

2004 NOV 22 PM 1 37

Form 3160-3
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF-079065
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Lance Oil & Gas Company, Inc.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address Box 70, Kirtland, NM 87417	3b. Phone No. (include area code) 598-5601	8. Lease Name and Well No. F-RPC 19 #3
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2045' FSL & 700' FWL At proposed prod. zone Same		9. API Well No. 30-045- 32705
10. Field and Pool, or Exploratory West Kutz PC/Basin Fr. Coal		11. Sec., T., R., M., or Blk. and Survey or Area L Sec. 19-T29N-R13W, NMPM
12. Distance in miles and direction from nearest town or post office* 2 miles SW of Farmington, New Mexico		12. County or Parish San Juan
13. State NM		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 700'	16. No. of Acres in lease 1,470.81	17. Spacing Unit dedicated to this well S/2 FC 248.92 Acres SW/4 PC 91.16 Acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2493'	19. Proposed Depth 1,300'	20. BLM/BIA Bond No. on file BLM Nationwide # 965004351
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5364' GL	22. Approximate date work will start* Upon approval	23. Estimated duration 2 weeks

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Paul Lehrman	Date 11-22-04
Title Sr. Landman		
Approved by (Signature) 	Name (Printed/Typed) AEM	Date 12/22/04
Title AEM	Office FFO	

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

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 reverse)

HOLD C104 FOR NSP For W.KUTZ PC.

Any references to Richardson Operating Company shall now be Lance Oil & Gas Company, Inc.

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOCD

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045-32705	Pool Code 79680	Pool Name West Kutz PC
Property Code 300876	Property Name F - RPC 19	Well Number 3
OGRID No. 229938	Operator Name LANCE OIL & GAS COMPANY, INC.	Elevation 5364'

Surface Location

UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from>	North/South	Feet from>	East/West	County
K	19	29 N.	13 W.		2045'	SOUTH	700'	WEST	SAN JUAN

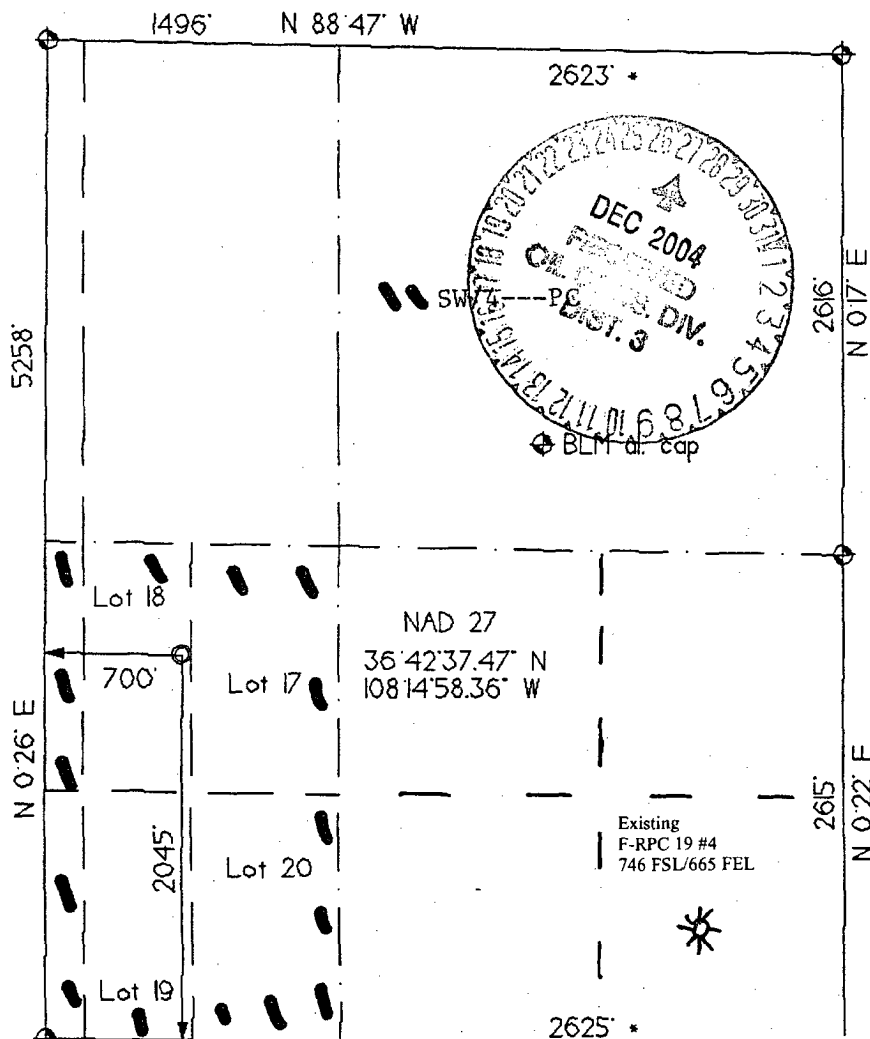
Bottom Hole Location If Different From Surface

UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from>	North/South	Feet from>	East/West	County

Dedication SW-91.16 *	Joint ?	Consolidation	Order No.
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NSP from
OCD

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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

Paul Lehrman

Title

Sr. Landman

Date

11-22-04

SURVEYOR CERTIFICATION

I hereby certify that the well location 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.

Date of Survey rev: 10/15/04

Signature and
Professional Seal



State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

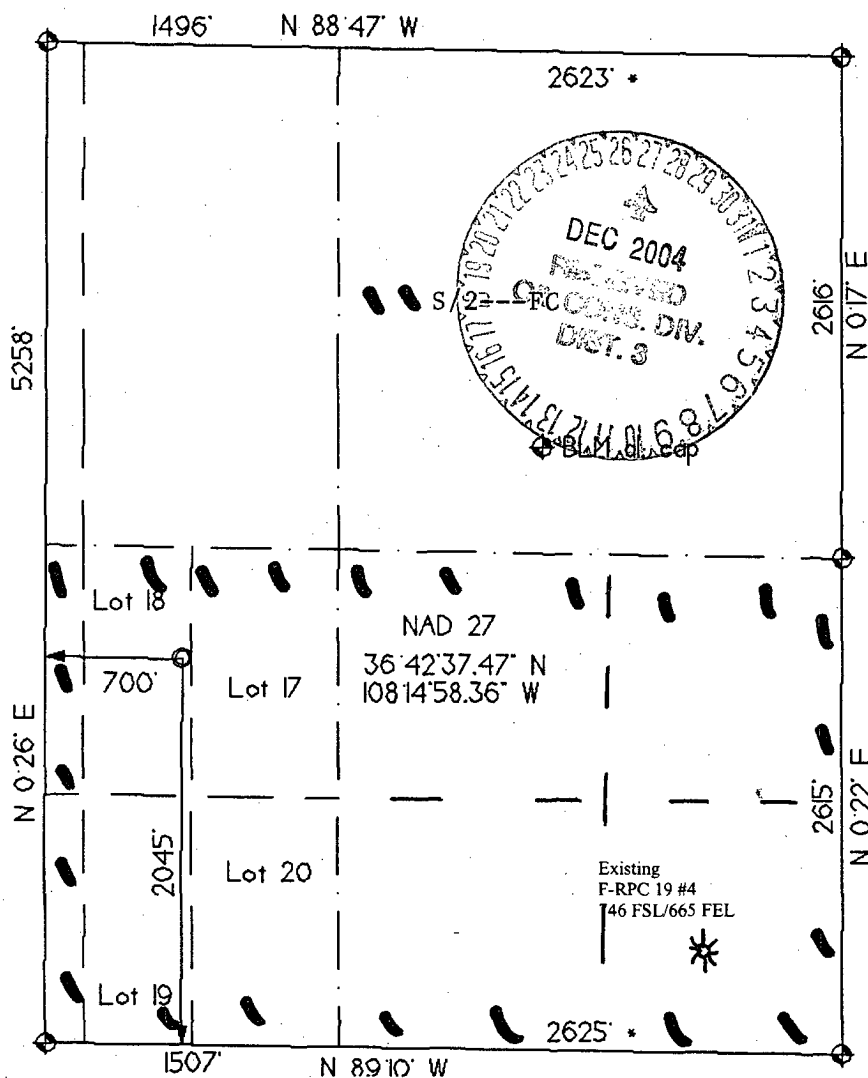
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045- 32705	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 300876	Property Name F - RPC 19	Well Number 3
OGRID No. 229938	Operator Name LANCE OIL & GAS COMPANY, INC.	Elevation 5364'

Surface Location									
UL or Lot K	Sec. 19	Twp. 29 N.	Rge. 13 W.	Lot Id.	Feet from 2045'	North/South SOUTH	Feet from 700'	East/West WEST	County SAN JUAN

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from	North/South	Feet from	East/West	County
Dedication S/2	Joint ?	Consolidation	Order No.						

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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

Paul Lehrman

Title

Sr. Landman

Date

11-22-04

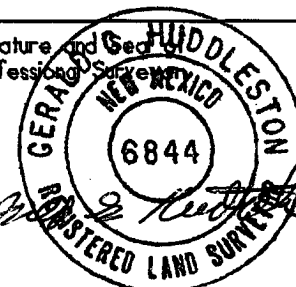
SURVEYOR CERTIFICATION

I hereby certify that the well location 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.

Date of Survey rev: 10/15/04

Signature and Seal

Professional Surveyor



Submit 3 Copies To Appropriate District Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., 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 and Natural Resources

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-103

May 27, 2004

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-045-
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease Federal NMSF- STATE <input type="checkbox"/> FEE <input type="checkbox"/> 079065
2. Name of Operator Lance Oil & Gas Company, Inc.		6. State Oil & Gas Lease No.
3. Address of Operator Box 70, Kirtland, NM 87417		7. Lease Name or Unit Agreement Name F-RPC 19
4. Well Location Unit Letter <u>K</u> : _____ feet from the <u>South</u> line and _____ feet from the <u>West</u> line Section <u>19</u> Township <u>29N</u> Range <u>13W</u> NMPM <u>San Juan County</u> <u>NM</u>		8. Well Number <u>73</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>5364' GR</u>		9. OGRID Number <u>229938</u>
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> Or Closure <input type="checkbox"/>		10. Pool name or Wildcat <u>West Kutz PC/Basin Fr. Coal</u>
Pit type <u>Drilling</u> Depth to Groundwater <u>>100'</u> Distance from nearest fresh water well <u>>1000'</u> Distance from nearest surface water <u>>1000'</u>		
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume _____ bbls; Construction Material <u>Impervious Plastic</u>		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Pit Permit ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE

TITLE Sr. Landman

DATE 11-22-04

Type or print name
For State Use Only

Paul Lehrman

E-mail address: plehrman@westerngas.com Telephone No. 598-5601 Ext. 57

DEPUTY OIL & GAS INSPECTOR, DIST. #8

APPROVED BY:

TITLE

DATE

DEC 27 2005

FRPC 19 # 3

well pad and section



Scale 1" = 40'

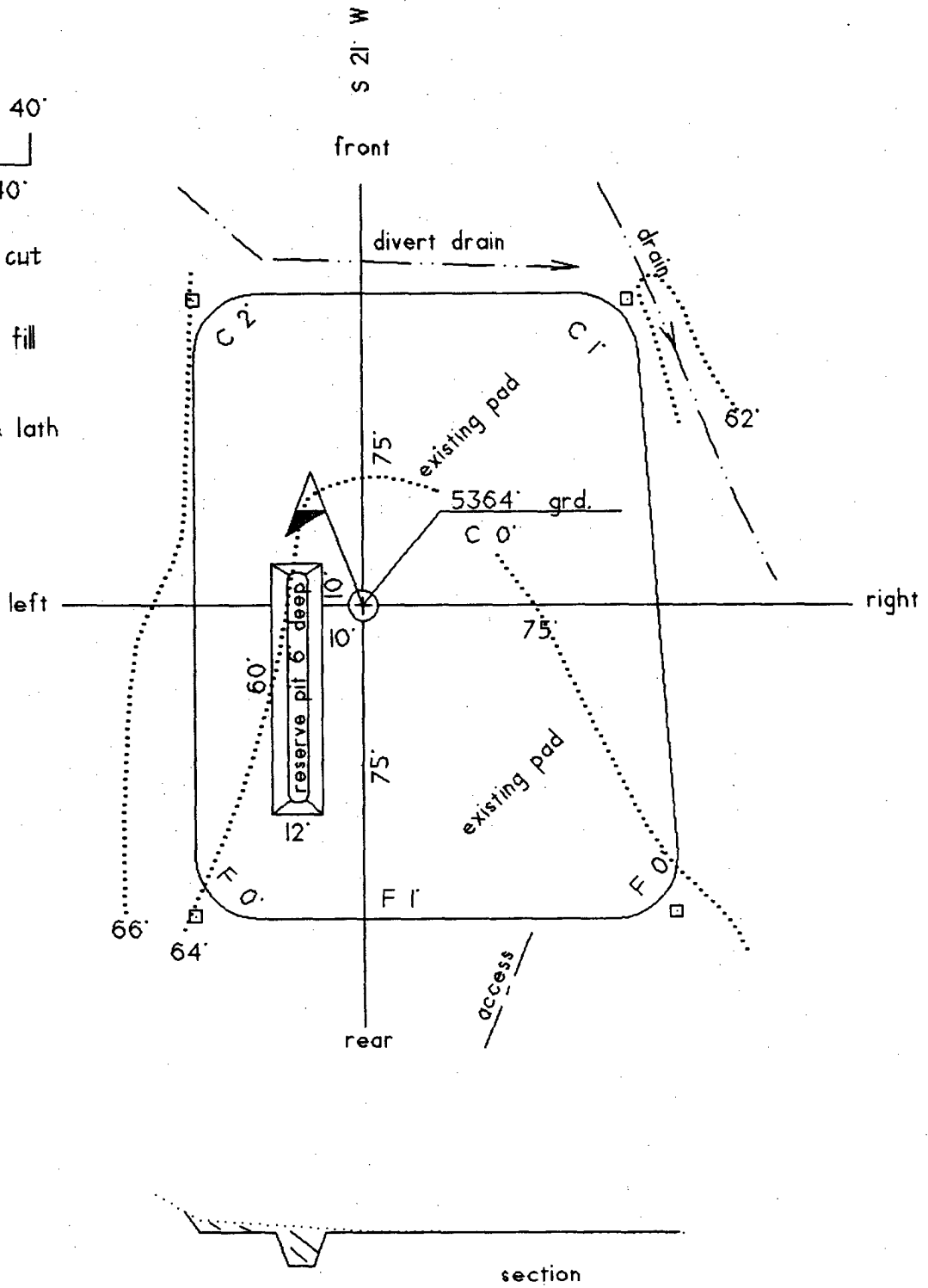


cut



fill

□ set stake & lath



Lance Oil & Gas Company, Inc.
F-RPC 19 #3
2045' FSL & 700' FWL
Section 19, T29N, R13W, NMPM
San Juan County, New Mexico

DRILLING PROGRAM

1. ESTIMATED FORMATION TOPS:

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea Elevation</u>
Kirtland Shale	000'	005'	+5,364'
Fruitland Fm	865'	870'	+4,499'
Fruitland Coal	905'	910'	+4,459'
Pictured Cliffs Ss	1020'	1025'	+4,344'
Lewis Shale	1190'	1200'	+4,174'
Total Depth (TD)*	1300'	1305'	+4,064'

*All elevations reflect the ungraded ground level of 5,364'

2. NOTABLE ZONES:

<u>Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Fruitland	Fruitland Coal	Fruitland Coal
Pictured Cliffs		

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Centralizers will be run through usable water zones to ensure that the casing is centralized through these zones. Number of centralizers will be based on API standards. A turbulizing centralizer will be run to ensure an adequate cement procedure just below the base of the lowest usable water zone. Oil and gas shows will be tested for commercial potential based on the well site representatives recommendations.

3. PRESSURE CONTROL:

The drilling contract has not yet been awarded, thus the exact BOP model to be used is unknown. (A typical 2,000 psi model has been attached to the end of the drilling program.) Double ram or annular system with a rotating head will be used. All ram preventers and related equipment will be hydraulically tested at nipple up and after any use under pressure to 1000 psi.

Blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. BOP equipment will include a floor safety valve, kelly cock and choke manifold rated to 2000 psi. Maximum expected pressure is less than 1000 psi.

Drilling Program
Lance Oil & Gas Company, Inc.

Page Two

4. 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	1300'

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 ≈ 273 cu.ft. (≈ 150 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 ≈ 363 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.

5. MUD PROGRAM:

Surface casing hole will be drilled with fresh water. Production casing hole will be drilled with a fresh water polymer mud. Weighting material will be drill solids or, if needed, barite. Maximum expected mud weight will be 8.7 ppg. Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well while drilling.

6. CORING, TESTING, & LOGGING:

No cores or DSTs are planned. A cased hole CNL/GR will be run from TD to surface.

7. DOWNHOLE CONDITIONS:

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be approximately ≈ 520 psi.

8. OTHER INFORMATION:

The anticipated spud date is January 30, 2005. It should take 5 days to drill and one (1) week to complete the well.

BLOW OUT PREVENTER (B.O.P.)

