

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM 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.*

**SUBMIT IN TRIPLICATE- Other instructions on reverse side.**

|  |   |  |
|--|---|--|
| 1. Type of Well<br><input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other |   | 5. Lease Serial No.<br>NMNM-023473   |
| 2. Name of Operator<br>Lance Oil & Gas Company, Inc.   |   | 6. If Indian, Allottee or Tribe Name<br>N/A                                    |
| 3a. Address<br>P. O. Box 70, Kirtland, NM 87417  | 3b. Phone No. (include area code)<br>505-598-5601 | 7. If Unit or CA/Agreement, Name and/or No.<br>RECEIVED                        |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>1935' FNL & 710' FWL, Section 15, T30N-R14W, NMPM      |   | 8. Well Name and No.<br>Mr. Nona 15 #1   |
|  |   | 9. API Well No.<br>30-045-30318  |
|  |   | 10. Field and Pool, or Exploratory Area<br>Basin Fruitland Coal/Harper Hill PC |
|  |   | 11. County or Parish, State<br>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 checked="" 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 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 test S-8 Basin |
|  | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | Fruitland Coal   |
|  | <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 recompleat 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 recompleat 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.)

On October 5, 2005, Operator, Lance Oil & Gas Company, Inc., set a bridge plug at the very top of the Harper Hill Pictured Cliffs formation, at 1454' KB, thereby temporarily plugging back the Harper Hill Pictured Cliffs formation. Completion operations then commenced on the S-8 Basin Fruitland Coal. The S-8 was perforated and frac'd from 1439-1452' KB.

Therefore, Operator wishes to produce the S-8 Fruitland Coal zone only of this well for a period of time in order to establish production rate in the S-8 Fruitland Coal zone. Operator is tentatively scheduled to set a Bridge Plug at 1430' KB in mid-December 2005 to perforate and frac the S-9 Fruitland Coal zone, then retrieve BP and test the S-8 & S-9 Fruitland Coal zones.

Operator will request to downhole commingle prior to pulling the Bridge Plug set at 1454' KB and producing the Fruitland Coals and Pictured Cliffs zones together.

**CONDITIONS OF APPROVAL**

Adhere to previously issued stipulations.

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

Thomas M. Erwin, P.E.

Title Senior Production Engineer

Signature

*Thomas M. Erwin* 10/12/05

Date

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

*Matt Hallett*

Title PETR. ENG

Date

10/12/05

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

BLM-FFO

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