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1625 N. French Dr., Hobbs, NM 88240
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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-045-30955
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator Lance Oil & Gas Company, Inc.		6. State Oil & Gas Lease No. B-11242-47 & V-4832
3. Address of Operator P. O. Box 70, Kirtland, NM 87417		7. Lease Name or Unit Agreement Name RPC 17
4. Well Location Unit Letter <u>O</u> : <u>562</u> feet from the <u>South</u> line and <u>1392</u> feet from the <u>East</u> line Section <u>17</u> Township <u>29N</u> Range <u>13W</u> NMPM San Juan County		8. Well Number #4
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5264' GR		9. OGRID Number 229938
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wildcat West Kutz Picture Cliffs
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input checked="" type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Lance Oil and Gas Company, Inc. (Lance) respectfully requests approval to temporarily abandon the RPC 17 #4 located in the SE/4 Section 17, T29N - R13W, San Juan County, New Mexico.

Richardson Operating Company originally completed the RPC 17 #4 in the West Kutz Pictured Cliffs formation during June, 2002. Production commenced during February, 2003 with production averaging 10 mcfd and 200 bwpd during April, 2003. Richardson temporarily shut-in the well at the end of April, 2003 and the well has remained shut-in for two and one-half years while evaluating water disposal alternatives.

Lance took possession of the RPC 17 #4 well on October 1, 2004 and other properties in the West Farmington area formerly owned and operated by Richardson Operating Company. Lance immediately commenced permitting operations and obtained a permit to drill the Salty Dog #6 water disposal well located in Section 19, T29N - R13W on May 9, 2005. However, Lance has not been able to locate a rig to drill the water disposal well. We are desperately hoping to drill the water disposal well as soon as possible but no later than the end of the year. In the meantime, Lance is obtaining necessary pipeline right-of-way and surface use agreements to facilitate pipeline construction as soon as the water disposal well has been drilled and completed. Also, Lance has plans to complete the RPC 17 #4 uphole to the Fruitland Coal and commingle with the Pictured Cliffs as soon as the water disposal well has been drilled and completed.

The RPC 17 #4 was drilled and cemented with cement circulated to surface. Pursuant to 19.15.4.203 B(2), Lance purports that the well is mechanically sound since the casing is only 3-1/2 years old. Furthermore, cement was circulated to surface on the backside of the 4-1/2", 10.5 #/ft, J-55, ST&C casing and a CBL was run to confirm cement to surface.

Please advise if you have any questions or concerns.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Thomas McGinnis TITLE SR. PETROLEUM ENGINEER DATE 8/17/05
Type or print name E-mail address: Telephone No.

For State Use Only

APPROVED BY: Charles TITLE SUPERVISOR DISTRICT # 3 DATE AUG 18 2005
Conditions of Approval (if any): *