

2004 DEC 13 PM 1 52

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

070 FARMINGTON NM

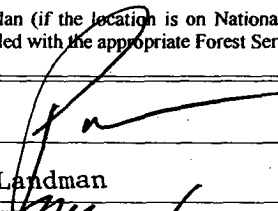
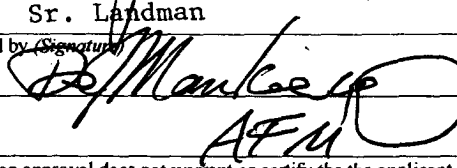
APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|--|--|---|
| 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 | | 8. Lease Name and Well No. FRPC 30 #2 |
| 3b. Phone No. (include area code) 598-5601 | | 9. API Well No. 30-045- 32738 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 910' FNL & 1065' FWL At proposed prod. zone Same | | 10. Field and Pool, or Exploratory W Kutz PC/Basin Fr. Coal |
| 11. Sec., T., R., M., or Blk. and Survey or Area Sec. 30-T29N-R13W, NMPM | | 12. County or Parish San Juan |
| 13. State NM | | 14. Distance in miles and direction from nearest town or post office* 3 miles SW of Farmington, NM |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 410' | 16. No. of Acres in lease 1470.81 | 17. Spacing Unit dedicated to this well NW/4-PC 92.30 Acres N/2-FC 252.30 Acres |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 50' | 19. Proposed Depth 1500' | 20. BLM/BIA Bond No. on file BLM Nationwide # 965004351 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5520' GR | 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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
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 12-17-04 |
| Title Sr. Landman | | |
| Approved by (Signature)  | Name (Printed/Typed) AFM | Date 3-21-05 |
| Title AFM | Office FFD | |

Application approval does not warrant or certify the 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.

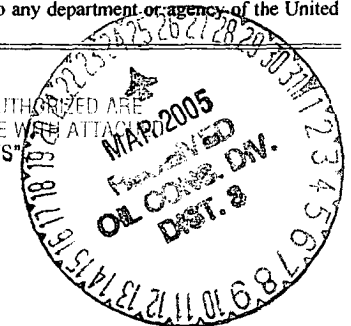
*(Instructions on reverse)

See negative Arch report LAC 2002-15k.
All references to Richardson are now Lance.

This form is subject to technical and
policy review pursuant to 43 CFR 3165.9
and appeal pursuant to 43 CFR 3165.4

NMOC

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



State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

2004 DEC 13 PM 1 53

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

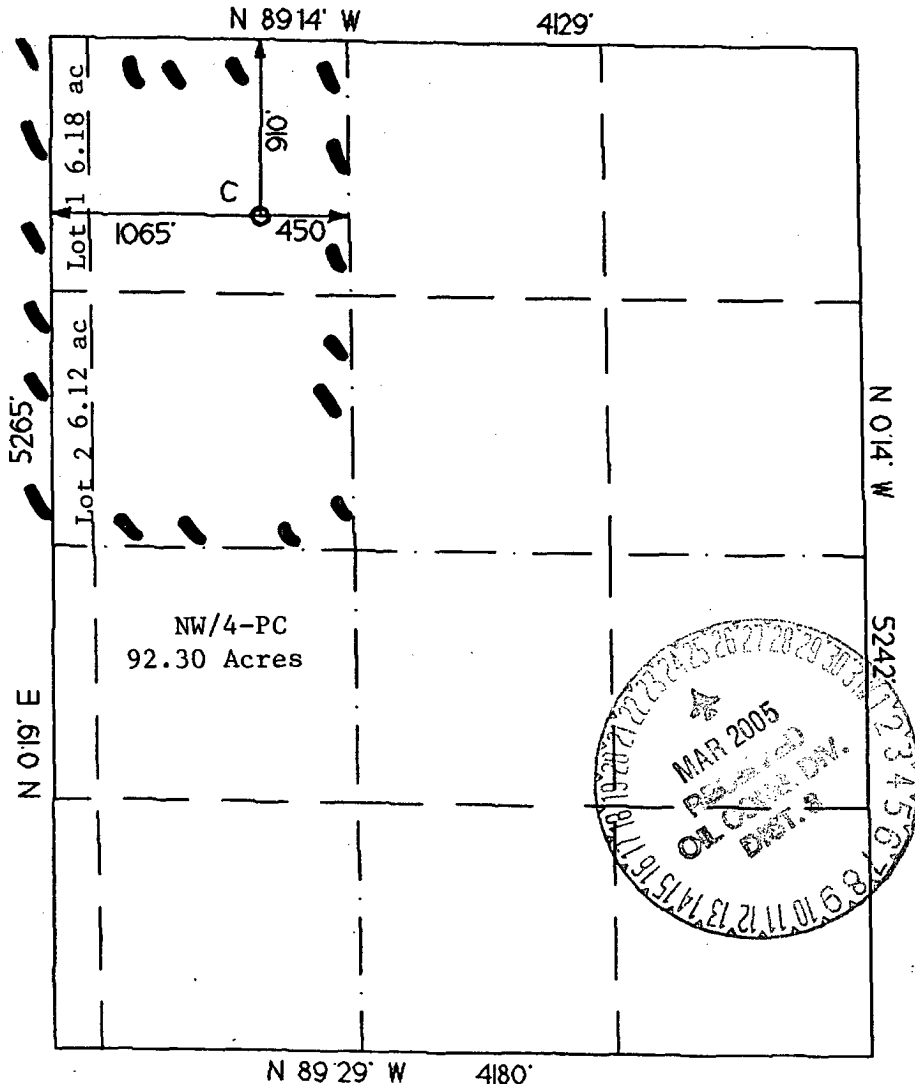
| | | |
|------------------------------------|--|-------------------------------|
| APA Number 30-045- 32738 | Pool Code 79680 79680 | 070 Pool Name West Kutz PC |
| Property Code 34724 | Property Name FRPC 30 | Well Number 2 |
| OGRD No. 229938 | Operator Name LANCE OIL & GAS COMPANY, INC. | Elevation 5520' |

| Surface Location | | | | | | | | | |
|------------------|------|-------|-------|----------|-----------|-------------|-----------|-----------|----------|
| UL or Lot | Sec. | Twp. | Rge. | Lot Idn. | Feet from | North/South | Feet from | East/West | County |
| C | 30 | 29 N. | 13 W. | | 910' | NORTH | 1065' | 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 NW/4 | Joint ? | Consolidation | Order No. N8P-1883 |
|--------------------|---------|---------------|------------------------------|

92.30 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
12-13-04

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

27 January 2005
Signature and Seal of Professional Surveyor
6844
REGISTERED LAND SURVEYOR

Form C - 102

☐ AMENDED REPORT

| | | |
|---------------|-------------------------------|----------------------|
| APA Number | Pool Code | Pool Name |
| 30-045 | 71629 | Basin Fruitland Coal |
| Property Code | Property Name | Well Number |
| | FRPC 30 | 2 |
| OGRD No. | Operator Name | Elevation |
| 229938 | LANCE OIL & GAS COMPANY, INC. | 5520' |

| Surface Location | | | | | | | | | County |
|------------------|------|-------|-------|----------|-------------|-------------|-------------|-----------|----------|
| UL or Lot | Sec. | Twp. | Rge. | Lot Idn. | Feet from > | North/South | Feet from > | East/West | |
| C | 30 | 29 N. | 13 W. | | 910' | NORTH | 1065' | West | SAN JUAN |

| | | | | | | | | | |
|-------------------|---------|---------------|------|----------|-------------|-------------|-------------|-----------|--------|
| UL or Lot | Sec. | Twp. | Rge. | Lot Idn. | Feet from > | North/South | Feet from > | East/West | County |
| Dedication N/2 | Joint ? | Consolidation | | | Order No. | | | | |

N 89 14' W 4129'

Lot 1 6.18 ac

1065'

450'

5265'

Lot 2 6.12 ac

//////N/2 FC 252.30 Acres

N 89 29' W 4180'

5242'

3 610' N

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

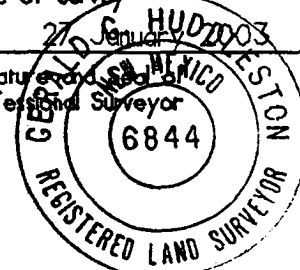
Date _____

12-13-04

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

Signature and Seal of 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

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

| | | |
|---|--|---|
| 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 <input type="checkbox"/> | | 5. Indicate Type of Lease Federal <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/> NMSF- <input type="checkbox"/> |
| 2. Name of Operator Lance Oil & Gas Company, Inc. | | 6. State Oil & Gas Lease No. 079065 |
| 3. Address of Operator Box 70, Kirtland, NM 87417 | | 7. Lease Name or Unit Agreement Name FRPC 30 |
| 4. Well Location Unit Letter C : 910 feet from the North line and 1065 feet from the West line Section 30 Township 29N Range 13W NMPM San Juan County NM | | 8. Well Number #2 |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5520 GR | | 9. OGRID Number 229938 |
| Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> | | |
| Pit type <u>Drilling</u> Depth to Groundwater <u>>100'</u> Distance from nearest fresh water well <u>>500'</u> Distance from nearest surface water <u>>500'</u> | | |
| Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material Impervious Plastic | | |

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

| | | | |
|--|---|---|--|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | | OTHER: Pit Permit <input checked="" type="checkbox"/> | |

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.

Pit permit pursuant to NMOCD Rule 50.

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 ☐.

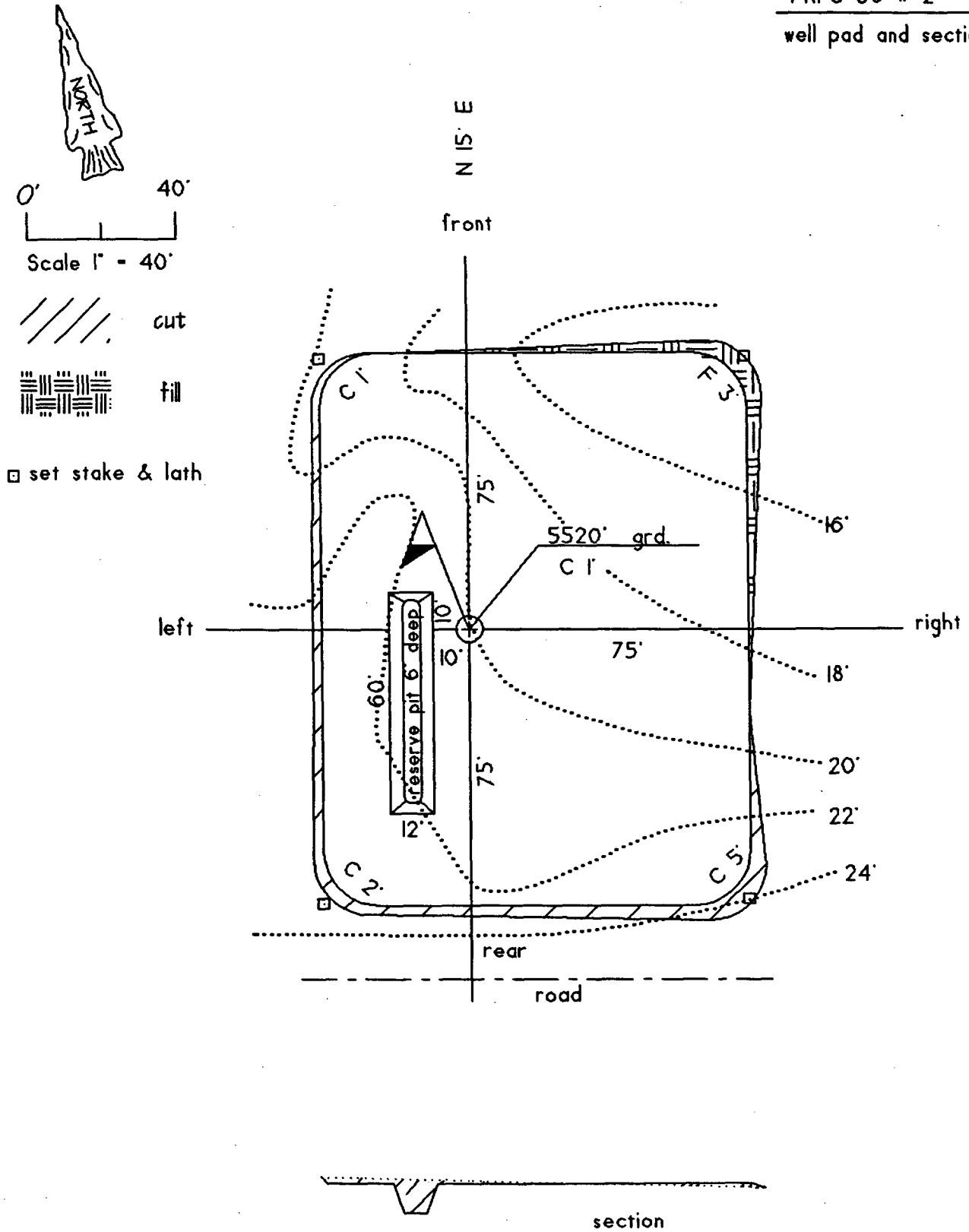
SIGNATURE Paul Lehrman TITLE Sr. Landman DATE 12-13-04

Type or print name Paul Lehrman E-mail address: plehrman@westerngas.com Telephone No. 598-5601
Ext. 57

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #1 DATE MAR 24 2005
Conditions of Approval (if any):

FRPC 30 # 2

well pad and section



Lance Oil & Gas Company, Inc.
FRPC 30 #2
910' FNL & 1065' FWL
Section 30, 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' | +5,520' |
| Fruitland Fm | 895' | 900' | +4,625' |
| Fruitland Coal | 1005' | 1010' | +4,515' |
| Pictured Cliffs Ss | 1180' | 1185' | +4,340' |
| Lewis Shale | 1275' | 1280' | +4,245' |
| Total Depth (TD)* | 1500' | 1505' | +4,020' |

*All elevations reflect the ungraded ground level of 5,520'

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 | 1500' |

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 ≈ 278 cu.ft. (≈ 153 sx) Howco TX1 Lightweight (yield = 1.82 cu.ft./sk, slurry weight = 12.0 ppg). Tail in with ≈ 111 cu.ft. (≈ 87 sx) Howco TX 1 Lightweight (yield = 1.29 cu.ft./sk, weight = 13.5 ppg). Total cement volume is ≈ 390 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 February 15, 2005. It should take 5 days to drill and one (1) week to complete the well.

BLOW OUT PREVENTER (B.O.P.)

