

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
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator **Lance Oil & Gas Company, Inc.**

3a. Address
P. O. Box 70, Kirtland, NM 87417

3b. Phone No. (include area code)
505-598-5601

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FSL & 660' FWL - Section 36, T29N-R14W, NMPM

5. Lease Serial No.

14-20-603-2172

6. If Indian, Allottee or Tribe Name

Navajo

7. If Unit or CA/Agreement, Name and/or No.

NA

8. Well Name and No.

NW Cha Cha Unit #75

9. API Well No.

30-045-13267

10. Field and Pool, or Exploratory Area
Cha Cha Gallup

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 checked="" 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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.)

Based on thorough evaluation of the NW Cha Cha #75 well, Lance Oil & Gas Company, Inc. plans to Plug & Abandon the NW Cha Cha #75 as soon as possible. A-Plus Well Servicing, Inc. has been contracted by Lance to provide P&A operations during late April, 2006 or early May, 2006. Operator respectfully requests approval of the Plug & Abandonment Procedure attached.

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

4/05/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Original Signed: Stephen Mason

Title

Date

APR 20 2006

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.

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

PLUG AND ABANDONMENT PROCEDURE

NW Cha Cha Unit #75

Cha Cha Gallup

660' FSL and 660' FWL, Section 36, T29N, R14W

San Juan County, NM API 30-045-13267

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures. All cement will be ASTM Type III, mixed at 14.8 ppg with a 1.32 cf/sx yield.

1. Install and test rig anchors. Prepare blow pit. Comply with all NMOCD, BLM and Lance safety rules and regulations. Conduct safety meeting for all personnel on location. MOL and RU daylight pulling unit. NU relief line and blow well down; kill with water as necessary. ND wellhead and NU BOP and stripping head; test BOP.
2. Determine if tubing and packer are in the well. If tubing is in well then PU on tubing and release packer. TOH and visually inspect tubing; LD packer. If necessary LD tubing and PU workstring. If there is no tubing in well then tally and PU 4.5" tubing workstring. Round-trip 4.5" casing scraper or wireline gauge ring to 5463'.
3. **Plug #1 (Gallup perforations and top, 5463' – 5106')**: TIH and set a 4.5" CR at 5463'. Pressure test tubing to 1000#. Load casing above the CR with water and circulate well clean. Pressure test casing to 800#. *If casing does not test, spot or tag subsequent plugs as appropriate.* Mix 28 sxs Type III cement and spot a balanced plug above CR to isolate the Gallup perforations and top. TOH with tubing.
4. **Plug #2 (Mesaverde top, 2445' – 2345')**: Perforate 3 squeeze holes at 2445'. Attempt to establish rate into squeeze holes if casing pressure tested. TIH and set 4.5" cement retainer at 2395'. Mix 31 sxs Type III cement, squeeze 21 sxs outside and leave 10 sxs inside to cover the Mesaverde top. TOH with tubing.
5. **Plug #3 (Pictured Cliffs and Fruitland tops, 1504' – 1005')**: Perforate 3 squeeze holes at 1504'. Attempt to establish rate into squeeze holes if casing pressure tested. TIH and set 4.5" cement retainer at 1454'. Mix and pump 142 sxs Type III cement, squeeze 105 sxs outside and leave 37 sxs inside to cover through the Fruitland top. TOH with tubing.
6. **Plug #4 (Kirtland and Ojo Alamo tops, 676' – 380')**: Perforate 3 squeeze holes at 676'. Establish rate into squeeze holes if casing pressure tested. TIH and set 4.5" cement retainer at 626'. Attempt to establish circulation to surface out bradenhead. If there was not a casing leak before setting the CR, then cement from 676' to surface with approximately 175 sxs Type III cement and circulate good cement out bradenhead. Shut-in well and WOC. The proceed to #8. If unable to circulate to surface, then mix and pump 86 sxs Type III cement, squeeze 62 sxs outside the casing and leave 24 sxs inside casing and proceed to #7. TOH and LD tubing.

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7. **Plug #5 (7.625" casing shoe and surface, 272' - Surface)**: Perforate squeeze holes at 272'. Establish circulation out the bradenhead valve with water. Mix and pump approximately 70 sxs cement down the 4.5" casing to circulate good cement out bradenhead. Shut well in and WOC.

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8. ND BOP and cut off casing below surface casing flange. Install P&A marker with cement to comply with regulations. RD, move off location, cut off anchors and restore location.

NW Cha Cha Unit #75

Current

Cha Cha Gallup

660' FSL & 660' FWL, Section 36, T-29-N, R-14-W

San Juan County, NM / API #30-045-13267

Lat: N _____ / Long: W _____

Today's Date: 3/2/08

Spud: 1/31/61

Comp: 3/7/61

Elevation: 5946' GL
5958' KB

12.25" Hole

Ojo Alamo @ 430'

Kirtland @ 626'

Fruitland @ 1055'

Pictured Cliffs @ 1454'

Mesaverde @ 2395'

Gallup @ 5156'

6.75" Hole

TD 5620'
PBD 5582'

7.625", 24# Casing set @ 222'
150 sxs cement circulated to surface

Well History

No Workover of Record. However, a proposed plugback procedure indicates both packer and tubing in the well. No other reference in documents to tubing or packer in well.

Top of Cmt @ 4493' (Calc 75%),

Gallup Perforations:
5513' - 5521'
5552' - 5572'

4.5", 9.5#, J-55 Casing @ 5615'
Cemented with 175 sxs

NW Cha Cha Unit #75

Proposed P&A

Cha Cha Gallup

660' FSL & 660' FWL, Section 36, T-29-N, R-14-W

San Juan County, NM / API #30-045-13267

Lat: N _____ / Long: W _____

Today's Date: 3/2/06

Spud: 1/31/61

Comp: 3/7/61

Elevation: 5946' GL

5958' KB

12.25" Hole

Ojo Alamo @ 430'

Kirtland @ 626'

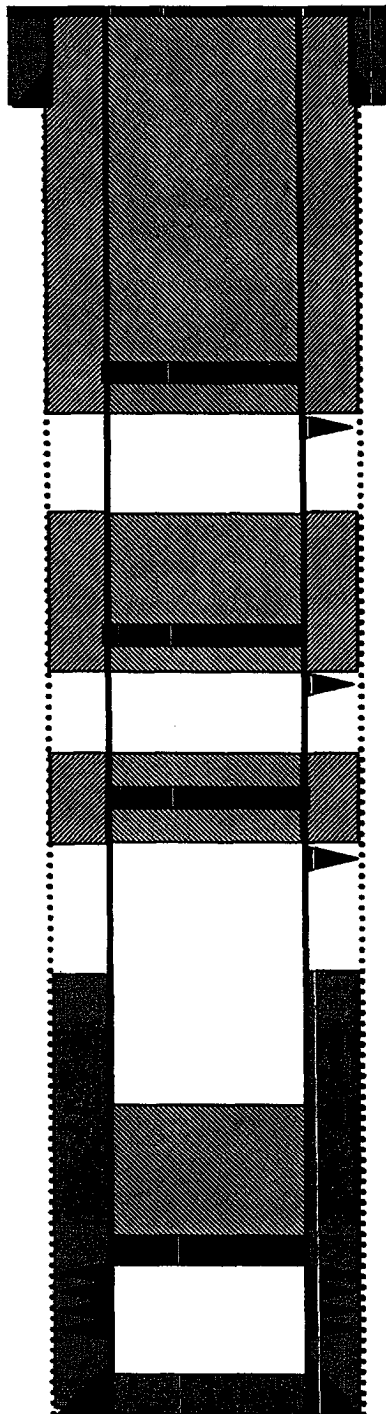
Fruitland @ 1055'

Pictured Cliffs @ 1454'

Mesaverde @ 2395'

Gallup @ 5156'

6.75" Hole



7.625" 24# Casing set @ 222'
150 sxs cement circulated to surface

Plug #4: 676' - 0'
Type III cement, 175 sxs

Cmt Retainer @ 626'

Perforate @ 676'

Plug #3: 1504' - 1005'
Type III cement, 142 sxs:
105 outside and 37 inside

Cmt Retainer @ 1454'

Perforate @ 1504'

Plug #2: 2445' - 2345'
Type III cement, 31 sxs:
21 outside and 10 inside

Cmt Retainer @ 2395'

Perforate @ 2445'

Top of Cmt @ 4493' (Calc 75%),

Plug #1: 5463' - 5106'
Type III cement, 28 sxs

Set CR @ 5463'

Gallup Perforations:
5513' - 5521'
5552' - 5572'

4.5" 9.5# J-55 Casing @ 5615'
Cemented with 175 sxs

TD 5620'
PBD 5582'