

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)
2,200' FNL & 2,200' FEL - Section 18, T29N-R14W, NMPM

5. Lease Serial No.

14-20-603-2200A

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 #1

9. API Well No.

30-045-25968

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

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

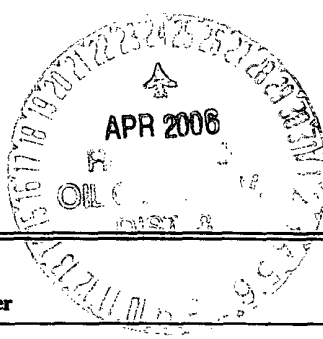
TYPE OF ACTION

- | | | | |
|---|--|--|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <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.)

Pursuant to your letter dated May 11, 2005 and subsequent conversation between Erwin / Mason, Lance Oil & Gas Company, Inc. plans to Plug & Abandon the NW Cha Cha #1 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.

2005 APR 12 PM 10
RECEIVED
070 FARMINGTON



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

NW Cha Cha Unit #1 – Gallup PLUG AND ABANDONMENT PROCEDURE

2200' FEL & 2200' FNL
NE, Section 18, T29N, R14W
San Juan County, NM API #30-045-25968

Note: All cement volumes use 100% excess outside pipe and 50' excess inside pipe. 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.

Install and test location rig anchors. Prepare blow pit. Comply with all NMOCD, BLM, and Lance safety regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. NU relief line and blow down well; kill with water as necessary. ND wellhead and NU BOP. Test BOP.

1. Tally and prepare a 2.375" tubing workstring. TIH and tag existing CIBP at approximately 4394'.
2. **Plug #1 (Gallup perforations and top, 4394' – 4075')**: Load casing with water and circulate well clean. Pressure test casing to 1000#. *If casing does not test, then spot or tag subsequent plugs as appropriate.* Mix 25 sxs cement and spot a balanced plug inside the casing to cover the Gallup interval. PUH to 1410'.
3. **Plug #2 (Mesaverde top, 1410' – 1310')**: Mix 11 sxs cement and spot a balanced plug inside casing to cover the Mesaverde top. TOH with and LD tubing.
4. **Plug #3 (Pictured Cliffs tops, 8.625" casing shoe and surface, 445' - Surface)**: Perforate 3 squeeze holes at 445'. Establish circulation out bradenhead with water, then circulate the BH annulus clean. Mix and pump 150 sxs cement down 4.5" casing to circulate good cement to surface. SI well and WOC.
5. 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 #1

Proposed P&A

Cha Cha Gallup

2200' FEL & 2200' FNL, Section 18, T-29-N, R-14-W

San Juan County, NM / API #30-045-25968

Lat: N _____ / Long: W _____

Today's Date: 3/2/06

Spud: 5/21/84

Comp: 6/15/84

Elevation: 5142' GL

5154' KB

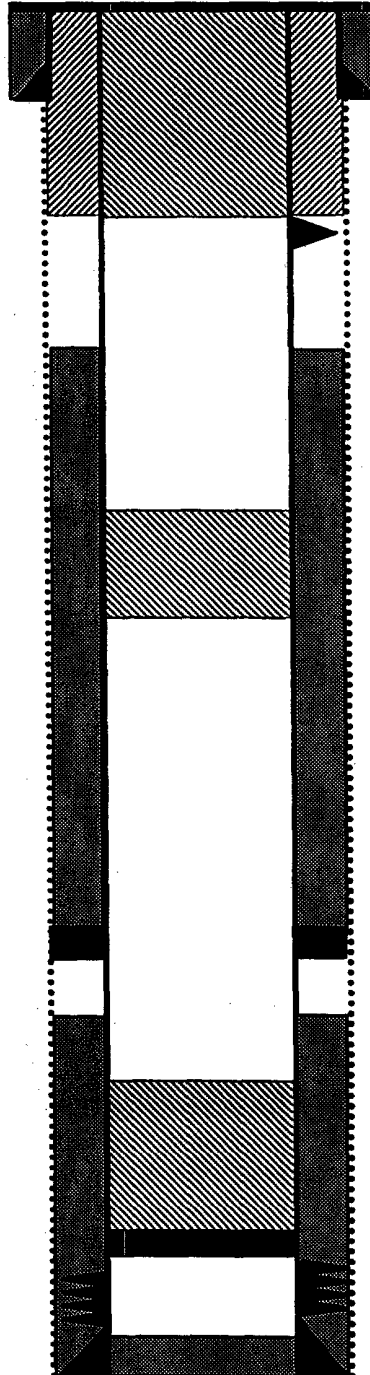
Pictured Cliffs @ 395'

Mesaverde @ 1360'

Gallup @ 4125'

12.25" Hole

7.875" Hole



8.625", 24# K-55 Casing set @ 261'
275 cf cement circulated to surface

Plug #3: 445' - 0'
Type III cement, 150 sxs

Perforate @ 445'

Top of Cmt @ 990' (CBL)

Plug #2: 1410' - 1310'
Type III cement, 11 sxs

DV Tool @ 3214'
Cemented with 1408 cf

Top of Cmt @ 3400' (CBL)

Plug #1: 4394' - 4075'
Type III cement, 25 sxs

3-5/8" CIBP set at 4394' (1999)

Gallup Perforations:
4425' - 4539'

4.5", 11.6#, K-55 Casing @ 4669'
Cemented with 393 cf

TD 4700'
PBTD 4620'