

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Ave., Artesia, NM 88210

District III
Rio Huerfano Rd., 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 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
Permit 4175

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address LANCE OIL & GAS COMPANY, INC. 1099 18th Street Denver, CO 80202		OGRID Number 229938
Property Code 300888		API Number 30-045-32788
Property Name ROPCO 7		Well No. 004

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
0	7	29N	14W	0	1075	S	1805	E	San Juan

Proposed Pools

BASIN FRUITLAND COAL (GAS) 71629

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type Private	Ground Level Elevation 5202
Multiple N	Proposed Depth 520	Formation Fruitland Coal	Contractor	Spud Date 03/15/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	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	520	110	0

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	2000	2000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Electronically Signed By: Mary Mondragon

Title: Supervisor Production

Date: 01/04/2005

Phone: 303-450-3587

OIL CONSERVATION DIVISION

Electronically Approved By: Charlie Perrin

Title: Manager

Approval Date: 01/07/2005 Expiration Date: 01/07/2006

Conditions of Approval:
There are conditions. See Attached.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 113442 Exhibit No. 7-B
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Ave., Artesia, NM 88210

District III
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
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 4175

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-32788	Pool Name BASIN FRUITLAND COAL (GAS)	Pool Code 71629
Property Code 300888	Property Name ROPCO 7	Well No. 004
OGRID No. 229938	Operator Name LANCE OIL & GAS COMPANY, INC.	Elevation 5202

Surface And Bottom Hole Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
0	7	29N	14W	0	1075	S	1805	E	San Juan
Dedicated Acres 320		Joint or Infill		Consolidation Code		Order No.			

		x	

OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
Electronically Signed By: Mary Mondragon
Title: Supervisor Production
Date: 01/04/2005

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: 12/10/2004
Certificate Number: 6844

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 113442 Exhibit No. 7-C
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

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. 30-045-32788
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Ropco 7
8. Well Number #4
9. OGRID Number 229938
10. Pool name or Wildcat Twin Mounds PC

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

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

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

4. Well Location
 Unit Letter 0 : 1075 feet from the South line and 1805 feet from the East line
 Section 7 Township 29N Range 14W NMPM San Juan County NM

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5202 GR

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

SUBSEQUENT REPORT OF:

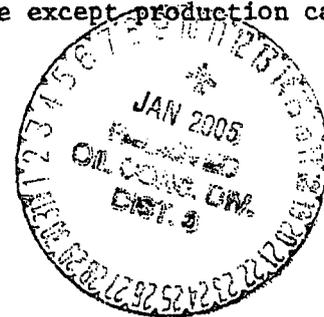
REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. P AND A
 CASING/CEMENT JOB

OTHER:

OTHER:

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 & Gas Company, Inc. hereby requests approval to add the Twin Mounds Fruitland Sand PC (86620) to this well. Request Proposed depth be 700'. Casing and cement as applied for on original C-101 application will remain same except production casing will be cemented with 130 SX of cement to surface.



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 _____ TITLE Sr. Landman DATE 1-10-05

Type or print name Paul Lehrman E-mail address: plehrman@westerngas.com Telephone No. 598-5601
 For State Use Only Ext. 57

APPROVED BY: _____ TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 38 DATE 11 2005

Conditions of Approval (if any): _____

**List of Unleased Mineral Owners
Nature & percent of interest
Lance Oil & Gas Company, Inc.
ROPCO 7 #4**

**Pictured Cliffs Formation SE/4 Section 7 – T29N-R14W, NMPM
Fruitland Coal Formation E/2 Section 7 – T29N-R14W, NMPM
San Juan County, New Mexico**

Name & Address	Acreage	% Interest PC	% Interest FC
Bobby Willis & Carrie Willis, H/W Et als PO Box 432 Kirtland, NM 87417	0.8021	0.5013	0.2507
David Vigil, Jr. #9 CR 6299 Kirtland, NM 87417	0.3400	0.2125	0.1063
Ru-Boo 1900 Chilton Court Farmington, NM 87401	1.3543	0.8464	0.43232
Mortgage Electronic Registration Systems, Inc. 601 Fifth Avenue Scottsbluff, NE 6936103541	1.1358	0.7099	0.03549
James D. & Rita Ann Spade, Sr. #13 CR 6427 Kirtland, NM 87417	0.5200	0.3250	0.1625
Antonio P. & Rose Jean Herrera #15 CR 6427 Kirtland, NM 87417	0.5000	0.3125	0.1563
Kenny Dewayne & Shana Dee Irvin 550 W. Diagonal Ste #9 St. George, UT 84770	0.5000	0.3125	0.1563
James M. & Andrea M. Sheridan PO Box 435 Kirtland, NM 87417	0.5000	0.3125	0.1563
Orland C. & Charlotte Joe, Sr. #25 CR 6427 Kirtland, NM 87417	1.0400	0.6500	0.3250
Troy L. & Margie G. Guillory #11 CR 6345 Kirtland, NM 87417	0.74	0.4625	0.2313
Jose O. Valenzuela PO Box 995 Kirtland, NM 87417	0.3696	0.2310	0.1155
Rhonda Median PO Box 995 Kirtland, NM 87417	0.3696	0.2310	0.1155
Randy J. & Dennise Manning PO Box 25 Kirtland, NM 87417	0.4500	0.2813	0.1406
Vernon J. & Jo Ann Manning PO Box 405 Kirtland, NM 87417	0.6920	0.4325	0.2163
Jeff S. & Tammie G. Manning PO Box 1353 Kirtland, NM 87417	0.500	0.3125	0.1563
Danene Sherwood 4124 US Hwy 64 Kirtland, NM 87417	0.7800	0.4875	0.2438
TOTALS	10.5934	6.6209	3.31992

**BEFORE THE
OIL CONSERVATION DIVISION**

Case No. 113442 Exhibit No. **7-E**
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

EXHIBIT
A

Certified Mail

January 24, 2005

RE: Lance Oil & Gas Company, Inc.
Fruitland Coal/Pictured Cliffs Well Proposal
Township 29 North, Range 14 West, NMPM
Section 7: SE/4 Pictured Cliffs/Fruitland Coal
San Juan County, New Mexico

Dear :

Lance Oil & Gas Company, Inc. is proposing to drill a well in the referenced area within the year. Title examination indicates that you are a mineral interest owner in this area of development. At this time we would like to inform you of your choices in regard to the proposed well in this area:

1. Enter into an oil and gas lease that provides for a five year primary term with bonus consideration of \$**** and a 12.5% (1/8th) royalty in the event of production. Enclosed for your convenience are two copies of this lease. If you choose to participate as a royalty owner please execute the lease in the presence of a notary public and return it to the above address. A check for the bonus consideration will be sent within 10 working days.
2. Participate as a "working interest" owner. An Authority for Expenditure ("AFE") is enclosed itemizing the estimated cost of drilling and completing the wells involving your mineral interest. Your proportionate share of the well with the estimated drilling and completion cost are indicated at the bottom of the AFE. In the event you wish to participate as a working interest owner, please sign the AFE and return to the above address with your check for the amount indicated as your share of the estimated cost. Upon receipt of the executed AFE a Joint Operating Agreement (AAPL Form 610) will be sent for your review and execution. The Operating Agreement will outline your working interest responsibilities, including drilling rates, operating rates, maintenance provisions and plugging liabilities when the well is abandoned.
3. Sell your mineral interest to Lance Oil & Gas Company, Inc. for \$****.
4. Pooling statutes for the State of New Mexico provide authorization for the State to "compulsory pool" your interest in the proposed wells. These statutes provide for the following ... "any unleased mineral interest shall be considered a seven-eighths (7/8th) working interest and a one-eighths 1/8th) royalty interest for the purpose of allocating costs and charges under this order. Any well costs or charges that are to be paid out production shall be withheld only from the working interests' share of production.. ... "any non-consenting working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the well." In addition you would be responsible for your proportionate share of plugging liabilities when the well is abandoned and any maintenance necessary to maintain production from the well.

Please indicate your choice of participation by checking in the appropriate box and returning one copy of this letter in the enclosed return envelope. ***If you elect to lease or to sell your mineral interest, please complete the enclosed W-9 Request for Taxpayer Identification Number and Certification and return, a check cannot be issued without a tax ID number.*** If we have not received your response within 30 days from date of this letter, Lance will initiate a Compulsory Pooling hearing. At that time additional documents will be sent to you regarding this action.

Should you have any questions concerning any of these options please contact the undersigned at 505-598-5601 ex 62.

Sincerely,

Anne Jones
Sr. Landman

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 113442 Exhibit No. **7-F**
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

**PLEASE NOTE THIS WELL WILL NOT IMPACT YOUR SURFACE
THERE WILL BE NO SURFACE OCCUPANCY BY LANCE ON YOUR PROPERTY**

AFFIDAVIT OF PUBLICATION

Ad No. 51194

STATE OF NEW MEXICO
County of San Juan:

CONNIE PRUITT, being duly sworn says:
That she is the CLASSIFIED MANAGER of
THE DAILY TIMES, a daily newspaper of
general circulation published in English at
Farmington, said county and state, and that
the hereto attached Legal Notice was
published in a regular and entire issue of the
said DAILY TIMES, a daily newspaper duly
qualified for the purpose within the meaning of
Chapter 167 of the 1937 Session Laws of the
State of New Mexico for publication and
appeared in the Internet at The Daily Times
web site on the following day(s):

Monday, February 14, 2005.

And the cost of the publication is \$461.70.

Connie Pruitt

ON 2/18/05 CONNIE PRUITT
appeared before me, whom I know personally
to be the person who signed the above
document.

Wynell Corey
My Commission Expires November 17, 2008.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 113442 Exhibit No. 7-9
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005
BEFORE THE

COPY OF PUBLICATION

918

NOTICE OF PUBLICATION

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on February 17, 2005, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, at 10:00 A.M. for an examiner duly appointed for the hearing. If you are an individual with a disability who requires a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the Relay Network, 1-800-659-1779 by February 25, 2005. Public documents including the application, notices, and other documents, can be provided in various accessible forms. Please contact Florene Davidson if a specific type of accessible form is needed.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following and notice to the public, including the following:

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not otherwise stated.)

CASE 13435: West American Corporation

CASE 13435: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of mineral interests to the Pictured Cliffs Gas Pool underlying the SE/4 of Irregular Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 162.07-acre gas spacing and proration unit for any production from the Pictured Cliffs Gas Pool, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is to be drilled at a standard location in Unit A of this section for production from the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. Also to be considered will be the costs of drilling and completion of this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

CASE 13436: West American Corporation

CASE 13436: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of mineral interests to the Pictured Cliffs Gas Pool underlying both the SW/4 and the S/2 of Irregular Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 322.07-acre gas spacing unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. These units are to be dedicated to its WF ROPCO "17" Well No. 3 (API# 30-045-32160) to be drilled at a standard location in Unit L of this section for mingled production from the Basin Fruitland Coal Gas Pool and the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. Also to be considered will be the costs of drilling and completion of this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

CASE 13437 and CASE 13438:

Norma Schmitt & C. Gregory Schmitt Co-Trustee, Joel W. & Sherry Foutz, Shaun D. James Thomas & Heather Lee Robbins, Sabiniano Jr. & Veronica E. Lobato, Roger L. Isham, Anne M. & Alan D. Youts, Schmitt Revocable Trust, and Cloyd B. & Nona B. Schmitt

CASE 13437: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of mineral interests to the Pictured Cliffs Gas Pool underlying the NW/4 of Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is to be drilled at a standard location in Unit A of this section for production from the Basin Fruitland Coal Gas Pool and the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. Also to be considered will be the costs of drilling and completion of this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

CASE 13438: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of mineral interests to the Pictured Cliffs Gas Pool underlying both the NE/4 and the N/2 of Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. These units are to be dedicated to its WF ROPCO "17" Well No. 2 (API# 30-045-32140) to be drilled at a standard location in Unit A of this section for production from the Basin Fruitland Coal Gas Pool and the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. Also to be considered will be the costs of drilling and completion of this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

CASE 13439: Brian E. & Laura Overturf, Manuel & Ora Mae LaCour, Kenneth E. & Ethel M. & Dewey B. & Velma O. Dobbs

CASE 13439: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of mineral interests to the Pictured Cliffs Gas Pool underlying both the SE/4 and the E/2 of Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is to be drilled at a standard location in Unit A of this section for production from the Basin Fruitland Coal Gas Pool and the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. Also to be considered will be the costs of drilling and completion of this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

risk involved in this well. This unit is located approximately 1-1/2 miles east-southeast from Kirtland, New Mexico.

CASE 13438: Application of Lance Oil & Gas Company, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation and the Basin Fruitland Coal-Gas Pool underlying both the NE/4 and the N/2 of Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. These units are to be dedicated its WF FRPC "17" Well No. 1 (API# 30-045-31511) to be drilled at a standard location in Unit A of this section for downhole commingled production from the Basin Fruitland Coal Gas Pool and the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. Also to be considered will be the costs of drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

CASE 13439: Brian E. & Laura Overturf, Manuel & Ora Mae LaCour, Kenneth E. & Ethel L. King, and Dewey B. & Velma O. Dobbs

CASE 13439: Application of Lance Oil & Gas Company, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation and the Basin Fruitland Coal-Gas Pool underlying both the SE/4 and the E/2 of Section 15, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the West Kutz-Pictured Cliffs Gas Pool. These units are to be dedicated its NV Navajo "15" Well No. 4 (API# 30-045-31294) to be drilled at an unorthodox gas well location in Unit J of this section for production from the Basin Fruitland Coal Gas Pool and the West Kutz-Pictured Cliffs Gas Pool (See Administrative Order NSL-4936, dated August 18, 2003). The applicant also seeks to include provisions for subsequent operations and procedures for an optional "infill" coalbed-gas well. Also to be considered will be the costs of drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 4 miles East-Southeast from Kirtland, New Mexico.

CASE 13440: Ronald & Pamela Chapman, Allan & Priscilla Mai, Scarlett A. Correll, Michael & Julie Copeland, Joseph & Julia Turner, Kenneth & Charlene Gorman, Michael Terry & Deborah Anderson, Letty R. Wilson, Robert J. Perez, Ned & Brenda Raymond, Alan R. Randall, Randal & Elaine Wakeland, John A. & Betty W. Tafoya, James & Vera Whittington, John & Gayle Hawthorne, Lendell & Natalie Jones, Obie L. & Sarah L. Frazier, Ira W. Gentry, Tyler & Cheryl Pratt, Yancey W. Cluff & Natalie Allen, John V. & Heather Kennedy, Delbert E. & Wendy Fosnot, Jr., Glenn J. Mearls, Rexford L. & Shareen Mitchell, Jr., Prudential Relocations, Inc., Earl & Ireta Burnett, Troy Stewart, David & Rhonda Schaefer, Jimmy D. Bortz, Michael P. & Lisa Warren, Richard M. & Julie Moore, Sean C. & Shacie Rankin, Eric B. Hoover, Thomas M. Walker, Judy Hoover, Cheryl J. James, Russell & Karen Hunter, Louis & Brenette Pine, Ave Linda P. Mascarenas, Gary O. & Sheila Munson, Andrew C. & Pam Erickson, John V. Cheryl Beshara, Ross & Monique Trujillo, Jr., James P. & Janet McDaniel, Ron & Michele VanYellenburg, Tom & Vickie Wethington, James M. Wilson, Doran & Linda Newlin, Bill & Linda Bessett, William H. & Julie Fleck & Thomas M. Bond, Richard J. & Sandra Drake, Miranda D. & Derron Jones, Keith D. & Dawn Snuggerud, Terry L. Luna, Joseph D. & Robin Ratka, Justin Ray Funk, Tim S. & Irene B. Claw, Carlos & Christy Loomis

CASE 13440: Application of Lance Oil & Gas Company, Inc. for compulsory pooling including optional infill well provisions, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation and the Basin Fruitland Coal-Gas Pool underlying both the NW/4 and the W/2 of Section 15, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the West Kutz-Pictured Cliffs Gas Pool. These units are to be dedicated its WF Ropco "15" Well No. 2 (API# 30-045-32716) to be drilled at a standard gas well location in Unit C of this section for downhole commingled production from the Basin Fruitland Coal Gas Pool and the West Kutz-Pictured Cliffs Gas Pool. The applicant also seeks to include provisions for subsequent operations and procedures for an optional "infill" coalbed-gas well. Also to be considered will be the costs of drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 4 miles East-Southeast from Kirtland, New Mexico.

CASES 13441 and 13442: Bobby Willis & Carrie Willis, David Vigil, Jr., Ru-Boo, Mortgage Electronic Registration Systems, Inc., James D. & Rita Ann Spade, Sr., Antonio P. & Rose Jean Herrera, Kenny Dawayne & Shana Dee Irvin, James M. & Andrea M. Sheridan, Orland C. & Charlotte Joe, Sr., Troy L. Margie G. Guillery, Jose O. Valenzuela, Rhonda Median, Randy J. Dennise Manning, Vernon J. & Jo Ann Manning, Jeff S. & Tammie G. Manning, Danene Sherwood,

CASE 13441: Application of Lance Oil & Gas Company, Inc. to amend Division Order R-11788 to include subsequent operations and optional infill gas well provisions for compulsory pooling, San Juan County, New Mexico. Applicant seeks to amend this compulsory pooling order to provide for subsequent operations and the inclusion of its Ropco "7" Well No. 4 (API# 30-045-32788) to be located in Unit O, as a well subject to this compulsory pooling order that pooled all mineral interest in the Basin Fruitland Coal-Gas Pool underlying the E/2 of Section 7, T29N, R14W, NMPM, San Juan County, New Mexico, that formed a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and formed a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. These units are to be currently dedicated its Ropco "7" Well No. 1 that was drilled at a standard location in Unit G of this section for downhole commingled production from the Basin Fruitland Coal Gas Pool and the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. The applicant also seeks to include provisions for subsequent operations and procedures for an optional "infill" coalbed-gas well. Also to be considered will be the costs of drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1/2 miles Southeast from Kirtland, New Mexico.

CASE 13442: Application of Lance Oil & Gas Company, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation underlying the SE/4 of Section 7, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is to be dedicated its ROPCO "7" Well No. 4 (API# 30-045-32788) to be drilled at a standard location in Unit O of this section for production from the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. Also to be considered will be the costs of drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1/2 miles Southeast from Kirtland, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E., Director

Legal No. 51194 published in The Daily Times, Farmington, New Mexico on Monday, February 14, 2005.

KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
Recognized Specialist in the Area of
Natural Resources-oil and gas law-
New Mexico Board of Legal Specialization

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.net

February 9, 2005

TO: NOTICE OF THE HEARING OF THE FOLLOWING NEW
MEXICO OIL CONSERVATION DIVISION CASE:

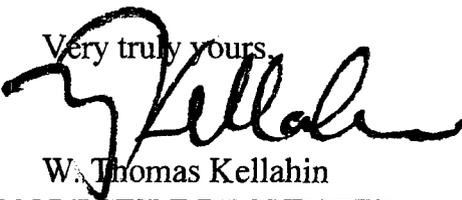
Re: Application of Lance Oil & Gas Company, Inc.
For Compulsory Pooling, San Juan County, New Mexico

On behalf of Lance Oil & Gas Company, Inc., please find enclosed our application for compulsory pooling order for the SE/4 of Section 17, 29N, R114W to be dedicated to its Ropco "7" Well No. 4. This application will be set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for March 3, 2005. The hearing will be held at the Division hearing room located at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505.

As an interest owner who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Rule 1208, you are further notified that if you desire to appear in this case or to oppose the proposed risk charge (See Order R-11992), then you are required to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, February 25, 2005, with a copy delivered to the undersigned.

Very truly yours,



W. Thomas Kellahin

cc: BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 113442 Exhibit No. 7-I
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

7004 1160 0005 8659 8406

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Lance
Case 13442
March 3, 2005
Restrict (Endorse) 2/10/05

Total Postage

Jose O. Valenzuela
P. O. Box 995
Kirtland, NM 87417

Sent To
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4

PS Form 3800, June 2002

See Reverse for Instructions

7004 1160 0005 8659 8451

U.S. Postal Service™
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OFFICIAL USE

Lance
Case 13442
March 3, 2005
Restrict (Endorse) 2/10/05

Total Postage &

Rhonda Median
P. O. Box 995
Kirtland, NM 87417

Sent To
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4

PS Form 3800, June 2002

See Reverse for Instructions

7003 2260 0006 7449 9407

U.S. Postal Service™
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For delivery information visit our website at www.usps.com

OFFICIAL USE

Lance
Case 13442
March 3, 2005
Restrict (Endorse) 2/10/05

Total Po

David Vigil, Jr.
#9 CR 6299
Kirtland, NM 87417

Sent To
Street, Ap
or PO Bo
City, Stati

PS Form 3800, June 2002

See Reverse for Instructions

7003 2260 0006 7449 9414

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Lance
Case 13442
March 3, 2005
Restrict (Endorse) 2/10/05

Total Postage & I

Kenny Dewayne & Shana Dee Irin
550 W. Diagonal Ste #9
St. George, UT 84770

Sent To
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4

PS Form 3800, June 2002

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

A. Signature *[Signature]* Agent Address Received by (Printed Name) *[Name]* C. Date of Delivery Yes No

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

A. Signature *[Signature]* Agent Address Received by (Printed Name) *[Name]* C. Date of Delivery Yes No

1. Article Number (Transfer from service label) 7003 2260 0006 7449 9384
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15

2. Article Number (Transfer from service label) 7004 1160 0005 8659 8413
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

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COMPLETE THIS SECTION ON DELIVERY

1. Article Number (Transfer from service label) 7003 2260 0006 7449 9384
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15

A. Signature *[Signature]* Agent Address Received by (Printed Name) *[Name]* C. Date of Delivery Yes No

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A. Signature *[Signature]* Agent Address Received by (Printed Name) *[Name]* C. Date of Delivery Yes No

2. Article Number (Transfer from service label) 7004 1160 0005 8659 8413
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15

A. Signature *[Signature]* Agent Address Received by (Printed Name) *[Name]* C. Date of Delivery Yes No

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A. Signature *[Signature]* Agent Address Received by (Printed Name) *[Name]* C. Date of Delivery Yes No

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PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15

A. Signature *[Signature]* Agent Address Received by (Printed Name) *[Name]* C. Date of Delivery Yes No

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

A. Signature *[Signature]* Agent Address Received by (Printed Name) *[Name]* C. Date of Delivery Yes No

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Number
(Transfer from service label)
PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature
Rita Spade

B. Received by (Printed Name)
Rita Spade

C. Date of Delivery
FEB 2005

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

James D. & Rita Ann Spade, Sr.
#13 CR 6427
Kirtland, NM 87417

Lance
Case 13442
March 3, 2005
2/10/05

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Number
(Transfer from service label)
PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature
Danene Sherwood

B. Received by (Printed Name)
Danene Sherwood

C. Date of Delivery
FEB 14 2005

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

Danene Sherwood
4124 US Hwy 64
Kirtland, NM 87417

Lance
Case 13442
March 3, 2005
2/10/05

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Number
(Transfer from service label)
PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature
Rita Spade

B. Received by (Printed Name)
Rita Spade

C. Date of Delivery
FEB 14 2005

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

1900 Chilton Court
Farmington, NM 87401

Lance
Case 13442
March 3, 2005
2/10/05



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Number
(Transfer from service label)
PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature
Danene Sherwood

B. Received by (Printed Name)
Danene Sherwood

C. Date of Delivery
FEB 14 2005

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

Mortgage Electronic Registration Systems, Inc.
601 Fifth Avenue
Scottsbluff, NE 6936103541

Lance
Case 13442
March 3, 2005
2/10/05

SENDER: COMPLETE THIS SECTION

2. Article Number
(Transfer from service label)
PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

7003 2260 0006 7449 9391

2. Article Number
(Transfer from service label)
PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

7004 1160 0005 8659 8420

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name on the reverse so that Antonio R. & Rose Jean Herrera #15 CR 6427 Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

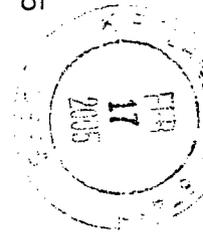
A. Signature *Antonio R. Herrera* Agent Addressee

Received by (Printed Name) *Antonio R. Herrera* C. Date of Delivery *2/10/05*

Is delivery address different from item 1? Yes No

If YES, enter delivery address below:

Lance
Case 13442
March 3, 2005
2/10/05



handise
s

2. Article Number
(Transfer from service label)
PS Form 3811, February 2004

7004 1160 0005 8659 8475
Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that Vernon J. & Jo Ann Manning P. O. Box 405 Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Vernon J. Manning* Agent Addressee

Received by (Printed Name) *Vernon J. Manning* C. Date of Delivery *2/10/05*

Is delivery address different from item 1? Yes No

If YES, enter delivery address below:

Lance
Case 13442
March 3, 2005
2/10/05



2. Article Number
(Transfer from service label)
PS Form 3811, February 2004

7004 0750 0003 8815 5968
Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that Jeff S. & Tammie G. Manning P. O. Box 1353 Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

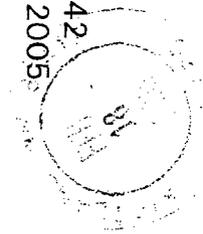
A. Signature *Jeff S. Manning* Agent Addressee

Received by (Printed Name) *Jeff S. Manning* C. Date of Delivery *2/10/05*

Is delivery address different from item 1? Yes No

If YES, enter delivery address below:

Lance
Case 13442
March 3, 2005
2/10/05



2. Article Number
(Transfer from service label)
PS Form 3811, February 2004

7004 1160 0005 8659 8444
Domestic Return Receipt 102595-02-M-1

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Troy L. & Margie G. Guillory #11 CR 6345 Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Troy Guillory* Agent Addressee

Received by (Printed Name) *Troy Guillory* C. Date of Delivery *2/10/05*

Is delivery address different from item 1? Yes No

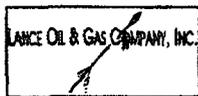
If YES, enter delivery address below:

Lance
Case 13442
March 3, 2005
2/10/05



2. Article Number
(Transfer from service label)
PS Form 3811, February 2004

7003 2260 0006 7449 8260
Domestic Return Receipt 102595-02-M-1



Authorization for Expenditure
Lance Oil and Gas Company, Inc.

1099 18th Street, Ste. 1200
Denver, CO 80202-1955
(303) 452-5603

Business Unit/District: San Juan Pseudo API # 30-045-32788
Well Name & Number: ROPCO 7 #4 AFE No. 0
Location: SEC. 7 Township 29 N Range: 14 W Property #: 0
Footage 1,075 FSL 1805 FEL QuarterQuarter SWSE API #: 0
County: San Juan State: New Mexico Date: 01/00/00
Field/Unit/Area: Fruitland (FC) & (PC) Budget Year: 2005
Proposed Total Depth: 700 Target Reservoir: Pic. Cliff / Fruit. Coal Project Type: DRILL
Anticipated Spud Date: 01/00/00 Est. Completion Date: 01/00/00 Cost Center: 14100.00

Project Description: Drill and complete a Fruitland Coal and Picture Cliff gas well at the above location and install flowlines.
Special Lease Considerations: Near City limits of Farmington. Excess cost to lay flowlines and connect well.

SUMMARY OF ESTIMATED COSTS		Dry Hole	Complete	TOTAL
Sub Acct.#	Acct.# 2660	Acct.# 2665		
INTANGIBLE COSTS				
Permitting and Site Work				
Land Surface Use	0043	\$5,000	\$0	\$5,000
Surveying & Staking	0001	\$1,500	\$0	\$1,500
Permits	0036	\$1,500	\$0	\$1,500
Surface Damages & Restoration	0003	\$0	\$9,500	\$9,500
Title	0042	\$0	\$5,000	\$5,000
Site Prep, Roads, Pits	0002	\$7,000	\$600	\$7,600
Rig Costs				
Drilling Contract	0004	\$16,950	\$6,000	\$22,950
Rig Trans, Erection, Removal	0007	\$1,500	\$0	\$1,500
Fuel, Power, Water	0010	\$3,000	\$0	\$3,000
Water Purchase	0048	\$0	\$0	\$0
Bits, Reamers, Tools	0008	\$0	\$2,400	\$2,400
Mud & Chemicals	0011	\$0	\$0	\$0
Drilling Supplies	0009	\$0	\$0	\$0
Equipment and Services				
Cementing	0012	\$3,100	\$8,500	\$11,600
Plugging Expense	0025	\$0	\$0	\$0
Casing Crews	0021	\$0	\$1,500	\$1,500
Rental Equipment	0023	\$3,900	\$8,200	\$12,100
Trucking & Hauling	0024	\$3,000	\$5,500	\$8,500
Welding	0039	\$400	\$0	\$400
Other Contract Labor	0026	\$3,000	\$0	\$3,000
Environmental & Safety	0040	\$500	\$0	\$500
Fishing Tools & Service	0041	\$0	\$0	\$0
Other Services, Stimulation, Treatments	0014	\$0	\$80,000	\$80,000
Evaluation				
Electric Surveys, Logs, Surveys, Perforating	0015	\$5,500	\$4,500	\$10,000
Drill Stem Test, Mud Logging, Core work	0013	\$0	\$0	\$0
Supervision				
Geological & Engineering	0027	\$4,125	\$0	\$4,125
Labor, Company	0029	\$0	\$0	\$0
Overhead, Allocated Costs, and Contingency				
Overhead	0032	\$4,500	\$0	\$4,500
Road Infrastructure Allocated	0050		\$0	\$0
Electrical Infrastructure Allocated	0049		\$0	\$0
Water Management Infra Allocated	0046		\$0	\$0
Miscellaneous and Contingency	0038	\$3,224	\$6,585	\$9,809
FRUITLAND COAL INTANGIBLES		\$63,699	\$69,143	\$132,841
PICTURED CLIFFS INTANGIBLES		\$4,000	\$69,143	\$73,143
TOTAL INTANGIBLES		\$67,699	\$138,285	\$205,984

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 113442 Exhibit No. **7-5**
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005



Authorization for Expenditure
Lance Oil and Gas Company, Inc.

1099 18th Street, Ste. 1200
Denver, CO 80202-1955
(303) 452-5603

Business Unit/District: San Juan Pseudo API # 30-045-32788
Well Name & Number: ROPCO 7 #4 AFE No. 0
Location: SEC. 7 Township 29 N Range: 14 W Property #: 0

SUMMARY OF ESTIMATED COSTS		Dry Hole	Complete	TOTAL
TANGIBLE COSTS	Sub Acc.#	Acct. 2670	Acct. 2675	Total:
Conductor & Surface Casing	0002	\$2,646		\$ 2,646
Wellhead & Subsurface Equip	0007	\$300	\$1,300	\$ 1,600
Intermediate Casing	0003	\$0		\$ -
Production Casing/ Liners	0004		\$7,350	\$ 7,350
Tubing	0006		\$2,190	\$ 2,190
Pumping Unit & Equipment	0008		\$13,000	\$ 13,000
Engines and Power Equip	0028		\$6,000	\$ 6,000
Electrical	0026		\$0	\$ -
Sucker Rods and Downhole pump	0009		\$2,440	\$ 2,440
Install Costs Surface Equip	0020		\$2,000	\$ 2,000
Tanks	0011		\$0	\$ -
Valves & Fittings	0014		\$2,000	\$ 2,000
Pipe	0001		\$0	\$ -
Trunkline Costs	0024		\$8,000	\$ 8,000
Flow Lines & Connections	0015		\$165,200	\$ 165,200
Meter Building and Meter	0025		\$3,000	\$ 3,000
Automation Equipment	0029		\$2,000	\$ 2,000
Miscellaneous Equipment	0038		\$6,000	\$ 6,000
Software and Communications Equip	0030		\$0	\$ -
Separators, Heater, Treater	0012		\$4,000	\$ 4,000
Emission Control Combustors	0021		\$0	\$ -
Buildings	0016		\$0	\$ -
Fences & Cattle Guards	0017		\$0	\$ -
Water Management	0031		\$0	\$ -
FRUITLAND COALTANGIBLE		\$ 1,946	\$ 112,240	\$ 114,186
PICTURED CLIFFS TANGIBLE		\$ 1,000	\$ 112,240	\$ 113,240
TOTAL TANGIBLE		\$ 2,946	\$ 224,480	\$ 227,426
TOTAL OF INTANGIBLE AND TANGIBLE COSTS FC		\$ 65,645	\$ 181,383	\$ 247,028
TOTAL OF INTANGIBLE AND TANGIBLE COSTS PC		\$ 5,000	\$ 181,383	\$ 186,383
TOTAL OF INTANGIBLE AND TANGIBLE COSTS		\$ 70,645	\$ 362,765	\$ 433,410

Working Interest Owners Fruitland Coal:	WI %	Drilling	Completion	TOTAL
Lance Oil and Gas Company	100.0000%	\$ 65,645	\$ 181,383	\$ 247,028
0.00	0.0000%	\$ -	\$ -	\$ -
Working Interest Owners Pictured Cliffs:				
Lance Oil and Gas Company	100.0000%	\$ 5,000	\$ 181,383	\$ 186,383
0.00	0.0000%	\$ -	\$ -	\$ -
TOTAL LANCE OIL & GAS COMPANY		\$ 70,645	\$ 362,765	\$ 433,410
TOTAL	\$0.00	\$ -	\$ -	\$ -

See page 3 for remaining WIO

TOTAL		\$ 70,645	\$ 362,765	\$ 433,410
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Lance Oil and Gas Company APPROVALS

	NAME	Title	Signature	Date
AFE Originator:	David Gomendi	San Juan Business Unit Mgr		
AFE Project Manager:	Doug Barone	San Juan Field Superis		
AFE Project Manager:	David Gomendi	San Juan Business Un		
Land Approved by:	Mark Petry	Land Manager		
Recommended By:	Bill Lyons	Senior Geoscientist		
Recommended By:				
Approved By:	Jeffery E. Jones	Vice President, Produc		

THE ABOVE COSTS ARE UNDERSTOOD TO BE FOR ESTIMATING PURPOSES ONLY

PARTNER APPROVAL Approved Disapproved Article 6.g.

Signature _____

Name: 0.00 Title: _____ Date: _____



PROPERTY IDENTIFICATION MAP
 SAN JUAN COUNTY
 NEW MEXICO

SCALE: (APPRX) 1" = 200'

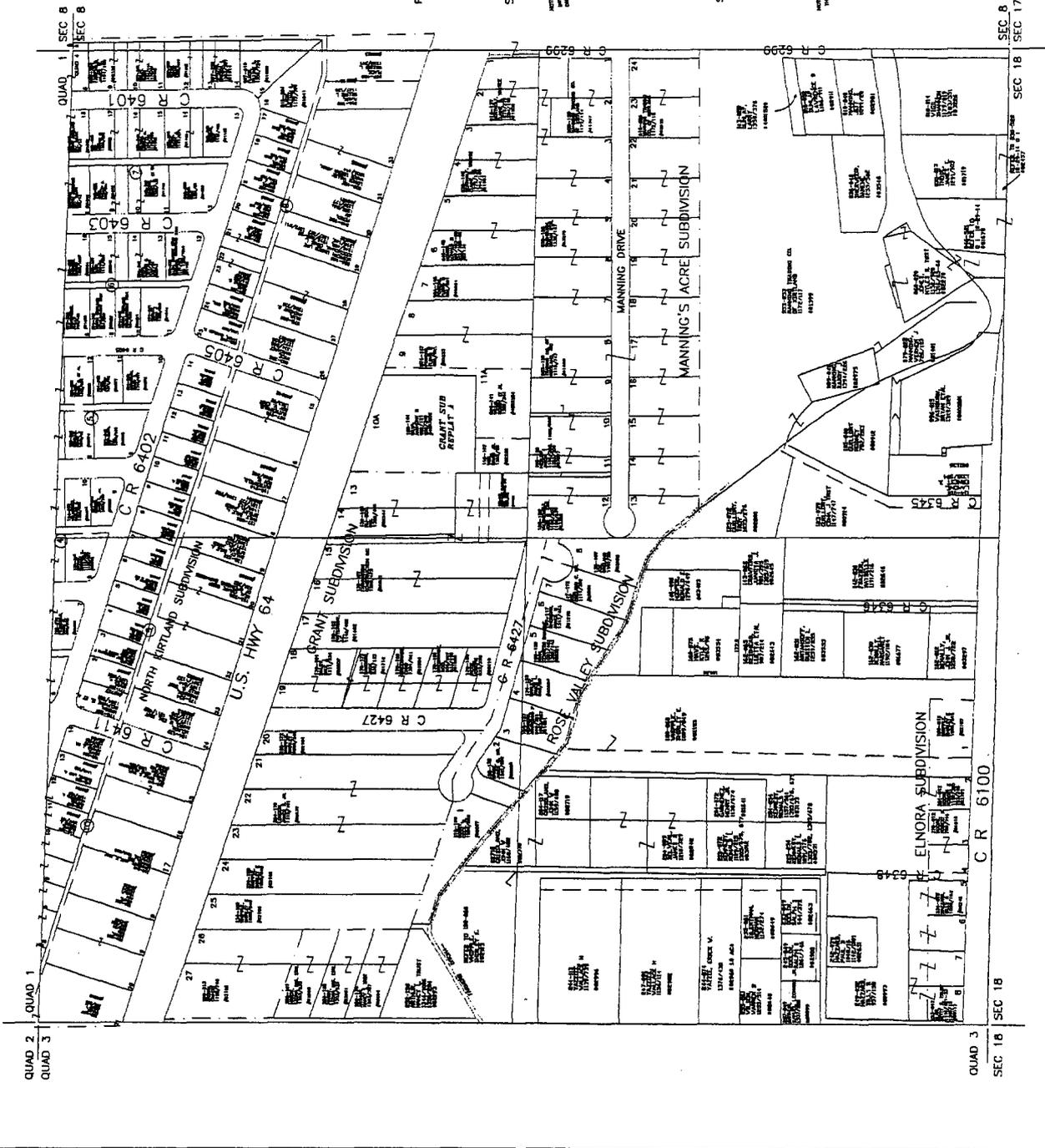
NOTES:
 THIS MAP IS FOR SUBDIVISION PURPOSES ONLY.
 IT DOES NOT SHOW EXISTING UTILITIES OR RECORDS THEREON.

CODE NUMBER
 2-084-172

LEGAL DESCRIPTION
 SECTION 7 T29N R14W QUAD 4

72

NOTES:
 THIS MAP IS FOR SUBDIVISION PURPOSES ONLY.



BEFORE THE
 OIL CONSERVATION DIVISION
 Case No. 113442 Exhibit No. 7-K
 Submitted By:
 Lance Oil & Gas Company
 Hearing Date: March 3, 2005