

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

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103

May 27, 2004

<p>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.)</p> <p>1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other</p>		<p>WELL API NO. 30-045-32900</p>
<p>2. Name of Operator Lance Oil and Gas Company, Inc.</p>		<p>5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/></p>
<p>3. Address of Operator P. O. Box 70, Kirtland, NM 87417</p>		<p>6. State Oil & Gas Lease No.</p>
<p>4. Well Location Unit Letter <u>B</u> : <u>1,030</u> feet from the <u>North</u> line and <u>1,365</u> feet from the <u>East</u> line, Section <u>16</u> Township <u>29N</u> Range <u>14W</u> NMPM San Juan County, NM</p>		<p>7. Lease Name or Unit Agreement Name Salty Dog</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5,213' GL</p>		<p>8. Well Number #5</p>
<p>Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/></p>		<p>9. OGRID Number 229938</p>
<p>Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____</p>		<p>10. Pool name or Wildcat Entrada</p>
<p>Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____</p>		

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: Step Rate Test X

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.

Lance Oil and Gas Company, Inc. proposes to conduct a step rate test as soon as possible. The step rate test is recommended to be pumped in 15 minute steps at 1.0 bwpm, 2.0 bwpm, 3.0 bwpm, 4.0 bwpm, 5.0 bwpm, 6.0 bwpm, 7.0 bwpm, 8.0 bwpm, 9.0 bwpm, 10.0 bwpm, 11.0 bwpm and 12.0 bwpm. This step rate test will take approximately 4 hours to pump a total of 1,170 bbls of water. The SRT is expected to be similar to the Salty Dog #6 which was shut down prematurely at 8.25 bwpm due to surface equipment limitations. Bottomhole gauges will be run in the well to monitor the bottomhole pressure during the duration of the step rate test. Our office will provide 24 hour notice to the NMOCD in case your office wishes to witness the SRT.

Your timely concurrence would be appreciated.

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 Thomas M. Erwin
Type or print name Thomas M. Erwin

For State Use Only

APPROVED BY: H. Villanueva
Conditions of Approval (if any):

TITLE Production Superintendent DATE January 29, 2007
E-mail address: tom.erwin@anadarko.com Telephone No. 505-598-5601

TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #1 DATE 1/30/07