| Office Office | State of I | New Mexico | Form C-103 |
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| District I | Energy, Minerals | and Natural Resources | May 27, 2004 |
| 4625 N. French Dr., Hobbs, NM 88240 | • | 3.3 | WELL API NO. |
| District II | OIL CONSERV | ATION DIVISION | 30-045-32268 |
| 1301 W. Grand Ave., Artesia, NM 88210 District III | | St. Francis Dr. | 5. Indicate Type of Lease |
| 1000 Rio Brazos Rd., Aztec, NM 87410 | | | STATE 🛛 FEE 🗌 |
| District IV | Santa Fe | e, NM 87505 | 6. State Oil & Gas Lease No. |
| 1220 S. St. Francis Dr., Santa Fe, NM 87505 | | | NMNM-102886 |
| | ICES AND REPORTS ON | J WELL 8-3 4 5 0 N | 7. Lease Name or Unit Agreement Name |
| (DO NOT USE THIS FORM FOR PROPO | SALS TO DRILL OR TO DEEP | PEN OPEPILIG BACK TO A | ` 1 |
| DIFFERENT RESERVOIR. USE "APPLIC | CATION FOR PERMIT" (FORM | A C-X01\ FOR SUCH 🕬 🧦 | Wiredelaili |
| PROPOSALS.) | | ES Ulli | 8. Well Number |
| 1. Type of Well: Oil Well | Gas Well 🔀 Other | 8 00 Per 2005 | #1 |
| 2. Name of Operator | . A. A. W. W | | 9. OGRID Number |
| Lance Oil & Gas Company, Inc. | | Va One | 9. OGRID Nulliber 229938 |
| 3. Address of Operator | | | 10. Pool name or Wildcat |
| P. O. Bob 70, Kirtland, NM 87417 | | No. of the second secon | Basin Fruitland Coal/Harper Hill PC |
| | | | Basin Fruitiand Coal/Harper Hill PC |
| 4. Well Location | | Sales Land | |
| Unit Letter <u>H</u> : | 1740' feet from the | North line and | 670 feet from the <u>East</u> line |
| Section 11 | Township 30N | Range 14W | NMPM San Juan County |
| | | nether DR, RKB, RT, GR, o | |
| A service of the serv | 5942' | , on, on, on, on, on, on, on, on, on, on | |
| Pit or Below-grade Tank Application | | | |
| | | arest fresh water well | Distance from nearest surface water |
| | | | |
| Pit Liner Thickness: mil | Below-Grade Tank: Vo | olumebbls; | Construction Material |
| 12. Check A | Appropriate Box to Inc | dicate Nature of Notic | e, Report or Other Data |
| | | | 1 |
| NOTICE OF IN | ITENTION TO: | Sl | JBSEQUENT REPORT OF: |
| PERFORM REMEDIAL WORK | PLUG AND ABANDON | ☐ REMEDIAL W | ORK |
| LEVLOVINI VEINIEDIAL MOKY [7] | | | |
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May 13, 2005

Bureau of Land Management 1235 La Plata Highway, Suite A Farmington, NM 87401

Attn: Mr. Jim Lovato

RE: WF-Federal 11 #1 Downhole Commingling

Dear Jim:

Pursuant to our telephone conversation Thursday, May 12, 2005, Lance Operating Oil & Gas Company, Inc. requests downhole commingling approval for the WF – Federal 11 #1 located in the E/2 Section 11, T30N – R14W, San Juan County, New Mexico. Lance is requesting a preliminary allocation of 90% Fruitland Coal and 10% Pictured Cliffs. Lance is a 100% working interest owner. The MMS is a 100% royalty interest owner with no overriding royalty interests.

Lance is continuing to prepare a permanent assessment for the allocation methodology. The assessment is expected to be finalized and submitted to the BLM by August 31, 2005. The temporary allocation factors will likely change at that time. Our initial data gathering has indicated that the Pictured Cliffs is producing less than previously approved 50% / 50% allocations under the Richardson assessment.

Pls feel free to call Tom Erwin (505-598-5601 x63) if you have any questions or comments regarding our request.

Sincerely,

LANCE OIL & GAS OPERATING COMPANY, INC.

Thomas M. (Tom) Erwin

Senior Production Engineer

Enclosures (2)

cc: Dorothy Jacquez, NMOCD (w/original & 3 copies of each C-104)

Phone (505) 598-5601