

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, 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-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

30 045-32158

| | | | |
|---------------------------------------|--|--------------------------------------|--|
| Name of Company Lance Oil & Gas, Inc. | | Contact Jo Becksted | <input checked="" type="checkbox"/> Initial Report <input type="checkbox"/> Final Report |
| Address P. O. Box 70 | | Telephone No. (505) 598-5601 Ext. 58 | |
| Facility Name Ropco 18-4 | | Facility Type Gas Well | |
| Surface Owner FEE | | Mineral Owner FEE | Lease No. |

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|----------|
| P | 18 | 29N | 13W | 855 | South | 765' | East | San Juan |

Latitude _____ Longitude _____

NATURE OF RELEASE

| | | |
|--|---|--|
| Type of Release Produced Water | Volume of Release Approx 20 bbls | Volume Recovered Approx 10 bbls |
| Source of Release Water Tank | Date and Hour of Occurrence 1/14/04 @ 8:00 a.m. | Date and Hour of Discovery 1/14/04 @ 8:30 a.m. |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Denny Foust of the OCD, Mark Kelly of the BLM | |
| By Whom? Jo Becksted, Compliance Admn., Lance Oil & Gas, Inc. | Date and Hour 1/14/2004 @ 9:24 a.m. | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. N/A | |
| If a Watercourse was Impacted, Describe Fully.* N/A | | |
| Describe Cause of Problem and Remedial Action Taken.* Contract water hauler failed to pull water from tank, thereby causing the tank to overflow. A water truck was dispatched to suck up as much water as possible, the berm was made larger to accommodate more water, we will pursue putting another water tank on location, and follow up with contract water hauler to check location more frequently. | | |
| Describe Area Affected and Cleanup Action Taken.* The spill was contained within the berm. A water truck was dispatched that sucked up approx. 10 bbls of the water. The location was then cleaned up and a larger berm was built. Doug Zentz collected a sample and piled the impacted soil up on a plastic liner on location. Based on the water analysis attached, the impacted soil will be tested and land farmed. | | |
| I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations. | | |
| Signature: <i>Jo Becksted</i> | OIL CONSERVATION DIVISION | |
| Printed Name: Jo Becksted | Approved by District Supervisor: <i>Denny Zentz</i> for Charlie Penn, etc. | |
| Title: Compliance Administrator | Approval Date: 1/28/05 | Expiration Date: |
| E-mail Address: jbeckste@westerngas.com | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: 1/20/2005 Phone: (505) 598-5601 Ext. 58 | | |

* Attach Additional Sheets If Necessary

1 DGF 0501437395

Water Analysis Report

17-Jan-05

Date Sampled : 14-Jan-05

Date Received : 17-Jan-05

Date Reported : 17-Jan-05

Lance Oil & Gas

Field : San Juan

Lease : State

Farmington

NM

Location : Ropco 18-04

Attention : Doug Barone

Sample Point : wellhead

cc1 : Doug Zentz

Salesman : Clay Bingham

cc2 :

Analyst : Karen Hawkins Allen

cc3 :

Comments :

C A T I O N S

Calcium : 1,760 mg/l
Magnesium : 146 mg/l

Barium : mg/l
Strontium : mg/l
Iron : 18.0 mg/l

Manganese : mg/l
Sodium : 31837 mg/l

pH (field) : 7.00

Temperature : 85 degrees F

Ionic Strength : 1.48

Resistivity : ohm/meters

Ammonia : ppm

A N I O N S

Chloride : 52,080 mg/l

Carbonate : 0 mg/l

Bicarbonate : 390 mg/l

Sulfate : 440 mg/l mg/l mg/l

Specific Gravity : 1.050 grams/ml

Total Dissolved Solids : 86,671 ppm

CO2 in Water : 44 mg/l

CO2 in Gas : 0.03 mole %

H2S in Water : 4.0 mg/l

Dissolved Oxygen : ppm

SI calculations based on Tomson-Oddo parameters

Calcite (CaCO3) SI : -0.45
Calcite (CaCO3) SI @ 100 F : -0.30
Calcite (CaCO3) SI @ 120 F : -0.09
Calcite (CaCO3) SI @ 140 F : 0.13
Calcite (CaCO3) SI @ 160 F : 0.36
Calcite (CaCO3) SI @ 180 F : 0.59
Calcite (CaCO3) SI @ 200 F : 0.83

Gypsum (CaSO4) SI : -1.12

Barite (BaSO4) SI : N/A

Celestite (SrSO4) SI : N/A

Calcite PTB : N/A

Calcite PTB @ 100 F : N/A

Calcite PTB @ 120 F : N/A

Calcite PTB @ 140 F : 29.7

Calcite PTB @ 160 F : 71.7

Calcite PTB @ 180 F : 106.7

Calcite PTB @ 200 F : 133.9

Gypsum PTB : N/A

Barite PTB : N/A

Celestite PTB : N/A

Confidential

Champion Technologies, Inc.

Vernal District Technical Services