

Submit 3 Copies To Appropriate District Office
District I
1625 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

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

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.)		WELL API NO. 30 - 045 - 32900
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator Lance Oil and Gas Company, Inc.		6. State Oil & Gas Lease No.
3. Address of Operator P. O. Box 70, Kirtland, NM 87417		7. Lease Name or Unit Agreement Name Salty Dog
4. Well Location Unit Letter <u>B</u> : <u>1,030</u> feet from the <u>North</u> line and <u>1,365</u> feet from the <u>East</u> line, Section <u>16</u> Township <u>29N 7E</u> Range <u>14W</u> NMPM San Juan County, NM		8. Well Number #5
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5,213' GL		9. OGRID Number 229938
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wildcat Entrada
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 ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: Repair Casing ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

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.
Lance Oil and Gas Company, Inc. requests approval to commence repairing the 5-1/2" casing pursuant to our conversation Erwin/Perrin/Hayden on Monday afternoon, January 9, 2006.

The 5-1/2" casing was landed at 6,808' KB and cemented to surface with 1175 sacks cement. A total of 25 bbls cement were circulated to surface. However, the cement bond log dated 11/18/05 (BlueJet) indicates a cement top at ~1,450' KB with stringers uphole. It appears that the cement fell back. Lance ran a Step Rate Test on 12/15/05 and 12/17/05 with a bradenhead pressure of 130 psig noted at the time of the SRT. Lance began discussing the available options as soon as the bradenhead pressure was noted. Two gas samples were collected and analyzed by CQM, Inc on 12/16/05 and 12/20/05 indicating the source of the gas to be Fruitland Coal gas.

The detailed procedure entails perforating the 5-1/2" casing at 710' KB (50' below Pictured Cliffs top) with 2 SPF and 180 degree phasing. Lance will attempt to break circulation down the casing and up the casing backside to surface. If able to break circulation, a cement retainer will be run in the hole and set at approximately 680' KB and cement pumped down the tubing and up the backside of 5-1/2" casing. If unable to break circulation to surface, the 5-1/2" casing will be perforated at 610' KB. A cement retainer will be run in the hole and set at approximately 680' KB. A suicide squeeze will be attempted with cement pumped down the tubing and up the backside of 5-1/2" through the squeeze holes at 610' KB.

The cement will be allowed to cure for 72 hours. The cement retainer and cement will be drilled out and the squeeze holes pressure tested to 500 psig for 30 minutes. A CBL will be run following the pressure test and forwarded to your office. Your timely approval would be appreciated. Pls advise if you need any additional information.

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 NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Thomas M. Erwin

Type or print name Thomas M. Erwin

For State Use Only

TITLE Senior Production Engineer

E-mail address: terwin@westerngas.com

DATE 1/11/06

Telephone No.: 598-5601

APPROVED BY: H. Villanueva

TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4

DATE

Conditions of Approval (if any):

JAN 12 2006