

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

Form C-103
May 27, 2004

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

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|---|
| WELL API NO. 30 - 045 - 33419 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name F-LOG 5 |
| Well Number |
| 8. OGRID Number 229938 |
| 10. Pool name or Wildcat Basin Fruitland Coal / Fulcher Kutz PC |

SUNDY 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 ☐ Gas Well ☒ Other ☐

2. Name of Operator
Lance Oil and Gas Company, Inc.

3. Address of Operator
P. O. Box 70, Kirtland, NM 87417

4. Well Location
Unit Letter N : 920 feet from the South line and 1,800 feet from the West line,
Section 5 Township 29N Range 13W NMPM San Juan County, NM

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5,496' GL

Pit or Below-grade Tank Application ☐ or Closure ☐

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: ☐

SUBSEQUENT REPORT OF:

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

OTHER: Sidetrack Production Hole ☒

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.

Sundry Notice confirms verbal approval via teleconference Erwin / Perrin / Hayden last Friday, March 17, 2006. Approval entailed attempting to fish (7-7/8" bit) the rest of Friday, then setting a cement plug on top of the fish (bit) at 453' KB and attempting to sidetrack around the fish with subsequent operations. Subsequent operations over the weekend pushed the bit to 990' KB and a cement plug was set over the plug from 730' down to 990' KB. Daily operations are attached.

(See Attached Summary of Daily Operations)

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 Thomas M. Erwin TITLE SENIOR PRODUCTION ENGR DATE 3/20/06
Type or print name Thomas M. Erwin, P.E. E-mail address: terwin@westerngas.com Telephone No. (505) 598-5601
For State Use Only

APPROVED BY: H. Villanueva TITLE DEPUTY OIL & GAS INSPECTOR, DIST. III DATE MAR 22 2006
Conditions of Approval (if any):

Lance Oil & Gas Company, Inc.

F-LOG 5 #3

SE/4 Section 5, T29N – R13W

San Juan County, New Mexico

Summary of Daily Operations

Pursuant to our conversation, F-LOG 5 #3 was spud on March 10, 2006 at 07:30 am. The 12-1/4" hole was drilled to 190' KB with 8-5/8", 24.0 #/ft, J-55, ST&C casing set at 184' KB. The surface casing was cemented to surface with 1 bbl cement circulated to the pit. Lance pressure tested the BOP stack and commenced drilling a 7-7/8" hole to 990' KB. While tripping out of the hole to shut down overnight, the drill pipe got stuck 378' KB. The well was shut down overnight.

Wednesday, March 15, 2006

Lance began working stuck pipe on Wednesday morning, March 15, 2006. The stuck drill pipe was successfully pulled out of the hole late in the day. The well was shut down overnight.

Thursday, March 16, 2006

Lance tripped in the hole with a 7-7/8" insert bit and washed and reamed tight spots down to 445' KB. Unable to wash and ream past 445' KB. Tripped out of the hole and found the bit pulled out of the threads. Bit left in the hole at 445' KB. Order fishing equipment and shut down overnight.

Friday, March 17, 2006

Lance tripped in the hole with a globe basket assembly and burn over shoe. Tagged fish at 445' KB and pushed and milled on bit down to 453' KB. Tripped out of the hole and no junk found inside globe basket. Tripped in the hole with a flat bottom mill and tag fish at 453' KB. Commence milling on junk and bit started moving downhole. Mill and push bit to total depth at 930' KB. Tripped out of hole with mill and shut down overnight.

Saturday, March 18, 2006

TIH with drill pipe open ended and tag fish at 930' KB. Break circulation and condition hole for cement kickoff plug from 830' KB down to 930' KB. Mix and pumped 30 sacks Halliburton Class G cement with 2% CaCl₂ (Weight -15.6 ppg, Yield - 1.18 ft³/sx and Water - 5.2 gallons/sx). Shut down at 08:30 hrs to let cement cure overnight, WOC - 24 hours.

Sunday, March 19, 2006

Trip in hole with 7-7/8" bit, DC's and drill pipe. Tag cement at 885' KB, but cement appears very soft. Cement washing out of the hole with very little weight on bit and/or rotary speed down to 892' KB. Rotate on soft cement down to 910' KB with rotary at 10 RPM's. Cement very soft. Trip out of hole with bit and prepare to spot a second cement plug from 730' KB down to 895' KB. Mix and pumped 40 sacks Halliburton Class G cement with 4% CaCl₂ (Weight - 15.6 ppg, Yield - 1.18 ft³/sx and Water - 5.2 gallons/sx). Trip out of hole with drill string and shut down overnight to let cement cure.