



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 11, 2006

Anne Jones
Senior Landman
Lance Oil & Gas Company, Inc.
P.O. Box 70
Kirtland, New Mexico 87417

Ref: Extension of time for the drilling of FRPC "22" Well No. 2 (API# 30-045-33160)
Unit E, NW/4 and W/2 of Section 22, T29N, R13W.

Dear Ms Jones:

The Oil Conservation Division (OCD) received your letter of May 8 regarding the above subject on May 9, 2006. On February 24, 2006, the OCD granted Lance Oil & Gas Company, Inc., an extension of time in which to commence the drilling of the above described well. This extension shall expire on May 30, 2006.

The OCD has reviewed your current request and determined that rigs are difficult to obtain these days. Based on this determination, the time to commence the drilling of the FRPC "22" Well No. 2 is hereby extended to December 31, 2006. This extension shall expire ipso-facto on December 31, 2006.

Please contact Richard Ezeanyim at (505) 476-3467 if you have any questions.

Sincerely,

Mark E. Fesmire, P.E.

Director

LANCE OIL & GAS COMPANY, INC.

PO Box 70

Kirtland, New Mexico 87417

2006 MAY 9 PM 12 41

May 8, 2006

Case 13537

Mr. Mark E. Fesmire, P. E.
New Mexico Energy, Minerals and Natural Resources Dept.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Compulsory Pooling Order R-12451
W2 Section 22, T29N-R13W, NMPM
San Juan County, New Mexico

Dear Mr. Fesmire:

Lance Oil & Gas Company, Inc. requests an extension for the drilling of the subject wells pursuant to the subject order. Lance is in the process of completing the additional permitting requirements for submittal to the OCD for the FRPC 22 #2 Well in the NW/4 of the subject area. The rig Lance had been using completed the wells Lance had permitted and was released. Lance does not anticipate being able to locate another rig for drilling until August or September 2006.

Lance is still in the process of obtaining a surface use agreement for the infill well FRPC 22 #3 and should have negotiations completed in time to drill subsequent to the completion of the FRPC 22 #2 Well.

Your consideration in this matter would be appreciated.

Should you have any questions please contact me at (505) 598-5601 extension 5562.

Yours truly,



Anne Jones
Sr. Landman

Phone (505) 598-5601