

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

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address LANCE OIL & GAS COMPANY, INC. PO BOX 70 KIRTLAND, NM 87417		2. OGRID Number 229938
		3. API Number 30-045-33883
4. Property Code 300853	5. Property Name ROPCO 9	6. Well No. 003R

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	9	29N	14W	M	1037	S	1216	W	SAN JUAN

8. Pool Information

BASIN FRUITLAND COAL (GAS)	71629
TWIN MOUNDS FRUITLAND SAND PC (GAS)	86620

Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type Private	13. Ground Level Elevation 5334
14. Multiple Y	15. Proposed Depth 1000	16. Formation Pictured Cliffs Formation	17. Contractor	18. Spud Date 9/15/2006
Depth to Ground water 50		Distance from nearest fresh water well 300		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 800 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	120	100	0
Prod	7.875	5.5	15.5	1000	300	0

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	2000	2000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/>.	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Mary Mondragon	Approved By: Charlie Perrin
Title: Supervisor Production	Title: District Supervisor
Email Address: mmondrag@westerngas.com	Approved Date: 8/10/2006 Expiration Date: 8/10/2007
Date: 8/3/2006 Phone: 303-450-3587	Conditions of Approval Attached

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Form C-102
 Permit 35451

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-33883	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 300853	5. Property Name ROPCO 9	6. Well No. 003R
7. OGRID No. 229938	8. Operator Name LANCE OIL & GAS COMPANY, INC.	9. Elevation 5334

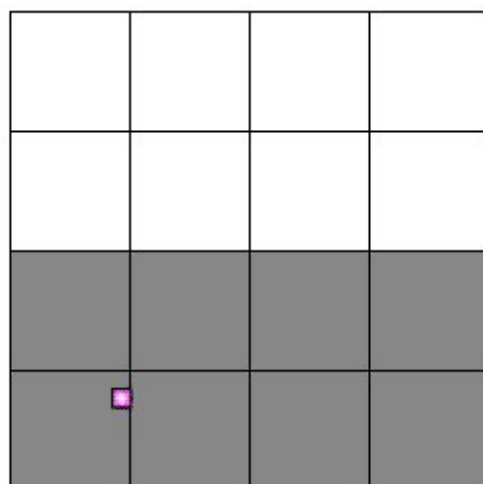
10. Surface Location

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M	9	29N	14W		1037	S	1216	W	SAN JUAN

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		13. Joint or Infill		14. Consolidation Code		15. Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Mary Mondragon
 Title: Supervisor Production
 Date: 8/3/2006

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Gerald Huddleston
 Date of Survey: 6/30/2006
 Certificate Number: 6844

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Form C-102
 Permit 35451

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-33883	2. Pool Code 86620	3. Pool Name TWIN MOUNDS FRUITLAND SAND PC (GAS)
4. Property Code 300853	5. Property Name ROPCO 9	6. Well No. 003R
7. OGRID No. 229938	8. Operator Name LANCE OIL & GAS COMPANY, INC.	9. Elevation 5334

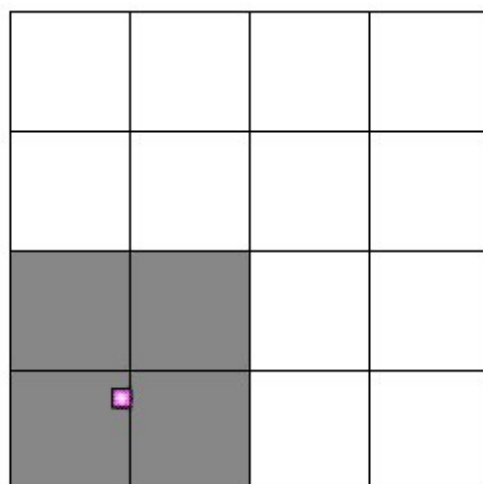
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 160.00		13. Joint or Infill		14. Consolidation Code		15. Order No.			

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Surveyed By: Gerald Huddleston
 Date of Survey: 6/30/2006
 Certificate Number: 6844

Permit Comments

Operator: LANCE OIL & GAS COMPANY, INC. , 229938

Well: ROPCO 9 #003R

API: 30-045-33883

Created By	Comment	Comment Date
ANNEJONES	This will be a replacement well for the existing Ropco 9 #2 well which has casing problems. The 9 #2 is still producing and Lance would like to permit the new well and drill the new well to hold leases in the unit. Once the new well has been completed, Lance will submit a C-103 for a P & A and once approved by the OCD, P & A 9 #2 and produce the 9 #2R upon approval of approved C-104 by OCD.	8/3/2006

Permit Conditions of Approval

Operator: LANCE OIL & GAS COMPANY, INC. , 229938

Well: ROPCO 9 #003R

API: 30-045-33883

OCD Reviewer	Condition
CPerrin	Hold C-104 for status change on Ropco 9 #2