

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

| |
|------------------------------------------------------------------------|
| 5. Lease Serial No. NMSF-079968 |
| 6. Indian, Allottee or Tribe Name N/A |
| 7. Unit or CA Agreement, Name and/or No. FARMINGTON NM |
| 8. Well Name and No. WF Federal 33 #4 |
| 9. API Well No. 30-045-32389 |
| 10. Field and Pool, or Exploratory Area Basin Fruitland Coal |
| 11. County or Parish, State San Juan County, NM |

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

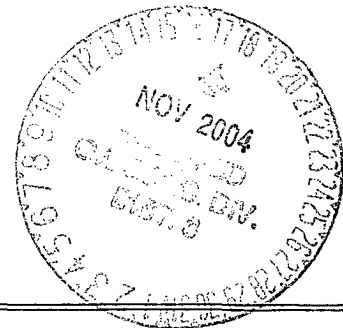
| | |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | |
| 2. Name of Operator Lance Oil & Gas Company, Inc. | |
| 3a. Address Box 70, Kirtland, New Mexico 87417 | 3b. Phone No. (include area code) 598-5601 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1865' FSL & 1930' FWL-Section 33, T30N-R14W, NMPM | |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|-------------------------------------------------------|--------------------------------------------------|-------------------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------------|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other change casing & cement plans |
| | <input checked="" type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | see attached |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Lance Oil & Gas Company, Inc. requests approval for the attached changes (casing and cement) to conform with company drilling procedures. No other changes to the APD approved 7-16-04 are requested. This well has not been drilled.



14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Paul Lehrman

Title **Sr. Landman**

Signature

Date

11-5-04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

NMOCD

**Proposed Changes to APD
Lance Oil & Gas Company
WF Federal 33 #4
1865' FSL & 1930' FWL
Section 33, T30N, R14W, NMPM
San Juan County, New Mexico**

FROM:

CASING AND CEMENTING PROGRAM:

| <u>Hole Size</u> | <u>O.D.</u> | <u>Weight (lb/ft)</u> | <u>Grade</u> | <u>Age</u> | <u>GL Setting Depth</u> |
|------------------|-------------|-----------------------|--------------|------------|-------------------------|
| 8 3/4" | 7" | 20 | J-55 | New | 120' |
| 6 1/4" | 4 1/2" | 10.5 | J-55 | New | 1050' |

Surface casing will be cemented to surface with ≈ 36 cu.ft. (≈ 30 sx) Class B + 2% CaCl. Volume is based on 100% excess, yield of 1.18 cu.ft./sk, and slurry weight of 15.6 ppg. WOC = 12 hours. Pressure test surface casing to 600 psi for 30 minutes.

Production casing hole will first be cleaned of rock chips by circulating at least 150% of hole volume with drilling fluid to surface. Thirty barrels of fresh water will then be circulated. Lead with ≈ 155 cu.ft. (≈ 75 sx) Class B with 2% metasilicate (yield = 2.06 cu.ft./sk, slurry weight = 12.5 ppg). Tail in with ≈ 83 cu.ft. (≈ 70 sx) Class B with 2% CaCl (yield = 1.18 cu.ft./sk, weight = 15.6 ppg). Total cement volume is ≈ 238 cu.ft. based on 100% excess and circulating to surface.

Production casing will have 4 1/2" cement guide shoe and self fill float collar. Float will be placed one joint above the shoe. Six centralizers will be spaced every other joint starting above the shoe. Six turbolizers will be placed every other joint starting from the top of the well.

TO:

CASING AND CEMENTING PROGRAM:

| <u>Hole Size</u> | <u>O.D.</u> | <u>Weight (lb/ft)</u> | <u>Grade</u> | <u>Age</u> | <u>GL Setting Depth</u> |
|------------------|-------------|-----------------------|--------------|------------|-------------------------|
| 12 1/4" | 8 5/8" | 24 | J-55 | New | 120' |
| 7 7/8" | 5 1/2" | 15.5 | J-55 | New | 1050' |

Surface casing will be cemented to surface with ≈ 120 cu.ft. (≈ 100 sx) Howco Type II. Volume is based on 100% excess, yield of 1.20 cu.ft./sk, and slurry weight of 15.6 ppg. WOC = 12 hours. Pressure test surface casing to 600 psi for 30 minutes.

Production casing hole will first be cleaned of rock chips by circulating at least 150% of hole volume with drilling fluid to surface. Thirty barrels of fresh water will then be circulated. Lead with ≈ 203 cu.ft. (≈ 112 sx) Howco TX1 Lightweight (yield = 1.82 cu.ft./sk, slurry weight = 12.0 ppg). Tail in with ≈ 90 cu.ft. (≈ 70 sx) Howco TX 1 Lightweight (yield = 1.29 cu.ft./sk, weight = 13.5 ppg). Total cement volume is ≈ 293 cu.ft. based on 50% excess and circulating to surface.

Production casing will have 5 1/2" cement guide shoe and self fill float collar. Float will be placed one joint above the shoe. Six centralizers will be spaced every other joint starting above the shoe. Six turbolizers will be placed every other joint starting from the top of the well.