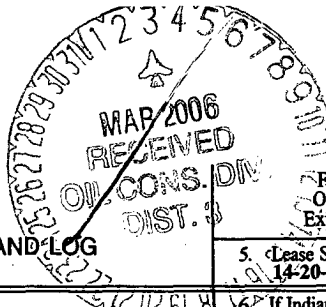


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

FORM APPROVED
OMBNO. 1004-0137
Expires: March 31, 2007

1a. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Dry <input type="checkbox"/> Other			5. Lease Serial No. 14-20-603-2198-A		
b. Type of Completion: <input checked="" type="checkbox"/> New Well <input type="checkbox"/> Work Over <input type="checkbox"/> Deepen <input type="checkbox"/> Plug Back <input type="checkbox"/> Diff. Resvr., Other _____			6. If Indian, Allottee or Tribe Name Navajo		
2. Name of Operator Lance Oil & Gas Company, Inc.			7. Unit or CA Agreement Name and No. N/A		
3. Address P. O. Box 70 Kirtland, NM 87417			8. Lease Name and Well No. NV Kyle 23 #3		
3a. Phone No. (include area code) 505-598-5601			9. AFI Well No. 30-045-33433		
4. Location of Well (Report location clearly and in accordance with Federal requirements)* At surface 956' FSL & 1025' FWL At top prod. interval reported below At total depth			10. Field and Pool, or Exploratory Basin Fruitland Coal/W KutzPC		
14. Date Spudded 01/12/2006			15. Date T.D. Reached 01/14/2006		
16. Date Completed <input type="checkbox"/> D & A <input checked="" type="checkbox"/> Ready to Prod.			17. Elevations (DF, RKB, RT, GL)* 5540 GL		
18. Total Depth: MD 1,365' KB TVD			19. Plug Back T.D.: MD 1,263' KB TVD		
20. Depth Bridge Plug Set: MD TVD			22. Was well cored? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit analysis) Was DST run? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit report) Directional Survey? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (Submit copy)		
21. Type Electric & Other Mechanical Logs Run (Submit copy of each) HRI / SDL / DSN / GR and CBL / GR					

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
12-1/4"	8-5/8"	24.0 J-55	Surface	183' KB	Primary	145 Type III	30.5 bbls	Surface	N / A
7-7/8"	5-1/2"	15.5 J-55	Surface	1352' KB	Lead	50 Type III	26.3 bbls	Surface	N / A
					Tail	75 Type III	34.2 bbls		

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2-3/8"	1,110' KB							

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) West Kutz Picture Cliffs	1070' KB	1086' KB	1,070 - 1,086' KB	0.42"	4 SPF	Open
B)						
C)						
D)						

26. Perforation Record

27. Acid, Fracture, Treatment, Cement Squeeze, etc.

Depth Interval	Amount and Type of Material
1,070 - 1,086' KB	30,800 gals Delta 140 Cross-Linked Gel with SandWedge NT containing 100,000 lbs 16 / 30 Mesh Brady sand.

28. Production - Interval A

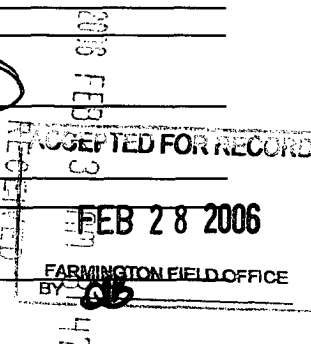
Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						Sundry of Tests to Follow
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→					SI:WOPL	

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→						

*(See instructions and spaces for additional data on page 2)

NMOC



28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top Meas. Depth
				Ojo Alamo Kirtland Fruitland Middle Fruitland Coal Basal Fruitland Coal Pictured Cliffs Lewis Shale	936' KB 1,044' KB 1,064' KB

32. Additional remarks (include plugging procedure):

33. Indicate which items have been attached by placing a check in the appropriate boxes:

- ☐ Electrical/Mechanical Logs (1 full set req'd.)
 ☐ Geologic Report
 ☐ DST Report
 ☐ Directional Survey
☐ Sundry Notice for plugging and cement verification
 ☐ Core Analysis
 ☐ Other:

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) **Thomas M. Erwin, P.E.**Title **Senior Production Engineer**

Signature

Thomas M. Erwin

Date

2/22/06

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.