

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

☒ Initial Report ☒ Final Report

Name of Company	Lance Oil & Gas, Inc.	Contact	Jo Becksted
Address	P. O. Box 70, Kirtland, NM 87417	Telephone No.	(505) 598-5601 Ext. 58
Facility Name	NW Cha Cha Unit #37	Facility Type	Injection well
		API #	30-045-29122

Surface Owner	Navajo Nation	Mineral Owner	Navajo Nation	Lease No.	14-20-603-2168A
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
C	27	29N	14W	1892	North	436	West	San Juan

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release	Injection water	Volume of Release	Approx 6 bbls	Volume Recovered	Approx 5 bbls
Source of Release		Date and Hour of Occurrence		Date and Hour of Discovery	
Injection line burst		2-16-06 @ 10:27 a.m.		2-16-06 @ 10:27 a.m.	
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Sherri Landon of the BLM, Denny Foust of the NMOCD, Steve Austin of Navajo EPA, Chuck Yarbrough of the BIA & Chris Yazzie of NAPI		
By Whom?	Jo Becksted	Date and Hour	2-16-06 @ 11:15 a.m.		
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	N/A		


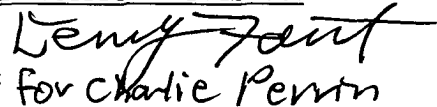
If a Watercourse was Impacted, Describe Fully.*

N/A

Describe Cause of Problem and Remedial Action Taken.* The deteriorated injection line to the NW Cha Cha #37 burst, causing injection water to spill onto well pad. The line was shut in and has been repaired. Operator is currently working to replace these deteriorated lines.

Describe Area Affected and Cleanup Action Taken.* The soil immediately surrounding the line rupture on the well pad was impacted. The impacted soil will be scraped up, tested and land-farmed.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: 	OIL CONSERVATION DIVISION	
Printed Name: Jo Becksted	Approved by District Supervisor:  for Charlie Perrin	
Title: Production Tech	Approval Date: 3/13/06	Expiration Date:
E-mail Address: jbeckste@westerngas.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: _____ Phone: (505) 598-5601 Ext. 58		

* Attach Additional Sheets If Necessary

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