

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.

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	
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) 975' FSL, 1855' FEL, Section 5, T29N, R14W	

FORM APPROVED OMB No. 1004-0135 Expires: January 31, 2004	
5. Lease Serial No. NMSF-079968	
6. If Indian, Allottee or Tribe Name NA	
7. If Unit or CA/Agreement, Name and/or No. NA	
8. Well Name and No. WF Federal 5#3	
9. API Well No. 30-045-29852	
10. Field and Pool, or Exploratory Area Basin Fruitland Coal	
11. County or Parish, State San Juan County, New Mexico	

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 checked="" 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 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 WF Federal 5#3 gas-well previously produced from the Pictured Cliffs only.

The S9 Fruitland Coal was recently perforated, acidized, and frac'd. Production is now coming from the S9 Fruitland Coal only, because the Pictured Cliffs formation is isolated with a plug. *CIBP @ 665' (no cement)*

- The S9 Fruitland Coal was perforated from 549' - 562' and 608' - 616' KB with a 4 SPF, 0.42" diameter, and 120 degree phasing.
- 1000 gallons of 15% HCl was utilized during acidizing.
- This zone was stimulated with 34,097 gallons of 20# Delta 140 cross-linked gel containing 102,400 pounds of 16/30 Ottawa sand.

Ready Date 10/25/06 per Tod

ZA Pic Cliffs

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Tod H. Haanes		Title Production Engineer
Signature <i>Tod H. Haanes</i>	Date <i>10/11/2006</i>	

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
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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

NOV 15 2006

FARMINGTON FIELD OFFICE

NMOCD