.S.	DATE SURVEYED: 05-24-11
DRAWN BY: M.W.	DATE DRAWN: 05-26-11
SCALE: 1" = 60'	REVISED:

**Tri State** Land Surveying, Inc. (435) 781-2501  
 180 NORTH VERNAL AVE. VERNAL, UTAH 84078

**RECEIVED: July 13, 2011**



**Robert L. Bayless  
Producer**

**Cedar Camp 35-3 (Proposed Well)**  
Pad Location SENW (LOT 3)  
SEC. 35, T15.5S, R22E, S.L.B.&M.



**Tri-State  
Land Surveying Inc.**  
(435) 781-2501  
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2,000'  
DRAWN BY: m.w.  
DATE: 06-09-2011

**Legend**  
— Roads  
- - - Proposed Gas Line

TOPOGRAPHIC MAP  
**"C"**





Frog Pond & Silver Tanks.

# TEMPORARY APPLICATION TO APPROPRIATE WATER

Rec. by Q 48113  
 Fee Amt. \$ 150.00  
 Receipt # 11-01407

## STATE OF UTAH

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Title 73, Chapter 3, Utah Code Annotated 1953, as amended.

WATER RIGHT NUMBER: 49-2336  
 (002804JRICHENS)

TEMPORARY APPLICATION NUMBER: T 78808

\*\*\*\*\*

1. OWNERSHIP INFORMATION: LAND OWNED? No

A. NAME: R.N. Industries  
 ADDRESS: P. O. Box 98  
 Roosevelt, UT 84066

B. PRIORITY DATE: FILING DATE:

2. SOURCE INFORMATION:

A. QUANTITY OF WATER: 20.0 acre-feet

B. SOURCE: Green River COUNTY: Uintah

C. POINTS OF DIVERSION -- SURFACE:  
 (1) N 4,820 feet W 1,200 feet from S¼ corner, Section 33, T 8S, R 20E, SLBM  
 DIVERT WORKS: Pump to trucks and/or pump to a pipeline  
 SOURCE: Green River  
 (2) N 4,850 feet W 700 feet from S¼ corner, Section 33, T 8S, R 20E, SLBM  
 DIVERT WORKS: Pump to trucks and/or pump to a pipeline  
 SOURCE: Green River

D. COMMON DESCRIPTION: Ouray

3. WATER USE INFORMATION:

OTHER: from May 19 to May 20. OIL EXPLORATION: Drilling and completion of oil/gas wells in South Book Cliffs, Dust Control  
 The Acre Foot SOLE SUPPLY contributed by 00-2804 for OIL EXPLORATION use in this group is 20.0.  
 May 19, 2010 to May 20, 2011.

PLACE OF USE: (which includes all or part of the following legal subdivisions:)

BS TOWN RANG SC	----- Northwest Quarter -----*				-----*----- Northeast Quarter -----*				-----*----- Southwest Quarter -----*				-----*----- Southeast Quarter -----				Section	Totals
	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE		
SL 8S 20E	Entire TOWNSHIP																0.0000	
SL 8S 21E	Entire TOWNSHIP																0.0000	
SL 8S 22E	Entire TOWNSHIP																0.0000	
SL 8S 23E	Entire TOWNSHIP																0.0000	
SL 8S 24E	Entire TOWNSHIP																0.0000	

**RECEIVED**  
**APR 07 2011**  
 WATER RIGHTS  
 VERNAL

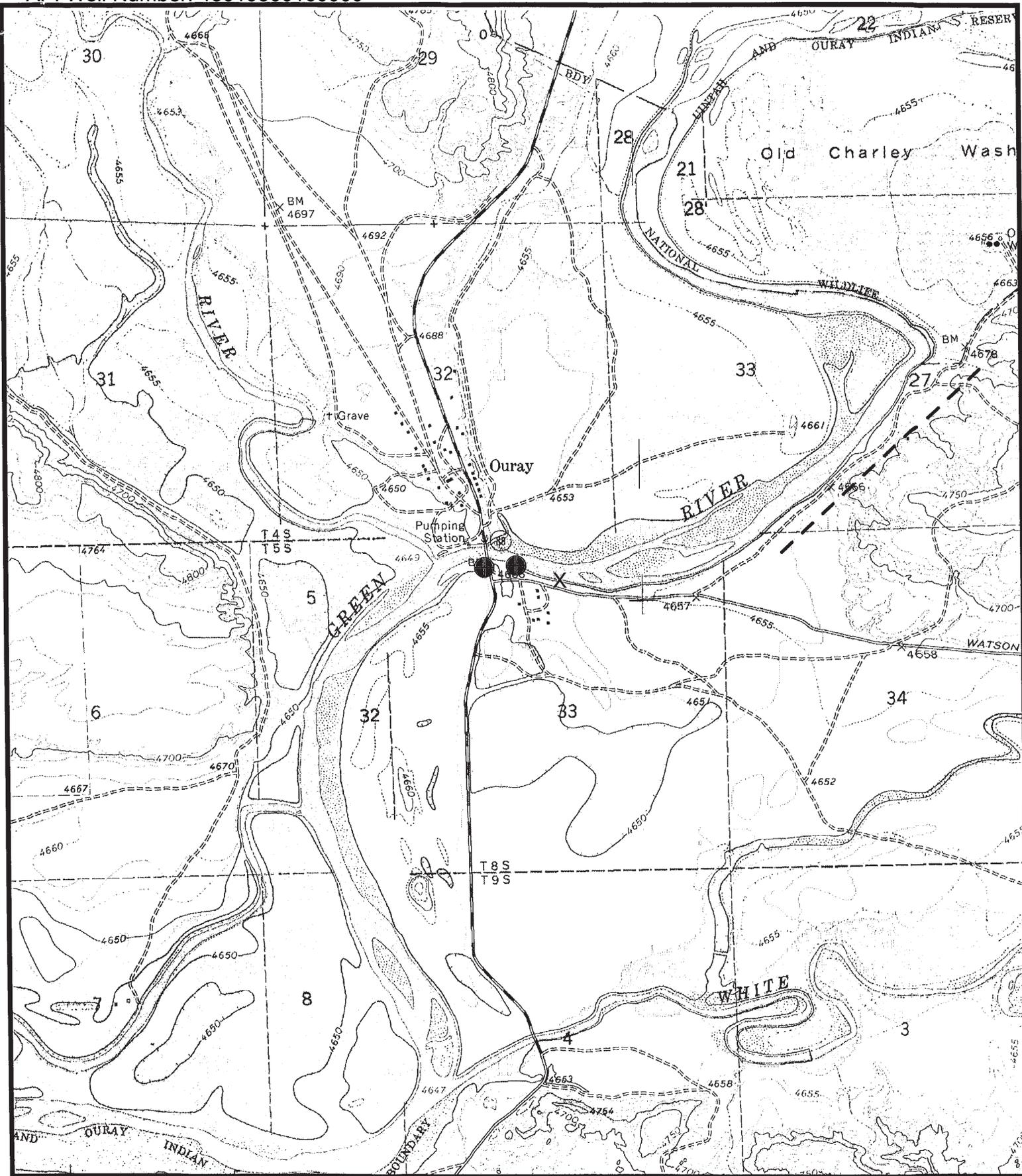
Continued on next page.

5. SIGNATURE OF APPLICANT(S):

The applicant(s) hereby acknowledge(s) that he/she/they are citizen(s) of the United States of America or intend(s) to become such a citizen(s). The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purposes herein described. The undersigned hereby acknowledges that even though he/she/they may have been assisted in the preparation of the above-numbered application through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of information contained herein, at the time of filing, rests with the applicant(s).

  
\_\_\_\_\_  
R.N. Industries

**RECEIVED**  
APR 07 2011  
WATER RIGHTS  
VERNAL



0 2000 Feet

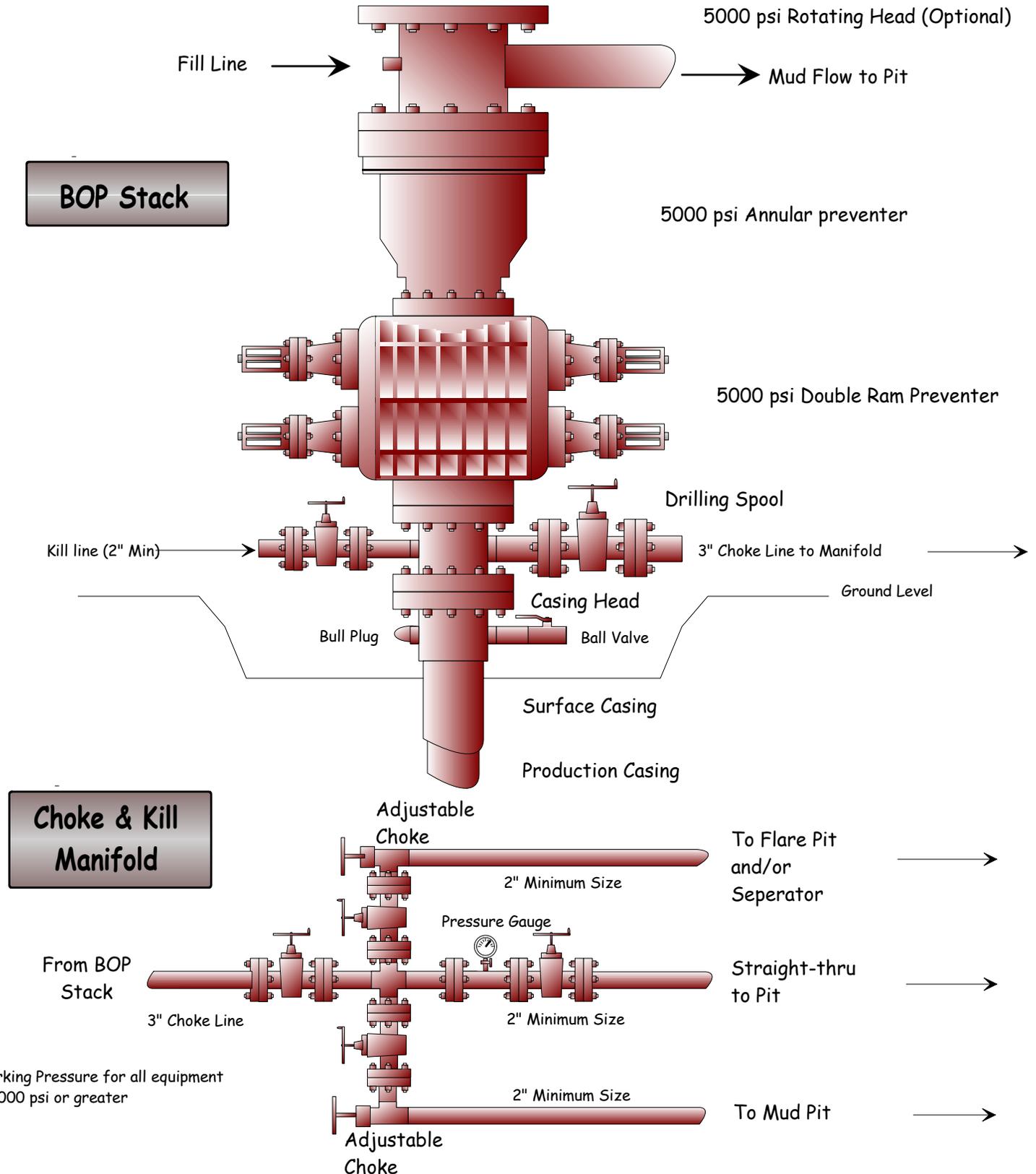


Point of Diversion: ●  
R.N. Industries

# Robert L. Bayless, Producer LLC

## 5M BOPE and Choke Manifold for 5000 psi Service

### CEDAR CAMP 35-5

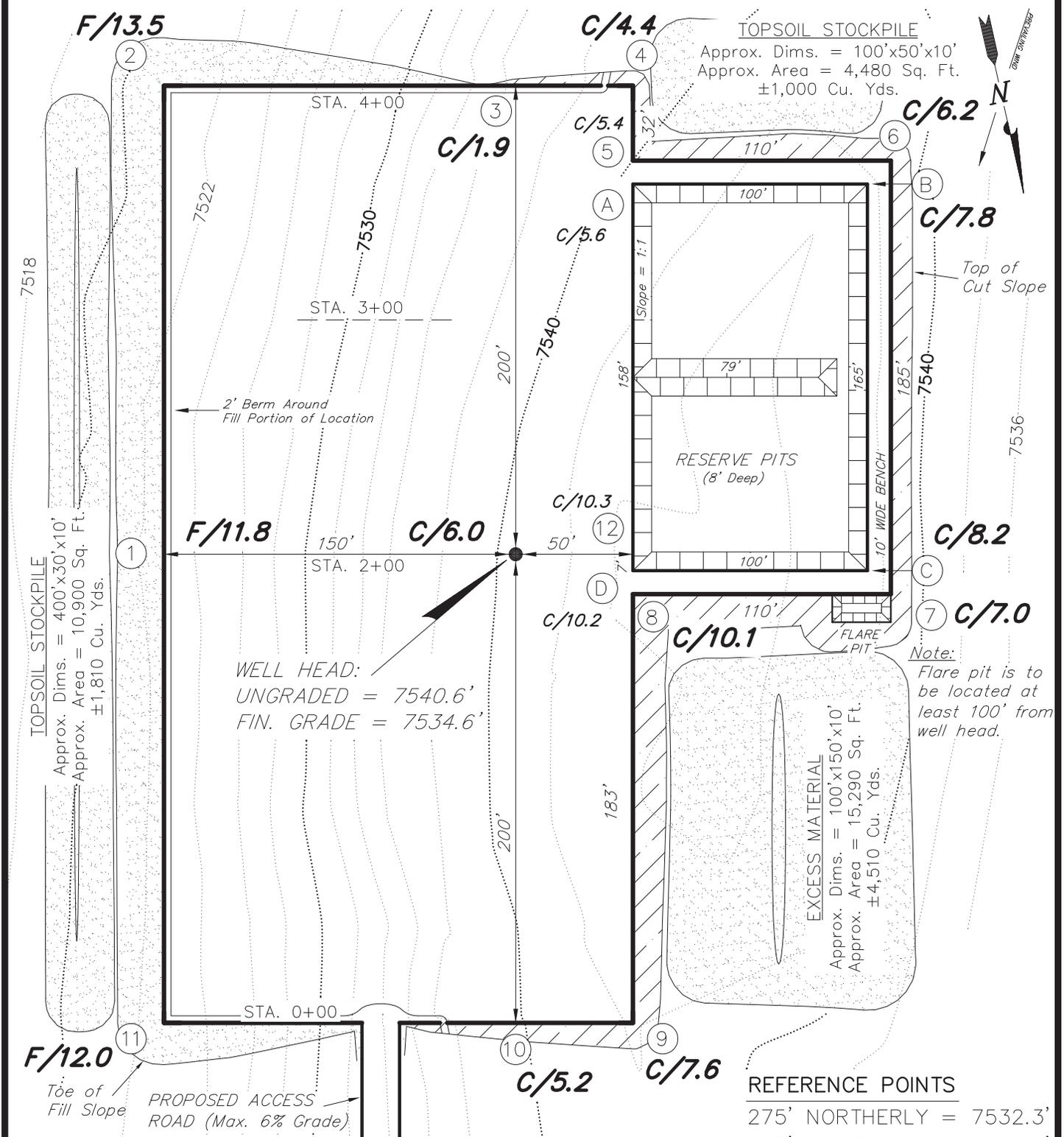


# ROBERT L. BAYLESS PRODUCER

## LOCATION LAYOUT

### CEDAR CAMP 35-3

Pad Location: SENW (Lot 3) Section 35, T15.5S, R22E, S.L.B.&M.



NOTE:  
 The topsoil & waste material area is calculated as being mounds containing 7,320 cubic yards of dirt (a 15% fluff factor is included). The mound areas are calculated with push slopes of 2.5:1 & fall slopes of 2.5:1.

SURVEYED BY: C.D.S.	DATE SURVEYED: 05-24-11
DRAWN BY: M.W.	DATE DRAWN: 05-26-11
SCALE: 1" = 60'	REVISED:

**Tri State** (435) 781-2501  
 Land Surveying, Inc.  
 180 NORTH VERNAL AVE. VERNAL, UTAH 84078

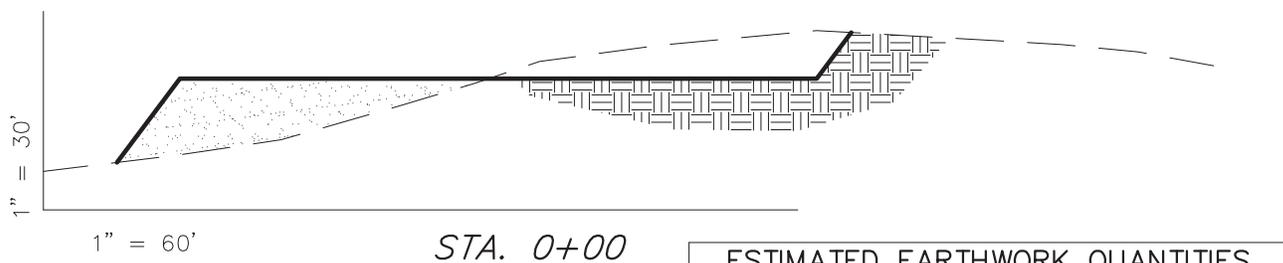
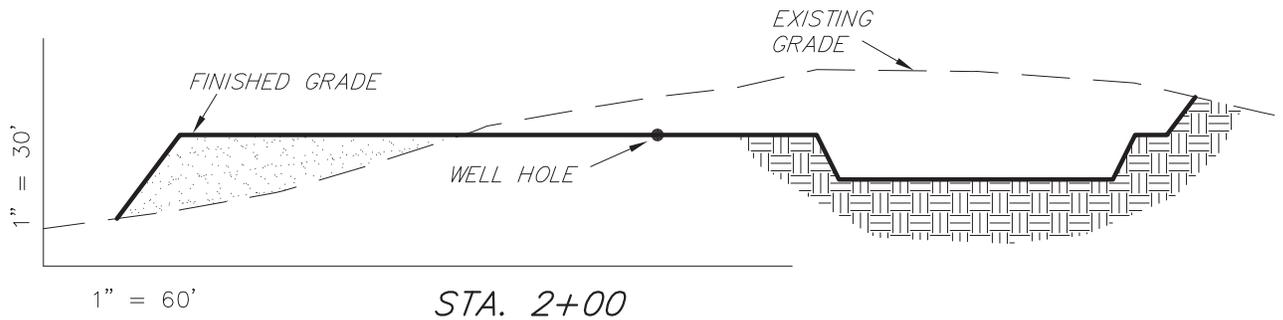
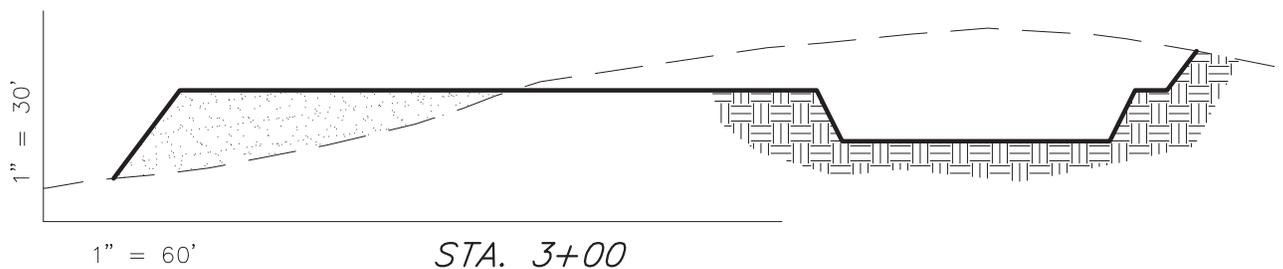
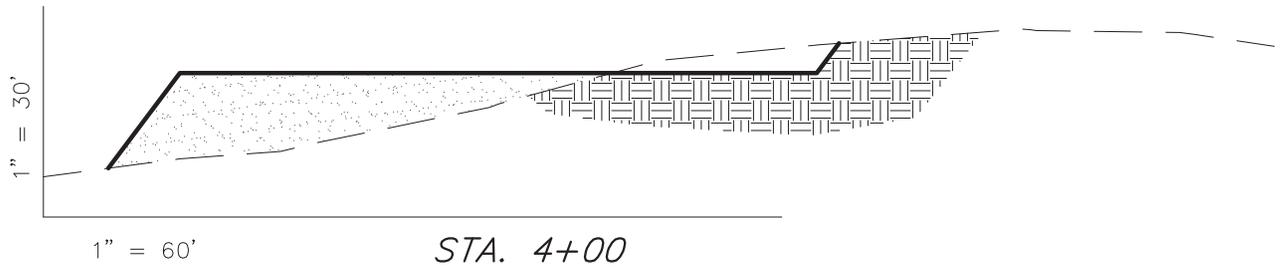
**RECEIVED: July 13, 2011**

# ROBERT L. BAYLESS PRODUCER

## CROSS SECTIONS

### CEDAR CAMP 35-3

*Pad Location: SENW (Lot 3) Section 35, T15.5S, R22E, S.L.B.&M.*



ESTIMATED EARTHWORK QUANTITIES (No Shrink or swell adjustments have been used) (Expressed in Cubic Yards)				
ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	13,800	13,800	Topsoil is not included in Pad Cut	0
PIT	4,100	0		4,100
TOTALS	17,900	13,800	2,560	4,100

NOTE:  
UNLESS OTHERWISE NOTED  
CUT SLOPES ARE AT 1:1  
FILL SLOPES ARE AT 1.5:1

SURVEYED BY: C.D.S.	DATE SURVEYED: 05-24-11	
DRAWN BY: M.W.	DATE DRAWN: 05-26-11	
SCALE: 1" = 60'	REVISED:	

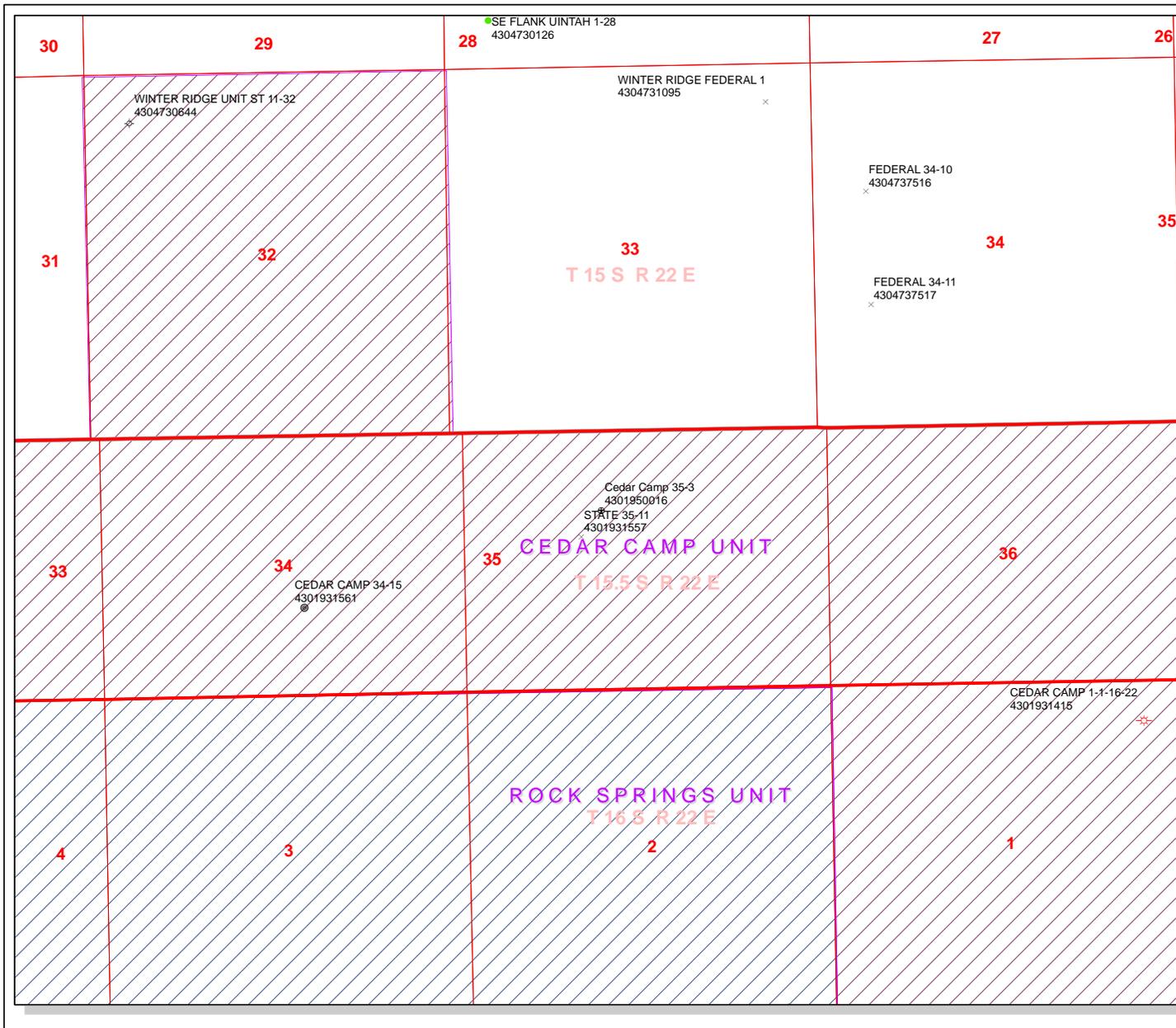
Tri State

Land Surveying, Inc.

180 NORTH VERNAL AVE. VERNAL, UTAH 84078

(435) 781-2501

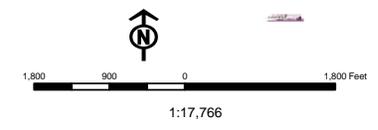
RECEIVED: July 13, 2011



**API Number: 4301950016**  
**Well Name: Cedar Camp 35-3**  
**Township T1.5 . Range R2.2 . Section 35**  
**Meridian: SLBM**  
 Operator: BAYLESS, ROBERT L PROD LLC

Map Prepared:  
 Map Produced by Diana Mason

- |               |                                    |
|---------------|------------------------------------|
| <b>Units</b>  | <b>Wells Query</b>                 |
| <b>STATUS</b> | <b>Status</b>                      |
| ACTIVE        | APD - Approved Permit              |
| EXPLORATORY   | DRL - Spudded (Drilling Commenced) |
| GAS STORAGE   | GIW - Gas Injection                |
| NF PP OIL     | GS - Gas Storage                   |
| NF SECONDARY  | LA - Location Abandoned            |
| PI OIL        | LOC - New Location                 |
| PP GAS        | OPS - Operation Suspended          |
| PP GEOTHERML  | PA - Plugged Abandoned             |
| PP OIL        | PGW - Producing Gas Well           |
| SECONDARY     | POW - Producing Oil Well           |
| TERMINATED    | RET - Returned APD                 |
| <b>Fields</b> | SGW - Shut-in Gas Well             |
| <b>STATUS</b> | SOW - Shut-in Oil Well             |
| Unknown       | TA - Temp. Abandoned               |
| ABANDONED     | TW - Test Well                     |
| ACTIVE        | WDW - Water Disposal               |
| COMBINED      | WIW - Water Injection Well         |
| INACTIVE      | WSW - Water Supply Well            |
| STORAGE       |                                    |
| TERMINATED    |                                    |
| Sections      |                                    |
| Township      |                                    |





State of Utah

GARY R. HERBERT  
*Governor*

GREG BELL  
*Lieutenant  
Governor*

Office of the Governor

PUBLIC LANDS POLICY COORDINATION

JOHN HARJA  
*Director*

August 8, 2011

Diana Mason  
Petroleum Specialist  
Department of Natural Resources, Division of Oil Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, UT 84114-5801

Subject: Application for Permit to Drill: Section 35, Township 15.0S, Range 22.0E,  
GRAND County  
RDCC Project Number 27460

Dear Ms. Mason:

The State of Utah, through the Public Lands Policy Coordination Office (PLPCO), has reviewed this project. Utah Code (Section 63J-4-601, *et. seq.*) designates PLPCO as the entity responsible to coordinate the review of technical and policy actions that may affect the physical resources of the state, and to facilitate the exchange of information on those actions among federal, state, and local government agencies. As part of this process, PLPCO makes use of the Resource Development Coordinating Committee (RDCC). The RDCC includes representatives from the state agencies that are generally involved or impacted by public lands management.

#### **Division of Air Quality**

Because fugitive dust may be generated during soil disturbance the proposed project will be subject to Air Quality rule R307-205-5 for Fugitive Dust. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules can be found at [www.rules.utah.gov/publicat/code/r307/r307.htm](http://www.rules.utah.gov/publicat/code/r307/r307.htm).

**RECEIVED: August 09, 2011**

Diana Mason  
August 8, 2011  
Page 2

The state encourages the use of Best Management Processes (BMP s) in protecting air quality in Utah. The state recommends the following BMP s as standard operating procedures:

- 1) Emission Standards for Stationary Internal Combustion Engines of 2 g/bhp-hr of NOx for engines less than 300 HP (Tier 3) and 1 g/bhp-hr of NOx for engines over 300 HP (Tier 3).
- 2) No or low bleed controllers for Pneumatic Pumps, Actuators and other Pneumatic devices.
- 3) Green completion or controlled VOC emissions methods with 90% efficiency for Oil or Gas Atmospheric Storage Tanks, VOC Venting controls or flaring. Glycol Dehydration and Amine Units Units, VOC Venting controls or flaring, Well Completion, Re-Completion, Venting, and Planned Blowdown Emissions.

If compressors or pump stations are constructed at the site a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to R307-401: Permit: Notice of Intent and Approval Order, of the Utah Air Quality Rules. A copy of the rules may be found at [www.rules.utah.gov/publicat/code/r307/r307.htm](http://www.rules.utah.gov/publicat/code/r307/r307.htm).

The State of Utah appreciates the opportunity to review this proposal and we look forward to working with you on future projects. Please direct any other written questions regarding this correspondence to the Public Lands Policy Coordination Office at the address below, or call Judy Edwards at (801) 537-9023.

Sincerely,



John Harja  
Director

API Well Number: 43019500160000

Diana Mason  
August 8, 2011  
Page 2

Well Name	ROBERT L. BAYLESS, PRODUCER LLC Cedar Camp 35-3 43			
String	COND	SURF	PROD	
Casing Size(")	14.000	9.625	5.500	
Setting Depth (TVD)	100	1000	10700	
Previous Shoe Setting Depth (TVD)	0	100	1000	
Max Mud Weight (ppg)	8.3	8.3	9.4	
BOPE Proposed (psi)	0	500	5000	
Casing Internal Yield (psi)	1000	3520	7740	
Operators Max Anticipated Pressure (psi)	4601		8.3	

Calculations	<b>COND String</b>	<b>14.000</b>	<b>"</b>
Max BHP (psi)	.052*Setting Depth*MW=	43	
			<b>BOPE Adequate For Drilling And Setting Casing at Depth?</b>
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	31	NO    air drill
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	21	NO
			<b>*Can Full Expected Pressure Be Held At Previous Shoe?</b>
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	21	NO
Required Casing/BOPE Test Pressure=		100	psi
*Max Pressure Allowed @ Previous Casing Shoe=		0	psi    *Assumes 1psi/ft frac gradient

Calculations	<b>SURF String</b>	<b>9.625</b>	<b>"</b>
Max BHP (psi)	.052*Setting Depth*MW=	432	
			<b>BOPE Adequate For Drilling And Setting Casing at Depth?</b>
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	312	YES    air drill
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	212	YES    OK
			<b>*Can Full Expected Pressure Be Held At Previous Shoe?</b>
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	234	NO    OK
Required Casing/BOPE Test Pressure=		1000	psi
*Max Pressure Allowed @ Previous Casing Shoe=		100	psi    *Assumes 1psi/ft frac gradient

Calculations	<b>PROD String</b>	<b>5.500</b>	<b>"</b>
Max BHP (psi)	.052*Setting Depth*MW=	5230	
			<b>BOPE Adequate For Drilling And Setting Casing at Depth?</b>
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	3946	YES
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	2876	YES    OK
			<b>*Can Full Expected Pressure Be Held At Previous Shoe?</b>
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	3096	NO    Reasonable
Required Casing/BOPE Test Pressure=		5000	psi
*Max Pressure Allowed @ Previous Casing Shoe=		1000	psi    *Assumes 1psi/ft frac gradient

Calculations	<b>String</b>		<b>"</b>
Max BHP (psi)	.052*Setting Depth*MW=		
			<b>BOPE Adequate For Drilling And Setting Casing at Depth?</b>
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			<b>*Can Full Expected Pressure Be Held At Previous Shoe?</b>
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi

API Well Number: 43019500160000

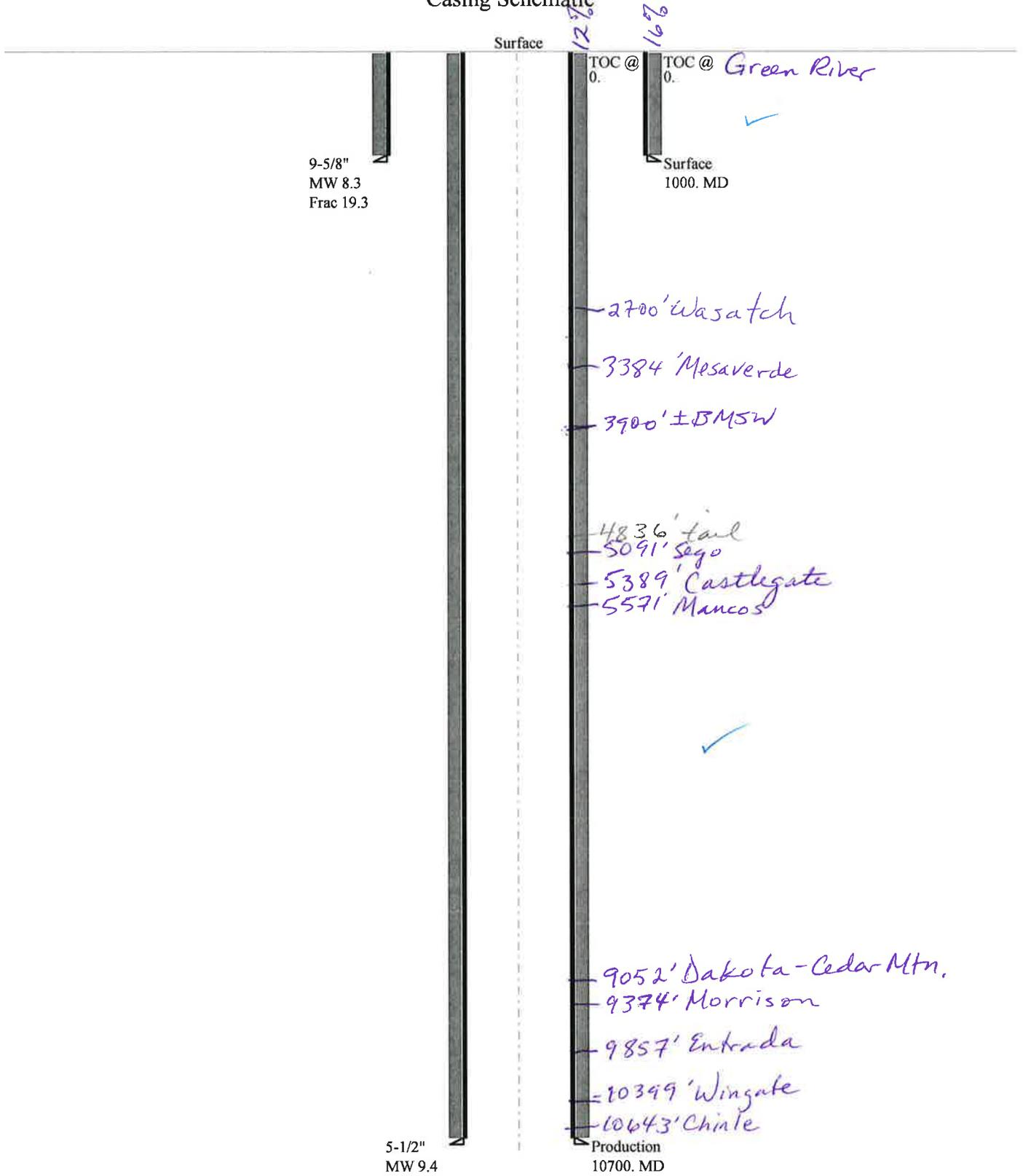
\*Max Pressure Allowed @ Previous Casing Shoe=

psi \*Assumes 1psi/ft frac gradient

**RECEIVED: August 15, 2011**

# 43019500160000 Cedar Camp 35-3

## Casing Schematic



Well name:	<b>43019500160000 Cedar Camp 35-3</b>		
Operator:	<b>ROBERT L. BAYLESS, PRODUCER LLC</b>		
String type:	Surface	Project ID:	43-019-50016
Location:	GRAND COUNTY		

**Design parameters:**

**Collapse**

Mud weight: 8.330 ppg  
 Design is based on evacuated pipe.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
 Surface temperature: 74 °F  
 Bottom hole temperature: 88 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 100 ft

Cement top: Surface

**Burst**

Max anticipated surface pressure: 880 psi  
 Internal gradient: 0.120 psi/ft  
 Calculated BHP 1,000 psi

No backup mud specified.

**Tension:**

8 Round STC: 1.80 (J)  
 8 Round LTC: 1.70 (J)  
 Buttress: 1.60 (J)  
 Premium: 1.50 (J)  
 Body yield: 1.50 (B)

Tension is based on air weight.  
 Neutral point: 877 ft

**Non-directional string.**

**Re subsequent strings:**

Next setting depth: 10,700 ft  
 Next mud weight: 9.400 ppg  
 Next setting BHP: 5,225 psi  
 Fracture mud wt: 19.250 ppg  
 Fracture depth: 1,000 ft  
 Injection pressure: 1,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	1000	9.625	36.00	J-55	ST&C	1000	1000	8.796	8692
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	433	2020	4.668	1000	3520	3.52	36	394	10.94 J

Prepared by: Helen Sadik-Macdonald  
 Div of Oil, Gas & Mining

Phone: 801 538-5357  
 FAX: 801-359-3940

Date: August 10, 2011  
 Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 1000 ft, a mud weight of 8.33 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

Well name:	<b>43019500160000 Cedar Camp 35-3</b>		
Operator:	<b>ROBERT L. BAYLESS, PRODUCER LLC</b>		
String type:	Production	Project ID:	43-019-50016
Location:	GRAND COUNTY		

**Design parameters:**

**Collapse**

Mud weight: 9.400 ppg  
 Design is based on evacuated pipe.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
 Surface temperature: 74 °F  
 Bottom hole temperature: 224 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 100 ft

Cement top: Surface

**Burst**

Max anticipated surface pressure: 2,871 psi  
 Internal gradient: 0.220 psi/ft  
 Calculated BHP 5,225 psi

No backup mud specified.

**Tension:**

8 Round STC: 1.80 (J)  
 8 Round LTC: 1.80 (J)  
 Buttress: 1.60 (J)  
 Premium: 1.50 (J)  
 Body yield: 1.60 (B)

**Non-directional string.**

Tension is based on air weight.  
 Neutral point: 9,175 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	10700	5.5	17.00	N-80	LT&C	10700	10700	4.767	60309
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	5225	6290	1.204	5225	7740	1.48	181.9	348	1.91 J

Prepared by: Helen Sadik-Macdonald  
 Div of Oil, Gas & Mining

Phone: 801 538-5357  
 FAX: 801-359-3940

Date: August 10, 2011  
 Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 10700 ft, a mud weight of 9.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

**From:** Jim Davis  
**To:** Hill, Brad; Mason, Diana  
**CC:** Bonner, Ed; Garrison, LaVonne; Hansen, Alex; hguerrero@rlbayless.com  
**Date:** 9/27/2011 9:26 AM  
**Subject:** Bayless APD approvals (2)

The following wells have been approved by SITLA including arch and paleo clearance. DWR has recommended a construction and drilling closure period from May 15 to July 15. SITLA would like Bayless to observe that recommendation if possible, and contact myself if not.

4304751718 Main Canyon 27-10  
4301950016 Cedar Camp 35-3

Thanks.  
-Jim

Jim Davis  
Utah Trust Lands Administration  
jimdavis1@utah.gov  
Phone: (801) 538-5156

>>> Alex Hansen 8/11/2011 7:46 PM >>>

Jim,

As I mentioned UDWR recommends a seasonal timing stip for fawning and calving for the Bayless wells in the Book Cliffs (Main canyon and Cedar camp wells) the timing closure is from May 15th through July 15th.

Also the grass we were seeing yesterday is Blue grama (*Bouteloua gracilis*) and one common name is eyebrow grass.

Thanks,  
Alex

Alex Hansen  
Habitat Biologist  
Utah Division of Wildlife Resources  
152 E 100 N  
Vernal, Utah 84078  
Office: (435) 781-5358  
Cell: (435) 823-0941

# Robert L. Bayless, Producer LLC

Oil & Gas Producer

P. O. Box 168  
Farmington, New Mexico 87499

FAX NO.  
(505) 326-6911

OFFICE NO.  
(505) 326-2659

November 17, 2011

## State of Utah

Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84116

**RE: Exception to Location Request R649-3-3**

Robert L. Bayless, Producer LLC  
Cedar Camp #35-3

Surface Loc: 1114' FNL & 2017' FWL (SENW) Section 35, T15.5S R22E

Bottomhole Loc: 1114' FNL & 2017' FWL (SENW) Section 35, T15.5S R22E

Grand County, Utah

State Lease: ML - 51390

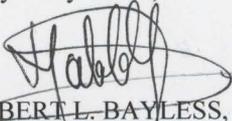
To Whom It May Concern:

In reference to the State Oil and Gas Conservation rule R649-3-3 Robert L. Bayless Producer LLC would like to request an exception to this rule due to geological structure and topography and the location of the Cedar Camp # 35-3.

There are no additional lease owners with 460 ft of the proposed location. If you have any questions please contact Habib Guerrero.

I appreciate your attention to this matter.

Very Truly Yours,



ROBERT L. BAYLESS, PRODUCER LLC

Habib Guerrero

Operations Engineer

hguerrero@rlbayless.com

# ON-SITE PREDRILL EVALUATION

## Utah Division of Oil, Gas and Mining

**Operator** BAYLESS, ROBERT L PROD LLC  
**Well Name** Cedar Camp 35-3  
**API Number** 43019500160000 **APD No** 4217 **Field/Unit** WILDCAT  
**Location: 1/4,1/4** SENW **Sec** 35 **Tw** 15.5S **Rng** 22.0E 1114 FNL 2017 FWL  
**GPS Coord (UTM)** 632415 4368672 **Surface Owner**

### Participants

Richard Powell (UDOGM), Alex Hansen (DWR), Habib Guerrero (Robert L. Bayless Producer), Paul Hawkes (TriState Land Surveying)

### Regional/Local Setting & Topography

This location is set in the top of the Book Cliffs approximately .25 mile south of the Uintah and Grand County line on southern edge of Winter Ridge. Winter Ridge is a long ridge running east and west along the Book Cliffs divide. The slopes to the north are gradual but on the south Winter Ridge drops off steeply to a deep canyon. This well is situated on a finger ridge between two steep canyon drainages which extend south off from Winter Ridge. Ouray, UT is approximately 77 miles by road to the north.

### Surface Use Plan

#### **Current Surface Use**

Grazing  
Wildlife Habitat

<b>New Road Miles</b>	<b>Well Pad</b>	<b>Src Const Material</b>	<b>Surface Formation</b>
0.66	<b>Width 200 Length 400</b>	Onsite	GRRV

**Ancillary Facilities** N

**Waste Management Plan Adequate?** Y

### Environmental Parameters

**Affected Floodplains and/or Wetlands** N

#### **Flora / Fauna**

Deer, Elk, Cougar, Black Bear, Rodents, Rabbitt, Raptors, Song birds.  
Mountain Mahogany, Oak Brush, Pinyon, Juniper, Sage, Grasses.

#### **Soil Type and Characteristics**

Clay loam soil with scattered small rock on surface

**Erosion Issues** N

**Sedimentation Issues** N

**Site Stability Issues** N

**Drainage Diverson Required?** N

**Berm Required?** Y

Berm should be placed on location due to steep canyon to the east

**Erosion Sedimentation Control Required?** N

**Paleo Survey Run?** Y **Paleo Potential Observed?** N **Cultural Survey Run?** Y **Cultural Resources?** N

**Reserve Pit**

<b>Site-Specific Factors</b>		<b>Site Ranking</b>	
<b>Distance to Groundwater (feet)</b>	>200	0	
<b>Distance to Surface Water (feet)</b>	>1000	0	
<b>Dist. Nearest Municipal Well (ft)</b>	>5280	0	
<b>Distance to Other Wells (feet)</b>	>1320	0	
<b>Native Soil Type</b>	Mod permeability	10	
<b>Fluid Type</b>	Fresh Water	5	
<b>Drill Cuttings</b>	Normal Rock	0	
<b>Annual Precipitation (inches)</b>	10 to 20	5	
<b>Affected Populations</b>			
<b>Presence Nearby Utility Conduits</b>	Not Present	0	
	<b>Final Score</b>	20	1 Sensitivity Level

**Characteristics / Requirements**

Reserve pit is to placed in cut in a stable location. Dimensions are 100' x 165' x 8' deep. Liner must be a minimum 20 mil liner with felt subliner. APD calls for for a 24 mil liner or greater.

**Closed Loop Mud Required?** N **Liner Required?** Y **Liner Thickness** 20 **Pit Underlayment Required?** Y

**Other Observations / Comments**

Richard Powell  
**Evaluator**

7/26/2011  
**Date / Time**

# Application for Permit to Drill Statement of Basis

11/22/2011

Utah Division of Oil, Gas and Mining

Page 1

<b>APD No</b>	<b>API WellNo</b>	<b>Status</b>	<b>Well Type</b>	<b>Surf Owner</b>	<b>CBM</b>
4217	43019500160000	LOCKED	GW	S	No
<b>Operator</b>	BAYLESS, ROBERT L PROD LLC		<b>Surface Owner-APD</b>		
<b>Well Name</b>	Cedar Camp 35-3		<b>Unit</b>		
<b>Field</b>	WILDCAT		<b>Type of Work</b>	DRILL	
<b>Location</b>	SENW 35 15S 22E S 1114 FNL 2017 FWL		GPS Coord (UTM)	632352E	4368868N

## Geologic Statement of Basis

Bayless proposes to set 100 feet of conductor pipe and 1,000' of surface casing. The surface casing and the intermediate casing will be cemented to surface. The base of the moderately saline water is at approximately 3,900 feet in this area. This location lies on the Green River Formation. The proposed location is in a recharge area for the aquifers of the upper Green River formation and fresh water can be expected to be found in the upper Green River. A search of Division of Water Rights records indicates no water wells within a 10,000 foot radius of the proposed location. The proposed casing and cement program should adequately protect any useable ground water. Production casing cement should be brought up above the base of the moderately saline ground water in order to isolate it from fresher waters uphole..

Brad Hill  
**APD Evaluator**

8/2/2011  
**Date / Time**

## Surface Statement of Basis

This onsite predrill site inspection was conducted on 7/26/2011. Sighting of this well was discussed because it is outside of the regular 40 acre spacing drilling window. According Habib Guerrero of Robert Bayless, if this well works out then more wells will be drilled from this location and the sighting is meant to be more centralized to accommodate future development with minimal surface disturbance. SITLA representative Jim Davis chose not to attend at the last minute due to family concerns, but requested that vegetation be removed and placed off location to be used for reclamation. Also there is need for a berm around the east (fill) side of the location. Mr. Alex Hansen (DWR) stated that this is deer and elk fawning and calving range and recommended that construction not be done from May 15 to July 15. This site appears stable and a good location for placement of this well.

Richard Powell  
**Onsite Evaluator**

7/26/2011  
**Date / Time**

## Conditions of Approval / Application for Permit to Drill

<b>Category</b>	<b>Condition</b>
Pits	A synthetic liner with a minimum thickness of 20 mils with a felt subliner shall be properly installed and maintained in the reserve pit.
Surface	Vegetation must be removed and piled off loction for use during reclamation.
Surface	The well site shall be bermed to prevent fluids from leaving the pad.
Surface	The reserve pit shall be fenced upon completion of drilling operations.

## WORKSHEET APPLICATION FOR PERMIT TO DRILL

**APD RECEIVED:** 7/13/2011

**API NO. ASSIGNED:** 43019500160000

**WELL NAME:** Cedar Camp 35-3

**OPERATOR:** ROBERT L. BAYLESS, PRODUCER LLC (N7950)

**PHONE NUMBER:** 505 564-7810

**CONTACT:** Habib Guerrero

**PROPOSED LOCATION:** SENW 35 155S 220E

**Permit Tech Review:**

**SURFACE:** 1114 FNL 2017 FWL

**Engineering Review:**

**BOTTOM:** 1114 FNL 2017 FWL

**Geology Review:**

**COUNTY:** GRAND

**LATITUDE:** 39.45922

**LONGITUDE:** -109.46158

**UTM SURF EASTINGS:** 632352.00

**NORTHINGS:** 4368868.00

**FIELD NAME:** WILDCAT

**LEASE TYPE:** 3 - State

**LEASE NUMBER:** ML-51390

**PROPOSED PRODUCING FORMATION(S):** CHINLE

**SURFACE OWNER:** 3 - State

**COALBED METHANE:** NO

**RECEIVED AND/OR REVIEWED:**

- PLAT
- Bond: STATE - 141769447
- Potash
- Oil Shale 190-5
- Oil Shale 190-3
- Oil Shale 190-13
- Water Permit: 43-8496
- RDCC Review: 2011-11-17 00:00:00.0
- Fee Surface Agreement
- Intent to Commingle

**Commingling Approved**

**LOCATION AND SITING:**

- R649-2-3.
- Unit:**
- R649-3-2. General
- R649-3-3. Exception
- Drilling Unit
- Board Cause No:** R649-3-3
- Effective Date:**
- Siting:**
- R649-3-11. Directional Drill

**Comments:** Presite Completed  
IRR SEC:

**Stipulations:** 1 - Exception Location - dmason  
5 - Statement of Basis - bhll  
21 - RDCC - dmason  
23 - Spacing - dmason



GARY R. HERBERT  
*Governor*

GREGORY S. BELL  
*Lieutenant Governor*

## State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

Division of Oil, Gas and Mining

JOHN R. BAZA  
*Division Director*

### Permit To Drill

\*\*\*\*\*

**Well Name:** Cedar Camp 35-3  
**API Well Number:** 43019500160000  
**Lease Number:** ML-51390  
**Surface Owner:** STATE  
**Approval Date:** 11/22/2011

**Issued to:**

ROBERT L. BAYLESS, PRODUCER LLC, P.O. Box 168, Farmington, NM 87499

**Authority:**

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-3. The expected producing formation or pool is the CHINLE Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

**Duration:**

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

**Exception Location:**

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

**General:**

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

**Conditions of Approval:**

The Application for Permit to Drill has been forwarded to the Resource Development Coordinating Committee for review of this action. The operator will be required to comply with any applicable recommendations resulting from this review. (See attached)

This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

**Additional Approvals:**

The operator is required to obtain approval from the Division of Oil, Gas and mining before performing any of the following actions during the drilling of this well:

- Any changes to the approved drilling plan – contact Dustin Doucet
- Significant plug back of the well – contact Dustin Doucet
- Plug and abandonment of the well – contact Dustin Doucet

**Notification Requirements:**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well – contact Carol Daniels  
OR  
submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <http://oilgas.ogm.utah.gov>
- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program – contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well – contact Dan Jarvis

**Contact Information:**

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voicemail message if the person is not available to take the call):

- Carol Daniels 801-538-5284 - office
- Dustin Doucet 801-538-5281 - office  
801-733-0983 - after office hours
- Dan Jarvis 801-538-5338 - office  
801-231-8956 - after office hours

**Reporting Requirements:**

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) – due within 5 days of spudding the well
- Monthly Status Report (Form 9) – due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) – due prior to implementation
- Written Notice of Emergency Changes (Form 9) – due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) – due prior to implementation
- Report of Water Encountered (Form 7) – due within 30 days after completion
- Well Completion Report (Form 8) – due within 30 days after completion or plugging

Approved By:

**Approved by:**

A handwritten signature in black ink, appearing to read "J. Rogers", written in a cursive style.

For John Rogers  
Associate Director, Oil & Gas



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

March 4, 2013

Robert L. Bayless, Producer LLC  
P.O. Box 168  
Farmington, NM 87499

Re: APD Rescinded – Cedar Camp 35-3, Sec. 35, T. 15.5S, R. 22E,  
Grand County, Utah API No. 43-019-50016

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on November 22, 2011. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 4, 2013.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason  
Environmental Scientist

cc: Well File  
SITLA, Ed Bonner

