



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

January 3, 2005

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Lance Oil & Gas Company, Inc.
P. O. Box 70
Kirtland, New Mexico 87417

Attention: **Paul Lehrman**
plehrman@westerngas.com

Administrative Order NSL-5153

Dear Mr. Lehrman:

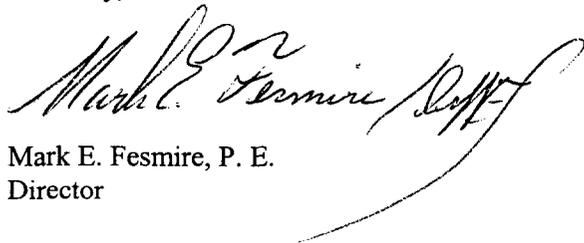
Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-434932019*) that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on December 13, 2004; (ii) your e-mail correspondence with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division in Santa Fe on December 22, 2004; and (iii) the Division's records in Santa Fe: all concerning all concerning Lance Oil & Gas Company, Inc.'s ("Lance") existing NW Cha Cha Unit Well No. 43 (API No. 30-045-07864) that was recently recompleted as a Pictured Cliffs gas well at an unorthodox location 2110 feet from the North line and 1850 feet from the East line (Unit G) of Section 25, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

The NE/4 of Section 25 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the Undesignated West Kutz-Pictured Cliffs Pool (79680).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Pictured Cliffs gas well location is hereby approved.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington