

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires: January 31, 2004

FEB 2006

RECEIVED

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. 14-20-603-2198-A
2. Name of Operator Lance Oil & Gas Company, Inc.		6. If Indian, Allottee or Tribe Name Navajo
3a. Address P. O. Box 70, Kirtland, NM 87417	3b. Phone No. (include area code) 505-598-5601	7. If Unit or CA/Agreement, Name and/or No. N/A
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 956' FSL & 1025' FWL Section 23, T29N-R14W, NMPM		8. Well Name and No. NV Kyle 23 #3
		9. API Well No. 30-045-34054 33433
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal/W Kutz PC
		11. County or Parish, State San Juan, 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 & Casing
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Sundry
	<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 NV Kyle 23 #3 was spud at 7:30 hrs, 1/12/06. Drill 12-1/4" hole down to casing point at 190' KB. Circulate and condition hole. TOOH. Run 4 joints 8-5/8", 24 ppg, J-55, ST&C casing, land casing at 183.22' KB. Cement 8-5/8" casing with 145 sxs Type III cement containing 1/4 #/sx flocele and 2% CaCL2 (Weight - 15.6 ppg, Yield - 1.18 ft3/sx and Water - 5.2 gals/sx). Displace cement with 8.8 bbls fresh water. Bumped plug to 456 psig at 20:00 hrs, 1/12/06. Plug held. Circulate 10 bbls cement to surface. WOC - 10 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 1,000psig. Pressure tests - Good. Tag cement at 135' KB. Drill cement to 190' KB. Drill new 7-7/8" hole to total depth on 1/14/06. Driller's TD - 1365' KB. Logger's TD - 1,355' KB. Circ and condition hole. TOOH. Run 33 joints 5-1/2", 15.5 ppg, J-55, LT&C and land casing at 1,352' KB. Cement 5-1/2" casing with 125 sxs as follows: Lead - 50 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 - 11.5 ppg, Yield - 2.95 ft3/sx and Water - 17.4 gals/sx). Tail - 75 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).

Displaced cement with 31.4 bbls fresh water. Full returns throughout. Bumped plug to 820 psig at 19:00 hrs, 1/15/06. Plug held. Circulated 3 bbls cement to surface. Rig released at 14:00 hrs, 1/16/06.

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* 2/09/06

Date

02/07/2006

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

Office

Date

FEB 13 2006

FARMINGTON FIELD OFFICE  
BY *[Signature]*

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