

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 | NV Navajo 22 #1 | Facility Type | Gas well |
| | | API # | 30-045-31775 |

| | | | | | |
|---------------|--------------|---------------|--------------|-----------|----------------|
| Surface Owner | Navajo Tribe | Mineral Owner | Navajo Tribe | Lease No. | 14-20-603-2199 |
|---------------|--------------|---------------|--------------|-----------|----------------|

LOCATION OF RELEASE



| | | | | | | | | |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|----------|
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
| B | 22 | 29 | 14 | 700 | North | 1395 | East | San Juan |

Latitude _____ Longitude _____

NATURE OF RELEASE

| | | | | | |
|--|---|--|----------------------|----------------------------|---------------------|
| Type of Release | Produced Water | Volume of Release | 2 bbls | Volume Recovered | 0 |
| Source of Release | Leaky valve | Date and Hour of Occurrence | 7/11/06 during night | Date and Hour of Discovery | 7/12/06 @ 1:00 p.m. |
| Was Immediate Notice Given? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Brandon of the NMOCD | | | |
| By Whom? | Jo Becksted | Date and Hour | 7/12/06 @ 2:00 p.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.* Leaky valve. Valve was replaced | | | | | |
| Describe Area Affected and Cleanup Action Taken.* The soil on the well pad immediately surrounding the leaky valve was damp. Our roustabouts will scrape up and spread the impacted soil, re-grade and re-contour the well pad. | | | | | |

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: 7/24/06 | Expiration Date: |
| E-mail Address: jbeckste@westerngas.com | | Conditions of Approval: | |
| Date: Phone: (505) 598-5601 Ext. 5558 | | Attached <input type="checkbox"/> | |

* Attach Additional Sheets If Necessary

n 890620732737