

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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. 14-20-603-2172
2. Name of Operator Lance Oil & Gas Company, Inc.		6. If Indian, Allottee or Tribe Name Navajo
3a. Address P. O. Box 70, Kirtland, NM 87417	3b. Phone No. (include area code) 505-598-5601	7. If Unit or CA/Agreement, Name and/or No. NA
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FSL & 660' FWL - Section 36, T29N-R14W, NMPM		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 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 checked="" 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 recompletable 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 recompletable 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.)

Lance Oil and Gas Company, Inc plugged and abandoned the NW Cha Cha Unit #75 with operations commencing on May 5, 2006. Notified BLM and NMOCD (Henry Villanueva) on 5/4/06 at 16:00 hrs. MI & RU A-Plus Well Service. TIH with 4-1/2" cement retainer and found tight spot at 5,445' KB. Notified Steve Mason and received verbal approval to set cement retainer at 5,442' KB (3' shallower than approved sundry notice). Pressure tested casing to 800 psig and bled down to 400 psig in 3 minutes. Set cement plug #1 with 27 sacks Type III cement from 5,106' - 5,442' KB to isolate the Gallup formation top. Shut down overnight and WOC for 15 hours. Pressure test the casing to 800 psig and bled down to 400 psig in 3 minutes. Perforate 3 squeeze holes at 2,445' KB. TIH with cement retainer and set at 2,403' KB. Set cement plug #2 with 32 sacks Type III cement. Squeeze 21 sacks outside the casing from 2,345' - 2,445' KB. Leave 11 sacks inside the casing to cover the Mesaverde formation top. Perforate 3 squeeze holes at 1,504' KB. TIH with cement retainer and set at 1,460' KB. Establish rate into squeeze perfs at 2.0 bpm at 650 psig. Set cement plug #3 with 128 sacks Type III cement. Squeeze 90 sacks outside the casing from 1,005' - 1,504' KB. Leave 38 sacks inside the casing to cover the Fruitland Coal and Pictured Cliffs formation tops. Perforate 3 holes at 310' KB. Circulate heavy drilling mud out of bradenhead and casing with 40 bbls water pumped. Set cement plug #4 with 50 sacks Type III cement from surface to 310' KB. Circulate good cement to surface. TOOH with remainder of tubing. Shut-in well and WOC overnight for 15 hours. ND BOP's and RD & MO rig. Cut-off wellhead, install P&A marker with cement, cut-off anchors and clean up location. Surface location will be reclaimed and seeded imminently.

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

5/26/06

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

Date

Office

ACCEPTED FOR RECORD

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

FARMINGTON OFFICE