

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

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.

NMNM - 4465

6. If Indian Allottee or Tribe Name

N/A

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well

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Oil Well

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Gas Well

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Other

2. Name of Operator

Lance Oil & Gas Company, Inc.

3a. Address

P. O. Box 70, Kirtland, NM 87417

3b. Phone No. (include area code)

505-598-5601

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1,030' FSL & 1,025' FEL

Section 27, T30N - R14W, NMPM

7. If Unit or CA/Agreement, Name and/or No.

070 FARMINGTON/AM

8. Well Name and No.

WF Federal 27 #5

9. API Well No.

30 - 045 - 32401

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan County, NM

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 Spud & Csg Sundry
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 recomplate 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.)

The WF Federal 27 #5 was spud at 10:00 hrs, 02/03/05. Drill 12-1/4" hole down to casing point at 145' KB. Circulate and condition hole. TOO. Run 3 joints 8-5/8", 24 ppf, J-55, ST&C and land casing at 139' KB. Cement 8-5/8" casing with 135 sxs Halliburton Standard cement containing 2% CaCl2 and 1/2 #/sx flocele (Weight - 15.6 ppg, Yield - 1.18 ft3/sx and Water - 5.20 gals/sx). Displace cement with 8.0 bbls fresh water. Bumped plug to 50 psig at 08:15 hrs, 02/05/05. Plug held. Circulate 10 bbls cement to surface. WOC - 8 hrs. NU WH and BOP's.

Pressure test BOP's, blind rams and pipe rams to 250 psig (low) and 2,000 psig (high). Pressure tests - Good. Pressure test casing shoe to 600 psig and would not hold. BLM granted permission to drill ahead. Tag cement at 99' KB. Drill cement to 139' KB. Drill new 7-7/8" hole to total depth on 02/07/05. Driller's TD - 1,323' KB. Logger's TD - 1,329' KB. Circ and cond hole. TOO. and run wireline logs. Run 31 joints 5-1/2", 15.5 ppf, J-55, LT&C and land casing at 1,313' KB. Cement 5-1/2" casing with 170 sxs as follows: Lead - 90 sxs Halliburton Type III containing 2% Econolite, 2% calseal, 6% BWC salt, 0.3% versaset, 1/4 #/sx flocele, 5#/sx gilsonite and 0.1% Super CBL (Weight - 12.0 ppg, Yield - 2.55 ft3/sx and Water - 14.4 gals/sx). Tail - 80 sxs Halliburton Type III containing 2% Econolite, 2% calseal, 6% BWC salt, 0.3% versaset, 1/4 #/sx flocele, 5 #/sx gilsonite and 0.1% Super CBL (Weight - 13.0 ppg, Yield - 2.00 ft3/sx and Water - 10.31 gals/sx).

Displaced cement with 31.0 bbls fresh water. Full returns throughout. Bumped plug to 300 psig at 06:30 hrs, 02/09/05. Plug held. Circulated 14 bbls cement to surface. Rig released at 17:00 hrs, 02/09/05.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Thomas M. Erwin, P.E.

Title Senior Production Engineer

Signature

Date

05/24/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED FOR RECORD

Approved by

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.

Title

Date

MAY 31 2005

Office

FARMINGTON FIELD OFFICE
BY

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)

NMOC