



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 4, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Lance Oil & Gas Company, Inc.

P. O. Box 70

Kirtland, New Mexico 87417

Attention: Paul Lehrman
plehrman@westerngas.com

Administrative Order NSP-1881

Dear Mr. Lehrman:

Reference is made to the following: (i) your initial application (***administrative application reference No. pMES0-408630339***) of March 25, 2004 filed with the New Mexico Oil Conservation Division ("Division") on behalf of Richardson Operating Company; (ii) the New Mexico Oil Conservation Division's ("Division") response by letter from Mr. Michael E. Stogner, Engineer/Hearing Officer with the Division in Santa Fe, on April 6, 2004 **denying** this application; (iii) your re-submittal for Lance Oil & Gas Company, Inc. ("Lance") of an amended form of this application (***administrative application reference No. pMES0-430150598***) on October 14, 2004; and (ii) the Division's records in Santa Fe: all concerning Lance's request for a non-standard 90.57-acre gas spacing and proration unit consisting of the following acreage in the West Kutz-Pictured Cliffs Pool (79680):

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM
Irregular Section 19: Lots 2, 7, 8, 9, 10, and 11 (NW/4 equivalent).

This unit is to be dedicated to Lance's proposed F-RPC "19" Well No. 2 to be drilled at a standard gas well location, pursuant to Division Rule 104.C (3), 720 feet from the North line and 827 feet from the West line (Lot 7/Unit C) of Irregular Section 19.

This application has been duly filed under the provisions of Division Rule 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.D (2) (b), the above-described 90.57-acre non-standard Pictured Cliffs gas spacing and proration unit is hereby approved.

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/mes

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington