

LANCE OIL & GAS COMPANY, INC.

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2006 APR 3 PM 1 11

March 31, 2006

Brett C. Woody
BP America Production Company
501 WestLake Park Boulevard, Rm 3.404
Houston, TX 77079-3092

RE: NMOCD Case R-12451
FRPC 22 #2, FRPC 22 #3
Township 29 North – Range 13 West, NMPM
Section 22: W1/2
San Juan County, New Mexico

Dear Mr. Woody:

In reference to your letter dated March 21, 2006, to the New Mexico Oil Conservation Division with cc to Lance Oil & Gas Company, Inc. ("Lance"), please be aware that Lance will certainly provide BP America Production Company ("BP") with the well information you have requested and with future production information necessary for BP to make sound operational and business decisions concerning these wells.

At no time had Lance conclusively decided that BP was not entitled to well information from the two above referenced wells, but was in internal discussions as to how the status of a force pooled entity might differ in some ways from an entity that had elected to join under an operator's first proposal.

Very truly yours,

Lance Oil & Gas Company, Inc.



Gerald T. Sullivan
Senior Landman

✓ Cc: Mark E. Fesmire / NMOCD / Santa Fe, NM
Bill Carr / Holland & Hart / Santa Fe, NM