



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 4, 2005

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-1883 (L)

Dear Mr. Lehrman:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-434947476*) filed with the New Mexico Oil Conservation Division ("Division") on December 14, 2004; and (ii) the Division's records in Santa Fe: all concerning Lance Oil & Gas Company's ("Lance") request for a non-standard 92.30-acre gas spacing unit consisting of the following acreage in the Undesignated West Kutz-Pictured Cliffs Pool (79680):

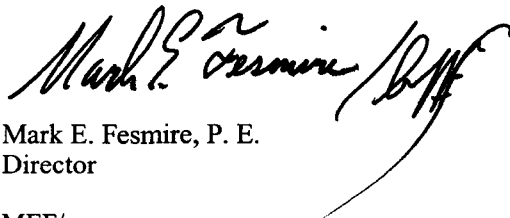
SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM
Irregular Section 30: Lots 1 and 2 and the E/2 NW/4 (NW/4 equivalent).

This unit is to be dedicated to Lance's proposed F-RPC "30" Well No. 2 to be drilled at an unorthodox gas well location, pursuant to Division Rule 104.C (3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, 910 feet from the North line and 1065 feet from the West line (Unit C) of Irregular Section 30.

This application has been duly filed under the provisions of Division Rules 104.D (2) and 104.F, as revised.

By the authority granted me under the provisions of Division Rules 104.D (2) (b) and 104.F (2), the above-described 92.30-acre non-standard Pictured Cliffs gas spacing unit and unorthodox Pictured Cliffs gas well location for Lance's proposed F-RPC "30" Well No. 2 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