

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 <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <i>W/W</i>		5. Lease Serial No. 14-20-603-2199
2. Name of Operator Lance Oil & Gas Company, Inc.		6. If Indian, Allottee or Tribe Name Navajo Nation
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. NW Cha Cha Unit
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1780' FSL & 835' FEL Unit I Sec. 21, T29N, R14W, NMPM		8. Well Name and No. NW Cha Cha Unit #24
		9. API Well No. 30-045-07990
		10. Field and Pool, or Exploratory Area Cha Cha Gallup
		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 checked="" 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 type="checkbox"/> Other
	<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 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 April 29, 2006, Operator pulled all tubing and set a bridge plug at 5,084' KB.

Lance Oil and Gas Company, Inc. conducted a Mechanical Integrity Test on the NW Cha Cha #24 well located in Section 21, T29W - R14 W, San Juan County, New Mexico. The MIT commenced at 11:06 hrs, May 3, 2006 and witnessed by Doug Zentz with Lance, Malvina C. Clah with the Navajo Nation EPA, and James Walker of the EPA. The MIT was conducted up to 1000 psig for 30 minutes with no drop in pressure. The pressure chart is attached for your perusal.

This well is now "Temporarily Abandoned".

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

Thomas M. Erwin, P.E.

Title Production Superintendent

Signature

Thomas M. Erwin

Date

ACCEPTED FOR RECORD

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 JUN 01 2006
FEDERAL BUREAU OF LAND MANAGEMENT
OFFICE

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

U.S. ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF INSPECTION

Address (EPA Regional Office) Region 9 Environmental Inspection Agency 75 Hawthorne Street (WTR-9) San Francisco, CA 94105	Inspection Contractor NNEPA/Surface & Groundwater Protection Dept.-UIC Program P.O. Box 1999 Shiprock, NM 87420-1999	Firm To Be Inspected Lance Oil + Gas Company PO Box 70 Kirtland, NM 87417
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Date 5/03/2006 Hour 11:39 AM	Notice of inspection is hereby given according to Section 1445(b) of the Safe Drinking Water Act (42 U.S.C. §300 f et seg.).
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Reason For Inspection

For the purpose of inspecting records, files, papers, processes, controls and facilities, and obtaining samples to determine whether the person subject to an applicable underground injection control program has acted or is acting in compliance with the Safe Drinking Water Act and any applicable permit or rule.

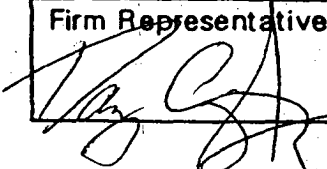
Lance Oil and Gas, Inc. NW Cha Cha Unit #24
 NESE Sec 21 T29N R14W, Lease # 14-20-603-295,
 San Juan County, NM, passed MIT

TA, MIT every two years

Upon reactivation of well, must MIT well.

Section 1445(b) of the SDWA (42 U.S.C. §300 j-4 (b) is quoted on the reverse of this form.

Receipt of this Notice of Inspection is hereby acknowledged.

Firm Representative 	Date 5-3-06	Inspector Halima C. Clark NNEPA James D. Walker USEPA
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USEPA - Region IX (White)

NEPA-GPCP (Yellow)

Operator (Pink)

ANNULAR PRESSURE TEST

(Mechanical Integrity Test)

Operator Lance Oil & Gas Company, Inc. Date of Test 5/03/2006
Well Name NW Chacha Well # 24 EPA Permit No. _____
Location NESE Sec 21 T29N R14W Tribal Lease No. 14-20-603-2195
State and County San Juan County, NM

Continuous Recorder? YES ☒ NO ☐ Pressure Gauge? YES ☒ NO ☐
Bradenhead Opened? YES ☒ NO ☐ Fluid Flow? YES ☐ NO ☒

TIME	0-3000psi ANNULUS PRESSURE, psi		TUBING PRESSURE, psi no gauge
	gauge	recorder	
11:06 AM	550	550	
11:11 AM	550	550	
11:16 AM	550	550	
11:21 AM	540	550	
11:26 AM	540	549	
11:31 AM	540	548	
11:36 AM	539	540	

MAX. INJECTION PRESSURE: 1000 PSI

MAX. ALLOWABLE PRESSURE CHANGE: 27.5 PSI (TEST PRESSURE X 0.05)

REMARKS: Passed Failed? If failed, cease injection until well passes MIT (40CFR§144.21(c)(6)).

no tbg in hole.

5084' Cast iron bridge plug set TA
Passed MIT

Don Zentz Production Foreman
COMPANY REPRESENTATIVE: (Print and Sign)

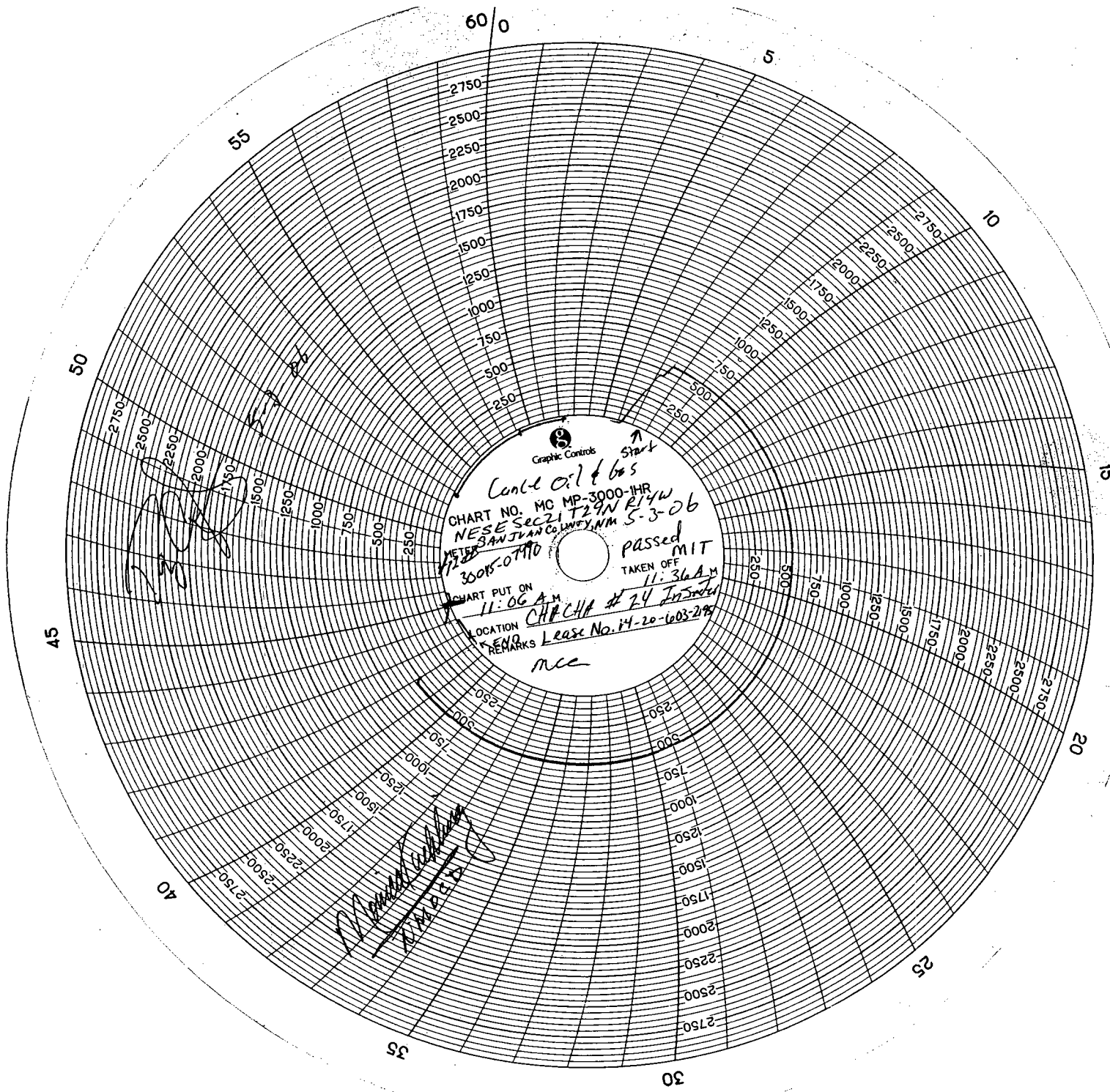
5-3-2006
DATE

Malvina C. Clah Malvina C. Clah
INSPECTOR: (Print and Sign)

5/3/2006
DATE

James W. D. R. US EPA

5/3/06



Graphic Controls

Conte oil & gas

CHART NO. MC MP-3000-1HR
NESE SEC 21 T29N R14W

METER SAN JUAN CO. UNIV. IN NM 5-3-06
3005-0770

passed MIT
TAKEN OFF

CHART PUT ON
11:06 A.M.

LOCATION CHA CHA #24 Insulin

REMARKS Lease No. 14-20-1003-274

MCC

[Handwritten scribbles]

[Handwritten signature]
11/11/06