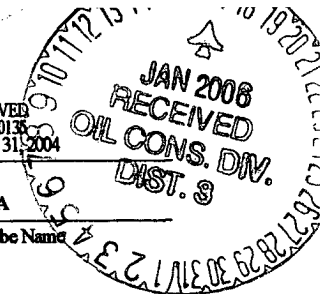


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2004



5. Lease Serial No.
14 - 20 - 603 - 2200 - A

6. If Indian, Allottee or Tribe Name
NAVAJO

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ 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)

1,845' FSL & 1,980' FWL
Section 20, T29N - R14W, NMPM

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

8. Well Name and No.
NV Navajo 20 #3

9. API Well No.
30 - 045 - 31275

10. Field and Pool, or Exploratory Area
W. Kutz PC / 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 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.)

The NV Navajo 20 #3 was spud at 08:00 hrs, 12/05/05. Drill 12-1/4" hole down to casing point at 190' KB. Circulate and condition hole. TOOH. Run 4 joints 8-5/8", 24 ppf, J-55, ST&C and land casing at 183' KB. Cement 8-5/8" casing with 140 sxs Halliburton Type G cement containing 2% CaCl2 and 1/4 #/sx floccle (Weight - 15.6 ppg, Yield - 1.18 ft3/sx and Water - 5.20 gals/sx). Displace cement with 8.8 bbls fresh water. Bumped plug to 450 psig at 16:00 hrs, 12/05/05. Plug held. Circulate 10 bbls cement to surface. WOC - 15 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 test casing shoe to 1,000 psig. Pressure tests - Good. Tag cement at 125' KB. Drill cement to 190' KB. Drill new 7-7/8" hole to total depth on 12/07/05. Driller's TD - 1,190' KB. Circ and cond hole. TOOH. Run openhole logs. Logger's TD - 1,147' KB. Run 27 joints 5-1/2", 15.5 ppf, J-55, LT&C and land casing at 1,135' KB.

Cement 5-1/2" casing with 125 sxs as follows: Lead - 40 sxs Halliburton Type III containing 2% Econolite, 2% CalSeal, 6% BWC salt, 0.3% Versaset, 1/4 #/sx floccle, 5 #/sx gilsonite and 0.1% Super CBL (Weight - 12.0 ppg, Yield - 2.55 ft3/sx and Water - 14.4 gals/sx). Tail - 85 sxs Halliburton Type III containing 2% Econolite, 2% CalSeal, 6% BWC salt, 0.3% Versaset, 1/4 #/sx floccle, 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 26.0 bbls fresh water. Full returns throughout. Bumped plug to 900 psig at 18:15 hrs, 12/08/05. Plug held. Circulated 6 bbls cement to surface. Rig released at 06:00 hrs, 12/09/05.

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

Thomas M. Erwin, P.E.

Title Senior Production Engineer

Signature

Thomas M. Erwin

Date

01/05/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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

Office

JAN 12 2006

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