

LANCE OIL & GAS COMPANY, INC.

PO Box 70



Kirtland, New Mexico 87417

7002 3150 0002 0906 6816

March 31, 2005

Marion Lee Wells
Box 407
Kirtland, NM 87417-0407

RE: Offer for Oil and Gas Lease
Township 29 North, Range 14 West
Section 7: W/2
San Juan County, New Mexico

Dear Marion Lee Wells:

Lance Oil & Gas Company, Inc. has been acquiring leases in the above area and plan to drill for gas in the near future. Our operations will include the drilling of wells, which will result in these lands being included in a spacing unit of 320.0 acres. Our title examination indicates that you own a mineral interest in these lands and we would like to submit our proposal for an oil and gas lease within the current standards for your area.

The oil and as lease we offer provides for a five (5) year primary term, a paid-up oil and gas lease for, and bonus consideration based on \$50.00 per net acre, or \$50.00 for your .4304 total net mineral acres. The lease also provides for a standard 1/8th royalty in the event of production.

If you find the terms of this lease form acceptable, please **execute the enclosed lease in the presence of a notary public and return it in the envelope provided. Please also complete the W-9 Request for Taxpayer Identification Number and Certification and return with the lease.** The COPY is for your records. In order to expedite our leasing operation and avoid additional bank charges, we have not enclosed a bank draft. Instead, we will mail your bonus check direct to you within ten (10) days of receipt of this fully executed lease.

If you should have any questions please feel free to contact the undersigned at (505) 598-5601.

Sincerely,

Anne Jones

Sr. Landman

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 13627 Exhibit No. 8
Submitted By:
Lance Oil & Gas, Inc
Hearing Date: January 19, 2006

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OFFICIAL USE

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

Postmark
Here

Sent To Marion Lee Wells
 Street, Apt. No.,
 or PO Box No. Box 469
 City, State, ZIP+4 Rosland, NM 874176407