

Rec: 10-14-04
Sent: 11-3-04

PMESD-430150678

**LANCE OIL & GAS COMPANY, INC.
POST OFFICE BOX 70**

Phone (505) 598-5601

KIRTLAND, NM 87417

FAX (505) 598-0064

October 13, 2004

Mr. Michael E. Stogner
Chief Hearing Officer/Engineer
New Mexico Oil Conservation Division
Engineering Bureau
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED

OCT 14 2004

Re: Proposed Lance F-RPC 19 #2
Fruitland Coal Gas Well/West Kutz PC
Township 29 North, Range 13 West, NMPM
Section 19: NW/4
San Juan County, New Mexico

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Dear Mr. Stogner:

This date, Lance Oil & Gas Company, Inc. is submitting six copies of an Application for Permit to Drill or Reenter for the captioned well to the Bureau of Land Management in Farmington, New Mexico.

Lance has succeeded Richardson Operating Company as owner of various properties in San Juan County.

Earlier this year I applied for an NSP approval (administrative), which has now been revised to reflect the well location move to be standard for the West Kutz Pool (79680).

Enclosed is my revised application.

Please note that in the notification letter, I have put in a paragraph to let the notified parties know of the move of the location and the change to Lance Oil & Gas.

Please call me at my new number, 505/598-5601, Extension 57 or cell 505/486-0066, if you have any questions.

Thanks for your consideration in this matter.

Sincerely,



Paul Lehrman

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
---------	----------	----------	-----------	------	---------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☒ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

RECEIVED

OCT 14 2004

Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A]** ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B]** ☒ Offset Operators, Leaseholders or Surface Owner
- [C]** ☐ Application is One Which Requires Published Legal Notice
- [D]** ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]** ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]** ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Paul Lehrman

Sr. Landman

10/13/04

Print or Type Name

Signature

Title

Date

plehrman@westerngas.com
 e-mail Address

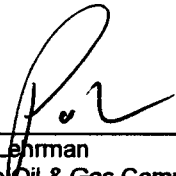
**REQUEST FOR ADMINISTRATIVE APPROVAL FOR
NON-STANDARD GAS SPACING AND PRORATION UNIT
FOR LANCE OIL & GAS COMPANY, INC.**

F-RPC 19 #2

**720' FNL & 827' FWL, SECTION 19, TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO
(WEST KUTZ -PICTURED CLIFFS GAS POOL 79680)**

- 1) The referenced well is located on Federal surface, Federal minerals. The proposed location is non-standard (proration unit) because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO/Government Land Office) as attached as Exhibit "B". Section 19 has many lots according to the MTP (Master Title Plat) per BLM records. Copy of MTP is attached as Exhibit "C". Also attached as Exhibit "E" is the LLD (legal land description) from the BLM (LR 2000) website showing the acreage in the lots in Section. 19. According to NMOCD rules, acreage dedicated to a Pictured Cliffs well (West Kutz PC) must be at least 70% of a standard proration unit (160.00 acres). Therefore the minimum for a Pictured Cliffs well would be 112 acres or 70% of 160. Acreage for the referenced well is 90.57 acres per GLO Survey.
- 2) A C-102 (Exhibit "A") is attached showing the well location and the proration unit for the proposed Pictured Cliffs well. Application for Permit to Drill (APD) (3160-3) for this well was submitted to the Bureau of Land Management (Farmington Field Office) on October 13, 2004. A copy is attached to this application. The West Kutz PC (Gas) will be a new completion in this pool. The N/2 Fruitland Coal completion will be a standard proration unit consisting of the N/2 of Section 19-T29N-R13W.
- 3) A map (Exhibit "D") is attached showing the adjoining spacing units and existing Pictured Cliffs wells. Lance controls the operating PC rights in all of the offsetting spacing units, with the below interest owners having interest in the leasehold or surface. Existing West Kutz PC production comes from the Lance ROPCO 18 #3 well in the SW/4 of Section 18-T29N-R13W, the Lance ROPCO 18 #4 in the SE/4 of Section 18-T-29N-R13W, the Lance F-RPC 19 #4 in the SE/4 of Section 19-T29N-R13W, and the NV Navajo 24 #1 (pending OCD approval), located in the NE/4 of Section 24-T29N-R14W. These wells are depicted on the map on Exhibit "D".
- 4) Certified letters have been sent to all applicable leasehold interest owners and surface owners to notify them of our intentions. Copies of the letters are attached to this application.
- 5) Existing land use concerns are not an issue with this well.
- 6) Archaeology is not an issue with this well.
- 7) Directional drilling is not an issue with this well.
- 8) A non-standard proration unit is requested because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO). Existing GLO lots sizes constitute a proration unit of 90.57 Acres.
- 9) I hereby certify that notice was sent to the following leaseholders and surface owners which adjoin the applicant's desired spacing unit.
- 10) The proration unit size will be according to lot sizes as follows: Lot 2 (5.82 Acres), Lot 7 (39.51 Acres), Lot 8 (4.90 Acres), Lot 9 (.78 Acres), Lot 10 (19.79 Acres), Lot 11 (19.77 Acres). Total is 90.57 Acres.

Burlington Resources Oil and Gas Company
Edwards Energy
Paramount Petroleum
Navajo Nation



Paul Lehman
Lance Oil & Gas Company, Inc.
October 13, 2004

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

☐ AMENDED REPORT

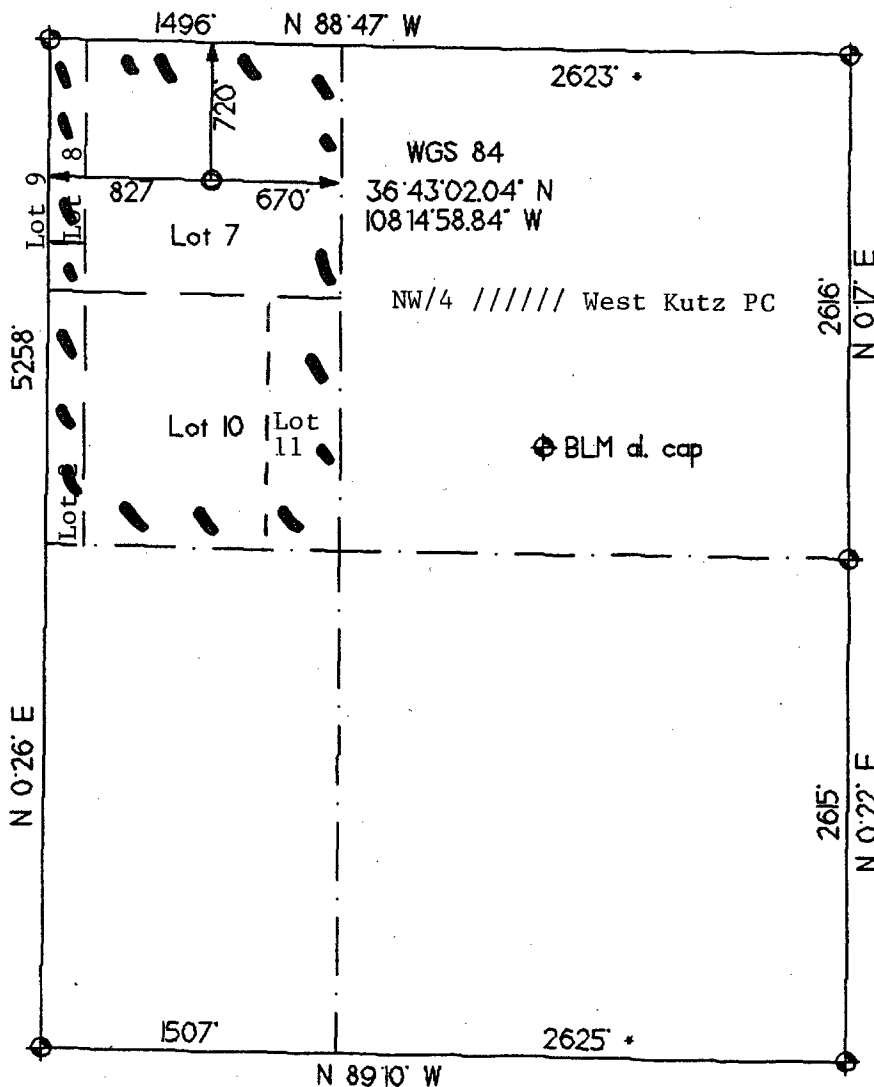
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045-	Pool Code 79680	Pool Name West Kutz PC
Property Code	Property Name F - RPC 19	Well Number 2
OGRD No. 299938	Operator Name LANCE OIL & GAS COMPANY, INC.	Elevation 5314'

Surface Location									
UL or Lot C	Sec. 19	Twp. 29 N.	Rge. 13 W.	Lot Idn.	Feet from > 720'	North/South NORTH	Feet from > 827'	East/West WEST	County SAN JUAN

Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
Dedication NW/4 90.57 **	Joint ?	Consolidation	Order No.						

** NSP from NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OCD 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

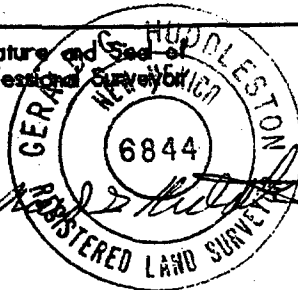
10/13/04

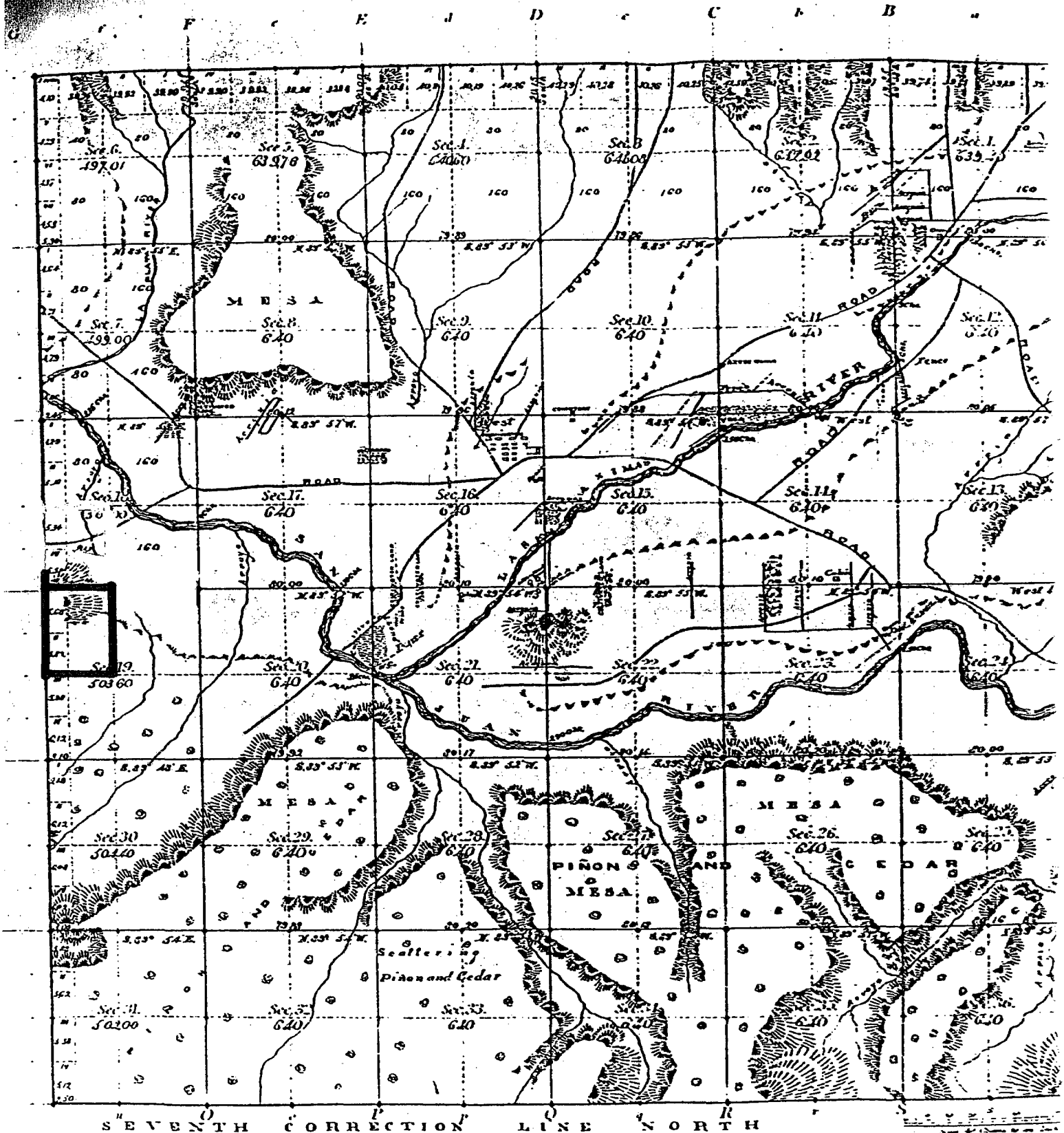
SURVEYOR CERTIFICATION

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 rww: 6/02/04

Signature and Seal of Professional Surveyor

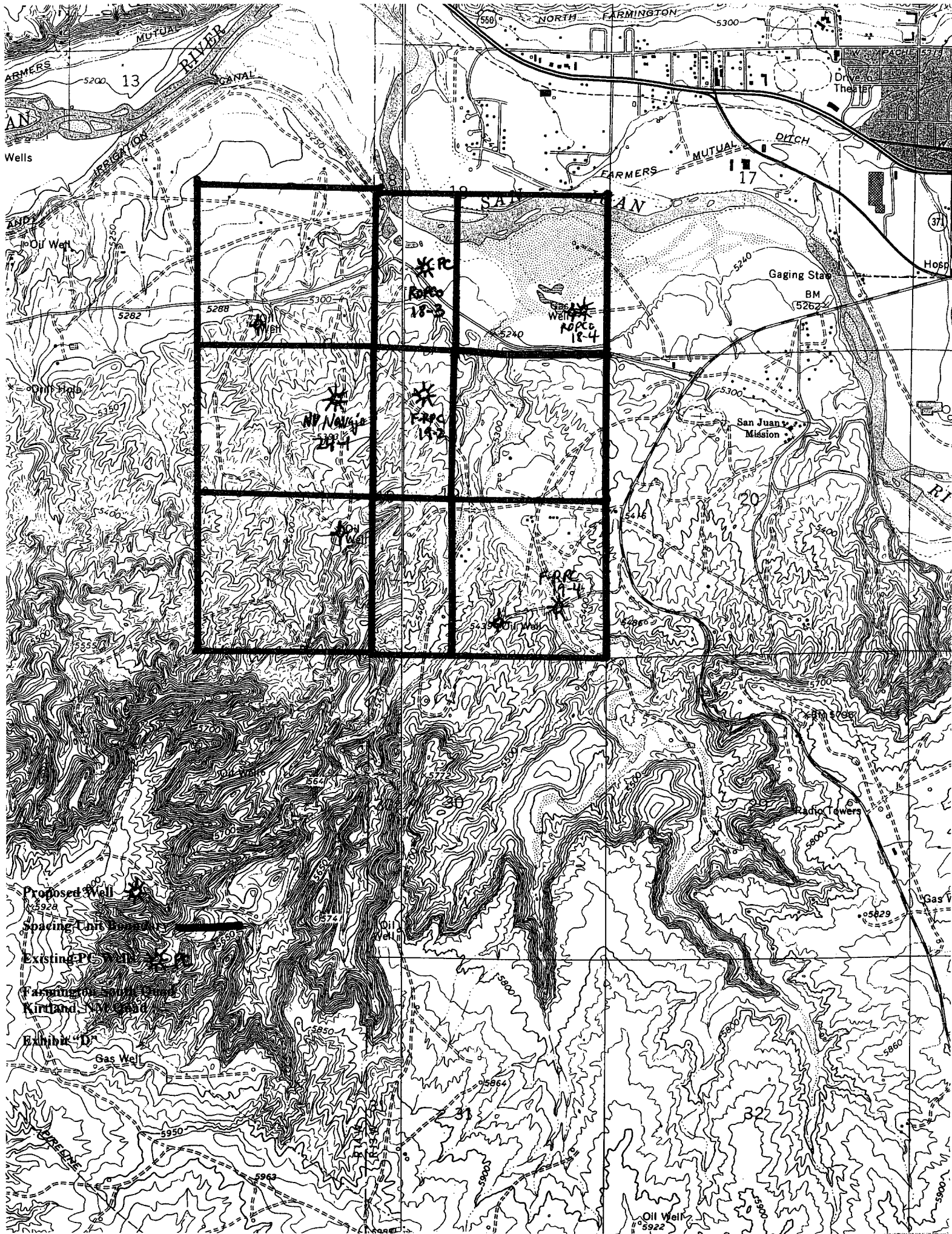




Total number of Acres 22,224

Survey Designated	By Whom Surveyed	Date of Contract	Amount of Survey	When Returned	Remarks
Township lines	Taylor and Pined	Sept. 11 - 1850	36 1/2 1/2	Mar - 1852	15 1/2 - 15 1/2 E.
Subdivisions	Taylor and Pined	Sept. 11 - 1850	36 1/2 1/2	Jan 2 - 1851	15 1/2 - 15 1/2 E.
Line North	Charles M. Fitch	Aug - 2 - 1857		Oct - 1877	15 1/2 E.

The above map of Township N: 29 North
Principal Meridian and Section
lines of the survey thereof on file in this
Surveyor General's Office.
Surveyor General's Office
Santa Fe, N. M.
April 29, 1884



RUN TIME: 09:38 AM

Exhibit "E"

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
LLD SUMMARY REPORT

RUN DATE:

10/13/2004
Page 1 of 1

Admin State: NM

23 0290N 0130W

Sect	Type	Sur No	Suff	NE NNSS EWE	NW NNSS EWE	SW NNSS EWE	SE NNSS EWE
019	A			X--X	----	----	----
019	L	10		----	--X	----	----
019	L	11		----	--X	----	----
019	L	12		--X	----	----	----
019	L	13		--X	----	----	----
019	L	14		----	----	X--	----
019	L	15		----	----	--X	----
019	L	16		----	----	--X	----
019	L	17		----	X--	----	----
019	L	18		----	X--	----	----
019	L	19		----	--X	----	----
019	L	20		----	--X	----	----
019	L	21		----	----	--X	----
019	L	22		----	----	--X	----
019	L	23		----	----	--X	----
019	L	3		----	--X	----	----
019	L	4		----	--X	----	----
019	L	5		--X	----	----	----
019	L	6		--X	----	----	----
019	L	7		----	X--	----	----
019	L	8		----	--X	----	----
019	L	9		----	XX	----	----

Acreage	Note	Dup Flg	Sub Surf	Geo	Cty	Cong Dist	District/Res Area	Adm Age
80,000				NM	NM045	NM03	FARMINGTON	2100C
19,790				NM	NM045	NM03	FARMINGTON	2100C
19,770				NM	NM045	NM03	FARMINGTON	2100C
19,760				NM	NM045	NM03	FARMINGTON	2100C
19,740				NM	NM045	NM03	FARMINGTON	2100C
39,420				NM	NM045	NM03	FARMINGTON	2100C
19,730				NM	NM045	NM03	FARMINGTON	2100C
19,750				NM	NM045	NM03	FARMINGTON	2100C
19,760				NM	NM045	NM03	FARMINGTON	2100C
19,780				NM	NM045	NM03	FARMINGTON	2100C
19,770				NM	NM045	NM03	FARMINGTON	2100C
5,820				NM	NM045	NM03	FARMINGTON	2100C
19,750				NM	NM045	NM03	FARMINGTON	2100C
19,740				NM	NM045	NM03	FARMINGTON	2100C
19,720				NM	NM045	NM03	FARMINGTON	2100C
39,400				NM	NM045	NM03	FARMINGTON	2100C
5,980				NM	NM045	NM03	FARMINGTON	2100C
6,120				NM	NM045	NM03	FARMINGTON	2100C
19,750				NM	NM045	NM03	FARMINGTON	2100C
19,770				NM	NM045	NM03	FARMINGTON	2100C
39,510				NM	NM045	NM03	FARMINGTON	2100C
4,900				NM	NM045	NM03	FARMINGTON	2100C
0,780				NM	NM045	NM03	FARMINGTON	2100C
498.510								

Total for MTR Excluding Survey Notes of C/D/R

Report Total Acreage Excluding
Survey Notes of C/D/R

498.510

Lots in NW/4 of Section 19-T29N-R13W

NO WARRANTY IS MADE BY BLM
FOR USE OF THE DATA FOR
PURPOSES NOT INTENDED BY BLM

**LANCE OIL & GAS COMPANY
POST OFFICE BOX 70**

Phone (505) 598-5601

KIRTLAND, NM 87417

FAX (505) 598-0064

October 13, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0909 0019

Paramount Petroleum Company
PO Box 22763
Houston, TX 77027

RE: Non-Standard Proration Unit Application
Proposed Fruitland/PC Well
Lance F-RPC 19 #2
Township 29 North, Range 13 West, NMPM
720' FNL & 827' FWL
Section 19: NW/4
San Juan County, New Mexico

Gentlemen:

As required by New Mexico Oil Conservation Division (NMOCD) Rules, this letter will serve to notify you of the following non-standard proration application for a well. This letter is a notice only. No action is required on your part unless you have questions or objections. Any objections must be filed in writing within 20 days of receipt of the application by the NMOCD.

- 1) Lance Oil & Gas Company, Inc. is applying to the NMOCD for a non-standard proration unit for its proposed Lance Oil & Gas F-RPC 19 #2 well in the Pictured Cliffs formation. According to NMOCD rules, acreage dedicated to a Pictured Cliffs well (West Kutz PC for this well) must be at least 70% of a standard proration unit (160.00 acres). Therefore the minimum for a Pictured Cliffs well would be 112 acres or 70% of 160. Acreage for the referenced well is 90.57 acres because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO).

Well Name:	F-RPC 19 #2
Proposed Producing Zone:	Fruitland Coal/Pictured Cliffs
Acreage Dedication:	NW/4 of Section 19, T29N, R13W, NMPM, San Juan Co., NM
Location:	720' FNL & 827' FWL, Section 19, T29N, R13W, NMPM, San Juan Co., NM
Applicant's Name:	Lance Oil & Gas Company, Inc.
Applicant's Address:	Post Office Box 70, Kirtland, New Mexico 87417
Applicant's Phone No.	505/598-5601, Extension 57

Submittal Information: Application for a non-standard proration unit will be filed with the NMOCD. If they determine the application complies with the regulations, it will be approved. Any questions can be submitted to the New Mexico Oil Conservation Division, whose address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Their phone number is 505/476-3440.

Thank you for your consideration in this matter.

Please note that this application is in lieu of the application applied for in March of this year. The application has been changed to reflect a new well location (now standard for the West Kutz PC pool) along with the change of ownership from Richardson Operating Company to Lance Oil & Gas Company, Inc. The location has changed from 715' FNL & 1060' FWL to 720' FNL & 827' FWL. No other changes are proposed other than the location change.

October 13, 2004
Page Two

Please call me at 505/598-5601 Ext. 57, (Lance's Land Office) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul", with a stylized flourish extending from the end.

Paul Lehman

Enclosures

PS Form 3800, June 2002
See Reverse for Instructions

Sent To: Paramount Petroleum
P.O. Box 22763
Houston, TX 77027
City, State, ZIP+4

Street Apt. No.
or PO Box No.

Postage \$
Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$

Postmark Here

OFFICIAL USE
For delivery information visit our website at www.usps.com

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only: No Insurance Coverage Provided)

7002 3150 0002 0909 0019

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS FOR A POSTNET LINE
CERTIFIED MAILTM

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>Paramount Petroleum P.O. Box 22763 Houston, TX 77027</p>		<p>B. Received by (Printed Name) C. Date of Delivery</p>	
<p>2. Article Number (Transfer from service label)</p> <p>7002 3150 0002 0909 0019</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes if YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>PS Form 3811, August 2001</p>		<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
<p>Domestic Return Receipt</p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	

LANCE OIL & GAS COMPANY

POST OFFICE BOX 70

Phone (505) 598-5601

KIRTLAND, NM 87417

FAX (505) 598-0064

October 13, 2004

Certified Mail

Return Receipt Requested

Article No. 7002 3150 0002 0907 0943

Mr. Frank Schilling

Burlington Resources Oil & Gas Co.

P.O. Box 4289

Farmington, NM 87499-4289

RE: Non-Standard Proration Unit Application
Proposed Fruitland/PC Well
Lance F-RPC 19 #2
Township 29 North, Range 13 West, NMPM
720' FNL & 827' FWL
Section 19: NW/4
San Juan County, New Mexico

Dear Mr. Schilling:

As required by New Mexico Oil Conservation Division (NMOCD) Rules, this letter will serve to notify you of the following non-standard proration application for a well. This letter is a notice only. No action is required on your part unless you have questions or objections. Any objections must be filed in writing within 20 days of receipt of the application by the NMOCD.

- 1) Lance Oil & Gas Company, Inc. is applying to the NMOCD for a non-standard proration unit for its proposed Lance Oil & Gas F-RPC 19 #2 well in the Pictured Cliffs formation. According to NMOCD rules, acreage dedicated to a Pictured Cliffs well (West Kutz PC for this well) must be at least 70% of a standard proration unit (160.00 acres). Therefore the minimum for a Pictured Cliffs well would be 112 acres or 70% of 160. Acreage for the referenced well is 90.57 acres because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO).

Well Name:	F-RPC 19 #2
Proposed Producing Zone:	Fruitland Coal/Pictured Cliffs
Acreage Dedication:	NW/4 of Section 19, T29N, R13W, NMPM, San Juan Co., NM
Location:	720' FNL & 827' FWL, Section 19, T29N, R13W, NMPM, San Juan Co., NM
Applicant's Name:	Lance Oil & Gas Company, Inc.
Applicant's Address:	Post Office Box 70, Kirtland, New Mexico 87417
Applicant's Phone No.	505/598-5601, Extension 57

Submittal Information: Application for a non-standard proration unit will be filed with the NMOCD. If they determine the application complies with the regulations, it will be approved. Any questions can be submitted to the New Mexico Oil Conservation Division, whose address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Their phone number is 505/476-3440.

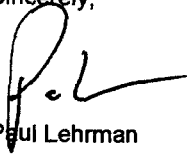
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October 13, 2004
Page Two

Please call me at 505/598-5601 Ext. 57, (Lance's Land Office) if you have any questions.

Sincerely,

A handwritten signature in dark ink, appearing to be 'P. Lehman', written over the printed name.

Paul Lehman

Enclosures

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Frank Schilling
Burlington Resources Oil & Gas Co.
P.O. Box 4289
Farmington NM
87499

2. Article Number

(Transfer from service label)

7002 3150 0002 0907 0943

PS Form 3811, August 2001

Domestic Return Receipt

2ACPRI-03-Z-0985

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

- D. Is delivery address different from item 1?** ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.
CERTIFIED MAIL™

7002 3150 0002 0907 0943
7002 3150 0002 0907 0943

**U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information, visit our website at www.usps.com

OFFICIAL USE

Postage \$

Certified Fee

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$

Postmark
Here

Sent To

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

Frank Schilling / Burlington Res
P.O. Box 4289
Farmington NM 87499

PS Form 3800, June 2002

See Reverse for Instructions

LANCE OIL & GAS COMPANY

POST OFFICE BOX 70

Phone (505) 598-5601

KIRTLAND, NM 87417

FAX (505) 598-0064

October 13, 2004

Certified Mail

Return Receipt Requested

Article No. 7002 3150 0002 0907 0967

Edwards Energy Corp.
1401 17th Street, Suite 1400
Denver, Colorado 80202

RE: Non-Standard Proration Unit Application
Proposed Fruitland/PC Well
Lance F-RPC 19 #2
Township 29 North, Range 13 West, NMPM
720' FNL & 827' FWL
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Acreage Dedication:	NW/4 of Section 19, T29N, R13W, NMPM, San Juan Co., NM
Location:	720' FNL & 827' FWL, Section 19, T29N, R13W, NMPM, San Juan Co., NM
Applicant's Name:	Lance Oil & Gas Company, Inc.
Applicant's Address:	Post Office Box 70, Kirtland, New Mexico 87417
Applicant's Phone No.	505/598-5601, Extension 57

Submittal Information: Application for a non-standard proration unit will be filed with the NMOCD. If they determine the application complies with the regulations, it will be approved. Any questions can be submitted to the New Mexico Oil Conservation Division, whose address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Their phone number is 505/476-3440.


Thank you for your consideration in this matter.

Please note that this application is in lieu of the application applied for in March of this year. The application has been changed to reflect a new well location (now standard for the West Kutz PC pool) along with the change of ownership from Richardson Operating Company to Lance Oil & Gas Company, Inc. The location has changed from 715' FNL & 1060' FWL to 720' FNL & 827' FWL. No other changes are proposed other than the location change.

October 13, 2004
Page Two

Please call me at 505/598-5601 Ext. 57, (Lance's Land Office) if you have any questions.

Sincerely,



Paul Lehrman

Enclosures

PS Form 3800, June 2002
See Reverse for Instructions

Sent To: Edwards Energy Corp.
Street, Apt. No. or PO Box No. 1401 17th St., Ste 1400
City, State, ZIP+4 Denver, CO 80202

Postage \$
Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$

Postmark Here

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For delivery information visit our website at www.usps.com®
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(Domestic Mail Only; No Insurance Coverage Provided)

7002 3150 0002 0907 0967
7002 3150 0002 0907 0967

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.
CERTIFIED MAIL™

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Edwards Energy Corp.
1401 17th St., Ste 1400
Denver, CO 80202

2. Article Number
(Transfer from service label)

7002 3150 0002 0907 0967

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
X ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

LANCE OIL & GAS COMPANY

POST OFFICE BOX 70

Phone (505) 598-5601

KIRTLAND, NM 87417

FAX (505) 598-0064

October 13, 2004

Certified Mail

Return Receipt Requested

Article No. 7002 3150 0002 0907 0950

Navajo Nation Minerals Dept.

Box 1910

Window Rock, AZ 86515

RE: Non-Standard Proration Unit Application
Proposed Fruitland/PC Well
Lance F-RPC 19 #2
Township 29 North, Range 13 West, NMPM
720' FNL & 827' FWL
Section 19: NW/4
San Juan County, New Mexico

Gentlemen:

As required by New Mexico Oil Conservation Division (NMOCD) Rules, this letter will serve to notify you of the following non-standard proration application for a well. This letter is a notice only. No action is required on your part unless you have questions or objections. Any objections must be filed in writing within 20 days of receipt of the application by the NMOCD.

- 1) Lance Oil & Gas Company, Inc. is applying to the NMOCD for a non-standard proration unit for its proposed Lance Oil & Gas F-RPC 19 #2 well in the Pictured Cliffs formation. According to NMOCD rules, acreage dedicated to a Pictured Cliffs well (West Kutz PC for this well) must be at least 70% of a standard proration unit (160.00 acres). Therefore the minimum for a Pictured Cliffs well would be 112 acres or 70% of 160. Acreage for the referenced well is 90.57 acres because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO).

Well Name:	F-RPC 19 #2
Proposed Producing Zone:	Fruitland Coal/Pictured Cliffs
Acreage Dedication:	NW/4 of Section 19, T29N, R13W, NMPM, San Juan Co., NM
Location:	720' FNL & 827' FWL, Section 19, T29N, R13W, NMPM, San Juan Co., NM
Applicant's Name:	Lance Oil & Gas Company, Inc.
Applicant's Address:	Post Office Box 70, Kirtland, New Mexico 87417
Applicant's Phone No.	505/598-5601, Extension 57

Submittal Information: Application for a non-standard proration unit will be filed with the NMOCD. If they determine the application complies with the regulations, it will be approved. Any questions can be submitted to the New Mexico Oil Conservation Division, whose address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Their phone number is 505/476-3440.


Thank you for your consideration in this matter.

Please note that this application is in lieu of the application applied for in March of this year. The application has been changed to reflect a new well location (now standard for the West Kutz PC pool) along with the change of ownership from Richardson Operating Company to Lance Oil & Gas Company, Inc. The location has changed from 715' FNL & 1060' FWL to 720' FNL & 827' FWL. No other changes are proposed other than the location change.

October 13, 2004
Page Two

Please call me at 505/598-5601 Ext. 57, (Lance's Land Office) if you have any questions.

Sincerely,



Paul Lehrman

Enclosures

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

CERTIFIED MAIL™

7002 3150 0002 0907 0950
7002 3150 0002 0907 0950

PS Form 3800, June 2002
See Reverse for Instructions

Sent To

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

Postmark
Here

Postage \$

Certified Fee

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
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OFFICIAL USE

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Navajo Nation Minerals Dept
Box 1910
Window Rock, AZ 86515

2. Article Number
(Transfer from service label)

7002 3150 0002 0907 0950

PS Form 3811, August 2001

Domestic Return Receipt

2ACPRI-03-Z-0885

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No
if YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

COPY

Form 3160-3
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.
NMSF- 079065

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
F-RPC 19 #2

9. API Well No.
30-045-

10. Field and Pool, or Exploratory
West Kutz PC/Basin Fruitland

11. Sec., T., R., M., or Blk. and Survey or Area Coal

Sec. 19-T29N-R13W, NMPM

12. County or Parish
San Juan

13. State
NM

3a. Address
Box 70, Kirtland, NM 87417

3b. Phone No. (include area code)
598-5601 Ext. 57

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 720' FNL & 827' FWL

At proposed prod. zone Same

14. Distance in miles and direction from nearest town or post office*

2 Miles SW of Farmington, New Mexico

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 720'

16. No. of Acres in lease
1,470.81

17. Spacing Unit dedicated to this well
N/2-FC 249.59 Acres
NW/4-PC 90.57 Acres

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. 1973'

19. Proposed Depth
1,400

20. BLM/BIA Bond No. on file
BLM Nationwide #965004351

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
5314' GL

22. Approximate date work will start*
Upon approval

23. Estimated duration
2 Weeks

24. Attachments

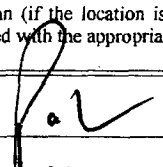
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

RECEIVED

- 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.

UCL 14 2004

25. Signature

Title
Sr. Landman

Name (Printed/Typed)
Paul Lehrman

Oil Conservation Division
1220 S. St. Francis Drive 13/64
Santa Fe, NM 87505

Approved by (Signature)

Name (Printed/Typed)

Date

Title

Office

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)

Negative Arch Report from Western Arch Services attached WAS 0415
Project was originally planned by Richardson Operating Company. All references to Richardson are now Lance Oil & Gas Company, Inc.

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

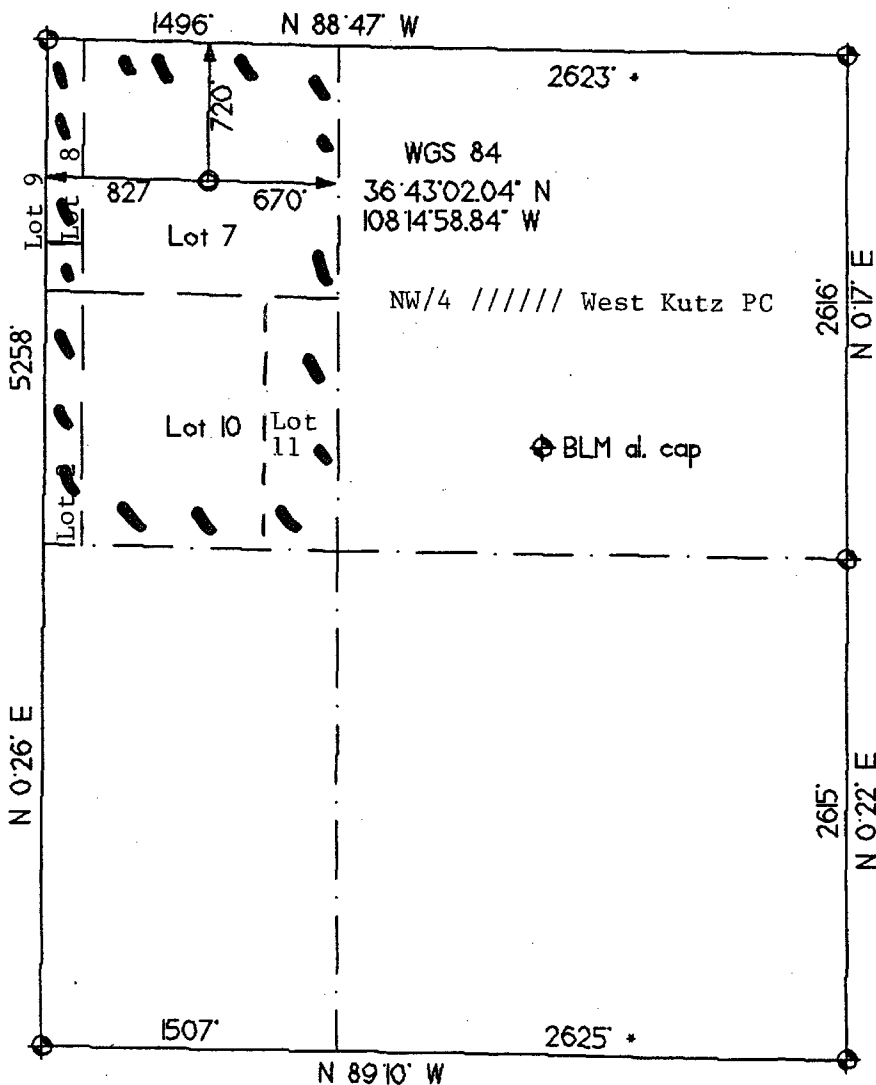
APA Number 30-045-	Pool Code 79680	Pool Name West Kutz PC
Property Code	Property Name F - RPC 19	Well Number 2
OGRD No. 299938	Operator Name LANCE OIL & GAS COMPANY, INC.	Elevation 5314'

Surface Location									
UL or Lot C	Sec. 19	Twp. 29 N.	Rge. 13 W.	Lot Ldn.	Feet from > 720'	North/South NORTH	Feet from > 827'	East/West WEST	County SAN JUAN

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

Dedication NW/4 90.57 **	Joint ?	Consolidation	Order No.
--------------------------------	---------	---------------	-----------

** NSP from NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OCD 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

Paul Lehrman

Printed Name

Paul Lehrman

Title

Sr. Landman

Date

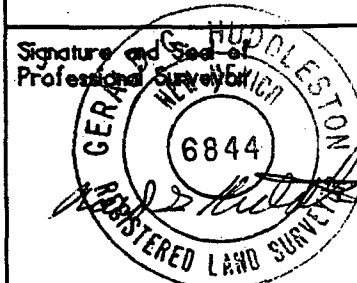
10/13/04

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 rrw: 6/02/04

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

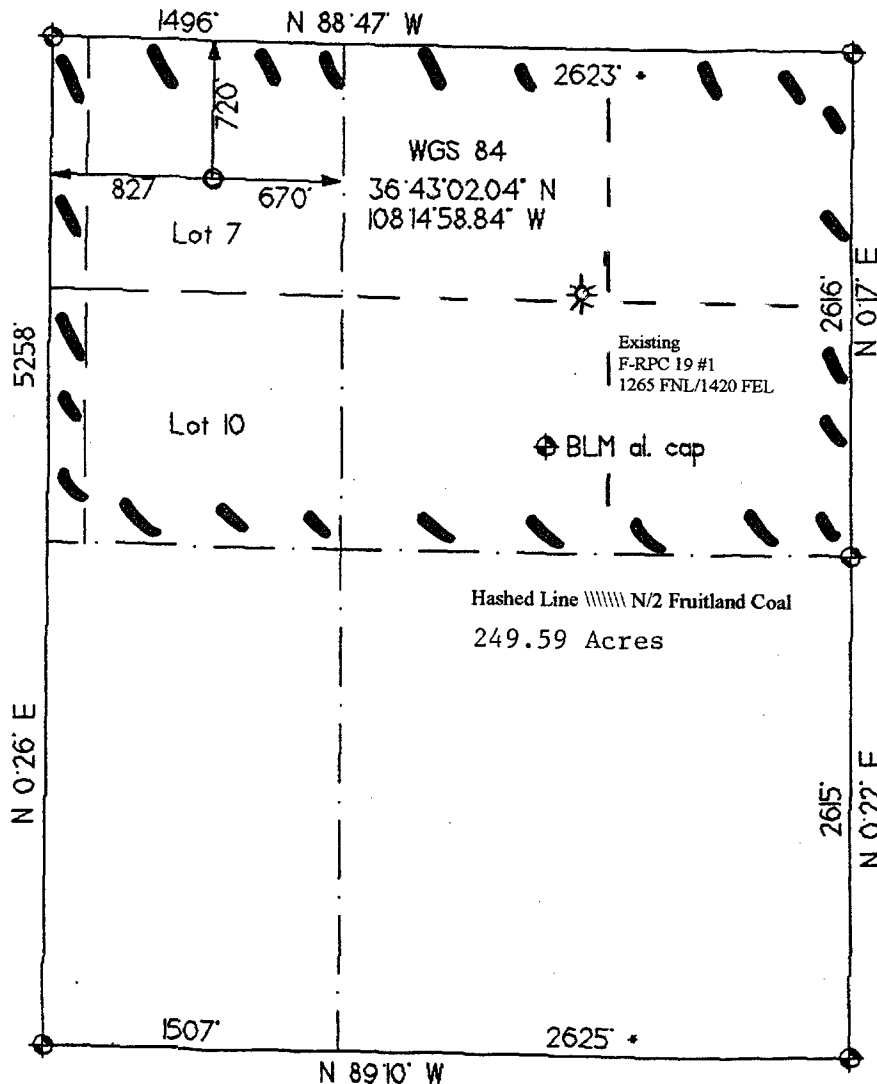
APA Number 30-045	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code	Property Name F - RPC 19	Well Number 2
OGRD No. 229938	Operator Name LANCE OIL & GAS COMPANY, INC.	Elevation 5314'

Surface Location									
UL or Lot C	Sec. 19	Twp. 29 N.	Rge. 13 W.	Lot Id.	Feet from >	North/South	Feet from >	East/West	County SAN JUAN
					720'	NORTH	827'	WEST	

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 N/2 249.59	Joint ?	Consolidation	Order No.
-----------------------------	---------	---------------	-----------

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	<i>P. L.</i>
Printed Name	Paul Lehman
Title	Sr. Landman
Date	10/13/04
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	rwv: 6/02/04
Signature and Seal of Professional Surveyor	<i>[Signature]</i> GERALD S. HODDLESTON 6844 REGISTERED LAND SURVEYOR

Lance Oil & Gas Company, Inc.
F-RPC #2
720' FNL & 827' FWL
Section 19, T29N, R13W, 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'	+5,314'
Fruitland Fm	815'	820'	+4,499'
Fruitland Coal	845'	850'	+4,469'
Pictured Cliffs Ss	970'	975'	+4,344'
Total Depth (TD)*	1200'	1205'	+4,114'

*All elevations reflect the ungraded ground level of 5,314'

2. NOTABLE ZONES:

Gas Zones

Fruitland

Pictured Cliffs

Water Zones

Fruitland Coal

Coal Zones

Fruitland Coal

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, Kelly cock and choke manifold rated to 2000 psi. Maximum expected pressure is less than 1000 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>
8 3/4"	7"	20	K-55	New	120'
6 1/4"	4 1/2"	10.5	K-55	New	1200'

Surface casing will be cemented to surface with ≈ 36 cu.ft. (≈ 30 sx) Class B + 2% CaCl. Volume is based on 100% excess, yield of 1.18 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 ≈ 140 cu.ft. (≈ 70 sx) Class B with 2% metasilicate (yield = 2.06 cu.ft./sk, slurry weight = 12.5 ppg). Tail in with ≈ 85 cu.ft. (≈ 75 sx) Class B with 2% CaCl (yield = 1.18 cu.ft./sk, weight = 15.6 ppg). Total cement volume is ≈ 225 cu.ft. based on 80% excess and circulating to surface.

Production casing will have 4 1/2" cement guide shoe and self fill float collar. Float will be placed one joint above the shoe. Four centralizers will be spaced every other joint starting above the shoe. Four turbolizers will be placed every other joint starting from the top of the well.

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 DSTs are planned. A cased hole CNL/GR will be run from TD to surface.

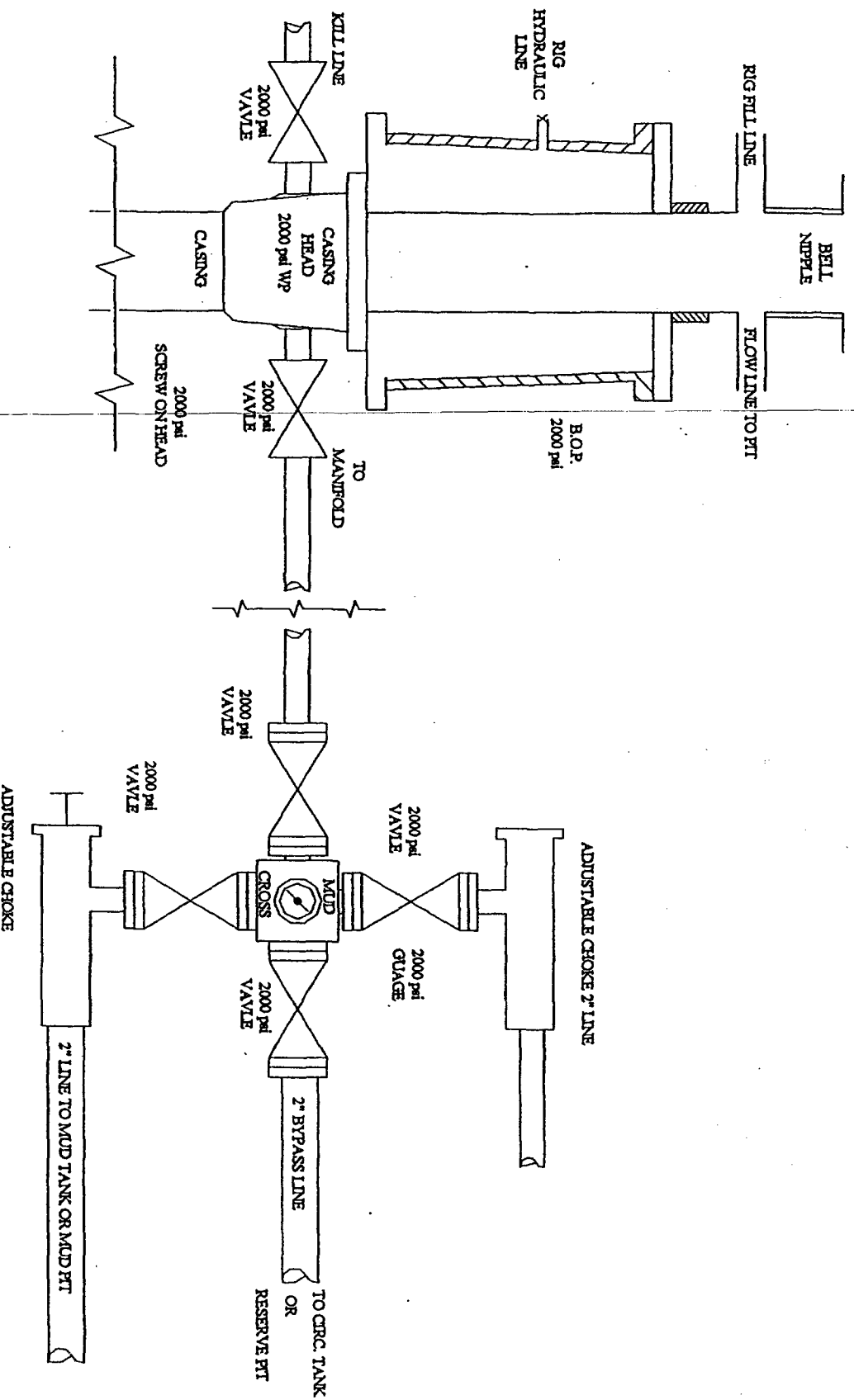
7. DOWNHOLE CONDITIONS:

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be approximately ≈ 520 psi.

8. OTHER INFORMATION:

The anticipated spud date is November 30, 2004. It should take 5 days to drill and one (1) week to complete the well.

BLOW OUT PREVENTER (B.O.P.)



Lance Oil & Gas Company, Inc.
F-RPC #2
720' FNL & 827' FWL
Section 19, T29N, R13W, NMPM
San Juan County, New Mexico

SURFACE USE PLAN

1. DIRECTIONS & EXISTING ROADS: (See attached plat)

From the junction of NM 371 and Pinon Street in Farmington, New Mexico,
Go .82 miles South on NM 371,

Turn right and go approximately .65 miles westerly on BIA road N-36 (Upper Fruitland Highway),
Then turn left and enter existing Consolidated Constructor's gravel yard. Drive .25 miles on main
roadway, bearing right and continue .4 miles to staked location.

Roads will be maintained to a standard at least equal to their present condition.

2. ROADS TO BE UPGRADED OR BUILT:

No new access road will be built. The existing gravel pit roads operated by Consolidated
Constructors will be used. See attached letter (Page 10) from Stan Kozimor stating that the well
location and/or road/pipelines will not interfere with the gravel pit operations. Culverts will be
placed as necessary.

3. EXISTING WELLS:

According to NM Oil Conservation Division records in Santa Fe and the State Engineers office in
Aztec, New Mexico, there are six gas wells and six plugged and abandoned wells within a mile
radius, no water and no oil or injection wells within a mile. The gas wells and plugged and
abandoned wells are depicted on the plat on page 13.

4. PROPOSED PRODUCTION FACILITIES:

A separator is planned on the pad. A pump jack will be installed to remove water from the wellbore.
Surface equipment will be painted a flat juniper green color. Gas/Water will be taken via pipelines
(laid in same trench) and taken approximately 955' northerly from the well pad to a proposed Lance
facility previously approved and permitted by the BLM (Richardson Operating, now Lance Oil &
Gas Company, Inc. F-RPC 19 #1 Well tie pipeline). See page 12 for pipeline route and plat.

5. WATER SUPPLY

Water will trucked from a private water source in Farmington, New Mexico.

**Surface Use Plan
Lance Oil & Gas Company, Inc.**

Page 2

6. CONSTRUCTION MATERIALS & METHODS:

NM One Call (1-800-321-ALERT) will be notified prior to any new construction. A minimum 12 mil plastic liner will be installed in the reserve pit.

7. WASTE DISPOSAL:

All trash will be placed in a portable trash cage. It will be hauled to the county landfill. There will be no trash burning. Once dry, the contents of the reserve pit will be buried in place. Human waste will be disposed of in chemical toilets and hauled to an approved dump station.

8. ANCILLARY FACILITIES:

There will be no airstrips or camps. Camper trailers may be on location for the company man, tool pusher, or mud logger.

9. WELL SITE LAYOUT:

See attached for depictions of the well pad, cross section, cut and fill diagram, reserve pit, trash cage, access onto the location, parking and living facilities, and rig orientation.

10. PERMIT FOR PIT AND RECLAMATION PROCEDURES:

Within this APD, this is also an application for an individual well pit permit pursuant NMOCD 19.15.2.50. Once closed, the pit will be backfilled with soil and the pit and the well pad will be recontoured to a natural appearance, soil spread evenly over disturbed areas, and disturbed areas ripped or harrowed. BLM's seed mix approved for the area will be drilled between July 1 and September 15. If broadcast, the rate will be doubled. A harrow or cable will be dragged over the area to assure seed cover.

If the well is a producer, then the reserve pit and any other areas not needed for workovers will be reclaimed as previously described.

11. SURFACE OWNER:

Well site, existing road and pipeline are all on lease. All facilities are all on Bureau of Land Management surface.

Surface Use Plan
Lance Oil & Gas Company, Inc.

Page 3

12. OTHER INFORMATION:

The nearest hospital is a 10 minute drive away in southwest Farmington.

13. REPRESENTATION:

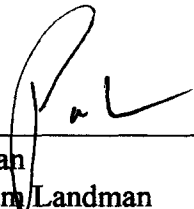
Anyone having questions concerning the APD should call Paul Lehrman and/or the field representative:

Paul Lehrman
Lance Oil & Gas Company, Inc. Land Department 505/598-5601 Ext. 57
Cell 505/486-0066
Fax 505/598-0064

Doug Barone, Production Operations Manager
Lance Oil & Gas Company, Inc.
Box 70
Kirtland, NM 87417
(505) 598-5601 Ext. 59
FAX (505) 598-0064
(505) 947-1195 CELL

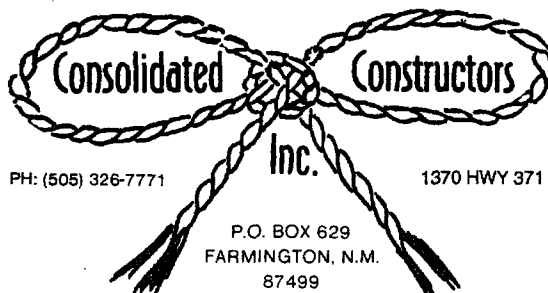
Lance Oil & Gas Company, Inc. has the necessary consents from the proper lease owner to conduct lease operations in conjunction with this well. Bond coverage is pursuant to 43 CFR 3104 for lease activities and operations are being provided by Lance Oil & Gas Company, Inc.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Lance Oil & Gas Company, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to provisions of 18 USC 1001 for the filing of a false statement.



Paul Lehrman
Sr. Petroleum Landman

October 13, 2004



July 8, 2004

Richardson Operating
Paul Lehrman
3100 La Plata Highway
Farmington, New Mexico 87401

RE: ROPCO F-RFC 19-2, 19-3
Township 29 North, Range 13 West, NMPM Section 19
San Juan County, New Mexico

Dear Mr. Lehrman

Your work for the referenced projects should not interfere with our current operations.
We will have trucks hauling materials in and out at various hours.
Gates must remain locked when there is no work scheduled.

If you have any questions please contact me at your convenience.

Thank you,

Stan Kozimor

COPY

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

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

Form C-103

May 27, 2004

WELL API NO.

30-045-

5. Indicate Type of Lease Federal
STATE ☐ FEE ☐ NMSF-

6. State Oil & Gas Lease No. 079065

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.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

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

3. Address of Operator
Box 70, Kirtland, NM 87417

4. Well Location

Unit Letter C : 720 feet from the North line and 827 feet from the West line
Section 19 Township 29N Range 13W NMPM SanJua County NM

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5314 GR

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Drilling Depth to Groundwater > 100' 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

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.

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  TITLE Sr. Landman DATE 10/13/04

Type or print name Paul Lehrman
For State Use Only

E-mail address: plehrman@westerngas.com Telephone No. 598-5601
Ext. 57

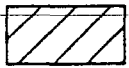
APPROVED BY: _____ TITLE _____ DATE _____

F-RPC 19#2

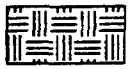
well pad and section



0' 40'
Scale 1" = 40'

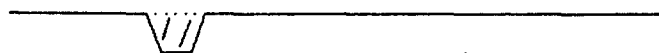
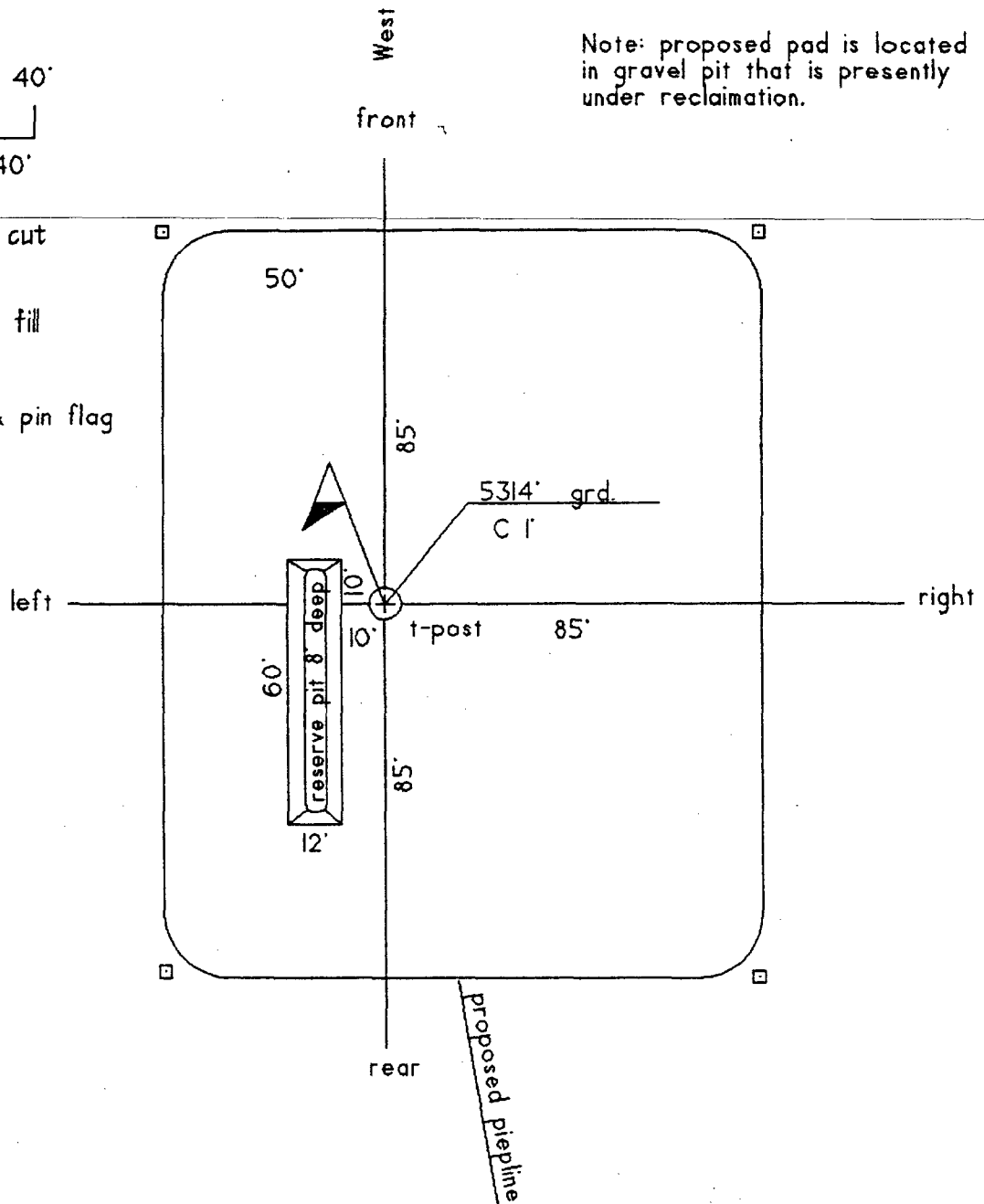


cut



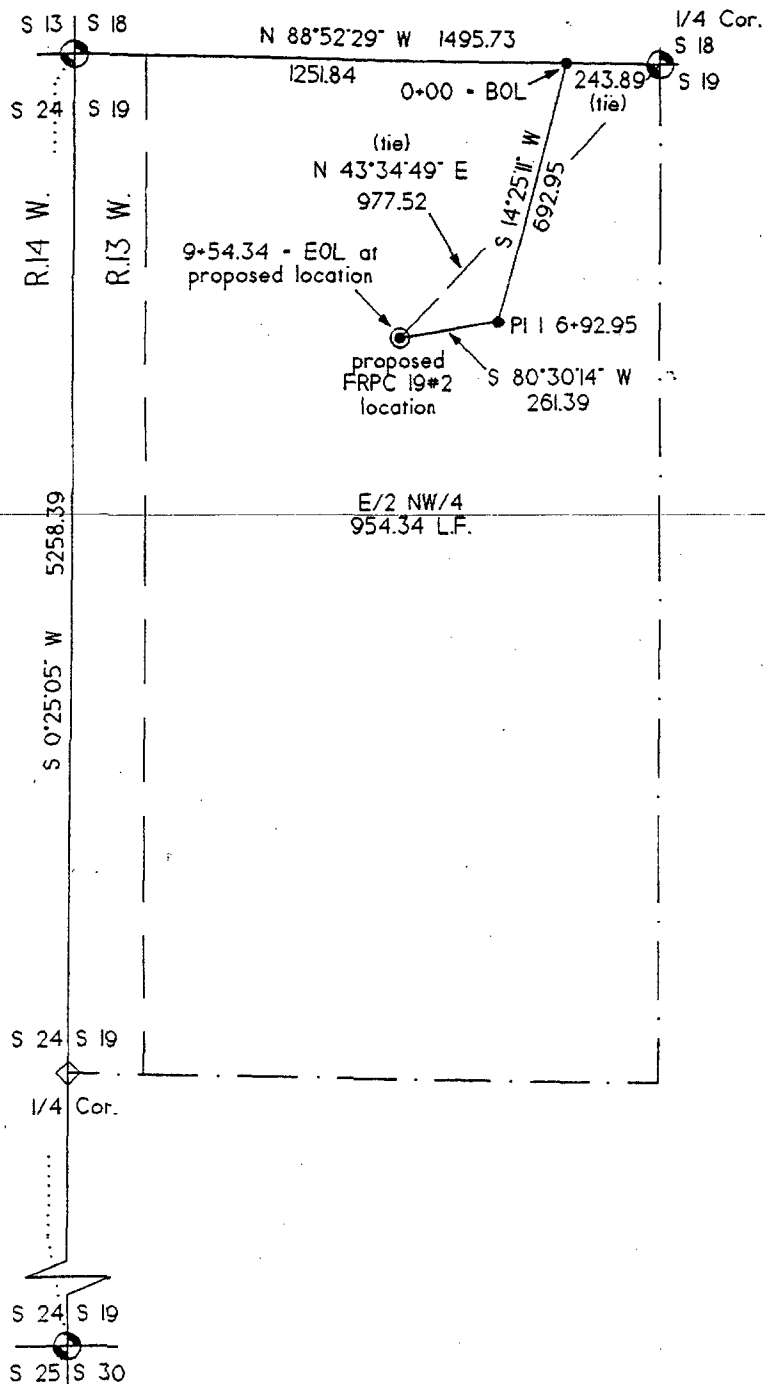
fill

□ set stake & pin flag



section

T.29 N.



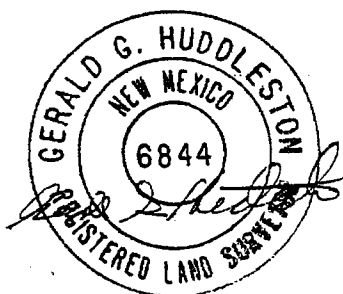
Basis of Bearing:
GPS state plane coordinates
rotated.



0' 500'

Scale: 1" = 500'

- ⊕ fnd. std. BLM monument
- ◇ calculated corner
- survey centerline PI



LANCE OIL & GAS COMPANY, INC.

Proposed FRPC 19-2 pipeline right-of-way -

E/2 NW/4 of Section 19

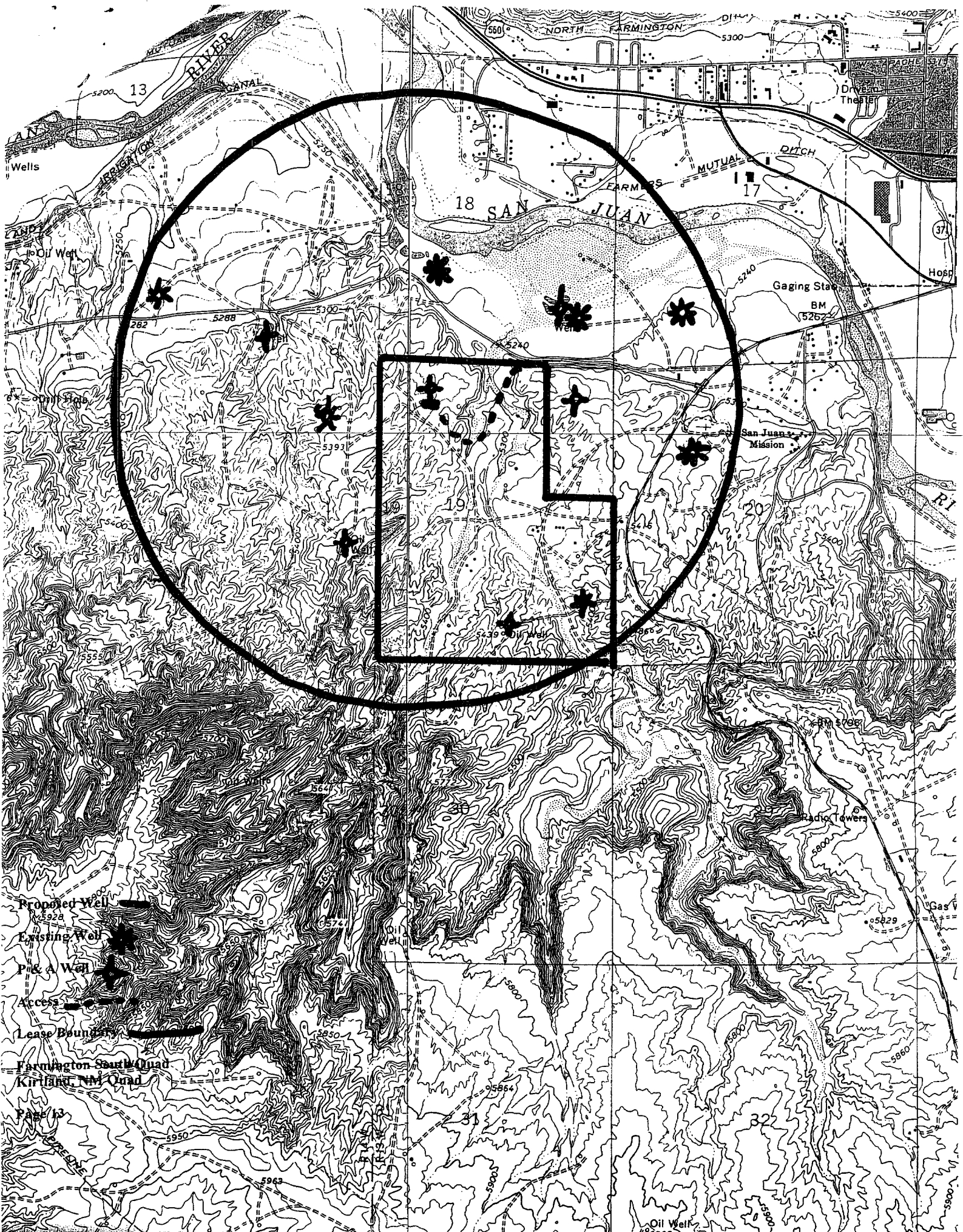
T.29 N., R.13 W., NMPM.

San Juan County, New Mexico

revised June 2004

March 2004

HUDDLESTON LAND SURVEYING
P.O. DRAWER KK / CORTEZ, CO 81321 / 970-565-3330



PAGE 14

WELL SITE LAYOUT

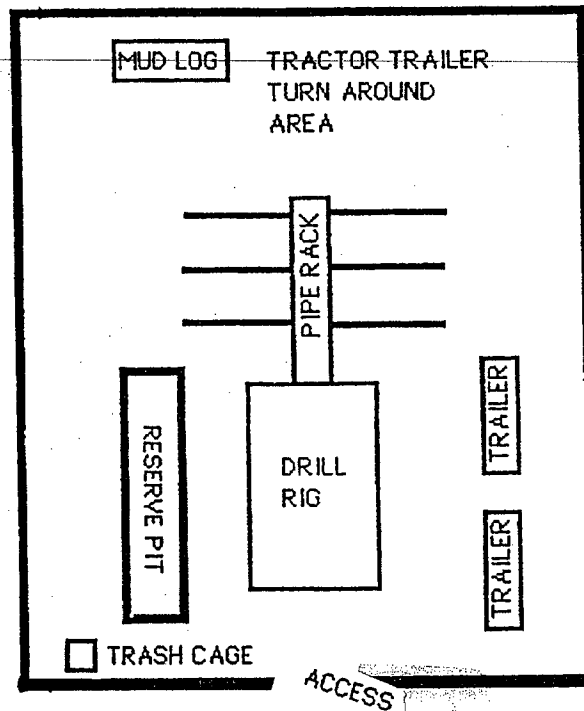
LANCE OIL & GAS COMPANY, INC.

F-RPC 19 #2

720' FNL & 827' FWL

SECTION 19, TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM

SAN JUAN COUNTY, NEW MEXICO



NORTH



COPY

NEGATIVE SURVEY AND MONITORING REPORT

1. BLM Report No. 2. BLM Review: (initial & date) 3. NMCRIS No. 88896

4. Title of Report: Richardson Oper. Co.'s FRPC 19 #2 Well Pad and Pipeline
Author: Patrick Harden

5. Fieldwork Dates: 6/8/04 6. Report Date: 6/24/04

7. Consultant Name & Address 8. Permit No.: 100-2920-03-P
Field Supervisor: Patrick Harden
Org. Name: Western Archeological Services
Org. Address: 22491 Road D6, Cortez, Colo. 81321 9. Consultant Rpt. No. WAS 0415
Phone No.: 970-564-9278

10. Sponsor Name and Address 11. Sponsor Project No.
Ind. Responsible: Mr. Paul Lariman
Org. Name: Richardson Operating Company
Org. Address: 501 Airport Dr., Suite 119; Farmington, N.M. 87401
Phone No.: 505-564-8115

12. Area of Effect 1.2 ac. BLM 1.2 ac. Other Area Surveyed 7 ac.* BLM 7 ac. Other
* area previously surveyed

13. Location (Map Attached)
a. State: New Mexico b. County: San Juan
c. Field Office: Farmington d. Land Status: BLM
e. Area: T 29N R 13W Sec. 19 N 1/2 NW 1/4
f. Footages: 720 FNL 827 FWL g. 7.5" Map Name: Farmington South, N.M.

14. a. Description of Undertaking: well pad 170 x 135' in size; and a pipeline 950' in length; the access is through an existing gravel pit which extends northeasterly to the Upper Fruitland Hwy.
The entire project is situated in areas of the gravel pit which have been exhausted of their gravel, and 100% of the area is disturbed. A previous survey for the gravel pit covered the project area and no cultural resources were discovered in the immediate area.

b. Existing Data Review: files at the BLM office in Farmington and ARMS records were checked. One archeological site has been recorded within 1000' of the project area. This site (BLM No. 40434 [LA115965]) was a small slab-lined feature located immediately to the north of the well pad: the

feature was removed during gravel pit operations. All of the well pad area, as well as the pipeline route, has been previously surveyed for gravel pit expansions: "Cultural Resource Inventory Consolidated Constructors Proposed Expansion of Existing Gravel Pit Along the San Juan River, South of Farmington San Juan County, New Mexico" (sic) [Hammack 1992]; and "Cultural Resource Inventory Consolidated Constructors Five Mining Claim Locations Along the San Juan River, South of Farmington San Juan County, New Mexico" (sic) [Hammack 1994]. Access to the well pad is via existing roads and open areas within the gravel pit where operations have ceased.

c. Area Environmental / Cultural Setting: the well pad is located in an abandoned area of a large gravel pit operation. A partially excavated ridge slope is to the north of the pad, forming a steep barrier between the pad and undisturbed areas above and to the west of the pad. The pipeline is partially in the abandoned pit and partially in reclaimed areas where pit operations have ceased. Vegetation is practically non-existent in the gravel pit; grasses and saltbush are primarily found in the reclaimed areas.

The cultural resources in the general project vicinity vary and may include small habitations to special use type sites with periods of occupation ranging from Archaic to Historic (including Navajo sites), although most sites are affiliated with an Anasazi occupation (ca. 500-1200 A.D.), which are primarily manifested by lithic and sherd scatters with or without use features. Site density is relatively low.

d. Field Methods: since the entire project is located in an area previously used as a gravel pit, and since the area has been previously surveyed for cultural resources, field investigations were restricted to making sure that all project features were actually located in the disturbed areas.

e. Artifacts Collected? no

15. Cultural Resource Findings (isolates only)

a. Location / Identification of Each Resource:
none

b. Evaluation of Significance of Each Resource (above):
non-significant

16. Management Summary (Recommendations):

archeological clearance recommended

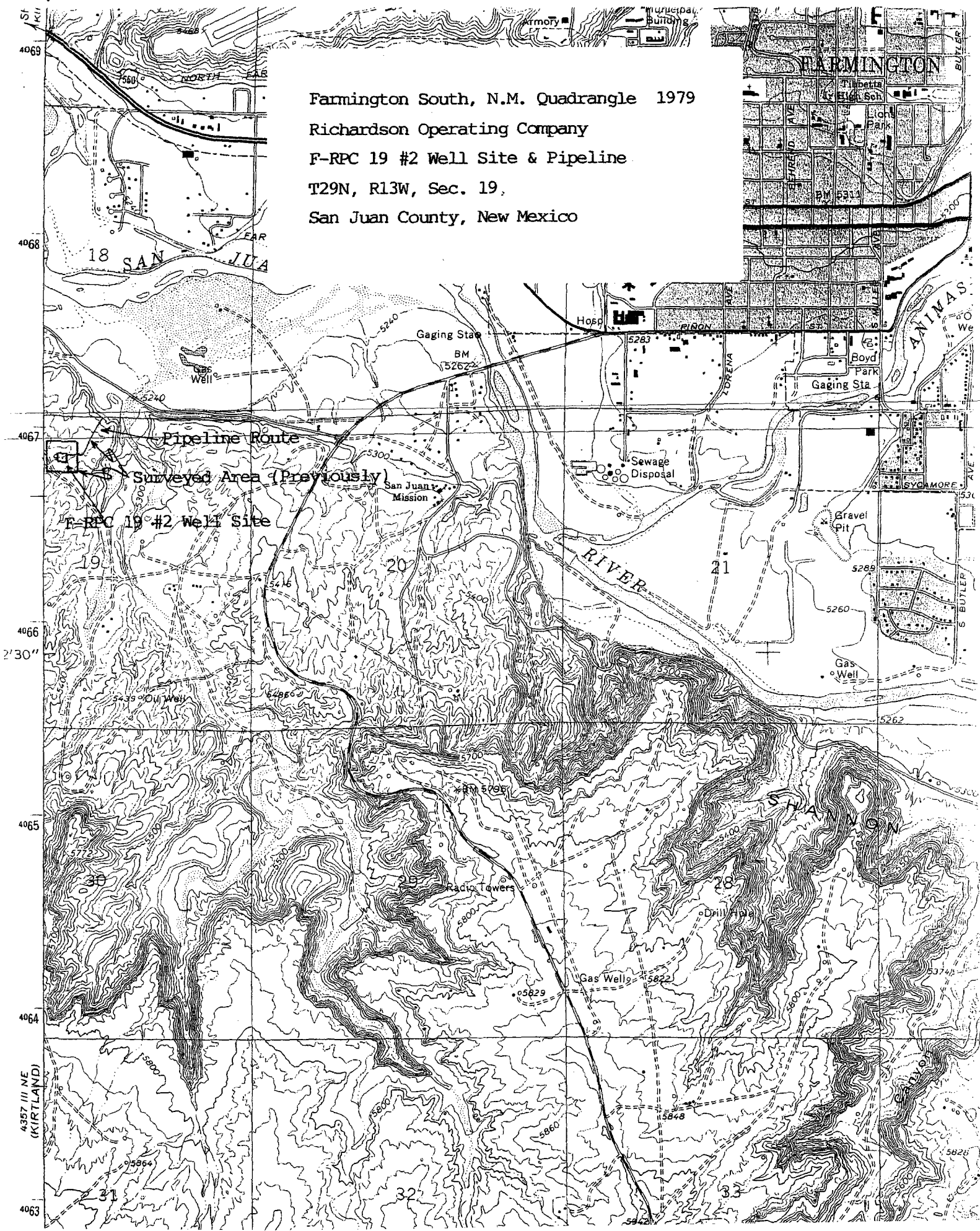
Farmington South, N.M. Quadrangle 1979

Richardson Operating Company

F-RPC 19 #2 Well Site & Pipeline

T29N, R13W, Sec. 19,

San Juan County, New Mexico



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

Form C - 102

☐ AMENDED REPORT

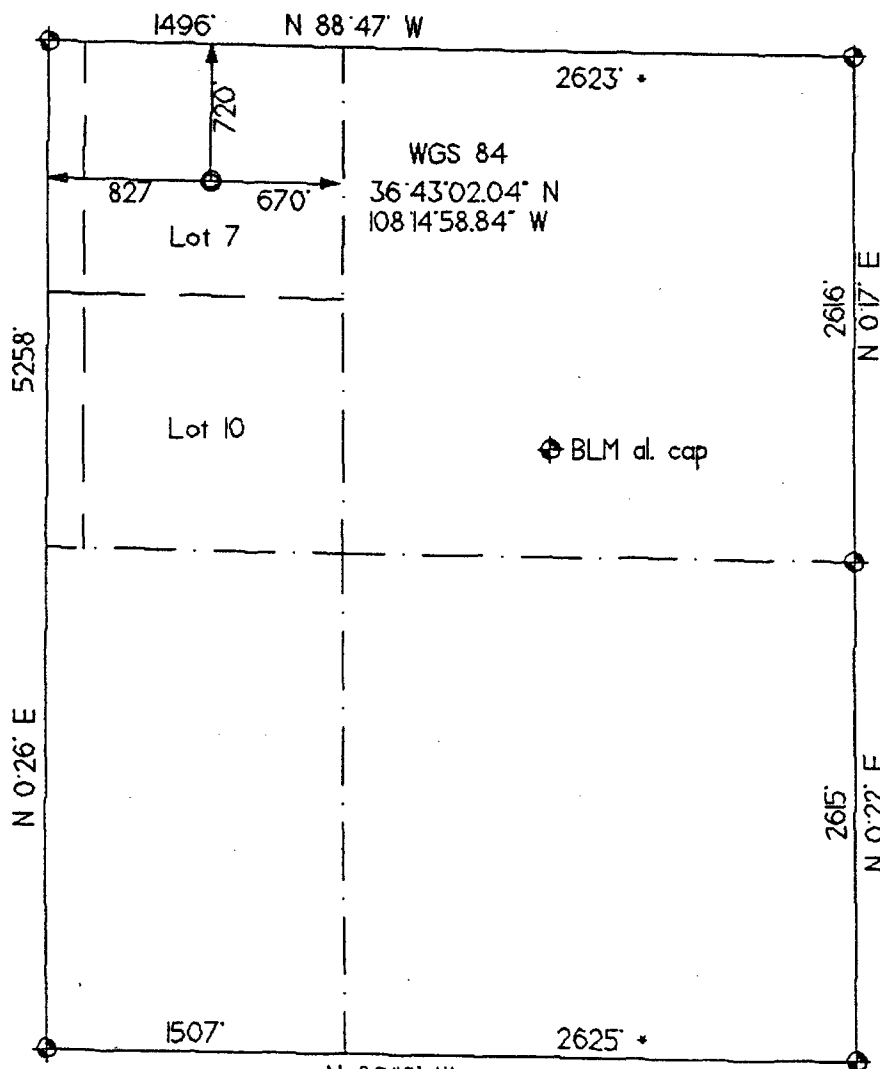
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number	Pool Code	Pool Name
Property Code	Property Name F - RPC 19	
OGRI No.	Operator Name RICHARDSON OPERATING COMPANY	Well Number 2 Elevation 5314'

Surface Location									
UL or Lot C	Sec. 19	Twp. 29 N.	Rge. 13 W.	Lot Idn.	Feet from > 720'	North/South NORTH	Feet from > 827'	East/West WEST	County SAN JUAN

Bottom Hole Location If Different From Surface													
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County				
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Dedication</td> <td style="width: 10%;">Joint ?</td> <td style="width: 20%;">Consolidation</td> <td style="width: 55%;">Order No.</td> </tr> </table>										Dedication	Joint ?	Consolidation	Order No.
Dedication	Joint ?	Consolidation	Order No.										

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

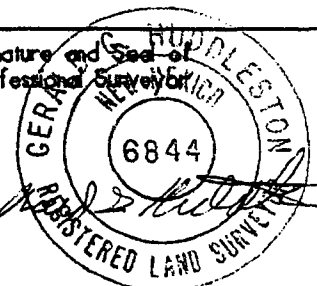
Title

Date

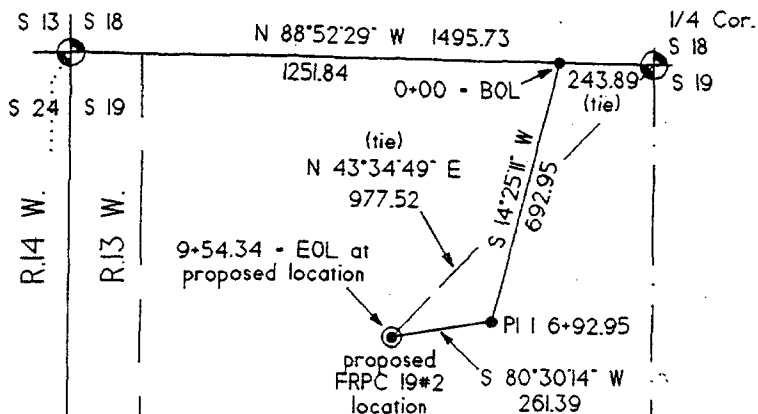
SURVEYOR CERTIFICATION

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 rrv: 6/02/04

Signature and Seal of Professional Surveyor



T.29 N.



Basis of Bearing:
GPS state plane coordinates
rotated.



0' 500'

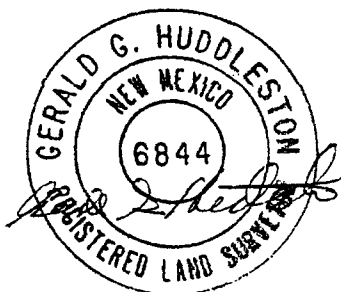
Scale: 1" = 500'

- ⊕ fnd. stnd. BLM monument
- ◇ calculated corner
- survey centerline PI

E/2 NW/4
954.34 L.F.

S 24 S 19
1/4 Cor.

S 24 S 19
S 25 S 30



RICHARDSON OPERATING COMPANY

Proposed FRPC 19-2 pipeline right-of-way -

E/2 NW/4 of Section 19

T.29 N., R.13 W., NMPL.

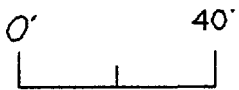
San Juan County, New Mexico

revised June 2004

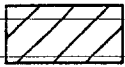
March 2004

F-RPC 19#2

well pad and section



Scale 1" = 40'



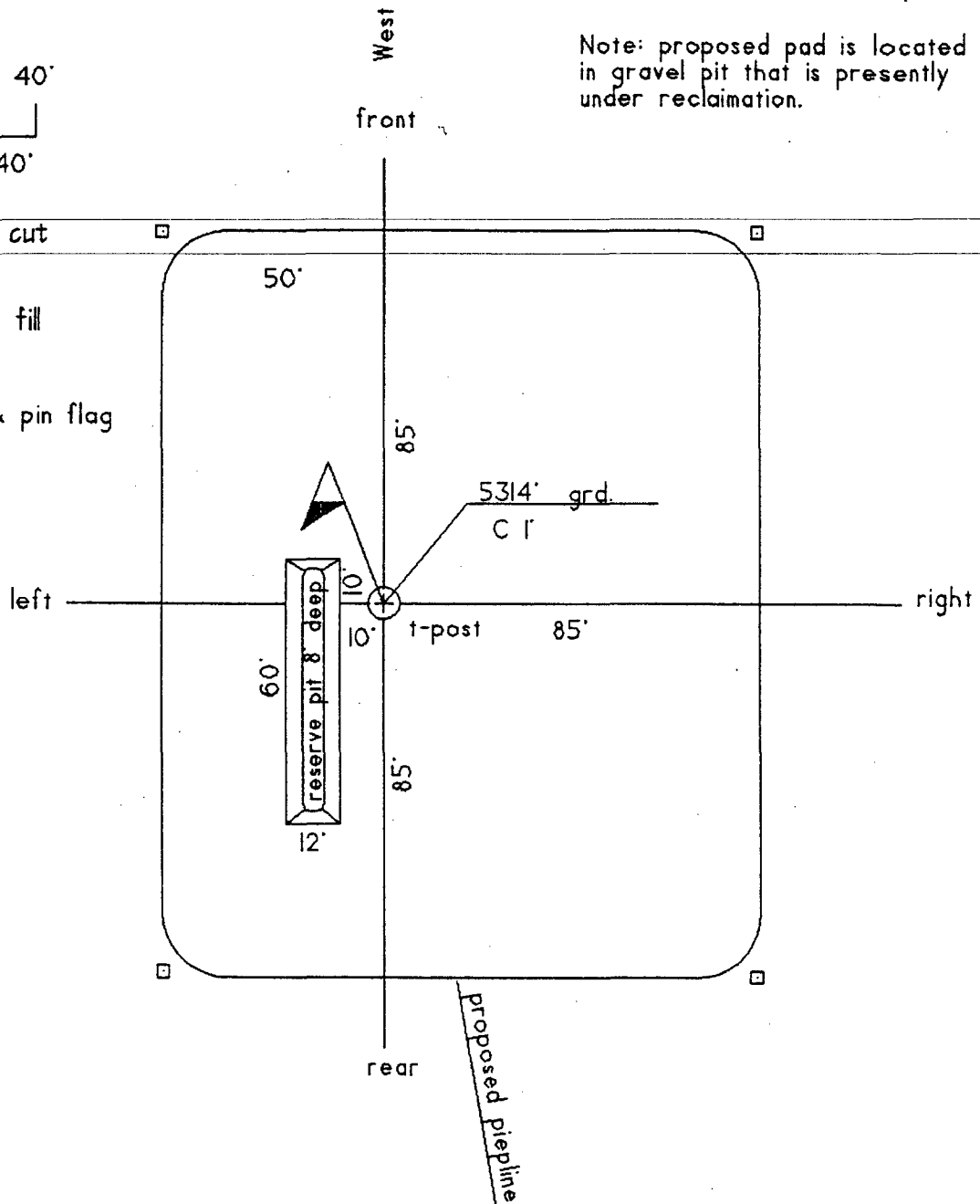
cut



fill

□ set stake & pin flag

Note: proposed pad is located
in gravel pit that is presently
under reclamation.



section

Sec : 19 Twp : 29N Rng : 13W Section Type : NORMAL

8	9	7	9	5	6	A
4.90	0.78	39.51	0.78	19.75	19.77	40.00
Federal owned		Federal owned		Federal owned		CS
				A A		E03149 0011
						FOUR STAR OIL & G
						R 12/10/59
						A
2		10	11	12	13	H
5.82		19.79	19.77	19.76	19.74	40.00
Federal owned		Federal owned		Federal owned		CS
						V06637 0001
						LANCE OIL & GAS C
						R 06/01/07
						A
3		17	18	15	16	14
5.98		19.76	19.78	19.73	19.75	39.42
Federal owned		Federal owned		Federal owned		Federal owned
						A
4		19	20	21	22	23
6.12		19.77	19.75	19.74	19.72	39.40
Federal owned		Federal owned		Federal owned		Federal owned
						A