

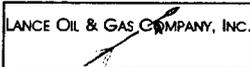
Authorization for Expenditure
Lance Oil and Gas Company, Inc.

1099 18th Street, Ste. 1200
 Denver, CO 80202-1955
 (303) 452-5603

Business Unit/District: <u>San Juan</u>	Psuedo API #: <u>29141841aPCc30</u>
Well Name & Number: <u>Ropco 18 #1</u>	AFE No. <u>607241</u>
Location: SEC. <u>18</u> Township <u>29 N</u> Range: <u>14 W</u>	Property #: <u>0</u>
Footage <u>1,500</u> FNL <u>663</u> FEL Quarter/Quarter <u>NENE</u>	API #: <u>30-045-32968</u>
County: <u>San Juan</u> State: <u>New Mexico</u>	Date: <u>01/09/06</u>
Field/Unit/Area: <u>Basin Fruitland Coal</u>	Budget Year: <u>2006</u>
Proposed Total Depth: <u>700'</u> Target Reservoir: <u>Fruitland Coal</u>	Project Type: <u>DRILL</u>
Anticipated Spud Date: <u>03/01/06</u> Est. Completion Date: <u>03/15/06</u>	Cost Center: <u>14100.00</u>
Project Description: <u>Drill and complete a Fruitland Coal well in the SJBU.</u>	
Special Lease Considerations: _____	

SUMMARY OF ESTIMATED COSTS		Dry Hole	Complete	TOTAL
	Sub Acct.#	Acct.# 2660	Acct.# 2665	
INTANGIBLE COSTS				
<i>Permitting and Site Work</i>				
Land Surface Use	0043	\$0	\$0	\$0
Surveying & Staking	0001	\$1,500	\$0	\$1,500
Permits	0036	\$1,500	\$0	\$1,500
Surface Damages & Restoration	0003	\$9,500	\$0	\$9,500
Title	0042	\$5,000	\$0	\$5,000
Site Prep, Roads, Pits	0002	\$7,200	\$0	\$7,200
<i>Rig Costs</i>				
Drilling Contract	0004	\$13,380	\$17,500	\$30,880
Rig Trans, Erection, Removal	0007	\$2,500	\$500	\$3,000
Fuel, Power, Water	0010	\$3,500	\$0	\$3,500
Water Purchase	0048	\$0	\$0	\$0
Bits, Reamers, Tools	0008	\$0	\$5,200	\$5,200
Mud & Chemicals	0011	\$4,000	\$1,500	\$5,500
Drilling Supplies	0009	\$0	\$0	\$0
<i>Equipment and Services</i>				
Cementing	0012	\$3,100	\$8,200	\$11,300
Plugging Expense	0025	\$0	\$0	\$0
Casing Crews	0021	\$0	\$2,500	\$2,500
Rental Equipment	0023	\$1,400	\$2,000	\$3,400
Trucking & Hauling	0024	\$3,000	\$2,500	\$5,500
Welding	0039	\$700	\$0	\$700
Other Contract Labor	0026	\$3,000	\$800	\$3,800
Environmental & Safety	0040	\$0	\$0	\$0
Fishing Tools & Service	0041	\$0	\$0	\$0
Other Services, Stimulation, Treatments	0014	\$0	\$120,000	\$120,000
<i>Evaluation</i>				
Electric Surveys, Logs, Surveys, Perforating	0015	\$5,500	\$4,500	\$10,000
Drill Stem Test, Mud Logging, Core work	0013	\$0	\$0	\$0
<i>Supervision</i>				
Geological & Engineering	0027	\$3,300	\$0	\$3,300
Labor, Company	0029	\$0	\$0	\$0
<i>Overhead, Allocated Costs, and Contingency</i>				
Overhead	0032	\$4,500	\$0	\$4,500
Road Infrastructure Allocated	0050	\$0	\$0	\$0
Electrical Infrastructure Allocated	0049	\$0	\$0	\$0
Water Management Infra Allocated	0046	\$0	\$0	\$0
Miscellaneous and Contingency	0038	\$3,629	\$8,260	\$11,889
TOTAL INTANGIBLE		\$76,209	\$173,460	\$249,669

BEFORE THE
 OIL CONSERVATION DIVISION
 Case No. 13648 Exhibit No. — 7
 Submitted By:
 Lance Oil & Gas, Inc
 Hearing Date: March 2, 2006



Authorization for Expenditure
Lance Oil and Gas Company, Inc.

1099 18th Street, Ste. 1200
Denver, CO 80202-1955
(303) 452-5603

Business Unit/District: San Juan
Well Name & Number: Ropco 18 #1
Location: SEC. 18 Township 29 N Range: 14 W

Psuedo API # 29141841aPCc30
AFE No. 607241
Property #: 0

SUMMARY OF ESTIMATED COSTS		Dry Hole	Complete	TOTAL
TANGIBLE COSTS	Sub Acc.#	Acct. 2670	Acct. 2675	Total:
Conductor & Surface Casing	0002	\$1,985		\$ 1,985
Wellhead & Subsurface Equip	0007	\$300	\$1,300	\$ 1,600
Intermediate Casing	0003	\$0		\$ -
Production Casing/ Liners	0004		\$5,460	\$ 5,460
Tubing	0006		\$1,533	\$ 1,533
Pumping Unit & Equipment	0008		\$14,000	\$ 14,000
Engines and Power Equip	0028		\$8,000	\$ 8,000
Electrical	0026		\$0	\$ -
Sucker Rods and Downhole pump	0009		\$2,560	\$ 2,560
Install Costs Surface Equip	0020		\$2,000	\$ 2,000
Tanks	0011		\$0	\$ -
Valves & Fittings	0014		\$2,000	\$ 2,000
Pipe	0001		\$0	\$ -
Trunkline Costs	0024		\$0	\$ -
Flow Lines & Connections	0015		\$45,000	\$ 45,000
Meter Building and Meter	0025		\$3,000	\$ 3,000
Automation Equipment	0029		\$2,000	\$ 2,000
Miscellaneous Equipment	0038		\$0	\$ -
Software and Communications Equip	0030		\$0	\$ -
Separators, Heater, Treater	0012		\$4,000	\$ 4,000
Emission Control Combustors	0021		\$0	\$ -
Buildings	0016		\$0	\$ -
Fences & Cattle Guards	0017		\$0	\$ -
Water Management	0031		\$0	\$ -
TOTAL TANGIBLE		\$ 2,285	\$ 90,853	\$ 93,138
TOTAL OF INTANGIBLE AND TANGIBLE COSTS		\$ 78,494	\$ 264,313	\$ 342,807

Working Interest Owners:	WI %	Drilling	Completion	TOTAL
Lance Oil and Gas Company	#####	\$ 78,494	\$ 264,313	\$ 342,807
0.00	0.0000%	\$ -	\$ -	\$ -
	0.0000%	\$ -	\$ -	\$ -
	0.0000%	\$ -	\$ -	\$ -
	0.0000%	\$ -	\$ -	\$ -
TOTAL	100.0000%	\$ 78,494	\$ 264,313	\$ 342,807

Lance Oil and Gas Company APPROVALS

	NAME	Title	Signature	Date
AFE Originator:	Justin Sandifer	SJBU Engineer		
AFE Project Manager	Doug Barone	SJBU Field Superintendent		
AFE Project Manager	David Gomendi	SJBU Manager		
Land Approved by:	Mark Petry	Land Manager		
Recommended By:	Bill Lyons	Senior Geoscientist		
Recommended By:				
Approved By:	Jeffery E. Jones	Vice President, Production		

THE ABOVE COSTS ARE UNDERSTOOD TO BE FOR ESTIMATING PURPOSES ONLY

PARTNER APPROVAL Approved Disapproved Article 6.g.

Company Name: _____

Name: _____ Title: _____ Date: _____

SENDER: COMPLETE THIS SECTION

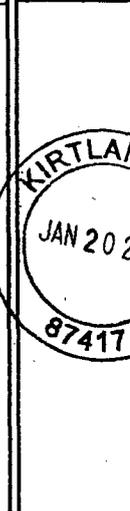
- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Charlie Johnson
P.O. Box 2664
Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Charlie Johnson* Agent
 B. Received by (Printed Name) Addressee
Charlie Johnson Addressed
 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

Article Number: 7005 1160 0003 4802 6344
 (Transfer from service label)
 S Form 3811, February 2004 Domestic Return Receipt 18-29-14 / 2ND 102595-02-M-1540

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.

Article Addressed to:

Stenn & Bonita Hoyle
415 CR 6100
Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Stenn Hoyle* Agent
 B. Received by (Printed Name) Addressee
Stenn Hoyle Addressed
 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

Article Number: 7005 1160 0003 4802 6382
 (Transfer from service label)
 Form 3811, February 2004 Domestic Return Receipt 18-29-14 / 2ND 102595-02-M-1540

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.

Article Addressed to:

Richard & Nina Hatch
P.O. Box 57
Fruitland, NM 87415

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Richard Hatch* Agent
 B. Received by (Printed Name) Addressee
Richard Hatch Addressed
 C. Date of Delivery 1/19/06
 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

Article Number: 7005 1160 0003 4802 6375
 (Transfer from service label)
 PS Form 3811, February 2004 Domestic Return Receipt 18-29-14 / 2ND 102595-02-M-1540

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.

Article Addressed to:

BL McField Land Trust
P.O. Box 57
Fruitland, NM 87415

COMPLETE THIS SECTION ON DELIVERY

A. Signature *BL McField* Agent
 B. Received by (Printed Name) Addressee
BL McField Addressed
 C. Date of Delivery 1/19/06
 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

Article Number: 7005 1160 0003 4802 6313
 (Transfer from service label)
 PS Form 3811, February 2004 Domestic Return Receipt 18-29-14 / 2ND 102595-02-M-1540

18-29-14 E/2 - SECOND OFFER W/ A.F.E.

OIL CONSERVATION DIVISION
 BEPUNE INC
 Case No. 13648 Exhibit No. 8
 Submitted By: Lance Oil & Gas, Inc
 Hearing Date: March 2, 2006
 BEFORE THE