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

IN THE MATTER OF THE APPLICATION OF LANCE OIL & GAS COMPANY, INC. FOR COMPULSORY POOLING INCLUDING OPTIONAL INFILL WELL PROVISIONS, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 13574

<u>AFFIDAVIT</u>

STATE OF NEW MEXICO)
COUNTY OF SANTA FE)
Ocean Munds-Dry, attorney in fact and authorized representative of Lance Oil & Gas
Company, Inc., the Applicant herein, being first duly sworn, upon oath, states that notice of the
above-referenced Application was mailed to the addresses shown on Exhibit "A" attached hereto,
and that true and correct copies of the notice letter and proof of receipt are attached hereto.
Ocean Munds-Dry Ocean Munds-Dry
SUBSCRIBED AND SWORN to before me this 20th day of 1005 by Ocean
Munds Dry. OFFICIAL SEAL LISAMARIE ORTIZ NOTARY PUBLIC-STATE OF MEN MEDICO My commission expires. Notary Public
My Commission Expires: hanagy 14, 2007

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. <u>13574</u> Exhibit No. 5

Submitted by:

LANCE OIL & GAS CO., INC.

Hearing Date: October 6, 2005

EXHIBIT A

APPLICATION OF LANCE OIL & GAS COMPANY, INC. FOR COMPULSORY POOLING, SAN JUAN COUNTY, NEW MEXICO

FRPC 17 Well No.1

NAME	ADDRESS	CITY	STATE	ZIP
Scott Tubb	3700 East Main Street	Farmington	NM	87402
Garden Spot Produce	P.O. Box 109	Farmington	NM	87499-0109
W.R. Grace	2210 West Main Street	Farmington	NM	87401
James J. Gifford	3308 Vista Del Sur NW	Albuquerque	NM	87120
Jerry A. & Patsy Ann Symmonds	2112 West Main Street	Farmington	NM	87401-3221
D. Vince & Helen L. Ferrari	455 West Main Street	Farmington	NM	87401-8425
Stewart & Stevenson Power	5840 Dahlia Street	Commerce City	CO	80022-3707
Four Corners Trading Company	P.O. Box 201	Flora Vista	NM	87415
Johnny D. & Erlinda Maestas	310 North Schwartz Avenue	Farmington	NM	87401
Frankie L. Smith	2333 East 10th Street	Farmington	NM	87401
Donald J. Anderson	1301 West Main Street	Farmington	NM	87401-3810
Manju Nagin	1510 West Main Street	Farmington	NM	87401-3838
Rita F. Kilkenny	P.O. Box 2207	Santa Fe	NM	87501-2040
Glen & Leslie Murray	24 CR 57, 3011-D	Farmington	NM	87401-9560
Four Corners Body & Paint	1615 West Apache	Farmington	NM	87401
Abe & Irene Ashihi	115 Phillips Road	Farmington	NM	87401-3853
Andrew & Helen M. Lucero	309 Phillips Road	Farmington	NM	87401-4705
Francis B. & Mary E. Marler	1709 West Main Street	Farmington	NM	87401-3841
Sherman K. Coates	911 North Butler	Farmington	NM	87401-6859
Bobby J. & Betty L. Merrit	750 North 17th Street	Las Cruces	NM	88005
Ted & Sherry Sprinkle	601 Kerney	Farmington	NM	87401
Gerald Nolan	2 CR 5150	Bloomfield	NM	87413
Jim W. & Gloria R. Mihelich	603 West LaPiata	Farmington	NM	87401
State of NM Department of Transportatio	n P.O. Box 1149	Santa Fe	NM	87504-1149
Mark & Becky Duncan	418 West Broadway, Suite	A Farmington	MM	87401
F.R. & E.M. Dickens	P.O. Box 223	Aztec	NM	87410-0223
Phyllis Turner	106 Lakeside Lane	Pierre	SD	57501
Kenneth N. & Greta L. Griner	219 Airport Drive	Farmington	NM	87401
Victor R. & Delores L. Eicker	9 RD 5571	Farmington	NM	87401
High Desert Woodworks	219 Airport Drive	Farmington	NM	87401
Wal Mart	2001 SE 10th Street	Bentonville	AR	72716-0550
Rick D. & LaDonna Mace	1301 West Main Street	Farmington	NM	87401-3833



Ocean Munds-Dry Associate omundsdry@hollandhart.com

September 13, 2005

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Re: Application of Lance Oil & Gas Company, Inc. for compulsory pooling, San Juan County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Lance Oil & Gas Company, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation and the Basin Fruitland Coal Gas Pool in certain spacing and proration units in the N/2 of Section 17, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico. Said pooled units are to be dedicated to Lance's FRCP 17 Well No. 1 to be drilled at a standard location 1914 feet from the North line and 1449 feet from the East line.

This application has been set for hearing before a Division Examiner on October 6, 2005. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

Ocean Munds-Dry

ATTORNEY FOR LANCE OIL & GAS

COMPANY, INC.

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

IN THE MATTER OF THE APPLICATION OF LANCE OIL & GAS COMPANY, INC. FOR COMPULSORY POOLING INCLUDING OPTIONAL INFILL WELL PROVISIONS, SAN JUAN COUNTY, NEW MEXICO.

CASE	NO.	

APPLICATION

LANCE OIL & GAS COMPANY, INC. ("Lance"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Pictured Cliffs formation and the Basin Fruitland Coal Gas Pool in Section 17, Township 29 North, Range 13 West, N.M.P.M., San Juan County County, New Mexico, in the N/2 to form a standard 320-acre spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool; and in the NE/4 to form a standard 160-acre spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the West Kutz-Pictured Cliffs Pool. Lance also seeks to include provisions for subsequent operation and procedures for an optional "infill" coalbed-gas well.

In support of this application Lance states:

- 1. Lance is a working interest owner in the N/2 of Section 17 and has a right to drill thereon.
- 2. Lance proposes to dedicate the above-referenced spacing or proration unit to its FRCP "17" Well No. 1 (API No. 30-045-31768), to be drilled at a standard location 1914 feet from the North line and 1449 from the East line in the SW/4 NE/4 (Unit G) of Section 17 for downhole commingled production from the Basin Fruitland Coal Gas Pool and the West Kutz Pictured Cliffs Pool.
- 3. Lance has sought and been unable to obtain a voluntary agreement for the development of these lands from the interest owners identified on Exhibit A to this application.
- 4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Lance the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Lance should be designated the operator of the well.

6. Lance also seeks to include provisions for subsequent operations and procedures for an optional "infill" coalbed gas well. See Exhibit B.

WHEREFORE, Lance requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 6, 2005, and, after notice and hearing as required by law, the Division enter its order:

A. pooling all mineral interests in the subject spacing and proration unit;

B. designating Lance operator of the unit and the well to be drilled thereon;

C. authorizing Lance to recover its costs of deepening, equipping and recompleting the well;

D. authorizing subsequent operations and procedures for an optional "infill" coalbed gas well;

E. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision to adjust the rates pursuant to the COPAS accounting procedures; and

F. imposing the 200% risk penalty provided by Division Rule 19.15.1.35 against any working interest owner who does not voluntarily participate in the drilling of this well.

Respectfully submitted,

HOLLAND & HART, LLP

William F. Carr

Ocean Munds-Dry

P.O. Box 2208

Santa Fe, NM 87504

Telephone: (505) 988-4421

ATTORNEYS FOR LANCE OIL & GAS COMPANY, INC.

- () 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.

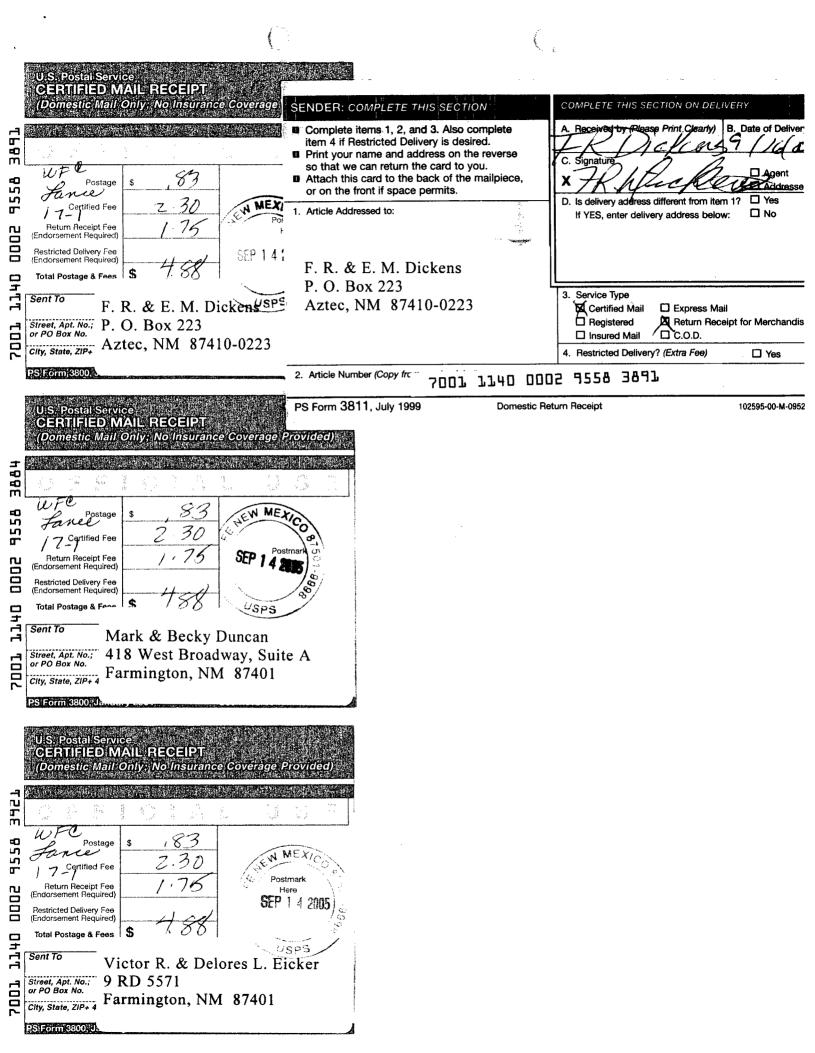
- b. If the operator is a non-consenting working interest owner in the infill well, the consenting parties shall either: (a) request the operator to perform the work required for the account of the consenting parties, or (b) designate one of the consenting parties as operator of the infill well. If the 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

CASE ____:

Application of Lance Oil & Gas Company, Inc. for compulsory pooling including optional infill well provisions, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests from the surface to the base of the Pictured Cliffs formation and the Basin Fruitland Coal-Gas Pool underlying the NE/4 and the N/2 of Section 17, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, to form a standard 320-acre spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool; and the NE/4 to form a standard 160-acre spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the West Kutz-Pictured Cliffs Pool. This unit is to be dedicated to the FRCP 17 Well No. 1, to be drilled and dually completed at a standard location 1914 feet from the North line and 1449 feet from the East line in the SW/4 NE/4 (Unit G) of said Section 17 for downhole commingled production from the Basin Fruitland Coal Gas Pool and the West Kutz-Pictured Cliffs 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 cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and, pursuant to NMRA 19.15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project. Said area is located approximately .10 mile south of Farmington, New Mexico.

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1 1140 0002 9558 3792	Abe & Irene Ashihi	Abe & Irene Ashihi	A. Received by (Please Print Clearly) B. Date of Delivery C. Signature Agent Addressee D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No 3. Service Type Certified Mail Registered Return Receipt for Merchandise Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee)
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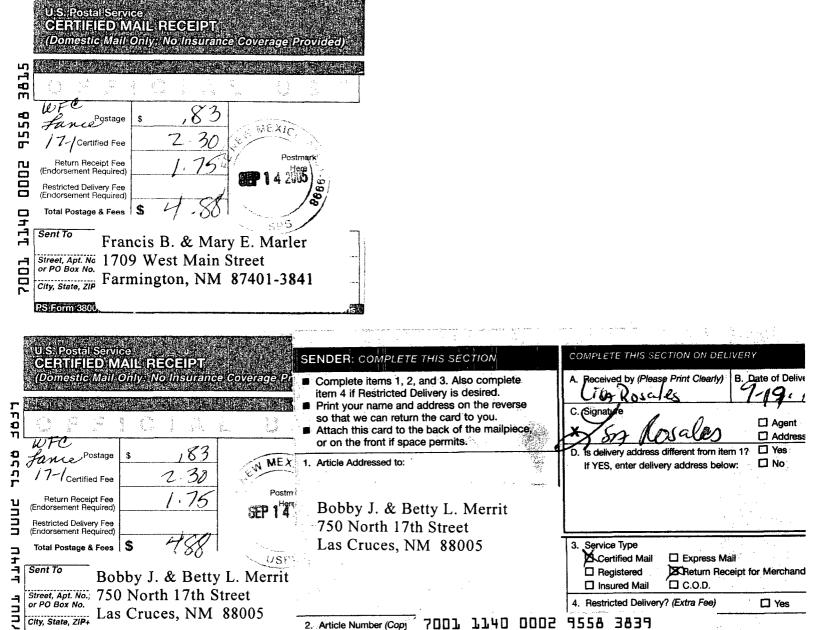
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C) 15 5 5 5 1 5 1 5 1 5 1 5 1 5 1 5 1 5 1	WFC Postage \$ 83 WME	item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: James J. Gifford 3308 Vista Del Sur NW	C. Signature Agent Addressee D. Is delivery address different from item 1? Yes (t YES, enter delivery address below: No USP
1007 1140 1	Sent To James J. Gifford Street, Apt. No.: 3308 Vista Del Sur NW or PO Box No. Other Steep 7/19. Albuquerque, NM 87120	Albuquerque, NM 87120	3. Service Type Certified Mail
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Sent To Kenneth N. & Greta L. Street, Apt. No.; 219 Airport Drive or PO Box No. Farmington, NM 8740		3. Service Type Certified Mail Registered Insured Mail C.O.D.
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Total Postage & Fees \$ 7.88	219 Airport Drive Farmington, NM 87401	3. Service Type Certified Mail Registered Insured Mail C.O.D.
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7001 1140 0002 9558 3952	U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only, No Insurance Coverage F Postage \$ 183 Certified Fee 2.30 Restricted Delivery Fee (Endorsement Required) Total Postage & Fees Sent To Rick D. & LaDonna Mace Street, Apt. No.; or PO Box No. City, State, ZIP+ Farmington, NM 87401-38	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. Article Addressed to: Rick D. & LaDonna Mace 1301 West Main Street Farmington, NM 87401-3833	A. Received by (Please Print Clearly) A. Received by (Please Print Clearly) B. Date of Delivery Address of Delivery address different from item 1? Address D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No 3. Service Type Certified Mail Registered Registered Restricted Delivery? (Extra Fee) Yes
1 1140 0002 9558 3723	Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees Sent To Johnny D. & Erlinda Mae: Street, Apt. No.; 310 North Schwartz Aven	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. Article Addressed to: Johnny D. & Erlinda Maestas 310 North Schwartz Avenue Farmington, NM 87401	A. Heceived by (Prease Print Clearly) C. Signature D. Is delivery address different from item 1?
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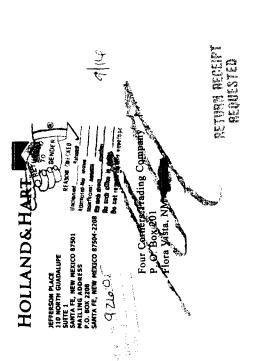
7 17-1 Certified Fee 2.30	Complete items 1, 2; and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: Stewart & Stevenson Power	A. Received by (Please Print Clearly) B. Date of Delivery C. Signature X Agent Addressee D. Is delivery address different from item/1? Yes If YES, enter delivery address below:
Sent To Stewart & Stevenson Street, Apt. No. or PO Box No. City, State, ZIP4 Commerce City CO Stewart & Stevenson Corpo Box No. City, State, ZIP4 Commerce City CO	Pow Commerce City CO 80022-3707	3. Service Type Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D. Restricted Delivery? (Extra Fee) Yes
(Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Form Ted & Sherry Sprink Street, Apt. No.; 601 Kerney	PS Form 3811, July 1999 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 Addressed to: Ted & Sherry Sprinkle 601 Kerney Farmington, NM 87401	
Street, Apt. No.; 601 Kerney or PO Box No. City, State, ZIP+1 Farmington, NM 87-	2. Article Number (Copy 7001 1140 0005 PS Form 3811, July 1999 Domestic Re	the state of the s

•	ATT ALL STATES		
	U.S. Postal Service CERTIFIED MAIL REGEIRT		
	🌣 (Domestic Mail: Only: No Insurance Coverage)	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
58 3730	UFC Postage \$,83 EN ME	 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, 	A. Received by (Please Print Clearly) B. Date of Deliver C. Signature Agent
0 0002 95	7-1 Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$ 1.86 USP:	or on the front if space permits. 1. Article Addressed to: Frankie L. Smith 2333 East 10th Street	D. Is delivery address different from item 17 Yes If YES, enter delivery address below: No
7001 114	Sent To Frankie L. Smith Street, Apr. No. or PO Box No. CHy, State, ZIP. Farmington, NM 87401	Farmington, NM 87401	3: Service Type Certified Mail Express Mail Registered Return Receipt for Merchandis Insured Mail C.O.D. Restricted Delivery? (Extra Fee) Yes
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7588 8558 5000 04LL LOO7		2. Article Number (Copy fi 7001 1140 000) PS Form 3811, July 1999 Domestic Re	C. Signature X
9558 368b	US Rostal Service GERTIFIED MAIL RECEIPT (Pomestic Mail Only: Nothsurance Coverage) WF-C Lame Postage \$,83 km MEX/C 17-1Certified Fee 2 30 5 Return Receipt Fee 1 . 75 SEP 1 4 20	2112 West Main Street	C. Signature C. Signature Agent Addresse B. Dafe of Delivery Agent Addresse Addresse If YES, enter delivery address below:
1140 000E	Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees Sent To Jerry A. & Patsy Ann Sy	2. Article Number (Copy fr	3. Service Type Certified Mail
ᅼ	Street, Apt. No.; 2112 West Main Street	7001 1140 000i	2 9558 3686
00	Farmington, NM 87401-	PS Form 3811; July 1999 Domestic Re	turn Receipt 102505-00-M-0052

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0 0002 9558 3648	U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail: Only; No linsurance Coverage) 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. Restricted Delivery Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Article Addressed to: Scott Tubb 3700 Fast Main St	A. Received by (Please Print Clearly) B. Date of Delivery G. Signature X Addressee D. Is delivery address different from item 1? If YES, enter delivery address below:
7 7 7 7 7	Scott Tubb Street, Apt. No.; or PO Box No. City, State, ZIP+4 Total Postage & Fees 3 3700 East Main Street Farmington, NM 87402 Farmington, NM 87402	3. Service Type Certified Mail
9	S Form 8800 de	
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700£ 8356 2000 04LL 1007	WF Postage \$,83 T-jCertified Fee 230 Postman of Here	COMPLETE THIS SECTION ON DELIVERY
3945	US Postalisarvice GERTIFIED MAIL REGEIPT (Domestic Mails Only; No Insurance Coverage 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 Addressed to:	A. Received by (Please Print Clearly) B. Date of Deliver C. Signature X Addresse G. Is delivery address different from item 1? Yes
1140 0002 9558 3	Postage \$.83 Certified Fee 7.30 Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$.88 Sent To Wal Mart USP	If YES, enter delivery address below: No SEP 17 2305 3. Service Type Certified Mail Express Mail Registered Return Receipt for Merchandis Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Yes
_	Street, Apt. No.; 2001 SE 10th Street 2. Article Number (7001 1140 0002 75	55A 3945
700	City, State, ZiP+. Bentonville, AR 72716-(PS Form 3811, July 1999. Democris Ret	Description

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952





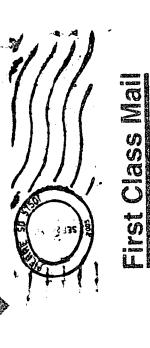
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Four Corners Trading Company P. O. Box 201			
Flora Vista, NM 87415	S. Service Type 10 Certified Mail 11 Registered 10 Resure Receipt for Merchandles 12 Resured Mail 13 C.O.D.		
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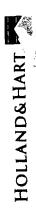
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PS Form 3811, July 1999

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JEFERSON PLACE
110 NORTH GUADALUPE
SUITE 1, NEW MEXICO 87501
MAILLYGA ADDRESS
P.O. BOX 2208
SANTA FE, NEW MEXICO 8750-2208

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Phyllis Turner 105 Lakeside Lane Pierre, SD 57501

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PS Form 3811, July 1999



HOLLAND&HART.

JEFFERSON PLACE
1110 NORTH GUADALUPE
SUITE
SUITE FE, NEW MEXICO 87501
MAILING ADDRESS
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

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Donald J. Anderson 1301 West Main Street Farmington, NM 87401-3810

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B. Date of Deliver C. 8 X

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Donald J. Anderson 1301 West Main Street Farmington, NM 87401-3810













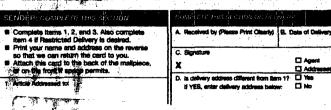




HOLLAND&HART

JEFFERSON PLACE
110 NORTH GUADALUPE
SUITE 1
SANTA FE, NEW MEXICO 87501
HA11 INGA ADDRESS
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

Glen & Leslie Murray 24 CR 57, 3011-D Farmington, NM 87401-9560 



Glen & Leslie Murray 24 CR 57, 3011-D Farmington, NM 87401-9560

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AFFIDAVIT OF PUBLICATION

Ad No. 52282

STATE OF NEW MEXICO County of San Juan:

CONNIE PRUITT, being duly sworn says: That she is the ADVERTISING 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):

Tuesday, September 20, 2005.

CONNIE PRUITT

And the cost of the publication is \$128.40.

appeared before me, whom I know personally to be the person who signed the above document.

My Commission Expires November 17/2008.

COPY OF PUBLICATION

Legals

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 law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on October 6, 2005, in the Oil Conservation Division Hearing Room at 12:20 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, quiffied sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by September 26, 2005. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other 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 cases

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

Application of Lance Oil & Gas Company, Inc. for compulsory pooling including optional infill well provisions, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests from the surface to the base of the Pictured Cliffs formation and the Basin Fruitland Coal-Gas Pool underlying the NE/4 and the N/2 of Section 17, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, to form a standard 320-acre spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool; and the NE/4 to form a standard 160-acre spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the West Kutz-Pictured Cliffs Pool. This unit is to be dedicated to the FRCP 17 Well No. 1, to be drilled and dually completed at a standard location 1914 feet from the North line and 1449 feet from the East line in the SW/4 NE/4 (Unit G) of said Section 17 for downhole commingled production from the Basin Fruitland Coal Gas Pool and the West Kutz-Pictured Cliffs 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 cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and, pursuant to NMRA 19,15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project. Said area is located approximately .10 miles south of Farmington, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 15th day of September 2005.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E., Director

Legal No. 52282 published in The Daily Times, Farmington, New Mexico on Tuesday, September 20, 2005.