

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OM B 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 874173b. Phone No. (include area code)
505-598-56014. Location of Well (Footage, Sec., T., R., M., or Survey Description)
674' FSL & 1883' FWL - Section 24, T29N-R14W, NMPM

5. Lease Serial No.

14-20-603-2198-A

6. If Indian, Allottee or Tribe Name

Navajo

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

NA

8. Well Name and No.

NV Navajo 24 #3

9. API Well No.

30-045-31423

10. Field and Pool, or Exploratory Area
Basin Fruitland Coal

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 checked="" type="checkbox"/> Recomplete | <input type="checkbox"/> Other Recompletion of |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Middle (S-9) |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | Fruitland Coal |

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 recomplete 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 recompletion 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.)

On October 26, 2005, Operator, Lance Oil & Gas Company, Inc. set a bridge plug at 1,069' KB, thereby temporarily plugging back the West Kutz Pictured Cliffs formation. The Basal (S-8) Fruitland Coal was completed on November 8, 2005. Lance has been selling gas from the Basal (S-8) Fruitland Coal only pursuant to NMOCD Form C-104 approved December 1, 2005.

On March 28, 2006, Lance set a bridge plug at 1,030' KB over the Basal (S-8) Fruitland Coal and commenced completion operations on the Middle (S-9) Fruitland Coals. The Middle (S-9) Fruitland Coals were perforated from 1,007'-1,008' KB, 995'-997' KB, and 947'-960' KB with 4 SPF and 120 degree phasing. The Middle (S-9) Fruitland Coals were fracture stimulated down 5-1/2" casing with 6,450 gallons 20# Delta 140 Cross-Linked Gel with SandWedge NT containing 4,500 lbs 16/30 Mesh Brady sand. This stimulation screened out. The bridge plug set at 1,030' KB between the Middle (S-9) and Basal (S-8) Fruitland Coals was pulled following the stimulation.

The bridge plug set at 1,069' KB remains in place, thereby temporarily plugging back the West Kutz Pictured Cliffs formation. Operator intends to production test the combined Basal (S-8) and Middle (S-9) Fruitland Coals only for a period of time in order to establish a representative production rate from the Fruitland Coals. Lance may re-frac the Middle Fruitland Coal, depending on the results. Lance will request downhole commingling approval at a later date prior to pulling the bridge plug set at 1,069' KB.

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

Thomas M. Erwin, P.E.

Title Senior Production Engineer

Signature

Date

5/05/06

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

Office

ACCEPTED FOR RECORD

MAY 25 2006

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)

NMOCD