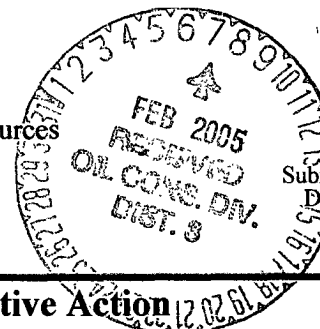


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

30 045 29955

OPERATOR

☒ Initial Report ☒ Final Report

Name of Company	Lance Oil & Gas, Inc.	Contact	Jo Becksted
Address	P. O. Box 70	Telephone No.	(505) 598-5601 Ext. 58
Facility Name	NW Cha Cha Unit #60 and Navajo 27-1	Facility Type	Oil Well
		Facility Type	Gas Well

Surface Owner	Navajo Tribe	Mineral Owner	Navajo Tribe	Lease No.	14-20-603-2168A
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Navajo 27-1 API # 30-045-29955 LOCATION OF RELEASE NW Cha Cha Unit #60 API # 30-045-29125

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
#60 Unit I	27	29N	14W	1930'	South	971'	East	San Juan
#27-1 Unit A	27	29N	14W	1255'	North	1120'	East	San Juan

Cha Cha #60 Latitude 36.69549 Longitude 108.29101

NATURE OF RELEASE

Type of Release	Produced Water	Volume of Release	Approx 20bbls	Volume Recovered	Approx 10 bbls
Source of Release	Ruptured underground water line	Date and Hour of Occurrence	2/1/05 @ Approx 7:30 a.m.	Date and Hour of Discovery	2/1/05 @ Approx 7:45 a.m.
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Voice Mail for Mark Kelley of BLM and Steve Austin, Navajo EPA, Called Denny Foust, NMOCD, Chuck Yarbrough of BIA and faxed Jim Walker of the US EPA.			
By Whom?	Jo Becksted, Compliance Administrator, Lance Oil & Gas, Inc.	Date and Hour	2/1/2005 @ approx 10:00 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.*

When Doug Zentz discovered the spill, he immediately shut in the wells that feed water into this underground water line. A water truck was immediately dispatched to suck up what free-standing water was possible..

Describe Cause of Problem and Remedial Action Taken.*

The cause of the problem was the deteriorated underground water lines in this field. Lance Oil & Gas is preparing to replace these old lines with a new underground water piping system in the very new future.

Describe Area Affected and Cleanup Action Taken.* ☐ The area affected was the ground near the Cha Cha Unit #60 and the Navajo 27-1. Doug Zentz dispatched a water truck to suck up all possible water and a soil sample was obtained. Doug Zentz and Doug Barone of Lance Oil & Gas met with Robert Hannah of the Navajo Tribe at the spill site. Mr. Hannah advised Mr. Zentz and Mr. Barone that the Tribe would not require Lance Oil & Gas to land farm this soil.

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 Perron, Atty
Title: Compliance Administrator	Approval Date: 2/7/05	Expiration Date:
E-mail Address: jbeckste@westerngas.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 2/1/05 Phone: (505) 598-5601 Ext. 58		

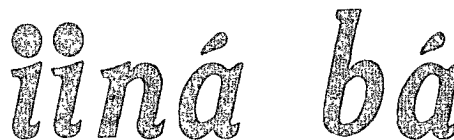
* Attach Additional Sheets If Necessary

NOG F0503440/77

612 E. Murray Drive
Farmington, NM 87499

Off: (505) 327-1072
FAX: (505) 327-1496

ANALYTICAL REPORT



P.O. Box 3788
Shiprock, NM 87420

Off: (505) 368-4065

Date: 03-Feb-05

CLIENT: Souder, Miller & Associates

Client Sample Info: NE Wall

Work Order: 0501020

Client Sample ID: #1 NE Wall @ 5ft

Project: NE Wall/5115028

Collection Date: 1/17/2005 2:45:00 PM

Lab ID: 0501020-001A

Matrix: SOIL

Parameter	Result	PQL	Qual	Units	DF	Date Analyzed
DIESEL AND OIL RANGE ORGANICS		SW8015B		Analyst: JEM		
T/R Hydrocarbons: C10-C22	ND	50.0		mg/Kg	1	1/25/2005
Surr: o-Terphenyl	102	23-171		%REC	1	1/25/2005
GASOLINE RANGE ORGANICS		SW8015B		Analyst: JEM		
T/R Hydrocarbons: C6-C10	ND	4.50		mg/Kg	25	1/27/2005
Surr: Trifluorotoluene	90.6	84-149		%REC	25	1/27/2005
AROMATIC VOLATILES BY GC/PID		SW8021B		Analyst: JEM		
Benzene	ND	25		µg/Kg	25	1/28/2005
Ethylbenzene	ND	25		µg/Kg	25	1/28/2005
m,p-Xylene	ND	50		µg/Kg	25	1/28/2005
Methyl tert-Butyl Ether	ND	250		µg/Kg	25	1/28/2005
o-Xylene	ND	25		µg/Kg	25	1/28/2005
Toluene	ND	50		µg/Kg	25	1/28/2005
Surr: 1,4-Difluorobenzene	88.0	75-110		%REC	25	1/28/2005
Surr: 4-Bromochlorobenzene	94.6	40-135		%REC	25	1/28/2005
Surr: Fluorobenzene	81.3	69-110		%REC	25	1/28/2005

Qualifiers:

ND - Not Detected at the Practical Quantitation Limit

S - Spike Recovery outside accepted recovery limits

J - Analyte detected below Practical Quantitation Limit

R - RPD outside accepted precision limits

B - Analyte detected in the associated Method Blank

E - Value above Upper Quantitation Limit - UQL

H - Parameter exceeded Maximum Allowable Holding Time

Page 1 of 1