

AUG 2006

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FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NMSF-079968
6. If Indian, Allottee or Tribe Name N/A
7. If Unit or CA Agreement, Name and No.
8. Lease Name and Well No. Ropco 9 #2R
9. API Well No. 30-045-33884
10. Field and Pool, or Exploratory Basin Fr. Coal/Twin Mounds PC
11. Sec., T., R., M., or Blk. and Survey or Area P Sec. 9-T29N-R14W, NMPM
12. County or Parish San Juan
13. State NM

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

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

3a. Address
Box 70, Kirtland, NM 87417

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

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface 1085' FSL & 1229' FEL
At proposed prod. zone Same

14. Distance in miles and direction from nearest town or post office*
3 miles west of Farmington, NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)
1085'

16. No. of Acres in lease
2,523.72

17. Spacing Unit dedicated to this well
#2-FC SE/4 PC
320 160

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.
455'

19. Proposed Depth
1000'

20. BLM/BIA Bond No. on file
#965001792

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
5334 GL

22. Approximate date work will start*
September 22, 2006

23. Estimated duration
2 weeks

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Paul Lehrman	Date 7-11-06
Title Sr. Landman		
Approved by (Signature) 	Name (Printed/Typed) AFM	Date 8/18/06
Title AFM	Office FFO	

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

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 reverse)

This is a replacement well for the Lance Ropco 9 #2 well which has casing problems.
Lance would like to drill the 9 #2R then P & A the 9 #2.

HOLD CTR FOR change in status to
ROPCO 9 #2

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

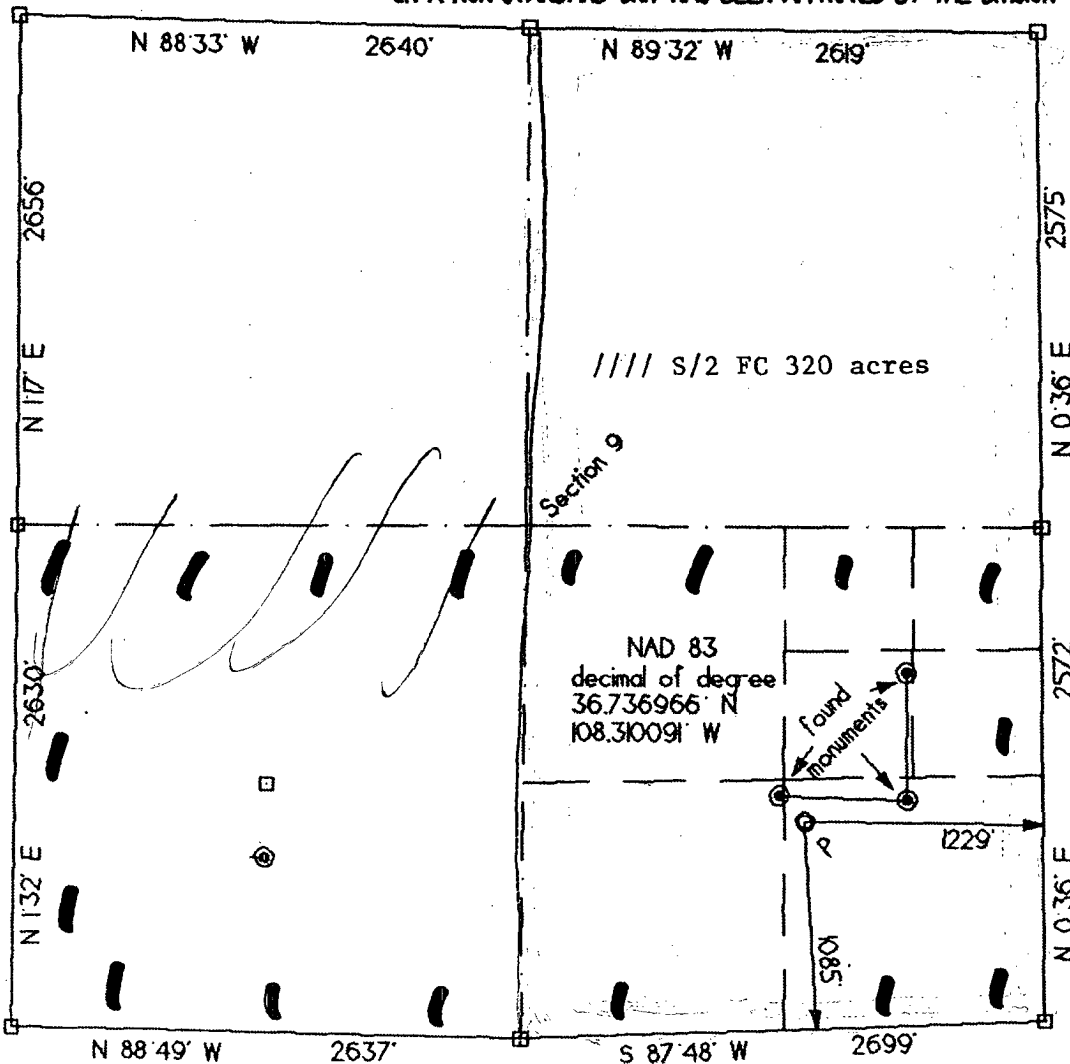
APA Number 30-045- 33884	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 300853	Property Name ROPCO 9	Well Number 2 R
OGFID No. 229938	Operator Name LANCE OIL & GAS COMPANY, INC	Elevation 5334'

Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from	North/South	Feet from	East/West	County
P	9	29 N.	14 W.		1085'	SOUTH	1229'	EAST	SAN JUAN

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from	North/South	Feet from	East/West	County

Dedication 2 320	Joint ?	Consolidation	Order No.
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NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

Paul Lehrman

Title

Sr. Landman

Date

8-4-06

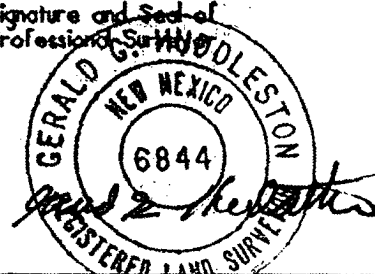
SURVEYOR CERTIFICATION

I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

06/30/06

Signature and Seal of Professional Surveyor



State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

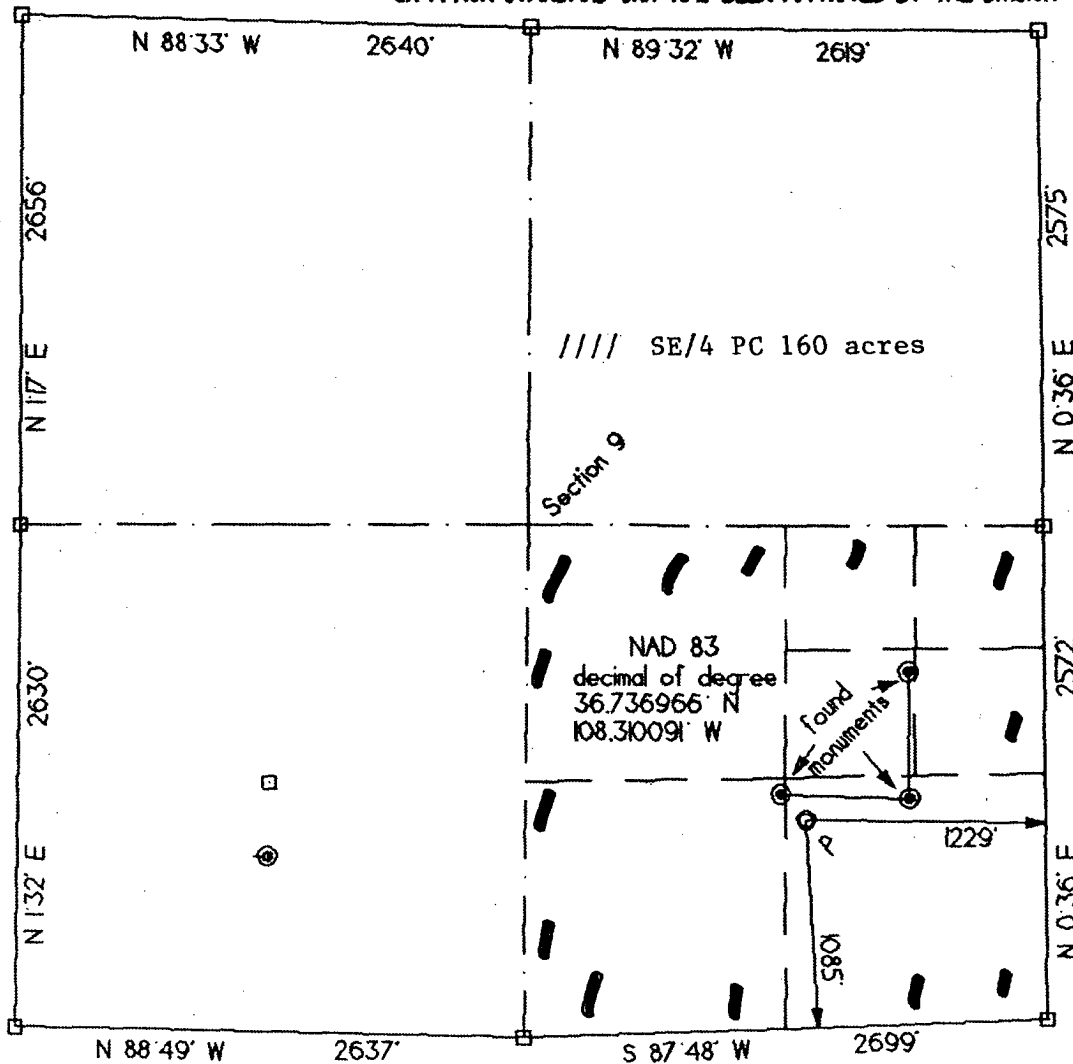
APA Number 30-045- 33884	Pool Code 86620	Pool Name Twin Mounds PC
Property Code 200853	Property Name ROPCO 9	Well Number 2 R
OGRID No. 229938	Operator Name LANCE OIL & GAS COMPANY, INC	Elevation 5334'

Surface Location									
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P	9	29 N.	14 W.		1085'	SOUTH	1229'	EAST	SAN JUAN

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from	North/South	Feet from	East/West	County

Dedication SE 160	Joint ?	Consolidation	Order No.
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Printed Name

Paul Lehrman

Title

Sr. Landman

Date

8-4-06

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Date of Survey

06/30/06

Signature and Seal of Professional Surveyor



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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

WELL API NO. 30-045 33884
5. Indicate Type of Lease Fed NMSF STATE <input type="checkbox"/> FEE <input type="checkbox"/> 079968
6. State Oil & Gas Lease No.

SUNDRY 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.)		7. Lease Name or Unit Agreement Name Ropco 9
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		8. Well Number #2R
2. Name of Operator Lance Oil & Gas Company, Inc.		9. OGRID Number 229938
3. Address of Operator Box 70, Kirtland, NM 87417		10. Pool name or Wildcat Fr. Coal/Twin Mounds PC
4. Well Location Unit Letter P : 1085 feet from the South line and 1229 feet from the East line Section 9 Township 29N Range 14W NMPMSan JuanCounty NM		
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5334 GR		
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type Drilling Depth to Groundwater >50' Distance from nearest fresh water well >1000' Distance from nearest surface water >1000'		
Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material Impervious Plastic		

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: Pit Permit ☒

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.

Pit permit pursuant to NMOCD Rule 50.

Will be built and closed according to OCD guidelines.

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 Paul Lehrman TITLE Sr. Landman DATE 8-4-06

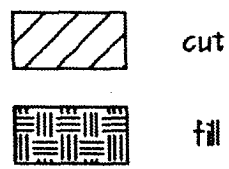
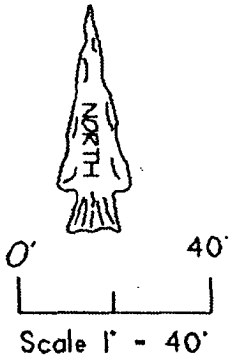
Type or print name Paul Lehrman
For State Use Only

E-mail address: plehrman@westerngas.com Telephone No. 598-5601
Ext. 5557

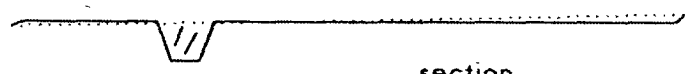
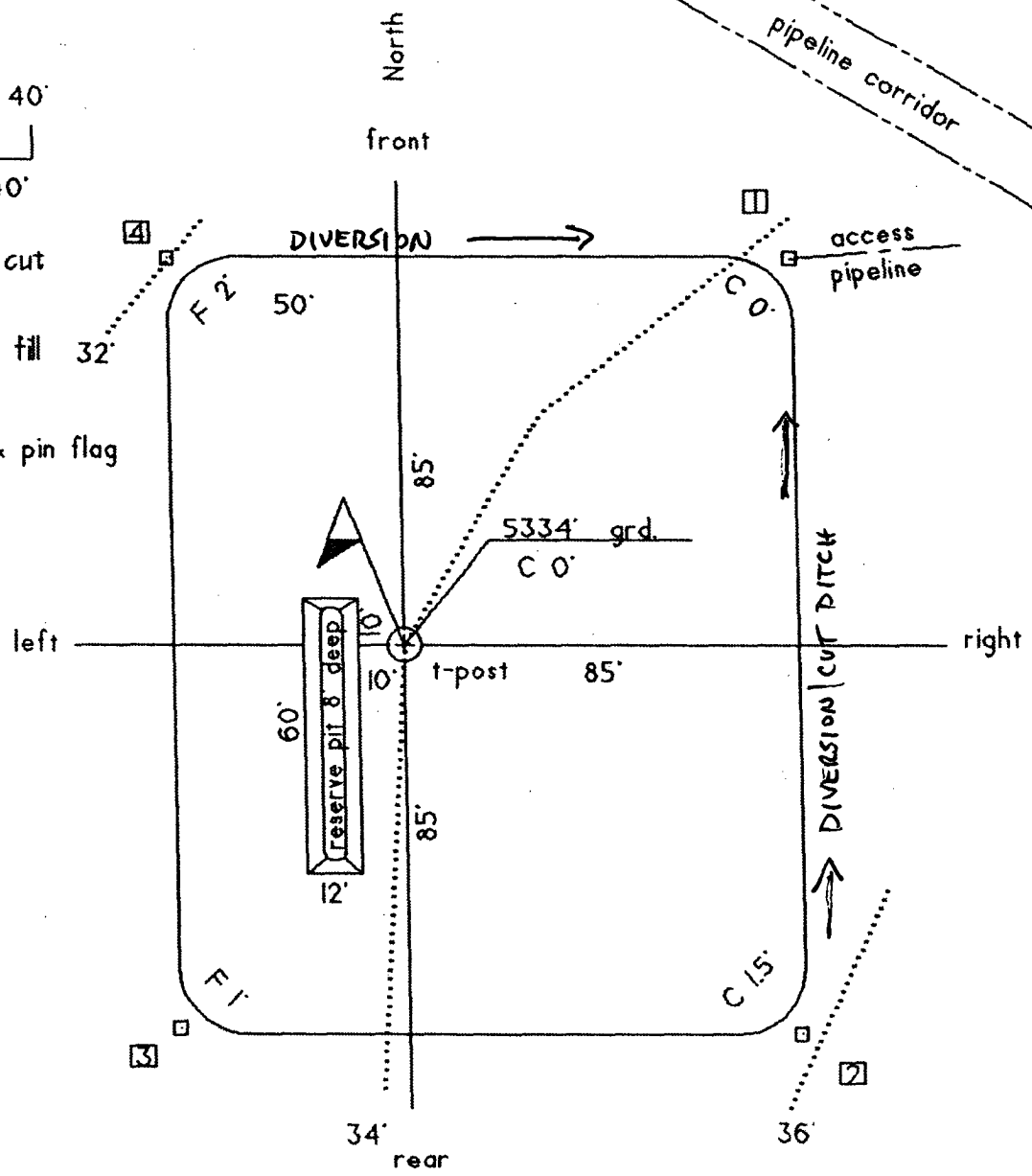
APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4 DATE AUG 14 2006
Conditions of Approval (if any):

ROPCO 9 # 2 R
well pad and section

Western Gas
Enterprise
pipeline corridor



□ set stake & pin flag



section

Lance Oil & Gas Company, Inc.
Ropco 9 #2R
1085' FSL & 1229' FEL
Section 9, T29N, R14W, NMPM
San Juan County, New Mexico

DRILLING PROGRAM

1. ESTIMATED FORMATION TOPS:

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea Elevation</u>
Kirtland Shale	000'	005'	+5,334'
Fruitland Coal S9	675'	680'	+4,659'
Basal Fruitland Coal S8	775'	780'	+4,559'
Pictured Cliffs Ss	795'	800'	+4,539'
Total Depth (TD)*	1000'	1005'	+4,334'

*All elevations reflect the ungraded ground level of 5,334'

2. NOTABLE ZONES:

<u>Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Fruitland	Fruitland Coal	Fruitland Coal
Pictured Cliffs		

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Centralizers will be run through usable water zones to ensure that the casing is centralized through these zones. Number of centralizers will be based on API standards. A turbulizing centralizer will be run to ensure an adequate cement procedure just below the base of the lowest usable water zone. Oil and gas shows will be tested for commercial potential based on the well site representatives recommendations.

3. PRESSURE CONTROL:

The drilling contract has not yet been awarded, thus the exact BOP model to be used is unknown. (A typical 2,000 psi model has been attached to the end of the drilling program.) Double ram or annular system with a rotating head will be used. All ram preventers and related equipment will be hydraulically tested at nipple up and after any use under pressure to 1000 psi.

Blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. BOP equipment will include a floor safety valve, choke manifold rated to 2000 psi. Maximum expected pressure is less than 500 psi.

Drilling Program
Lance Oil & Gas Company, Inc.

Page Two

4. CASING AND CEMENTING PROGRAM:

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>GL Setting Depth</u>
12 1/4"	8 5/8"	24	J-55	New	120'
7 7/8"	5 1/2"	15.5	J-55	New	1000'

Surface casing will be cemented to surface with ≈ 36 cu.ft. (≈ 83 sx) Howco Type II. Volume is based on 100% excess, yield of 1.20 cu.ft./sk, and slurry weight of 15.6 ppg. WOC = 12 hours. Pressure test surface casing to 600 psi for 30 minutes.

Production casing hole will first be cleaned of rock chips by circulating at least 150% of hole volume with drilling fluid to surface. Thirty barrels of fresh water will then be circulated. Lead with ≈ 178 cu.ft. (≈ 70 sx) Howco PRB-2 Type 3 (yield = 2.55 cu.ft./sk, slurry weight = 12.0 ppg). Tail in with ≈ 84 cu.ft. (≈ 459 sx) Howco PRB-2 Type 3 (yield = 2.0 cu.ft./sk, weight = 13.0 ppg). Total cement volume is ≈ 262 cu.ft. based on 50% excess and circulating to surface. If hole conditions and experience in the area allow, the excess may be reduced. WOC time will be as recommended by cementing company specifications but will not be less than 6 hours.

Production casing will have 5 1/2" cement guide shoe and self fill float collar. Float will be placed one joint above the shoe. Six centralizers will be spaced every other joint starting above the shoe. Additional centralizers will be run, one every fourth joint with one centralizer in the shoe joint of the 8-5/8" surface casing.

5. MUD PROGRAM:

Surface casing hole will be drilled with fresh water. Production casing hole will be drilled with a fresh water polymer mud. Weighting material will be drill solids or, if needed, barite. Maximum expected mud weight will be 8.7 ppg. Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well while drilling.

6. CORING, TESTING, & LOGGING:

No cores or DST's are planned. Open hole electric logs will be run. Proposed Logs will include DIL/GR/CNL, and will be run from TD to surface.

7. DOWNHOLE CONDITIONS:

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be approximately ≈ 250 psi.

BLOW OUT PREVENTER (B.O.P.)

