

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

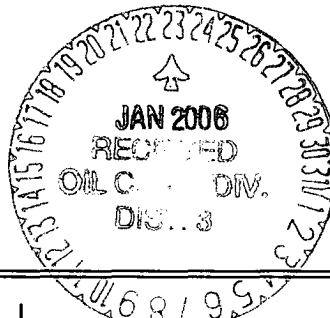
1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Lease Serial No. NMSF-079968
2. Name of Operator Lance Oil & Gas Company, Inc.		6. If Indian, Allottee or Tribe Name 20806
3a. Address P. O. Box 70, Kirtland, NM 87417	3b. Phone No. (include area code) 505-598-5601	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1495' FSL & 1477' FEL Sec. 5, T29N, R14W		8. Well Name and No. Salty Dog #2
		9. API Well No. 30-045-30812
		10. Field and Pool, or Exploratory Area SWD Mesa Verde
		11. County or Parish, State San Juan County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Response - Your file
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	NMSF-079968 et al.
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	(WC)3162.3-2(21110)

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Pursuant to conversation of Stephen Mason, Petroleum Engineer, United States Department of the Interior, Bureau of Land Management and Thomas W. Erwin, Senior Production Engineer for Lance Oil & Gas regarding BLM letter dated December 19, 2005, (your file: NMSF-079968 et al. (WC) 3162.3-2 (21110)), Lance Oil & Gas Company, Inc. continues to inject produced water into this well. Since our acquisition of Richardson Operating's properties in October, 2004, these volumes were reported incorrectly on C-115 reports to the New Mexico Oil Conservation Division. These reports have been amended and resubmitted to the New Mexico Oil Conservation Division on January 10, 2006. Please advise if the records do not adequately reflect these changes.



RECEIVED
JAN 17 PM 12 31
70 FARMINGTON NM

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Thomas M. Erwin, P.E.

Title Senior Production Engineer

Signature

Thomas M. Erwin

Date

1/13/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Date

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

NMOC

JAN 18 2006

FARMINGTON FIELD OFFICE