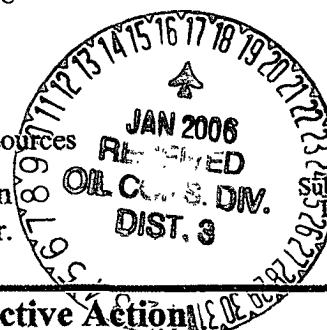


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505



Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

API # 30-045-30812

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company	Lance Oil & Gas Co. Inc.	Contact	Gary Donaldson
Address	P.O. Box 70, Kirtland, NM 87417	Telephone No.	(505) 598-5601 Ext.61
Facility Name	Salty Dog #2	Facility Type	Salt Water Disposal Well

Surface Owner	Mineral Owner	Lease No.
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
J	5	29N	14W	1495'	South	1477'	East	San Juan

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release	Produced Water	Volume of Release	40 bbls	Volume Recovered	25 bbls
Source of Release	SWD2 Emergency overflow pit	Date and Hour of Occurrence		Date and Hour of Discovery	
Was Immediate Notice Given?	X Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Charlie Perrin NMOCD, Mark Kelly BLM (message), Henry Villanueva BLM		
By Whom?	Gary Donaldson, Maintenance Foreman	Date and Hour	9:30	12/29/05	
Was a Watercourse Reached?	Small Wash X Yes <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	5 gallons		

If a Watercourse was Impacted, Describe Fully.*

Yes, a small wash in the area had been reached by a small amount of water (5 gallons), there was no water flowing in the wash at the time. Wet sand was scraped up and land farmed.

Describe Cause of Problem and Remedial Action Taken.*

Clutch on the transfer pump was disengaged, engine remained running therefore unit did not show a shut down alarm. We have since switched all pumps to electric system to start, stop and maintain pump injection.

Describe Area Affected and Cleanup Action Taken.*

Salty Dog 2 well location and South East to wash. Cleaned up and trucked affected soil to Envirotech to be land farmed.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: <i>Gary Donaldson</i>	OIL CONSERVATION DIVISION	
Printed Name: Gary Donaldson	Approved by District Supervisor: <i>Denny Fart</i> for Charlie Perrin	
Title: Maintenance Foreman	Approval Date: 1/23/06	Expiration Date:
E-mail Address: gdonalds@westerngas.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 12-29-05 Phone: (505)598-5601-61 or 947-2404		

* Attach Additional Sheets If Necessary

NDGF 0602335735