

12-13-04 DATE IN	SUSPENSE	Stogen ENGINEER	12-14-04 LOGGED IN	NSL TYPE	PSEM0434932019 APP NO.
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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 _____

[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

Print or Type Name

Signature

Sr. Landman

Title

12/7/04

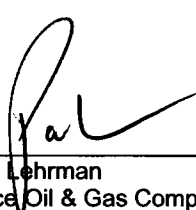
Date

plehrman@westerngas.com
 e-mail Address

**REQUEST FOR ADMINISTRATIVE APPROVAL
FOR NON-STANDARD LOCATION
FOR LANCE OIL & GAS COMPANY, INC.
NW CHA CHA 43
2110' FNL & 1850' FEL, SECTION 25, TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO
WEST KUTZ -PICTURED CLIFFS (GAS) (79680)**

- 1) The referenced well is located on Navajo Tribal surface, Navajo Tribal minerals. The proposed location is non-standard because it was originally drilled as a Cha Cha Gallup Oil well and has now been reentered, plugged back and completed as a West Kutz PC well using the existing wellbore. According to NMOCD rules well locations depending on formation drilled must be 660' from the quarter section lines. The existing well location is 2110' from the North line and 1850' from the East line of Section 25. Therefore the proposed NW Cha Cha #43 location is approximately 130' too far South. It would not be prudent to drill a separate well when this well was available and found to be sound mechanically.
- 2) C-102 (Exhibit "A") is attached showing the well location and the proration unit for the proposed Pictured Cliffs well. A Sundry Notice (3160-5) for this well to was submitted to the Navajo Nation/Bureau of Land Management, Farmington Field Office on February 8, 2002, for approval of pipeline right-of-way and has been approved by the agencies. This well has been completed and is ready to flow gas upon approval of this request and an approved C-104 by the NMOCD.
- 3) A map (Exhibit "B") is attached showing the adjoining spacing units and existing Pictured Cliffs wells. Lance controls the PC rights in the offsetting spacing units. Proposed well locations are noted on the plat.
- 4) Certified letters have been sent to other working interest owners, offsetting operators, and offsetting surface owners to notify them of our intentions. Copies of the letters are attached to this application.
- 5) Use of the existing well bore and the necessity to not use a separate location, minimizing surface disturbance is the reason for this non-standard location request.
- 6) Topography is not an issue with this well.
- 7) Archaeology is not an issue with this well.
- 8) Directional drilling is not practical for such a shallow completion.
- 9) A non-standard location is requested because of the existing conditions and the use of an existing well bore.
- 10) I hereby certify that notice was sent to the following offset operators, working interest owners, leaseholders or Surface owners which adjoin the applicant's spacing unit.

Burlington Resources Oil and Gas Company
Edwards Energy
Paramount Petroleum
Navajo Nation
Bureau of Land Management/Farmington Field Office



Paul Lehrman
Lance Oil & Gas Company, Inc.
December 7, 2004

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-07864	² Pool Code 79680	³ Pool Name West Kutz PC
⁴ Property Code	⁵ Property Name NW Cha Cha	⁶ Well Number 43
⁷ OGRID No. 229938	⁸ Operator Name Lance Oil & Gas Company, Inc.	⁹ Elevation 5627

¹⁰ Surface Location

UL or lot no. G	Section 25	Township 29N	Range 14W	Lot Idn	Feet from the 2110	North/South line NORTH	Feet from the 1850	East/West line EAST	County SAN JUAN
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 160.00 Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: </p> <p>Printed Name: Paul Lehrman</p> <p>Title and E-mail Address: Sr. Landman, plehrman@westerngas.com</p> <p>Date: December 7, 2004</p>
	<p>¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown 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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
	<p>Certificate Number</p>

Exhibit "B"



LANCE OIL & GAS COMPANY, INC.

PO Box 70



December 7, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0908 6135

Burlington Resources Oil & Gas Company
Attn: Frank Schilling
Post Office Box 4289
Farmington, NM 87499

RE: Non-Standard Location Application
Lance NW Cha Cha 43 PC Recompletion
Township 29 North, Range 14 West, NMPM
2110' FNL & 1850' FEL
Section 25: NE/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 location 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.

Lance Oil & Gas Company, Inc. is applying to the NMOCD for a non-standard location for its Lance Oil & Gas Cha Cha #43 well in the Pictured Cliffs formation. The minimum distance from quarter section lines required by NMOCD rules is 660'. Due to existing conditions (i.e. existing well bore for the NW Cha Cha 43) the well is approximately 130' too close to the east/west quarter line of Section 25 and therefore non-standard for the West Kutz PC pool.

Well Name:	NW Cha Cha 43
Proposed Producing Zone:	Pictured Cliffs
Acreage Dedication:	NE/4 of Section 25, T29N, R14W, NMPM, San Juan Co., NM
Location:	2110' FNL & 1850' FEL, Section 25, T29N, R14W, 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

Submittal Information: Application for a non-standard location/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 call me at 505/598-5601, Extension 57, (Lance's Land Office) if you have any questions.

Sincerely,

Paul Lehrman
Sr. Landman

Enclosures

Phone 598-5601 Fax 598-0064

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> 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. 	<p>A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</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>1. Article Addressed to:</p> <p style="text-align: center;">Frank Schilling Burlington Resources Box 4299 Farm. NM 87499</p>	<p>3. Service Type</p> <p><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>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label)</p>	<p>7002 3150 0002 0908 6135</p>
<p>PS Form 3811, August 2001 Domestic Return Receipt 2ACPRI-03-Z-0985</p>	

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

Sent To

Burlington Res.

Street, Apt. No.,
or PO Box No. Box 4299

City, State, ZIP+4 Farm. NM 87499

PS Form 3800, June 2002 See Reverse for Instructions

LANCE OIL & GAS COMPANY, INC.

PO Box 70



December 7, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0908 6166

Edwards Energy
1200 17th Street, Suite 2100
Denver, CO 80202

RE: Non-Standard Location Application
Lance NW Cha Cha 43 PC Recompletion
Township 29 North, Range 14 West, NMPM
2110' FNL & 1850' FEL
Section 25: NE/4
San Juan County, New Mexico

Gentlemen:

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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

Submittal Information: Application for a non-standard location/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 call me at 505/598-5601, Extension 57, (Lance's Land Office) if you have any questions.

Sincerely,

Paul Lehman
Sr. Landman

Enclosures

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> 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. 		<p>A. Signature X</p> <p><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p style="text-align: center;">Edwards Energy 1200 17th St, Ste 2100 Pawnee, Co 80202</p>		<p>B. Received by (Printed Name)</p>	<p>C. Date of Delivery</p>
<p>2. Article Number (Transfer from service label)</p> <p style="text-align: center;">7002 3150 0002 0908 6159</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>3. Service Type</p> <p><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>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>PS Form 3811, August 2001</p>		<p>Domestic Return Receipt</p>	



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

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Sent To
 Street, Apt. No., or PO Box No. Edwards Energy
 City, State, ZIP+4 1200 17th St, Ste 2100
Pawnee Co 80202

PS Form 3800, June 2002 See Reverse for Instructions

LANCE OIL & GAS COMPANY, INC.

PO Box 70



December 7, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0908 6142

Paramount Petroleum Corp
Post Office Box 22763
Houston, TX 77027

RE: Non-Standard Location Application
Lance NW Cha Cha 43 PC Recompletion
Township 29 North, Range 14 West, NMPM
2110' FNL & 1850' FEL
Section 25: NE/4
San Juan County, New Mexico

Gentlemen:

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Location:	2110' FNL & 1850' FEL, Section 25, T29N, R14W, 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

Submittal Information: Application for a non-standard location/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 call me at 505/598-5601, Extension 57, (Lance's Land Office) if you have any questions.

Sincerely,

Paul Lehrman
SR Landman

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:

Paramount Petroleum
P.O. Box 22763
Houston, TX 77027

2. Article Number
(Transfer from service label)

7002 3150 0002 0908 6142

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

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(Endorsement Required)

Total Postage & Fees \$

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Paramount Petroleum

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

Box 22763

City, State, ZIP+4

Houston, TX 77027

PS Form 3800, June 2002

See Reverse for Instructions

LANCE OIL & GAS COMPANY, INC.

PO Box 70



December 7, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0908 6128

Navajo Nation Minerals Dept.
Post Office Box 1910
Window Rock, AZ 86515

RE: Non-Standard Location Application
Lance NW Cha Cha 43 PC Recompletion
Township 29 North, Range 14 West, NMPM
2110' FNL & 1850' FEL
Section 25: NE/4
San Juan County, New Mexico

Gentlemen:

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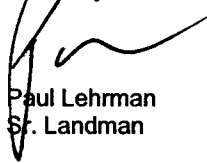
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Location:	2110' FNL & 1850' FEL, Section 25, T29N, R14W, NMPM, San Juan Co., NM
Applicant's Name:	Lance Oil & Gas Company, Inc.
Applicant's Address:	Post Office Box 70, Kirtland, New Mexico 87417
Applicant's Phone No.	505/598-5601

Submittal Information: Application for a non-standard location/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 call me at 505/598-5601, Extension 57, (Lance's Land Office) if you have any questions.

Sincerely,



Paul Lehrman
Sr. Landman

Enclosures

Phone 598-5601 Fax 598-0064

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<p>1. Article Addressed to:</p> <p><i>Narajo Nation Minerals Dept.</i> <i>Po Box 1910</i> <i>Window Rock, AZ</i> <i>86515</i></p>		<p>B. Received by (Printed Name)</p> <p>C. Date of Delivery</p>	
<p>2. Article Number (Transfer from service label)</p> <p>7002 3150 0002 0908 6128</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>3. Service Type</p> <p><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>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>PS Form 3811, August 2001</p>		<p>Domestic Return Receipt</p>	

2ACPRI-03-Z-0985

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<p>OFFICIAL USE</p>	
<p>Postage \$</p> <p>Certified Fee</p> <p>Return Receipt Fee (Endorsement Required)</p> <p>Restricted Delivery Fee (Endorsement Required)</p> <p>Total Postage & Fees \$</p>	<p>Postmark Here</p>
<p>Sent To <i>Narajo Nation Minerals Dept.</i></p> <p>Street, Apt. No., or PO Box No. <i>Box 1910</i></p> <p>City, State, ZIP+4 <i>Window Rock, AZ 86515</i></p>	
<p>PS Form 3800, June 2002</p>	

See Reverse for Instructions

LANCE OIL & GAS COMPANY, INC.

PO Box 70



December 7, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0908 6166

Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

RE: Non-Standard Location Application
Lance NW Cha Cha 43 PC Recompletion
Township 29 North, Range 14 West, NMPM
2110' FNL & 1850' FEL
Section 25: NE/4
San Juan County, New Mexico

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Sincerely,

Paul Lehman
Sr. Landman

Enclosures

SENDER: COMPLETE THIS SECTION

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
1235 LaPlata Hwy
Farm. NM
87401

2. Article Number
(Transfer from service label)

7002 3150 0002 0908 6166

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 0908 6166

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

Bureau of Land Management
Street, Apt. No.,
or PO Box No. 1235 LaPlata Hwy
City, State, ZIP+4 Farm. NM 87401

PS Form 3800, June 2002

See Reverse for Instructions