

Submit 3 Copies To Appropriate District Office:
District I
4625 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. 30-045-32268
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMNM-102886
7. Lease Name or Unit Agreement Name WF Federal 11
8. Well Number #1
9. OGRID Number 229938
10. Pool name or Wildcat Basin Fruitland Coal/Harper Hill 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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Lance Oil & Gas Company, Inc.	
3. Address of Operator P. O. Bob 70, Kirtland, NM 87417	
4. Well Location Unit Letter <u>H</u> : <u>1740'</u> feet from the <u>North</u> line and <u>670</u> feet from the <u>East</u> line Section <u>11</u> Township <u>30N</u> Range <u>14W</u> NMPM San Juan County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5942'	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>	
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: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: Application for Downhole Commingle <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>
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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.

Operator, Lance Oil & Gas Company, Inc. respectfully requests approval to downhole commingle Fruitland Coal and Pictured Cliffs production from the WF Federal 11 #1. The initial allocation of Fruitland Coal – 90% and Pictured Cliffs – 10% is preliminary and will be revised by August 31, 2005. Lance is continuing to evaluate an allocation methodology based upon offset production, reserves, open hole logs and zonal isolation.

The WF Federal 11 #1 is currently completed in the Fruitland Coal and Pictured Cliffs as follows:

Fruitland Coal (S9): 1489', 1518', 1523-25', 1573-74', 1577-83'; (S8): 1654-59', 1662-63'

Pictured Cliffs: 1672-86'

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 Jo Becksted TITLE Production Tech DATE 7/6/05

Type or print name Jo Becksted E-mail address: jbeckste@westerngas.com Telephone No. (505) 598-5601 Ext. 58

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 65 DATE JUN - 6 2005

Conditions of Approval (if any):

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

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. Erwin 5/17/05

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