Form 3160-5 (April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR BURFALLOF LAND MANAGEMENT

| FORM APPROVED | |
|-----------------------|---|
| OM B No. 1004-0137 | |
| Expires: March 31 200 | ſ |

| E | BUREAU OF I | AND M | ANAGEME | NT | _ | / |
|--------|-------------|-------|---------|----|-------|---|
| SUNDRY | NOTICES | AND F | 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.

| ٠ | LOGOC DELINETTO. |
|---|--------------------------|
| | 14-20-603-2168 A |
| | TOT I' All the Total All |

| o drill or to re-enter an | 6. If Indian, Allottee or Tribe Name |
|---------------------------|---|
| PD) for such proposals. | Navajo |
| | 7. If Unit or CA/Agreement, Name and/or No. |

| | | 1 | |
|--|--|---|--|
| SUBMIT IN TRIPLICATE- Other inst | 7. If Unit or CA/Agreement, Name and/or No. | | |
| 1. Type of Well Gas Well Other | | 8. Well Name and No NV Navajo 34 #2 | |
| 2. Name of Operator Lance Oil & Gas Company, Inc. | | 9. API Well No. | |
| 3a. Address P. O. Box 70, Kirtland, NM 87417 | 3b. Phone No. (include area code) 505-598-5601 | 30-045-31039 10. Field and Pool, or Exploratory Area | |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) | | West Kutz PC Ext/B Fruitland Coal | |
| 1080' FNL & 1870' FWL Sec. 34 T29N - R14W, NMPM | | 11. County or Parish, State | |
| | | San Juan County, New Mexico | |

| 12. CHECK A | PPROPRIATE BOX(ES) T | O INDICATE NATUR | E OF NOIKE, REPORT, O | ROTHER DATA |
|-------------------------------------|------------------------------------|--|--|--|
| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
| Notice of Intent Subsequent Report | Acidize Alter Casing Casing Repair | Deepen Fracture Treat New Construction | Production (Start/Resume) Reclamation Recomplete | Water Shut-Off Well Integrity Other Recomplete the |
| Duosequent Report | Change Plans | Plug and Abandon | Temporarily Abandon | Basal (S-8) Fruitland |
| Final Abandonment Notice | Convert to Injection | ☐ Plug Back | Water Disposal | Coal |

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 recomplete 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.)

On December 14, 2005, Operator, Lance Oil & Gas Company, Inc., set a bridge plug at the top of the West Kutz Pictured Cliffs Ext. formation, at 1130' KB, thereby temporarily plugging back the West Kutz Pictured Cliffs Ext. formation. Completion operations then commenced on the Basal Fruitland Coal (S-8) formation. The Basal Fruitland Coal (S-8) was perforated and frac'd from 1,119' - 1,126' KB with 18,304 gals Delta 140 with SandWedge NT containing 48,250 lbs of 16/30 Brady sand.

Operator wishes to produce the Basal Fruitland Coal (S-8) zone only of this well for a period of time in order to establish a production rate in the Basal Fruitland Coal (S-8) zone.

Operator will request to downhole a downhole commingling order prior to pulling the Bridge Plug set at 1,130' KB.

| JAN 2008 RECEIVED | A STORY | 070 | ans de |
|---|--|----------|-------------------------|
| 14. I hereby certify that the foregoing is true and coffect Name (Printed/Typed) | Title Senior Production Enginer | REC | 22 |
| Signature Morras Ma Same | Date 12/22/05 | | 噩 |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | | | |
| Approved by | Title | Date | C) |
| Conditions of approval, if any, are attached. Approval of this notice does not warran certify that the applicant holds legal or equitable title to those rights in the subject lea which would entitle the applicant to conduct operations thereon. | 1 | <u>Δ</u> | N 0 8 2006 |
| Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any States any false, fictitious or fraudulent statements or representations as to any matter | person knowingly and willfully to make to within its jurisdiction. | | or agency of the United |

(Instructions on page 2)