

BEFORE THE
 OIL CONSERVATION DIVISION
 Case No. 113441 Exhibit No. **6-A**
 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
10 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-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
		API Number 30-045-32788
Property Code 300888	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
O	7	29N	14W	O	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. 113441 Exhibit No. **6-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
 10 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 O	Section 7	Township 29N	Range 14W	Lot Idn O	Feet From 1075	N/S Line S	Feet From 1805	E/W Line E	County 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. 113441 Exhibit No. 6-C
 Submitted By:
 Lance Oil & Gas Company
 Hearing Date: March 3, 2005

State of New Mexico
 Energy, Minerals & Mining Resources Department
 OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C - 102

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

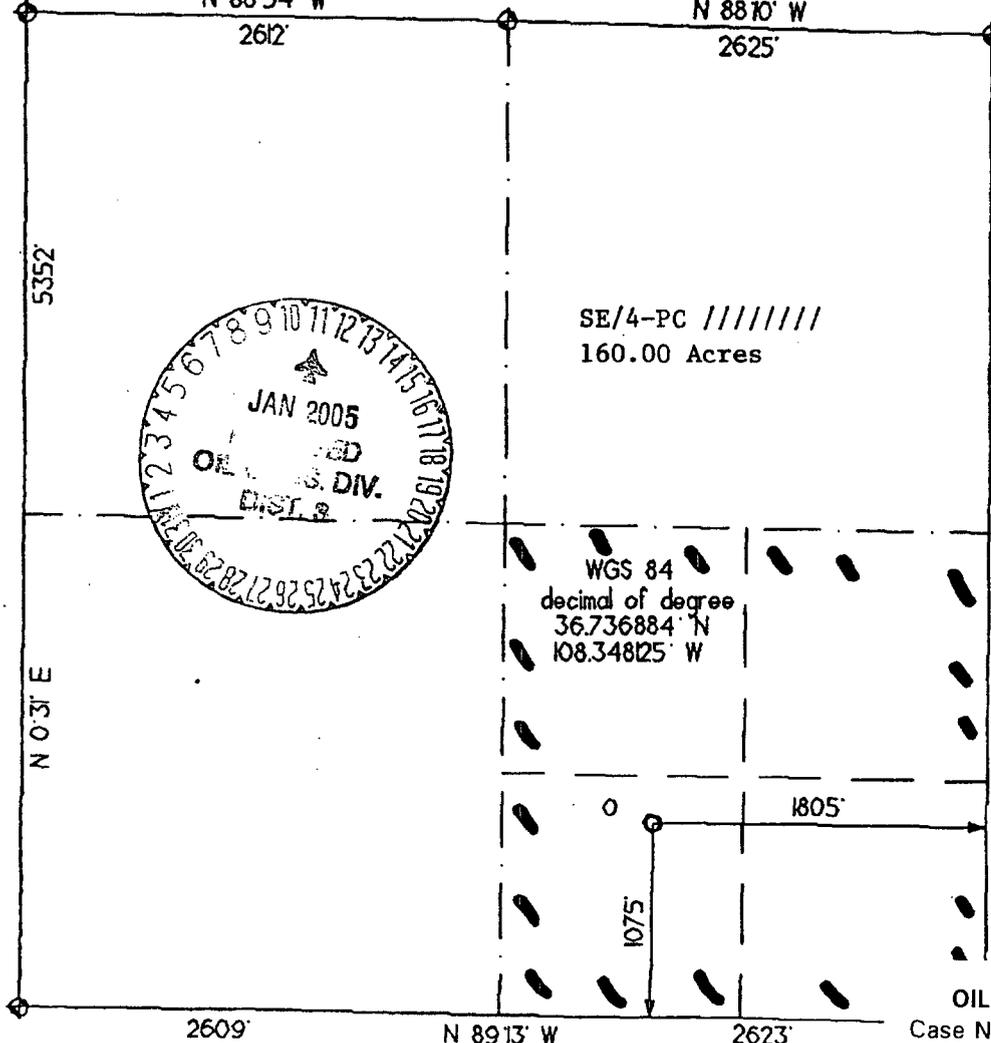
APA Number 30-045-32788	Pool Code 86620	Pool Name Twin Mounds Fruitland Sand PC (Gas)
Property Code	Property Name ROPCO 7	Well Number 4
OGRD No. 229238	Operator Name LANCE OIL & GAS COMPANY, INC.	Elevation 5202'

Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from >	North/South	Feet from >	East/West	County
0	7	29 N.	14 W.		1075'	SOUTH	1805'	EAST	SAN JUAN

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from >	North/South	Feet from >	East/West	County

Dedication SE/4	Joint ?	Consolidation	Order No.
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160.00 NO ALLOWABLE WILL 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.

Signature: *[Signature]*

Printed Name: Paul Lehrman
 Title: Sr. Landman
 Date: 1-10-05

SURVEYOR CERTIFICATION
 I hereby certify that the well location 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.
 Date of Survey: 12/10/04

Signature and Seal: *[Signature]*
 Professional Surveyor
 GERALD H. HADDLESTON
 NEW MEXICO
 6844

BEFORE THE

OIL CONSERVATION DIVISION
 Case No. 113441 Exhibit No. **6-D**
 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:		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 type="checkbox"/>	CHANGE PLANS <input checked="" 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 & 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 Ext. 57

APPROVED BY: _____ TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 28 DATE JAN 11 2005

Conditions of Approval (if any):

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 12813
ORDER NO. R-11788

APPLICATION OF RICHARDSON PRODUCTION COMPANY FOR
COMPULSORY POOLING, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 21, 2002, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 20th day of June, 2002, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) Richardson Production Company, ("Applicant"), seeks an order pooling all uncommitted mineral interests from the surface to the base of the Fruitland Coal formation underlying the E/2 of Section 7, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, in the following manner:

The E/2, forming a standard 320-acre gas spacing and proration unit (the "320-acre Unit") for all pools and formations spaced on 320 acres within that vertical extent, including but not necessarily limited to the Basin Fruitland Coal Pool.

(3) The 320-acre Unit is to be dedicated to Applicant's proposed Ropco Well No. 7-1 (the "proposed well") to be drilled at a standard gas well location within the NE/4 of Section 7. The proposed well will be located 1254 feet from the North line and 1939 feet from the East line of said section. Applicant proposes to drill the well to a depth

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 113441 Exhibit No. **6-E**
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

sufficient to test the Pictured Cliffs formation, and if production is established in both the Fruitland Coal and Pictured Cliffs formations, to apply to the Division for authority to down-hole commingle production from those two formations

(4) Applicant owns 100% of the working interest in the NE/4 of Section 7. Applicant proposes to dedicate a 160-acre unit, consisting of the NE/4, to the proposed well in the Pictured Cliffs formation.

(5) Two or more separately owned tracts are embraced within the 320-acre Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(6) Applicant is an owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill its Ropco Well No. 7-1 (the "proposed well") to a common source of supply at a standard well location within the NE/4 of Section 7.

(7) There are interest owners in the 320-acre Unit that have not agreed to pool their interests.

(8) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the 320-acre Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the 320-acre Unit.

(9) Pursuant to the request of Applicant, Richardson Operating Company should be designated the operator of the proposed well and of the 320-acre Unit.

(10) 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 allocable to the Fruitland Coal formation, plus an additional 156% thereof as a reasonable charge for the risk involved in drilling the well.

(11) Reasonable charges for supervision (combined fixed rates) should be fixed at \$5000 per month while drilling and \$500 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "*Accounting Procedure-Joint Operations*." The operator should be authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to each non-consenting working interest.

IT IS THEREFORE ORDERED THAT :

(1) Pursuant to the application of Richardson Production Company, all uncommitted interests, whatever they may be, in the oil and gas from the surface to the base of the Fruitland Coal formation underlying the E/2 of Section 7, Township 29 North, Range 14 West, N.M.P.M., San Juan County, New Mexico, are hereby pooled, as follows:

The E/2, forming a standard 320-acre gas spacing and proration unit for all pools and formations spaced on 320 acres within that vertical extent, including but not necessarily limited to the Basin Fruitland Coal Pool.

The Unit shall be dedicated to Applicant's Ropco Well No. 7-1, to be drilled at a standard gas well location within the NE/4 of Section 7. The proposed well will be located 1254 feet from the North line and 1939 feet from the East line of said section.

(2) The operator of the Unit shall commence drilling the proposed well on or before September 30, 2002, and shall thereafter continue drilling the well with due diligence to test the Fruitland Coal formation.

(3) In the event the operator does not commence drilling the proposed well on or before September 30, 2002, Ordering Paragraph (1) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause.

(4) Should the proposed well not be drilled to completion, or be abandoned, within 120 days after commencement thereof, or should a decision be made not to complete or produce the same in the Fruitland Coal formation, the operator shall appear before the Division Director and show cause why Ordering Paragraph (1) should not be rescinded.

(5) In the event the operator completes the proposed well in both the Fruitland Coal formation and in the Pictured Cliffs formation, as proposed, the operator will not commingle gas from said formations until applicant has filed a separate application for, and secured Division approval for, downhole commingling pursuant to Division Rule 303.C.

(6) Pursuant to the request of Applicant, Richardson Operating Company is hereby designated the operator of the proposed well and of the Unit.

(7) After pooling, uncommitted working interest owners are referred to as non-consenting working interest owners. ("Uncommitted working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and to each known non-consenting working interest owner in the Unit an itemized schedule of estimated well costs of the proposed well.

(8) Within 30 days from the date the schedule of estimated well costs is furnished, any non-consenting working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(9) The operator shall furnish the Division and each known non-consenting working interest owner an itemized schedule of actual well costs within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(10) Within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator its share of the amount that paid, estimated well costs exceed reasonable well costs.

(11) The operator is hereby authorized to withhold the following costs and charges from production:

- (a) the proportionate share of reasonable well costs allocated to the Fruitland Coal formation attributable to each non-consenting working interest owner who has not paid its share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished; and
- (b) as a charge for the risk involved in drilling the well, 156% of the above costs.

(12) Costs of drilling the proposed well from the surface to a depth sufficient to test the Fruitland Coal formation shall be allocated 50% to the Fruitland Coal formation and 50% to the Pictured Cliffs formation. Costs of drilling below that depth shall be allocated to the Pictured Cliffs formation. Completion costs shall be allocated to the formation to which such costs are applicable, except that if completions are effected in more than one formation, costs of surface equipment shall be allocated to the formations in which successful completions are effected in equal proportions.

(13) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.

(14) Reasonable charges for supervision (combined fixed rates) are hereby fixed at \$5000 per month while drilling and \$500 per month while producing, provided that these rates shall be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "*Accounting Procedure-Joint Operations*." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(15) Except as provided in Ordering Paragraphs (11) and (14) above, all proceeds from production from the well that are not disbursed for any reason shall be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership. The operator shall notify the Division of the name and address of the escrow agent within 30 days from the date of first deposit with the escrow agent.

(16) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this order. Any well costs or charges that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(17) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(18) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

Case No. 12813
Order No. R-11788
Page 6

(19) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY
Director

SEAL

**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. 113441 Exhibit No. **6-F**
 Submitted By:
Lance Oil & Gas Company
 Hearing Date: March 3, 2005

LANCE OIL & GAS COMPANY, INC.
PO Box 70
Kirtland, New Mexico 87417



January 7, 2005

CERTIFIED MAIL

Re: Lance Oil & Gas Company, Inc.
Well Proposal for an optional "infill" coal gas well
E/2 Section 7, T29N-R14W
San Juan County, New Mexico

Dear To Whom It May Concern :

On October 15, 2002, the New Mexico Oil Conservation Division ("Division") entered Order R-8768.C that authorized one option "infill" coalbed gas well in an existing 320-acre gas spacing unit already dedicated to a coal well.

In the referenced spacing unit (E/2 Section 7), Lance currently operates an existing well:

the ROPCO 7 #1 located in the NE/4 dedicated to both the Pictured Cliffs formation (NE/4) and the Fruitland Coal Gas Pool (E/2). This production is downhole commingled and the interest consolidated by Division compulsory pooling order R-11788-A, dated June 20, 2002, and

The purpose of this letter is to notify you that:

- (a) Lance records indicate that you may have an interest in the 320-acre spacing unit;
- (b) That Lance plans to drill a new well in the SE/4 to the Fruitland Coal formation and dedicating it as the approved option infill well for the existing 320-acre spacing unit consisting of the E/2 of this section; and
- (c) That you are entitled to participate in a share of any gas production from the coal-gas pool by prepaying your share of the costs of this additional work as set forth on the enclosed Authority for Expenditure ("AFE").

We would appreciate receiving your reply within 20 days of the date of this letter. PLEASE BE AWARE THAT THIS WELL WILL NOT IMPACT YOUR SURFACE.

Yours truly,

Anne Jones
Sr. Landman

**BEFORE THE
OIL CONSERVATION DIVISION**
Case No. 113441 Exhibit No. 6-9
Submitted By: Lance Oil & Gas Company
Hearing Date: March 3, 2005

Phone (505) 598-5601

() Pursuant to Division Rule 104, an optional infill well may be drilled and produced within this 320-acre spacing unit or subsequent operations conducted for either the original well or the infill well in accordance with the following provisions:

- (a) Lance Oil & Gas Company, Inc., or its successor, shall continue to be the operator of the parent well and the infill well;
- (b) The operator or any working interest owner who consents to and has paid its share of costs of the original well, pursuant to either an voluntary agreement or a compulsory pooling order, may propose drilling of an infill well or subsequent operations of either the original well or the infill well by giving written notice of the proposed well to all working interest owners and all unleased mineral owners with the 320-acre pooled unit. Any such proposal shall specify the work to be performed, the location, proposed depth, objective formations and the estimated costs of the operation.
- (c) The parties receiving such a notice shall have thirty (30) day election period after receipt of this notice within which to notify the proposing party whether they elect to participate in the costs of the subsequent operations or the infill well. Failure of a party receiving such notice to deliver to the proposing party an written election, plus payment for this share of the total costs, within a thirty (30) day election period shall constitute an election by that party not to participate in the costs of the well or the proposal operation and shall be "a non-consenting party."
- (d) Any non-consenting party shall be subject to a 200% risk penalty charge for that well or the operations.
- (e) Production from the original well cannot be used to pay for the costs of the infill well or can production from the infill well be used to pay for the costs of the original well. The recovery of costs for subsequent operations shall be paid by the production from the well on which those operations were conducted.
- (f) If all parties elect to participate in the infill well or in subsequent operations ("a consenting party"), the operator shall, within ninety (90) days after the expiration of the thirty (30) day election period, actually commence and conduct operations with due diligence at the risk of expense of all parties.
- (g) If less that all parties elect to participate in the infill well or the subsequent operations, then all parties who elected not to participate shall be considered non-consenting working interest owners and all the provisions of this order shall apply to the drilling of the infill well or the subsequent operations with the FOLLOWING EXCEPTIONS:
 - a. The proposing party shall be solely responsible for carrying the no-consenting working interest owner's interest subject to the risk penalty charge provided for in the order. The proposing party may enter into an agreement, or

recognize an existing agreement, that provides for the sharing of the non-consenting interest by the consenting parties. The proposing party, at its election, may withdraw such proposal if there is insufficient participation and shall notify the Division and all other parties of such decision.

- b. If the operator is a non-consenting working interest owner in the infill well, the consenting parties shall either: (a) request the operator to perform the work required for the account of the consenting parties, or (b) designate one of the consenting parties as operator of the infill well. If the infill well results in a producer of oil and/or gas in paying quantities, one of the consenting parties shall be designated as operator and shall completed and equip the well to produce at the sole costs and risk of the consenting parties and thereafter the operator designated by this compulsory pooling order shall operator this well at the expense and for the account of the consenting working interest owners.
- c. To be entitled to the benefits of this order, the operator, or the designated consenting party, shall within ninety (90) days after the expiration of the thirty (30) day election period, actually commence and conduct the operations with due diligence at the sole risk and expense of the consenting parties.
- d. If operations for the drilling of an infill well results in a dry hole, the consenting parties shall plug and abandon the well and restore the surface location at their sole costs, risk and expense.

() If operations for the drilling of a proposed infill well or any subsequent operation for either the original well or the infill well have not been commenced within the time provided, and if any party still desires to drill the infill well, written notice proposing same must be resubmitted in accordance with the provision hereof as if no prior proposal had been made

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. 113441 Exhibit No.

Submitted By:

Lance Oil & Gas Company

Hearing Date: March 3, 2005

6-5

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., 2005, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before 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 aforesaid notices, can be provided in various accessible forms. Please contact Florene Davidson if a suitable form 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 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 designated by its WF ROPCO "17" Well No. 4 (API# 30-045-32315) to be drilled at a standard location in Section 17 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 1-1/2 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 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 by 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 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 Gas Pool, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is designated by its WF ROPCO "17" Well No. 2 (API# 30-045-32140) to be drilled at an unorthodox gas well location in 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 1-1/2 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 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 by its WF ROPCO "17" Well No. 1 (API# 30-045-31511) 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 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 Overturn, Manuel & Ora Mae LaCour, Kenneth E. & Ethel 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 S/2 of Irregular 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 by its WF ROPCO "17" Well No. 1 (API# 30-045-31511) 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 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, Micheal & Julie Copeland, Joseph & Julia Turner, Kenneth & Charlene Gorman, Michael Terry & Deborah Anderson, Letty R. Wilson, Robert J. Perez, Ned & Brenda Raymond, Alan R. Randall, Randall & 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. Cliff & 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 Schoefer, Jimmy D. Bond, 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 VanVelkenburg, Tom & Vickie Whittington, James M. Wilson, Doran & Linda Newlin, Bill & Linda Besett, William H. & Julie Fleck & Thomas M. Bond, Richard J. & Sandra Drake, Miranda D. & Darron 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. & Rosa Jean Herrera, Kenny Dewayne & Shana Dee Irvin, James M. & Andrea M. Sheridan, Orland C. & Charlotte Joe, Sr., Troy L. Margie G. Guilfory, 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, T29North Range 14 West, 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.
to Amend Division for R-11788 (Compulsory Pooling) to include
subsequent operations and optional infill well provisions,
San Juan County, New Mexico

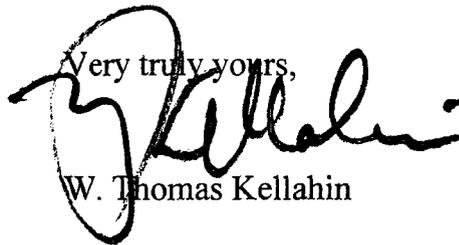
On behalf of Lance Oil & Gas Company, Inc., please find enclosed
our application to amend Division Order R-11788 for compulsory pooling
order to add provisions for its Ropco "7" Well No. 4 to be added as the
infill well (SE/4) to the 320-acre gas spacing unit consisting of the E/2 of
Section 7, 29N, R14W currently dedicated to its Ropco "7" Well No. 1
(NW/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.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 113441 Exhibit No. 6-12
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

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,

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is written in a cursive style with a large initial "W".

W. Thomas Kellahin

cc: BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED

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Case 13441
March 3, 2005
2/10/05

(Endor
Res.
(Endorsement required)

Total F Rhonda Median
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Street, Apt or PO B Kirtland, NM 87417
City, State

PS Form 3800, June 2002 See Reverse for Instructions

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March 3, 2005
2/10/05

(Endor
Res.
(Endorsement required)

Total F Kenny Dewayne & Shana Dee Irin
Sent To 550 W. Diagonal Ste #9
Street, Apt or PO B St. George, UT 84770
City, State

PS Form 3800, June 2002 See Reverse for Instructions

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March 3, 2005
2/10/05

(Endor
Res.
(Endor

Total P David Vigil, Jr.
Sent To #9 CR 6299
Street, Apt or PO B Kirtland, NM 87417
City, State

PS Form 3800, June 2002 See Reverse for Instructions

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Case 13441
March 3, 2005
2/10/05

(Endor
Res.
(Endor

Total Pos Jose O. Valenzuela
Sent To P. O. Box 995
Street, Apt or PO B Kirtland, NM 87417
City, State

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

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

Randy J. & Dennise Manning
P. O. Box 25
Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 B. Received by (Printed Name) Addressee
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Case 13441
March 3, 2005
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Bobby Willis & Carrie Willis
P. O. Box 432
Kirtland NM 87417

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 B. Received by (Printed Name) Addressee
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Case 13441
March 3, 2005
2/10/05

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

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 C. Date of Delivery
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Case 13441
March 3, 2005
2/10/05

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Orland C. & Charlotte Joe, Sr.
#25 CR 6427
Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 B. Received by (Printed Name) Addressee
 C. Date of Delivery
 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

Lance
Case 13441
March 3, 2005
2/10/05

2. Article Number
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Lance
Case 13441
March 3, 2005
2/10/05

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102595-02-M-1

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Danene Sherwood
4124 US Hwy 64
Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 B. Received by (Printed Name) Addressee
Robb Mearns
 C. Date of Delivery Yes No
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

Lance
Case 13441
March 3, 2005
2/10/05

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Antonio R. & Rose Jean Herrera
#15 CR 6427
Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
Antonio R. Herrera
 B. Received by (Printed Name) Addressee
Antonio R. Herrera
 C. Date of Delivery Yes No
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

Lance
Case 13441
March 3, 2005
2/10/05



2. Article Number
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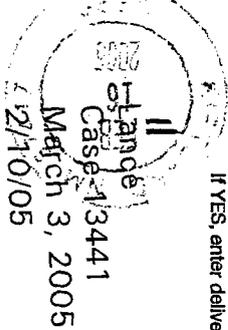
SENDER: COMPLETE THIS SECTION

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

James M. & Andrea M. Sheridan
P. O. Box 435
Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 B. Received by (Printed Name) Addressee
James M. Sheridan
 C. Date of Delivery Yes No
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:



2. Article Number
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PS Form 3811, February 2004

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102595-02-M-1

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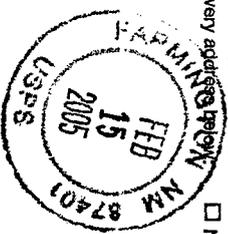
Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
Print your name and address on the reverse

Ru-Boo
1900 Chilton Court
Farmington, NM 87401

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
Ru-Boo
 B. Received by (Printed Name) Addressee
Ru-Boo
 C. Date of Delivery Yes No
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

Lance
Case 13441
March 3, 2005
2/10/05



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

7003 2260 0006 7449 9322

Domestic Return Receipt

102595-02-M-

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- Print your name and address on the reverse

SC AI Troy L. & Margie G. Guillory
 or #11 CR 6345
 1. Ar Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

- A. Signature X
- Agent
- Address
- Received by (Printed Name)
- Date of Delivery
- Is delivery address different from item 1?
- If YES, enter delivery address below:

II Lance
 Case 13441
 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.

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

COMPLETE THIS SECTION ON DELIVERY

- A. Signature X
- Agent
- Address
- Received by (Printed Name)
- Date of Delivery
- Is delivery address different from item 1?
- If YES, enter delivery address below:

II Lance
 Case 13441
 March 3, 2005
 2/10/05

2. Article Number
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7003 2260 0006 7449 9285
 Domestic Return Receipt
 102595-02-M-154

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

7003 2260 0006 7449 9242
 Domestic Return Receipt
 102595-02-M-154

SENDER: COMPLETE THIS SECTION

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

Jeff S. & Tammie G. Manning
 P. O. Box 1353
 Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

- A. Signature X
- Agent
- Address
- Received by (Printed Name)
- Date of Delivery
- Is delivery address different from item 1?
- If YES, enter delivery address below:

Lance
 Case 13441
 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.

Vernon J. & Jo Ann Manning
 P. O. Box 405
 Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

- A. Signature X
- Agent
- Address
- Received by (Printed Name)
- Date of Delivery
- Is delivery address different from item 1?
- If YES, enter delivery address below:

Lance
 Case 13441
 March 3, 2005
 2/10/05

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

7003 2260 0006 7449 9216
 Domestic Return Receipt
 102595-02-M-154

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

7003 2260 0006 7449 9292
 Domestic Return Receipt
 102595-02-M-154



Authorization for Expenditure
Lance Oil and Gas Company, Inc.

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

Business Unit/District: <u>San Juan</u>	Pseudo API # <u>30-045-32786</u>
Well Name & Number: <u>ROPCO 7 #4</u>	AFE No. <u>0</u>
Location: SEC. <u>7</u> Township <u>29 N</u> Range: <u>14 W</u>	Property #: <u>0</u>
Footage <u>1,075</u> FSL <u>1805</u> FEL QuarterQuarter <u>SWSE</u>	API #: <u>0</u>
County: <u>San Juan</u> State: <u>New Mexico</u>	Date: <u>01/00/00</u>
Field/Unit/Area: <u>Fruitland (FC) & (PC)</u>	Budget Year: <u>2005</u>
Proposed Total Depth: <u>700</u> Target Reservoir: <u>Pic. Cliff / Fruit. Coal</u>	Project Type: <u>DRILL</u>
Anticipated Spud Date: <u>01/00/00</u> Est. Completion Date: <u>01/00/00</u>	Cost Center: <u>14100.00</u>

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	\$900	\$0	\$900
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	\$0
Electrical Infrastructure Allocated	0049	\$0	\$0	\$0
Water Management Infra Allocated	0046	\$0	\$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. 113441 Exhibit No. **6-K**
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 Psuedo 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

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 Superi		
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: _____

X



PROPERTY IDENTIFICATION MAP
SAN JUAN COUNTY
NEW MEXICO

SCALE: (APPRX) 1" = 200'

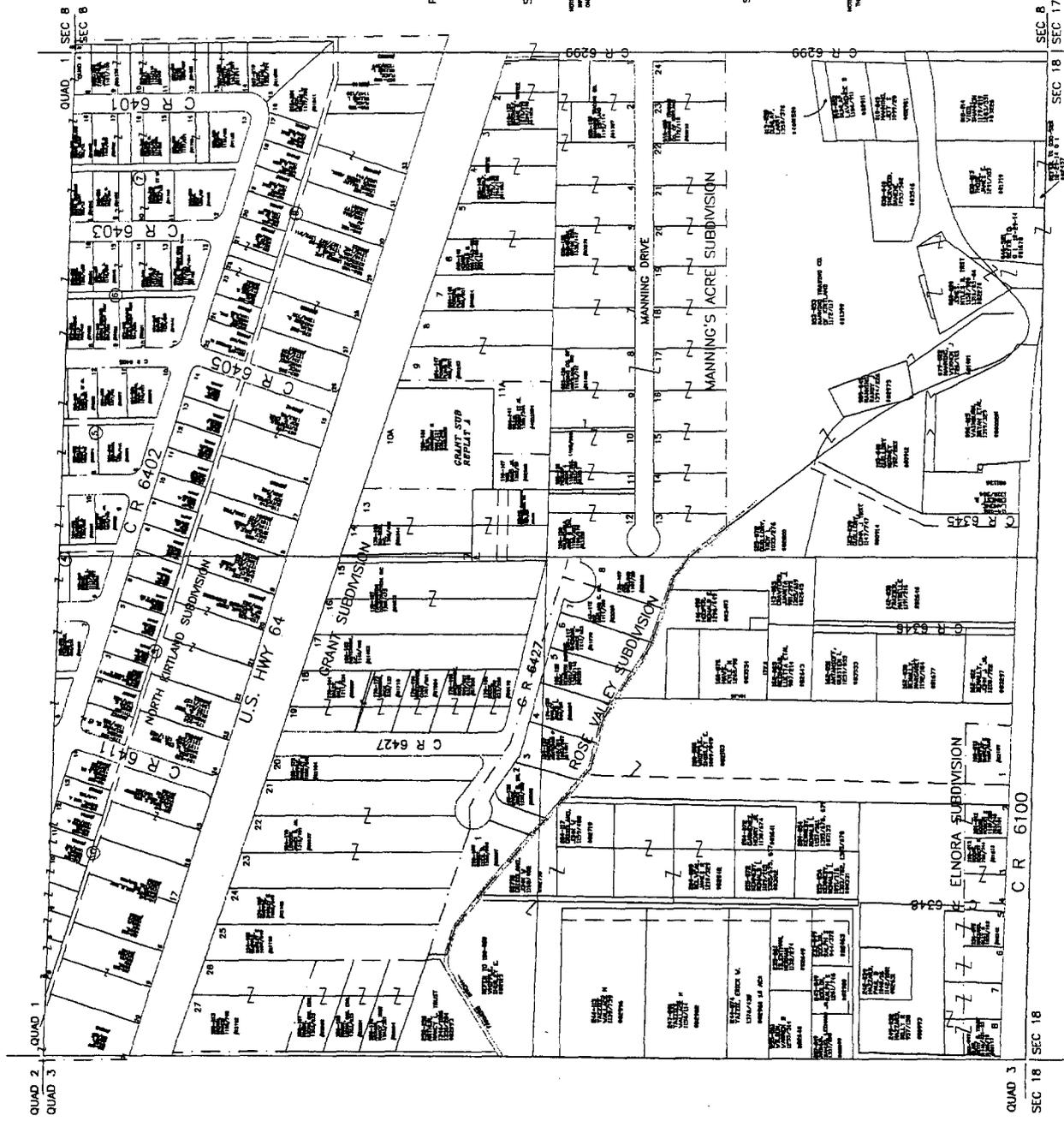
NOTE: INFORMATION CONTAINED ON THIS MAP IS BASED SOLELY
ON RECORDED DATA. (NO LIABILITY ASSUMED)

CODE NUMBER
2-084-172

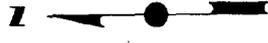
LEGAL DESCRIPTION
SECTION 7 T28N R14W QUAD 4

22

NOTE: THIS MAP IS THE AUTHOR'S UNPAID WORK ONLY.



BEFORE THE
OIL CONSERVATION DIVISION
Case No. 113441 Exhibit No. **6-L**
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005



SEC 6
NW NE

REFER TO 190-462
DIAMOND D
CONSTRUCTION CO INC
1379/599
#80762

129-494
V & L LTD CO
1280/111
1286/11
#800055

129-480
JACKSON ETAL
1285/868
#800056

129-488
SINNE
1287/877
#800057

129-491
DUFFY
1311/858
#800058

129-437
LONG BEACH MTC
1309/876
#800059

129-422
GERY
1310/901
#800060

129-407
DONALD G ETUX
1389/895
#800081

129-383
V & L LTD CO
1280/111
1286/11
#800055

099-464
SIMPSON
1281/119
#800070

099-490
BRYANT
1337/1032-33
#800089

099-488
TALAS
1338/879
#800088

099-451
HARRISON
1358/838
#800067

099-437
SILVERSMITH
1286/78
#800088

099-422
JONES
1344/390
#800085

099-407
MIKE
1280/712
#800084

072-504
CRAIK
1364/1028
#83188

072-490
FOUITZ VERDA TRST ETAL
XALLEN, JEFFERSON
1186/289-90, 1215/131
1202/1091
#83187

072-475
FOUITZ VERDA TRST ETAL
XSMITH, DAVID
1186/289,290, 1218/971
1353/644/769
#83186

072-461
BENALTY, JASPER
1234/928
1245/338
#83185

072-446
ENRIQUEZ,
BLAS
1379/357
#83184

072-432
FRANK
BERNICE
1387/132
#83183

072-418
PETERSON,
KATHERINE L
1344/638
#83182

048-504
FOUITZ, VERDA TRST ETAL
XBERNALLY, WANDA R.
1186/289-90
#83189

048-490
FOUITZ, VERDA TRST ETAL
XSMITH, DOUGLAS D.
1186/289-90, 1215/132
1189/289-90
#83190

048-475
FOUITZ, VERDA TRST ETAL
XWILLIAMS, KEE ETAL
1186/289-90, 1215/133
1189/289-90
#83191

048-461
VAZZINI,
STEPHENSON
1380/838
#83192

048-446
VERDA TRST ETAL
XTOLEDO, VICTOR
1186/289-90, 1215/135
1195/692
#83193

048-432
GREEN TREE
FINANCIAL CORP.
1286/724
#83194

048-418
JENSEN, FLORA B.
1341/867
#83195

037-518
DIAMOND D INC
1375/439
#4002981

006-504
FOUITZ, VERDA TRST ETAL
XWILLIAMS, KEE ETAL
1186/289-90, 1215/145
1192/194
#83204

006-490
LISZIE
1297/120
#83203

006-475
ROSIE,
1297/119
#83202

006-461
VAZZINI,
1285/928
#83201

006-446
VERDA TRST ETAL
XBLACKWATER, TOM
1186/289-90, 1215/142
1204/190
#83200

006-432
FOUITZ, VERDA TRST ETAL
XBERNALLY, RAYMOND
1186/289-90, 1215/141
1203/125
#83199

006-418
FOUITZ, VERDA TRST ETAL
XWOODY, CECIL R.
1186/289-90, 1215/140
#83198

003-518
DIAMOND D INC
1375/439
#4002980

006-504
FOUITZ, VERDA TRST ETAL
XWILLIAMS, KEE ETAL
1186/289-90, 1215/145
1192/194
#83204

006-490
LISZIE
1297/120
#83203

006-475
ROSIE,
1297/119
#83202

006-461
VAZZINI,
1285/928
#83201

006-446
VERDA TRST ETAL
XBLACKWATER, TOM
1186/289-90, 1215/142
1204/190
#83200

006-432
FOUITZ, VERDA TRST ETAL
XBERNALLY, RAYMOND
1186/289-90, 1215/141
1203/125
#83199

006-418
FOUITZ, VERDA TRST ETAL
XWOODY, CECIL R.
1186/289-90, 1215/140
#83198

SEC 5
SEC 8

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DINE BIKEYAH III SUB. PHASE
CR 6406

DINE BIKEYAH II SUB

DINE BIKEYAH I SUB

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DINE BIKEYAH SUBDIVISION

DINE BIKEYAH II SUB

DINE BIKEYAH I SUB

PROPERTY IDENTIFICATION MAP
SAN JUAN COUNTY
NEW MEXICO

SCALE: (APPRX) 1" = 100'

NOTE:
THIS MAP IS FOR INFORMATION PURPOSES ONLY.
IT IS NOT TO BE USED FOR ANY LEGAL PURPOSES.

CODE NUMBER

LEGAL DESCRIPTION

SECTION 7 129N R14W NE NE

SECTION 7 129N R14W NE NE

SEC 6
SEC 8

2

1

8

9

16

SEC 5
SEC 8

SEC 6
QUAD 2

SEC 6
NE NE



PROPERTY IDENTIFICATION MAP
SAN JUAN COUNTY
NEW MEXICO

SCALE: (APPROX) 1" = 100'

NOTES:
INFORMATION CONTAINED ON THIS MAP IS BASED SOLELY
ON RECORDS ON FILE. (SEE SURVEY PLANS)

CODE NUMBER
2-084-172

LEGAL DESCRIPTION
SECTION 7 29N 114W NW NE

22

THIS MAP IS FOR INFORMATION PURPOSES ONLY.

8	165-494 V & T, LTD. CO. 1280/11 1322/479 #8000054 .99 AC
9	
10	
11	
12	
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14	
15	
16	

C R 6409 DINE' BIKE'YAH II SUB

190-462
DIAMOND D CONST
CO INC
1379/599
80762
26.34 AC

261-462
FOUTZ, VERDA TRUST
841/418
1164/709
80764
5.5± AC

QUAD 2
QUAD 2 SW NE

SEC 6
SE NE

165-393
TODACHEENE,
LEONARD
1286/41.
#8000047
.31 AC

165-407
V & T, LTD. CO.
1280/11
1306/192
#8000048
1.00 AC

165-422
V & T, LTD. CO.
1280/11
1306/192
#8000046
1.00 AC

165-437
TODACHEENE,
KELLY
1309/500
#8000050
1.00 AC

165-451
WALTON,
MAX D.
1298/723
#8000051
1.00 AC

165-466
V & T, LTD. CO.
1280/11
1340/824
#8000052
1.00 AC

165-480
V & T, LTD. CO.
1280/11
1313/157
#8000053
1.00 AC

165-494
V & T, LTD. CO.
1280/11
1322/479
#8000054
.99 AC



PROPERTY IDENTIFICATION MAP
SAN JUAN COUNTY
NEW MEXICO

SCALE: (APPRX) 1" = 100'

NOTE: THIS MAP IS FOR INFORMATION PURPOSES ONLY.
FOR RECORDS ONLY. (SEE RECORDS FOR DETAILS)

CODE NUMBER
2-084-172

LEGAL DESCRIPTION
SECTION 7 T28N R14W SE NE

22

NOTE: THIS MAP IS FOR INFORMATION PURPOSES ONLY.

