

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

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

WELL API NO.
 30 - 045 - 32900
 5. Indicate Type of Lease
 STATE FEE
 6. State Oil & Gas Lease No.

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.)

1. Type of Well: Oil Well Gas Well Other Water Disposal Well

2. Name of Operator
 Lance Oil and Gas Company, Inc.

3. Address of Operator
 P. O. Box 70, Kirtland, NM 87417

4. Well Location
 Unit Letter B : 1,030 feet from the North line and 1,365 feet from the East line
 Section 16 Township 29N Range 14W NMPM County San Juan Co, NM

7. Lease Name or Unit Agreement Name
 Salty Dog

8. Well Number
 #5

9. OGRID Number
 229938

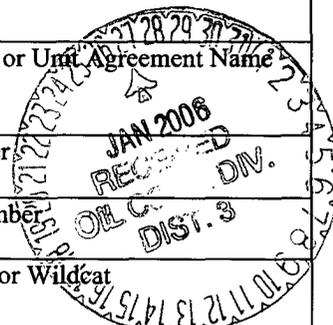
10. Pool name or Wildcat
 Entrada

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 5,213' GL

Pit or Below-grade Tank Application or Closure

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:

- PERFORM REMEDIAL WORK PLUG AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING MULTIPLE COMPL

OTHER:

SUBSEQUENT REPORT OF:

- REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. P AND A
 CASING/CEMENT JOB

OTHER: **Submit BHP Data & Water Analysis**

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.

The Salty Dog #5 was perforated in the Entrada formation from 6,514'-44' KB, 6,564'-94' KB and 6,614'-44' KB pursuant to approved Sundry Notice dated 12/12/05. The Entrada formation was swabbed on 12/05/05 with the well continuing to flow water between swab runs. Shut down swabbing and well continued to flow to the surface. A total of 30 bbls of water recovered to the surface. The well was shut-in at the surface for 18 hours and a bottomhole pressure was obtained the next morning. CPC - 230 psig with BHP - 3,113 psi @ 6,596' KB, Gradient - 0.472 psi/ft. Fluid level was reported at the surface.

The well was swabbed the next day and a water sample was collected after swabbing and flowing an additional 200 bbls. The water analysis (Sierra Chemicals) is attached for your perusal.

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 .

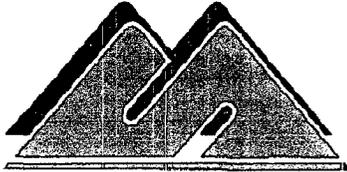
SIGNATURE Thomas M. Erwin TITLE Sr. Petroleum Engineer DATE 01/25/06

Type or print name Thomas M. Erwin, P.E. E-mail address: terwin@westerngas.com Telephone No. (505) 598-5601

For State Use Only

APPROVED BY: H. Villanueva TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE JAN 27 2006

Conditions of Approval (if any):



SIERRA CHEMICALS L.C.

Sierra Chemicals L.C.

104 Bison Trail Aztec N.M. 87410
Phone (505)-334-6449 Fax (505)-334-9530

WATER ANALYSIS

Date **12/15/2005** Sierra Rep **J.M.**
Sampling Point/Date **7:00 A.M. 12/6/2005**
Company **Lance Oil & Gas**
Formation **Disposal Well** Lease **Salty Dog**

Code **101024610**
State **New Mexico**
County **San Juan**
Well **#5**

DISSOLVED SOLIDS

CATIONS

	mg/l	me/l
Sodium, Na+ (Calc.)	8,809	383
Total Hardness as	400	0
Calcium Ca++	160	8
Magnesium, Mg++	146	12
Barium, Ba++	0	0
Iron (Total) Fe+++*	1	0

ANIONS

Chlorides, Cl-	9,000	254
Sulfate, SO4-	5,800	121
Carbonate, CO3-	0	0
Bicarbonates,	1,708	28
Sulfide, S-*	0	0
Total Dissolved	25,624	

OTHER PROPERTIES

pH*	7.322
Specific Gravity, 60/60 F.	1.012
Turbidity	99
Resistivity	0.0633 Ohms/m @ 77F

SCALING INDICIES

<u>TEMP. F</u>	<u>CA CO3</u>	<u>CASO4*2H2O</u>	<u>CA SO4</u>	<u>BA SO4</u>
80	0.2264	-0.6197	-0.7745	-28.7243
120	0.5119	-0.6298	-0.6042	-28.9565
160	0.9173	-0.6042	-0.4059	-29.1446

Notes: The scaling indices calculated from this water analysis outline a moderate possibility of forming Calcium Carbonate scale. The likelihood of scale formation increases as temperature rises.