

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 checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMSF - 14 - 20 - 603 - 2200A
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. NW Cha Cha Unit
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 720' FNL & 350' FEL Section 20, T29N - R14W, NMPM		8. Well Name and No. NW Cha Cha #11
		9. API Well No. 30 - 045 - 08142
		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 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 type="checkbox"/> Other
	<input checked="" 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.)

Pursuant to your letter dated April 20, 2006 and June 15, 2006 from Stephen Mason, Petroleum Engineer, Bureau of Land Management (your file: 14-20-603-2200A (WC) 3162.3 (21110)) and subsequent telephone conversation Erwin / Mason on June 22, 2006, Lance respectively requests an additional time up to July 31, 2006 days to finalize our plans. Lance has revised our plans since the last Sundry Notice submitted on January 20, 2006 and accepted for record on January 24, 2006.

Lance has not been able to identify another surface location in the NE/4 Section 20, T29N - R14W to access Pictured Cliffs and Fruitland Coal reserves that meets current regulations. Tentatively, Lance is preparing plans to permanently abandon the wellbore below the Pictured Cliffs and re-complete as a Pictured Cliffs and / or Fruitland Coal well. Lance would permanently abandon the wellbore below 960' KB to be approved by the BLM and attempt to cut and pull production casing from 890' KB. The wellbore would be cleaned out and a new production casing string would be run to 890' KB and cemented to surface. If Lance is unable to pull the old casing, the plans would be to finish the P & A operations.

Your approval is very much appreciated as we continue to fully evaluate the NW Cha Cha Unit.

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

06/22/2006

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.

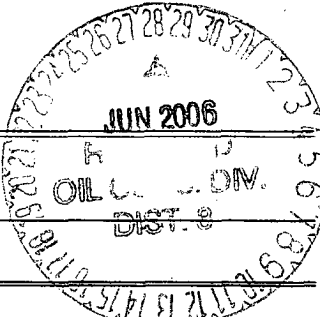
Title

Date

Office

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)



ACCEPTED FOR RECORD

JUN 27 2006

NMOCD

FARMINGTON FIELD OFFICE



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

14-20-603-2200A (WC)
3162.3-4 (21110)

December 15, 2005

Mr. Paul Lehrman
Lance Oil & Gas Co., Inc.
PO Box 70
Kirtland, NM 87417

Dear Lehrman:

Reference is made to your well No. 11 Northwest Cha Cha Unit located 720' FNL & 350' FEL sec. 20, T. 29 N., R. 14 W., San Juan County, New Mexico, lease 14-20-603-2200A. Also referenced is our letter dated April 20, 2006, which required you to submit a procedure to plug and abandon the subject well by May 30, 2006.

You are in violation of 43 CFR 3163.1. This is a minor violation. If the violation is not corrected you may be subject to an assessment. You have until July 10, 2006 to correct this violation. Failure to comply within the time above may result in an assessment in accordance with 43 CFR 3163.1.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-93000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions please contact Stephen Mason with this office at (505) 599-6364.

Sincerely,

Stephen Mason
Petroleum Engineer; Petroleum Management Team

cc:
BIA, Window Rock
Navajo Nation Minerals Dept.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

14-20-603-2200A (WC)
3162.3-2 (21110)

April 20, 2006

Mr. Paul Lehrman
Lance Oil & Gas Co., Inc.
PO Box 70
Kirtland, NM 87417

Dear Lehrman:

Reference is made to your well No. 11 Northwest Cha Cha Unit located 720' FNL & 350' FEL sec. 20, T. 29 N., R. 14 W., San Juan County, New Mexico, Lease 14-20-603-2200A. Also referenced is your Sundry Notice dated January 20, 2006, which stated the well would be plug and abandon. You are required to submit a procedure to plug and abandon the well by May 30, 2006.

Failure to comply within the time above may result in an assessment in accordance with 43 CFR 3163.1.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-93000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions please contact Stephen Mason with this office at (505) 599-6364.

Sincerely,

Stephen Mason
Petroleum Engineer; Petroleum Management Team

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