

12-14-04 DATE IN	1-3-05 SUSPENSE	STOENER ENGINEER	12-14-04 LOGGED IN	NSP TYPE	BEM0434947476 APP NO.
---------------------	--------------------	---------------------	-----------------------	-------------	--------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



RECEIVED

DEC 14 2004

ADMINISTRATIVE APPLICATION CHECKLIST

OIL CONSERVATION
DIVISION

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☒ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Paul Lehrman

Print or Type Name

Signature

Sr. Landman

Title

12/14/04

Date

plehrman@westerngas.com
 e-mail Address

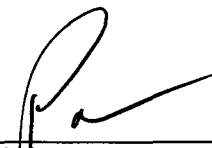
**REQUEST FOR ADMINISTRATIVE APPROVAL FOR
NON-STANDARD GAS SPACING AND PRORATION UNIT
FOR LANCE OIL & GAS COMPANY, INC.**

FRPC 30 #2

**910' FNL & 1065' FWL, SECTION 30, TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO
(WEST KUTZ –PICTURED CLIFFS GAS POOL 79680)**

- 1) The referenced well is located on Federal surface, Federal minerals. The proposed location is non-standard (proration unit) because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO/Government Land Office) as attached as Exhibit "B". Section 30 has lots on the west side of the Section according to the MTP (Master Title Plat) per BLM records. Copy of MTP is attached as Exhibit "C". Also attached as Exhibit "E" is the LLD (legal land description) from the BLM (LR 2000) website showing the acreage in the lots in Section. 30. According to NMOCD rules, acreage dedicated to a Pictured Cliffs well (West Kutz PC) must be at least 70% of a standard proration unit (160.00 acres). Therefore the minimum for a Pictured Cliffs well would be 112 acres or 70% of 160. Acreage for the referenced well is 92.30 acres per GLO Survey.
- 2) A C-102 (Exhibit "A") is attached showing the well location and the proration unit for the proposed Pictured Cliffs well. Application for Permit to Drill (APD) (3160-3) for this well was submitted to the Bureau of Land Management (Farmington Field Office) on December 13, 2004. A copy is attached to this application. The West Kutz PC (Gas) will be a new completion in this pool. The N/2 Fruitland Coal completion will be a standard proration unit consisting of the N/2 of Section 30-T29N-R13W.
- 3) A map (Exhibit "D") is attached showing the adjoining spacing units and existing Pictured Cliffs wells. Lance controls the operating PC rights in all of the offsetting spacing units, with the below interest owners having interest in the leasehold or surface. Existing West Kutz PC production comes from the Lance F-RPC 19 #4 in the SE/4 of Section 19-T29N-R13W. This well is depicted on the map on Exhibit "D".
- 4) Certified letters have been sent to all applicable leasehold interest owners, working interest owners and surface owners to notify them of our intentions. Copies of the letters are attached to this application.
- 5) Existing land use concerns are not an issue with this well.
- 6) Archaeology is not an issue with this well.
- 7) Directional drilling is not an issue with this well.
- 8) A non-standard proration unit is requested because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO). Existing GLO lots sizes constitute a proration unit of 92.30 Acres.
- 9) I hereby certify that notice was sent to the following leaseholders and surface owners which adjoin the applicant's desired spacing unit.
- 10) The proration unit size will be according to lot sizes as follows: Lot 1 (6.18 Acres), Lot 2 (6.12 Acres, E/2NW/4. Total is 92.30 Acres.

Burlington Resources Oil and Gas Company
Edwards Energy
Paramount Petroleum
Navajo Nation



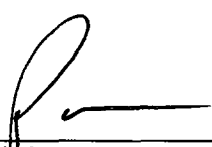
Paul Lehman
Lance Oil & Gas Company, Inc.
December 14, 2004

**REQUEST FOR ADMINISTRATIVE APPROVAL
FOR NON-STANDARD LOCATION
FOR LANCE OIL & GAS COMPANY, INC.
FRPC 30 #2**

**910' FNL & 1065' FWL, SECTION 30, TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO
WEST KUTZ -PICTURED CLIFFS (GAS) (79680)
BASIN FRUITLAND COAL (GAS) (71629)**

- 1) The referenced well is located on Federal surface, Federal minerals. The proposed location is non-standard because of its proximity to a large cliff face. According to NMOCD rules well locations depending on formation drilled must be 660' from the quarter section lines. The well location is 910' from the north line and 1065' from the West line of Section 30. Section 30 is irregular in that the survey performed for the location revealed the West length as 5265' long and east length as 5242' long. Therefore the proposed FRPC 30 #2 location is too close to the north/south quarter line and approximately 210' too far east. There is no physical location that would be legal because of the cliff. The location was determined on an on-site with Bureau of Land Management Authorized Office Albert Gonzales.
- 2) C-102's (Exhibit "A") is attached showing the well location and the proration unit for the proposed Fruitland Coal/Pictured Cliffs well. Application for Permit to Drill (APD) this well was submitted to the Bureau of Land Management, Farmington Field Office on December 13, 2004. A copy is attached to this application.
- 3) A map (Exhibit "F") is attached showing the adjoining spacing units and existing Fruitland Coal/Pictured Cliffs wells. Lance controls the Fruitland/PC rights in the offsetting spacing units. Proposed well locations are noted on the plat.
- 4) Certified letters have been sent to other working interest owners, offsetting operators, and offsetting surface owners to notify them of our intentions. Copies of the letters are attached to this application.
- 5) Existing land use concerns force a non-standard location exception for this action. It would not be feasible or safe to build a legal location to drill this Fruitland Coal/Pictured Cliffs well.
- 6) Topography is the major issue with this well.
- 7) Archaeology is not an issue with this well.
- 8) Directional drilling is not feasible for such a shallow completion.
- 9) A non-standard location is requested because of surface conditions, i. e., the major cliff which prohibits a legal location.
- 10) I hereby certify that notice was sent to the following offset operators, working interest owners, leaseholders or Surface owners which adjoin the applicant's spacing unit.

Burlington Resources Oil and Gas Company
Edwards Energy
Paramount Petroleum
Navajo Nation



Paul Lehrman
Lance Oil & Gas Company, Inc.
December 14, 2004

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

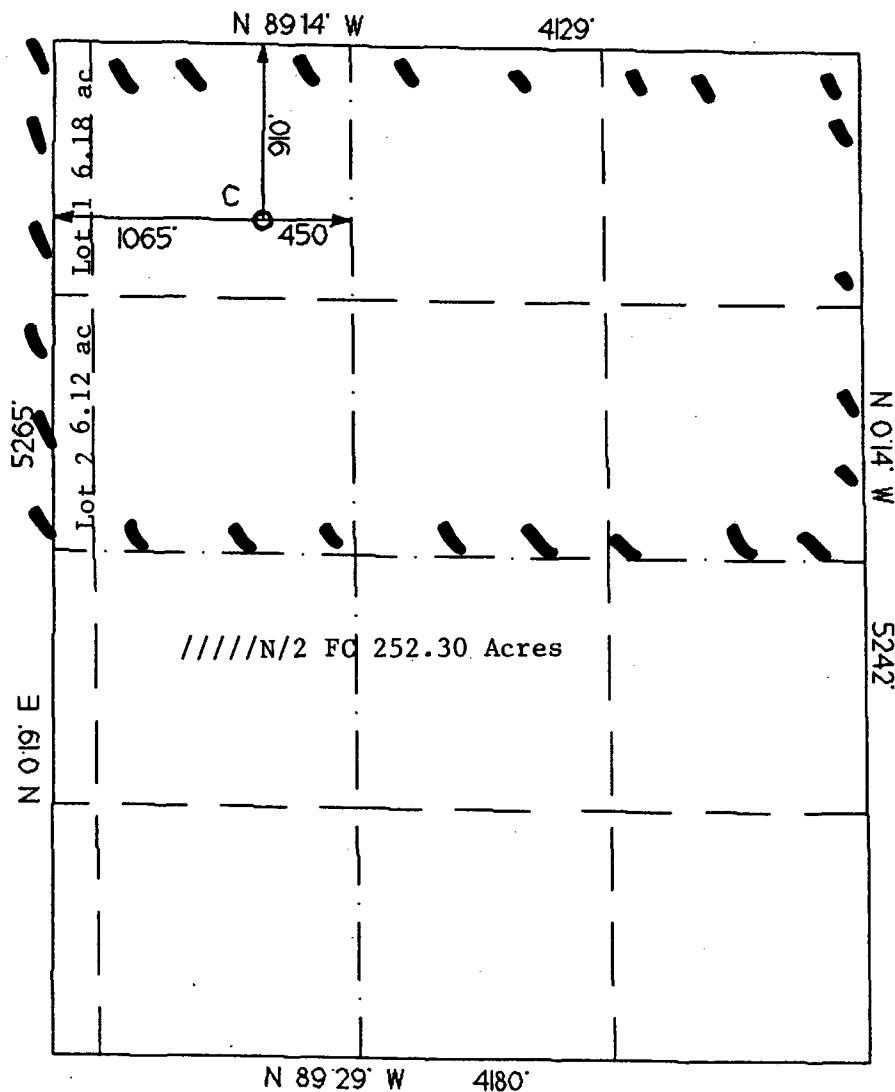
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code	Property Name FRPC 30	Well Number 2
OGRD No. 229938	Operator Name LANCE OIL & GAS COMPANY, INC.	Elevation 5520'

Surface Location									
UL or Lot C	Sec. 30	Twp. 29 N.	Rge. 13 W.	Lot Ltn.	Feet from >	North/South NORTH	Feet from >	East/West West	County SAN JUAN

Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Ltn.	Feet from >	North/South	Feet from >	East/West	County
Dedication N/2	Joint ?	Consolidation	Order No.						

252.30 Ac. NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

Paul Lehrman

Title

Sr. Landman

Date

12-14-04

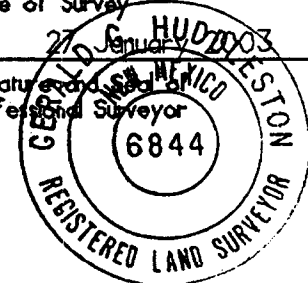
SURVEYOR CERTIFICATION

I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

27 January 2003

Signature and Seal of Professional Surveyor



State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

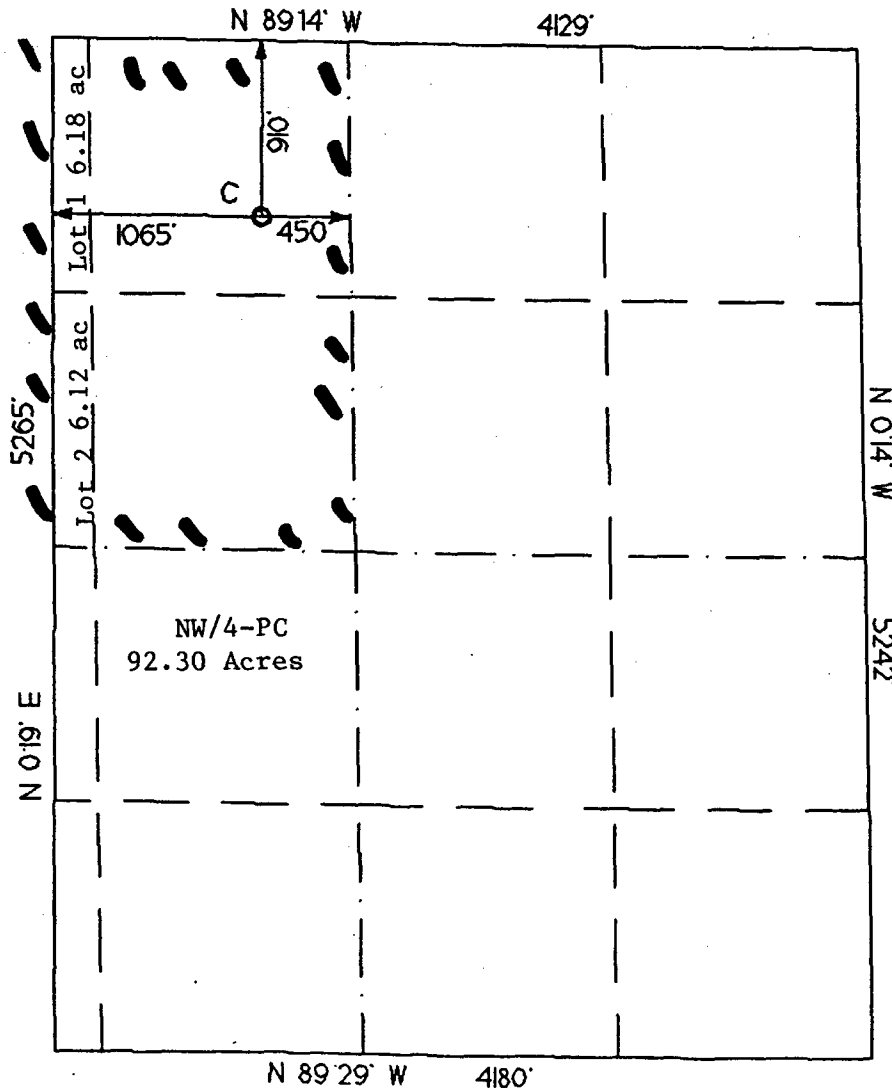
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045-	Pool Code 79690	Pool Name West Kutz PC
Property Code	Property Name FRPC 30	Well Number 2
DGRD No. 229938	Operator Name LANCE OIL & GAS COMPANY, INC.	Elevation 5520'

Surface Location									
UL or Lot C	Sec. 30	Twp. 29 N.	Rge. 13 W.	Lot Id.	Feet from >	North/South NORTH	Feet from >	East/West West	County SAN JUAN

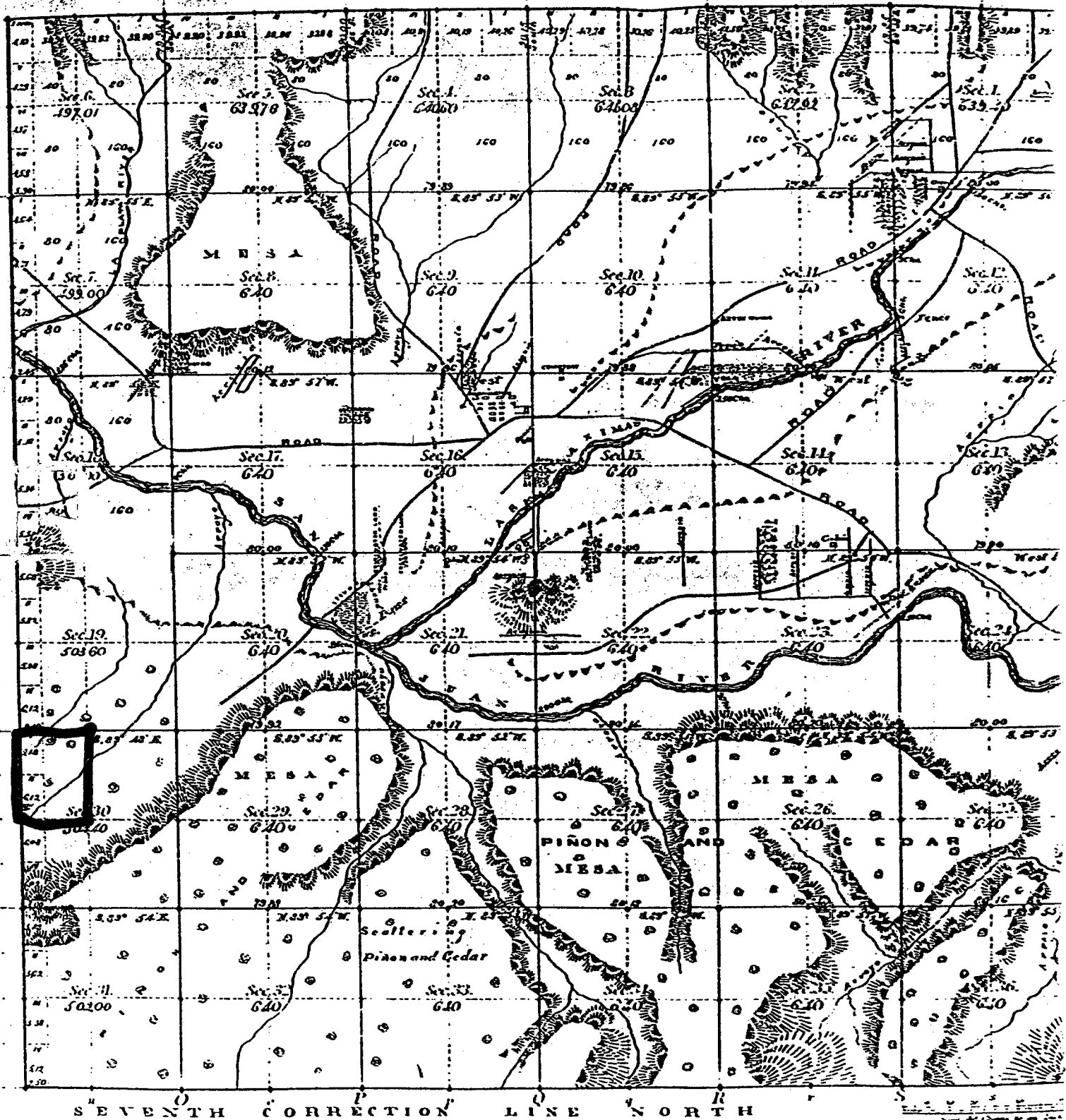
Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from >	North/South	Feet from >	East/West	County
Dedication NW/4	Joint ?	Consolidation	Order No.						

92.30 ac NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature	<i>Paul Lehrman</i>
Printed Name	Paul Lehrman
Title	Sr. Landman
Date	12-14-04
SURVEYOR CERTIFICATION	
I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.	
Date of Survey	27 January 2003
Signature and Seal of Professional Surveyor	<i>[Signature]</i> 6844

Exhibit "B"



Total number of Acres. 22,219.75

Survey Designated	By Whom Surveyed	Date of Contract	Amount of Survey	When Surveyed	Meridian Description
Township lines	Taylor and Pined	Sept 11 1850	M. 12' 18'	Mar 1850	N. 15° - 15' 22" E.
Subdivisions	Taylor and Pined	Sept 11 1850	50 1/2 60	Jan 2-15 1851	N. 15° - 15' 22" E.
Section North	Charles M. Fitch	Aug 2 - 1857		Oct - 1877	N. 15° E.

The above map of Township N: 29 North
Principal Meridian and Scattered
notes of the survey thereof on file in this office
Surveyor General's Office
Santa Fe, N. M.
April 29, 1880

Exhibit "C"

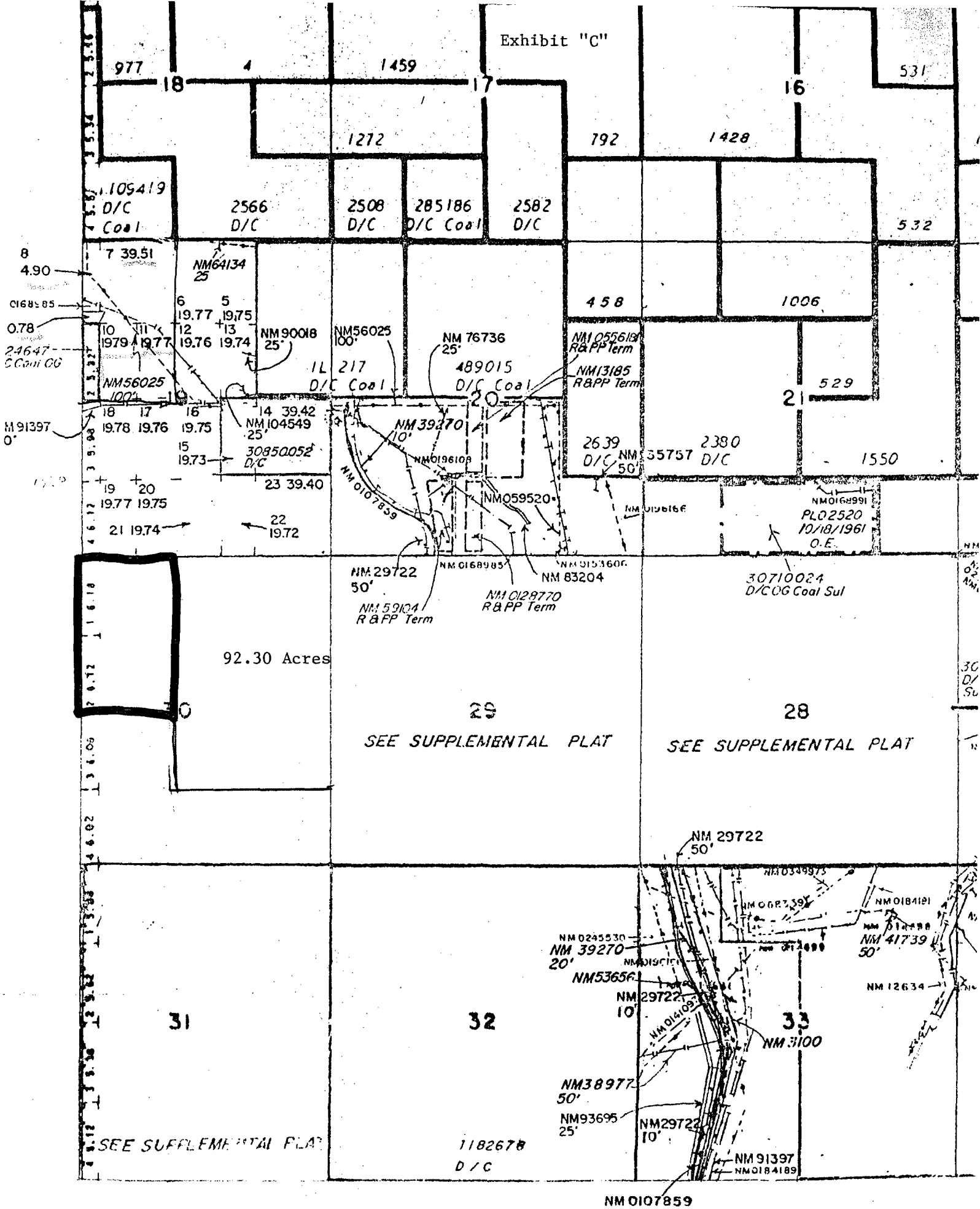


Exhibit "D"



RUN TIME: 02:45 PM

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
LLD SUMMARY REPORT

RUN DATE: 11/23/2004
Page 1 of 1

Admin State: NM

23 0290N 0130W

Sect	Type	Sur No	Suff	<u>NE NW SW SE</u>			
				<u>NNSS</u>	<u>NNSS</u>	<u>NNSS</u>	<u>NNSS</u>
030	A			XXXX	(X) X	--X	XXXX
030	L	1		---	-X-	---	---
030	L	2		---	--X-	---	---
030	L	3		---	---	-X-	---
030	L	4		---	---	--X-	---

<u>Acreage</u>	<u>Note</u>	<u>Dup</u>	<u>Sub</u>	<u>Geo</u>	<u>Cty</u>	<u>Cong Dist</u>	<u>District/Res Area</u>	<u>Adm Agency</u>
480.000				NM	NM045	NM03	FARMINGTON	21000000
6.180				NM	NM045	NM03	FARMINGTON	21000000
6.120				NM	NM045	NM03	FARMINGTON	21000000
6.080				NM	NM045	NM03	FARMINGTON	21000000
6.020				NM	NM045	NM03	FARMINGTON	21000000

Total for MTR Excluding Survey Notes of C/D/R

504.400

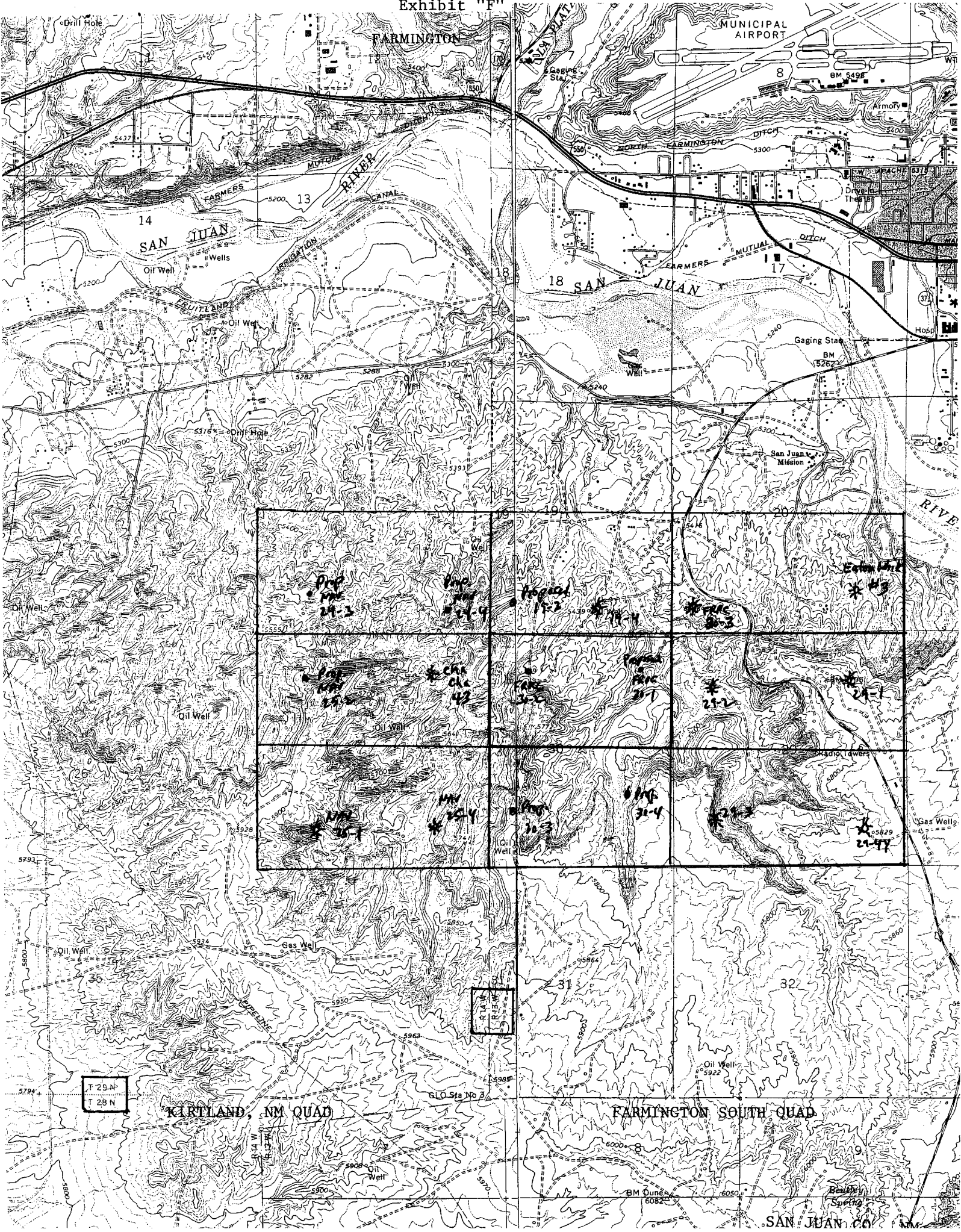
Report Total Acreage Excluding
Survey Notes of C/D/R

504.400

Exhibit "E"

80.00
6.18
6.12
92.30 (μw/y)

Exhibit "F"



T 29 N
T 28 N

KIRTLAND, NM QUAD

FARMINGTON SOUTH QUAD

SAN JUAN CO. NM

LANCE OIL & GAS COMPANY, INC.

PO Box 70



December 13, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0908 6227

Mr. Frank Schilling/Burlington Resources
Post Office Box 4289
Farmington, NM 87499

RE: Non-Standard Location Application
Non-Standard Proration Application
Proposed Fruitland Coal/PC Well
Lance FRPC 30 #2
Township 29 North, Range 13 West, NMPM
910' FNL & 1065' FWL
Section 30: NW/4
San Juan County, New Mexico

Dear Mr. Schilling:

As required by New Mexico Oil Conservation Division (NMOCD) Rules, this letter will serve to notify you of the following non-standard location application and non-standard proration unit application for a well. This letter is a notice only. No action is required on your part unless you have questions or objections. Any objections must be filed in writing within 20 days of receipt of the application by the NMOCD.

Lance Oil & Gas Company, Inc. is applying to the NMOCD for a non-standard location for its proposed Lance Oil & Gas FRPC 30 #2 well in the Fruitland Coal/Pictured Cliffs formation. The minimum distance from quarter section lines required by NMOCD rules is 660'. Due to existing surface conditions (large cliff), the well is approximately 210' too close to the north/south quarter line of Section 30 and therefore non-standard. The BLM Authorized Officer (Albert Gonzales) requested the location during the BLM on-site for this location.

Lance Oil & Gas Company, Inc. is also applying to the NMOCD for a non-standard proration unit for this well the Pictured Cliffs formation. According to NMOCD rules, acreage dedicated to a Pictured Cliffs well (West Kutz PC for this well) must be at least 70% of a standard proration unit (160.00 acres). Therefore the minimum for a Pictured Cliffs well would be 112 acres or 70% of 160. Acreage for the referenced well is 92.30 acres because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO).

Well Name:	FRPC 30 #2
Proposed Producing Zone:	Fruitland Coal/Pictured Cliffs
Acreage Dedication:	N/2 FC (252.30 Acres) and NW/4 PC (92.30 Acres) of Section 30, T29N, R13W, NMPM, San Juan Co., NM
Location:	910' FNL & 1065' FWL, Section 30, T29N, R13W, NMPM, San Juan Co., NM
Applicant's Name:	Lance Oil & Gas Company, Inc.
Applicant's Address:	Post Office Box 70, Kirtland, New Mexico 87417
Applicant's Phone No.	505/598-5601

December 13, 2004
Page Two

Submittal Information: Application for a non-standard location/non-standard proration unit will be filed with the NMOCD. If they determine the application complies with the regulations, it will be approved. Any questions can be submitted to the New Mexico Oil Conservation Division, whose address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Their phone number is 505/476-3440.

Thank you for your consideration in this matter.

Please call me at 505/598-5601, Extension 57, (Lance's Land Office) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Lehrman', with a stylized flourish extending to the right.

Paul Lehrman
Sr. Landman

Enclosures

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Frank Schilling
Burlington Res.
Box 4289
Farm. NM 87499

2. Article Number
(Transfer from service label)

7002 3150 0002 0908 6227

PS Form 3811, August 2001

Domestic Return Receipt

2ACPRI-03-Z-0985

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

CERTIFIED MAIL™

7002 3150 0002 0908 6227

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark
Here

Sent To

Burlington Res.

Street, Apt. No.,
or PO Box No.

Box 4289

City, State, ZIP+4

Farm. NM 87499

PS Form 3800, June 2002

See Reverse for Instructions

LANCE OIL & GAS COMPANY, INC.

PO Box 70



Kirtland, New Mexico 87417

December 13, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0908 6210

Edwards Energy
1200 17th Street, Suite 2100
Denver, CO 80202

RE: Non-Standard Location Application
Non-Standard Proration Application
Proposed Fruitland Coal/PC Well
Lance FRPC 30 #2
Township 29 North, Range 13 West, NMPM
910' FNL & 1065' FWL
Section 30: NW/4
San Juan County, New Mexico

Gentlemen:

As required by New Mexico Oil Conservation Division (NMOCD) Rules, this letter will serve to notify you of the following non-standard location application and non-standard proration unit application for a well. This letter is a notice only. No action is required on your part unless you have questions or objections. Any objections must be filed in writing within 20 days of receipt of the application by the NMOCD.

Lance Oil & Gas Company, Inc. is applying to the NMOCD for a non-standard location for its proposed Lance Oil & Gas FRPC 30 #2 well in the Fruitland Coal/Pictured Cliffs formation. The minimum distance from quarter section lines required by NMOCD rules is 660'. Due to existing surface conditions (large cliff), the well is approximately 210' too close to the north/south quarter line of Section 30 and therefore non-standard. The BLM Authorized Officer (Albert Gonzales) requested the location during the BLM on-site for this location.

Lance Oil & Gas Company, Inc. is also applying to the NMOCD for a non-standard proration unit for this well the Pictured Cliffs formation. According to NMOCD rules, acreage dedicated to a Pictured Cliffs well (West Kutz PC for this well) must be at least 70% of a standard proration unit (160.00 acres). Therefore the minimum for a Pictured Cliffs well would be 112 acres or 70% of 160. Acreage for the referenced well is 92.30 acres because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO).

Well Name:	FRPC 30 #2
Proposed Producing Zone:	Fruitland Coal/Pictured Cliffs
Acreage Dedication:	N/2 FC (252.30 Acres) and NW/4 PC (92.30 Acres) of Section 30, T29N, R13W, NMPM, San Juan Co., NM
Location:	910' FNL & 1065' FWL, Section 30, T29N, R13W, NMPM, San Juan Co., NM
Applicant's Name:	Lance Oil & Gas Company, Inc.
Applicant's Address:	Post Office Box 70, Kirtland, New Mexico 87417
Applicant's Phone No.	505/598-5601

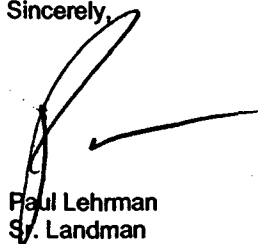
December 13, 2004
Page Two

Submittal Information: Application for a non-standard location/non-standard proration unit will be filed with the NMOCD. If they determine the application complies with the regulations, it will be approved. Any questions can be submitted to the New Mexico Oil Conservation Division, whose address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Their phone number is 505/476-3440.

Thank you for your consideration in this matter.

Please call me at 505/598-5601, Extension 57, (Lance's Land Office) if you have any questions.

Sincerely,

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Paul Lehrman
Sr. Landman

Enclosures

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Edwards Energy
1200 17th St. Ste 2100
Denver, Co 80202

**2. Article Number
(Transfer from service label)**

7002 3150 0002 0908 6210

PS Form 3811, August 2001

Domestic Return Receipt

2ACPRI-03-Z-0985

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

**D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No**

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

CERTIFIED MAIL™

7002 3150 0002 0908 6210
7002 3150 0002 0908 6210

U.S. Postal Service™

CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage \$

Certified Fee

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$

Postmark
Here

Sent To

Edwards Energy

Street, Apt. No.,
or PO Box No.

1200 17th St, Ste 2100

City, State, ZIP+4

Denver, CO 80202

PS Form 3800, June 2002

See Reverse for Instructions

LANCE OIL & GAS COMPANY, INC.

PO Box 70



Kirtland, New Mexico 87417

December 13, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0908 6203

Paramount Petroleum
Post Office Box 22763
Houston, TX 77027

RE: Non-Standard Location Application
Non-Standard Proration Application
Proposed Fruitland Coal/PC Well
Lance FRPC 30 #2
Township 29 North, Range 13 West, NMPM
910' FNL & 1065' FWL
Section 30: NW/4
San Juan County, New Mexico

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Lance Oil & Gas Company, Inc. is also applying to the NMOCD for a non-standard proration unit for this well the Pictured Cliffs formation. According to NMOCD rules, acreage dedicated to a Pictured Cliffs well (West Kutz PC for this well) must be at least 70% of a standard proration unit (160.00 acres). Therefore the minimum for a Pictured Cliffs well would be 112 acres or 70% of 160. Acreage for the referenced well is 92.30 acres because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO).

Well Name:	FRPC 30 #2
Proposed Producing Zone:	Fruitland Coal/Pictured Cliffs
Acreage Dedication:	N/2 FC (252.30 Acres) and NW/4 PC (92.30 Acres) of Section 30, T29N, R13W, NMPM, San Juan Co., NM
Location:	910' FNL & 1065' FWL, Section 30, T29N, R13W, NMPM, San Juan Co., NM
Applicant's Name:	Lance Oil & Gas Company, Inc.
Applicant's Address:	Post Office Box 70, Kirtland, New Mexico 87417
Applicant's Phone No.	505/598-5601

December 13, 2004
Page Two

Submittal Information: Application for a non-standard location/non-standard proration unit will be filed with the NMOCD. If they determine the application complies with the regulations, it will be approved. Any questions can be submitted to the New Mexico Oil Conservation Division, whose address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Their phone number is 505/476-3440.

Thank you for your consideration in this matter.

Please call me at 505/598-5601, Extension 57, (Lance's Land Office) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Lehrman', with a stylized flourish extending to the right.

Paul Lehrman
Sr. Landman

Enclosures

SENDER: COMPLETE THIS SECTION

- Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Paramount Petroleum
Box 22763
Houston, TX
77027

2. Article Number
(Transfer from service label)

7002 3150 0002 0908 6203

PS Form 3811, August 2001

Domestic Return Receipt

2ACPRI-03-Z-0985

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

- D. Is delivery address different from item 1?** ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

- ☐ Yes

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE
CERTIFIED MAIL™

U.S. Postal Service™

CERTIFIED MAIL™ RECEIPT

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Certified Fee

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(Endorsement Required)

Total Postage & Fees \$

Postmark
Here

Sent To

Paramount Petroleum

Street, Apt. No.,
or PO Box No.

Box 22763

City, State, ZIP+4

Houston, TX 77027

PS Form 3800, June 2002

See Reverse for Instructions

LANCE OIL & GAS COMPANY, INC.

PO Box 70



Kirtland, New Mexico 87417

December 13, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0908 6197

Navajo Nation Minerals Dept.
Post Office Box 1910
Window Rock, AZ 86515

RE: Non-Standard Location Application
Non-Standard Proration Application
Proposed Fruitland Coal/PC Well
Lance FRPC 30 #2
Township 29 North, Range 13 West, NMPM
910' FNL & 1065' FWL
Section 30: NW/4
San Juan County, New Mexico

Gentlemen:

As required by New Mexico Oil Conservation Division (NMOCD) Rules, this letter will serve to notify you of the following non-standard location application and non-standard proration unit application for a well. This letter is a notice only. No action is required on your part unless you have questions or objections. Any objections must be filed in writing within 20 days of receipt of the application by the NMOCD.

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Well Name:	FRPC 30 #2
Proposed Producing Zone:	Fruitland Coal/Pictured Cliffs
Acreage Dedication:	N/2 FC (252.30 Acres) and NW/4 PC (92.30 Acres) of Section 30, T29N, R13W, NMPM, San Juan Co., NM
Location:	910' FNL & 1065' FWL, Section 30, T29N, R13W, NMPM, San Juan Co., NM
Applicant's Name:	Lance Oil & Gas Company, Inc.
Applicant's Address:	Post Office Box 70, Kirtland, New Mexico 87417
Applicant's Phone No.	505/598-5601

December 13, 2004
Page Two

Submittal Information: Application for a non-standard location/non-standard proration unit will be filed with the NMOCD. If they determine the application complies with the regulations, it will be approved. Any questions can be submitted to the New Mexico Oil Conservation Division, whose address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Their phone number is 505/476-3440.

Thank you for your consideration in this matter.

Please call me at 505/598-5601, Extension 57, (Lance's Land Office) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to be 'P. Lehman', with a long horizontal stroke extending to the right.

Paul Lehman
Sr. Landman

Enclosures

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: <div style="text-align: center;"> <i>Navajo Nation Minerals Box 1910 Dept Window Rock, AZ 86515</i> </div>		B. Received by (Printed Name) C. Date of Delivery	
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
		7002 3150 0002 0908 6197	

PS Form 3811, August 2001

Domestic Return Receipt

2ACPRI-03-Z-0985



U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To *Navajo Nation Minerals Dept*
Street, Apt. No., or PO Box No. *Box 1910*
City, State, ZIP+4 *Window Rock, AZ 86515*

PS Form 3800, June 2002
See Reverse for Instructions

County San Juan Pool West Kutz - Pictured Cliffs

TOWNSHIP 29 North RANGE 13 West NEW MEXICO PRINCIPAL MERIDIAN



Description: All Sec. 25 thru 28; All Sec. 33 thru 36 (R-566, 12-73-54)
Ext: SE 1/4 Sec. 20; SW 1/4 Sec. 21 (R-1284, 12-1-58) - SW 1/4 Sec. 17;
SE 1/4 Sec. 18; N 1/2 Sec. 20 (R-1798, 11-1-60) Ext: S 1/2 Sec. 24 (R-6327, 5-1-80)
Ext: SW 1/4 Sec. 18, N 1/2 Sec. 19 (R-6886, 1-22-82)
Ext: NE 1/4 Sec. 24 (R-7495, 4-5-84) Ext: NW 1/4 Sec. 24 (R-8180, 3-14-86)
Ext: All Sec. 13 (R-9573, 8-23-91) Ext: SE 1/4 Sec. 12 (R-10194, 9-19-94)
Ext: NE 1/4 Sec. 12 (R-10357, 5-2-95) Ext: W 1/2 Sec. 12, E 1/2 Sec. 14, E 1/2 Sec. 23 (R-10610, 6-18-96)
Ext: SE 1/4 Sec. 11 (R-10676, 10-1-96) Ext: W 1/2 Sec. 14, S 1/2 and NE 1/4 Sec. 15, S 1/2 Sec. 16,
SE 1/4 Sec. 17, N 1/2 and SE 1/4 Sec. 21, All Sec. 22, W 1/2 Sec. 23 (R-10902, 10-12-97)
Ext: NW 1/4 Sec. 15 (R-11173, 5-5-99)

RECEIVED

DEC 14 2004

COPY

Form 3160-3
(September 2001)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

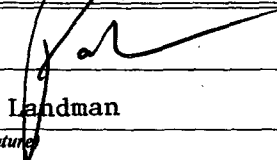

OIL CONSERVATION

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			5. Lease Serial No. NMSF-079065	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name N/A	
2. Name of Operator Lance Oil & Gas Company, Inc.			7. If Unit or CA Agreement, Name and No. N/A	
3a. Address Box 70, Kirtland, NM 87417		3b. Phone No. (include area code) 598-5601	8. Lease Name and Well No. FRPC 30 #2	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 910' FNL & 1065' FWL At proposed prod. zone Same			9. API Well No. 30-045-	
14. Distance in miles and direction from nearest town or post office* 3 miles SW of Farmington, NM			10. Field and Pool, or Exploratory W Kutz PC/Basin Fr. Coal	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 410'			11. Sec., T., R., M., or Blk. and Survey or Area Sec. 30-T29N-R13W, NMPM	
16. No. of Acres in lease 1470.81		17. Spacing Unit dedicated to this well NW/4-PC 92.30 Acres N/2-FC 252.30 Acres		
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 50'		19. Proposed Depth 1500'		
20. BLM/BIA Bond No. on file BLM Nationwide # 965004351		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5520' GR		
22. Approximate date work will start* Upon approval		23. Estimated duration 2 Weeks		
24. Attachments				

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Paul Lehrman	Date 12-13-04
Title Sr. Landman		
Approved by (Signature) 	Name (Printed/Typed)	Date
Title	Office	

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

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 reverse)

See negative Arch report LAC 2002-15k.
All references to Richardson are now Lance.

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045-	Pool Code 79690	Pool Name West Kutz PC
Property Code	Property Name FRPC 30	Well Number 2
OGRD No. 229938	Operator Name LANCE OIL & GAS COMPANY, INC.	Elevation 5520'

Surface Location

UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from	North/South	Feet from	East/West	County
C	30	29 N.	13 W.		910'	NORTH	1065'	West	SAN JUAN

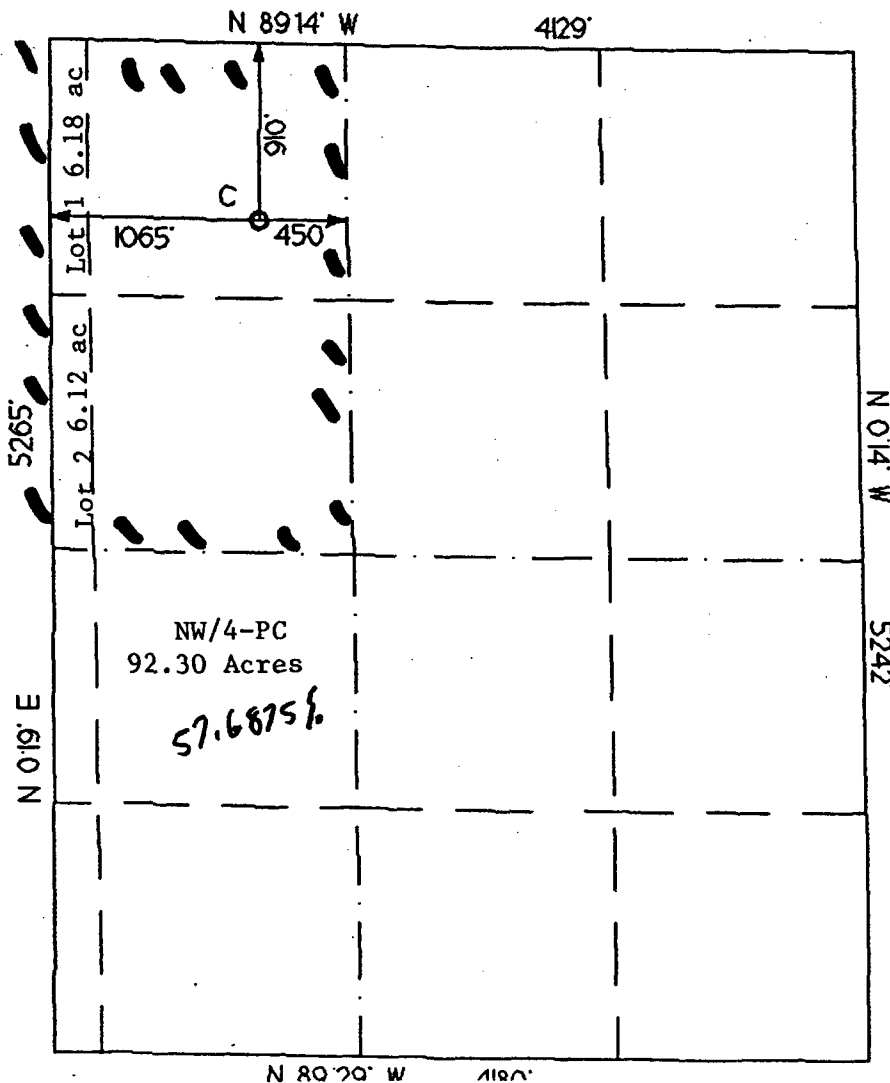
Bottom Hole Location If Different From Surface

UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from	North/South	Feet from	East/West	County

Dedication NW/4	Joint ?	Consolidation	Order No.
--------------------	---------	---------------	-----------

92.30 ac

NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

Paul Lehrman

Title

Sr. Landman

Date

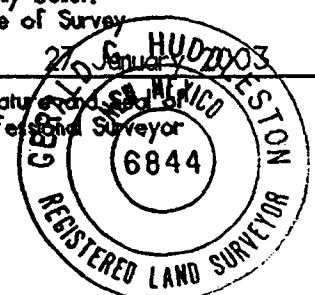
12-13-04

SURVEYOR CERTIFICATION

I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

Signature and Seal of Professional Surveyor



State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

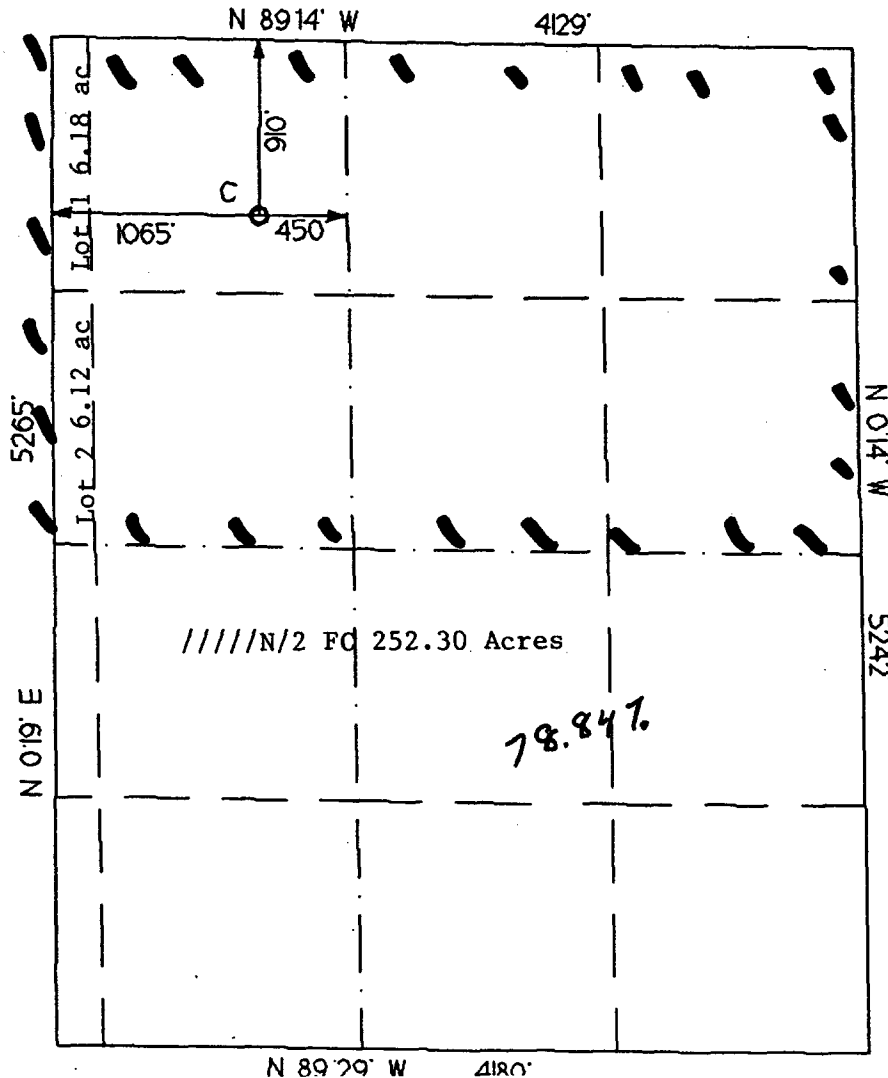
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code	Property Name FRPC 30	Well Number 2
OGRD No. 229938	Operator Name LANCE OIL & GAS COMPANY, INC.	Elevation 5520'

Surface Location									
UL or Lot C	Sec. 30	Twp. 29 N.	Rge. 13 W.	Lot Ltn.	Feet from >	North/South NORTH	Feet from >	East/West West	County SAN JUAN

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Ltn.	Feet from >	North/South	Feet from >	East/West	County
Dedication N/2	Joint ?	Consolidation			Order No.				

252.30 Ac. NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature	
Printed Name	Paul Lehrman
Title	Sr. Landman
Date	12-13-04
SURVEYOR CERTIFICATION	
I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
Date of Survey	27 January 2005
Signature	
Professional Surveyor	6844

Lance Oil & Gas Company, Inc.
FRPC 30 #2
910' FNL & 1065' FWL
Section 30, T29N, R13W, NMPM
San Juan County, New Mexico

DRILLING PROGRAM

1. ESTIMATED FORMATION TOPS:

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea Elevation</u>
Kirtland Shale	000'	005'	+5,520'
Fruitland Fm	895'	900'	+4,625'
Fruitland Coal	1005'	1010'	+4,515'
Pictured Cliffs Ss	1180'	1185'	+4,340'
Lewis Shale	1275'	1280'	+4,245'
Total Depth (TD)*	1500'	1505'	+4,020'

*All elevations reflect the ungraded ground level of 5,520'

2. NOTABLE ZONES:

<u>Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Fruitland	Fruitland Coal	Fruitland Coal
Pictured Cliffs		

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Centralizers will be run through usable water zones to ensure that the casing is centralized through these zones. Number of centralizers will be based on API standards. A turbulizing centralizer will be run to ensure an adequate cement procedure just below the base of the lowest usable water zone. Oil and gas shows will be tested for commercial potential based on the well site representatives recommendations.

3. PRESSURE CONTROL:

The drilling contract has not yet been awarded, thus the exact BOP model to be used is unknown. (A typical 2,000 psi model has been attached to the end of the drilling program.) Double ram or annular system with a rotating head will be used. All ram preventers and related equipment will be hydraulically tested at nipple up and after any use under pressure to 1000 psi.

Blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. BOP equipment will include a floor safety valve, kelly cock and choke manifold rated to 2000 psi. Maximum expected pressure is less than 1000 psi.

Drilling Program
Lance Oil & Gas Company, Inc.

Page Two

4. CASING AND CEMENTING PROGRAM:

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>GL Setting Depth</u>
12 1/4"	8 5/8"	24	J-55	New	120'
7 7/8"	5 1/2"	15.5	J-55	New	1500'

Surface casing will be cemented to surface with ≈ 120 cu.ft. (≈ 100 sx) Howco Type II. Volume is based on 100% excess, yield of 1.20 cu.ft./sk, and slurry weight of 15.6 ppg. WOC = 12 hours. Pressure test surface casing to 600 psi for 30 minutes.

Production casing hole will first be cleaned of rock chips by circulating at least 150% of hole volume with drilling fluid to surface. Thirty barrels of fresh water will then be circulated. Lead with ≈ 278 cu.ft. (≈ 153 sx) Howco TX1 Lightweight (yield = 1.82 cu.ft./sk, slurry weight = 12.0 ppg). Tail in with ≈ 111 cu.ft. (≈ 87 sx) Howco TX 1 Lightweight (yield = 1.29 cu.ft./sk, weight = 13.5 ppg). Total cement volume is ≈ 390 cu.ft. based on 50% excess and circulating to surface.

Production casing will have 5 1/2" cement guide shoe and self fill float collar. Float will be placed one joint above the shoe. Six centralizers will be spaced every other joint starting above the shoe. Six turbolizers will be placed every other joint starting from the top of the well.

5. MUD PROGRAM:

Surface casing hole will be drilled with fresh water. Production casing hole will be drilled with a fresh water polymer mud. Weighting material will be drill solids or, if needed, barite. Maximum expected mud weight will be 8.7 ppg. Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well while drilling.

6. CORING, TESTING, & LOGGING:

No cores or DSTs are planned. A cased hole CNL/GR will be run from TD to surface.

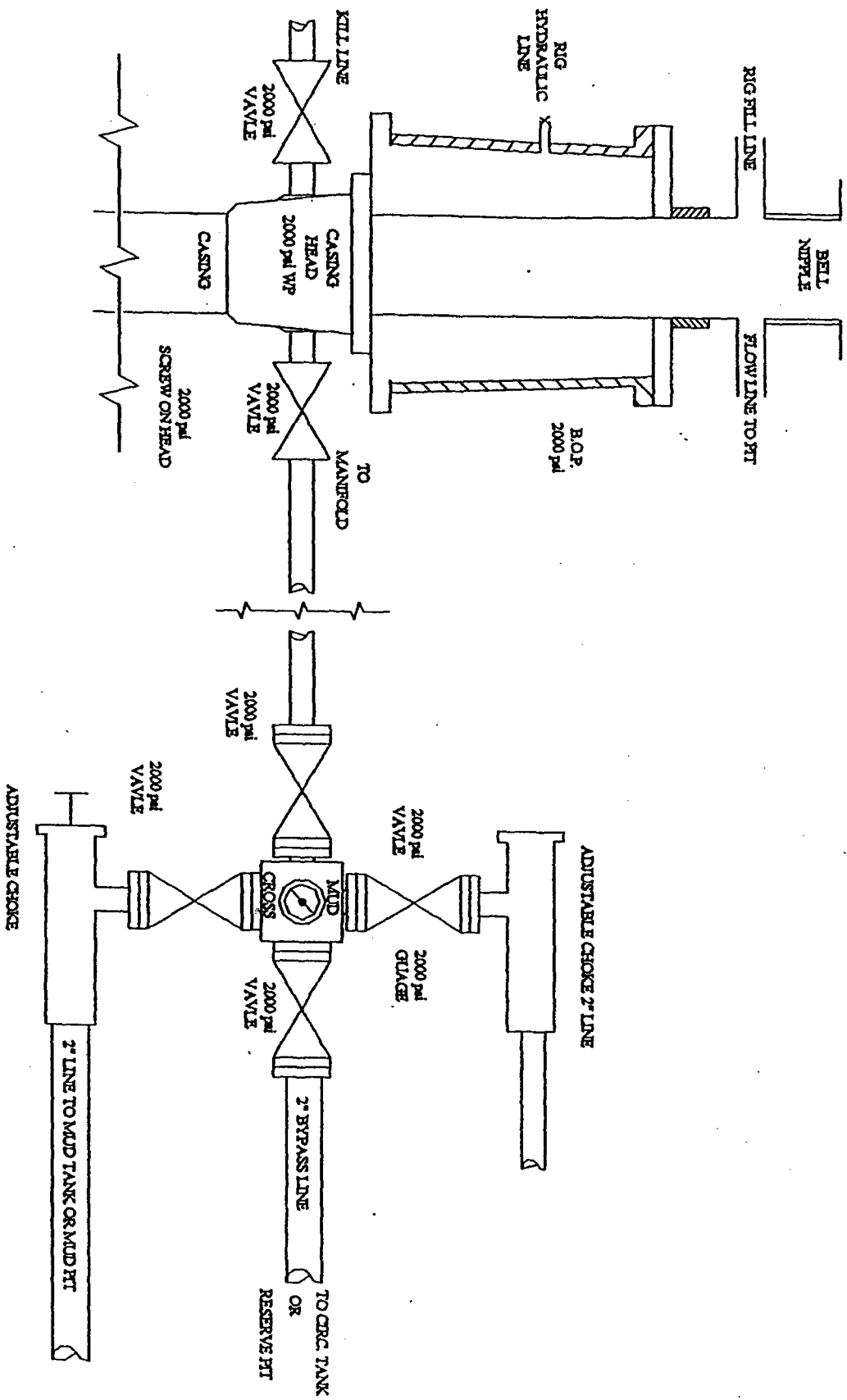
7. DOWNHOLE CONDITIONS:

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be approximately ≈ 520 psi.

8. OTHER INFORMATION:

The anticipated spud date is February 15, 2005. It should take 5 days to drill and one (1) week to complete the well.

BLOW OUT PREVENTER (B.O.P.)



Lance Oil & Gas Company, Inc.
FRPC 30 #2
910' FNL & 1065' FWL
Section 30, T29N, R13W, NMPM
San Juan County, New Mexico

SURFACE USE PLAN

1. DIRECTIONS & EXISTING ROADS: (See attached plat)

From the junction of NM 371 and Pinon Street in Farmington, New Mexico,
Go 1.82 miles South on NM 371,
Turn right in Dunes RV Park and go approximately .45 miles westerly on dirt road to existing
Lance FRPC 19 #4 location, turn right and drive .63 miles to location via existing two track road.

Roads will be maintained to a standard at least equal to their present condition.

2. ROADS TO BE UPGRADED OR BUILT:

3325' of existing two track will be upgraded. Culverts will be placed as necessary.

3. EXISTING WELLS:

According to NM Oil Conservation Division records in Santa Fe and the State Engineers office in Aztec, New Mexico, there are five gas wells and nine plugged and abandoned wells within a mile radius, no water and no oil or injection wells within a mile. The gas wells and plugged and abandoned wells are depicted on the plat on page 14.

4. PROPOSED PRODUCTION FACILITIES:

A separator is planned on the pad. A pump jack will be installed to remove water from the wellbore. Surface equipment will be painted a flat juniper green color. Gas/Water will be taken via pipelines (laid in same trench) and taken approximately 3325' Northeasterly from the well pad to an existing Lance facility previously approved and permitted by the BLM (Lance Oil & Gas Company, Inc. F-RPC 29 #2 Well tie pipeline). See page 13 for pipeline route and plat. Negative Archaeological report LAC 2002-15k from La Plata consultants dated 3-6-03 is attached showing the proposed route for the pipeline and road.

5. WATER SUPPLY

Water will trucked from a private water source in Farmington, New Mexico.

6. CONSTRUCTION MATERIALS & METHODS:

NM One Call (1-800-321-ALERT) will be notified prior to any new construction. A minimum 12 mil plastic liner will be installed in the reserve pit.

7. WASTE DISPOSAL:

All trash will be placed in a portable trash cage. It will be hauled to the county landfill. There will be no trash burning. Once dry, the contents of the reserve pit will be buried in place. Human waste will be disposed of in chemical toilets and hauled to an approved dump station.

8. ANCILLARY FACILITIES:

There will be no airstrips or camps. Camper trailers may be on location for the company man, tool pusher, or mud logger.

9. WELL SITE LAYOUT:

See attached for depictions of the well pad, cross section, cut and fill diagram, reserve pit, trash cage, access onto the location, parking and living facilities, and rig orientation.

10. PERMIT FOR PIT AND RECLAMATION PROCEDURES:

Within this APD, this is also an application for an individual well pit permit pursuant NMOCD 19.15.2.50. Once closed, the pit will be backfilled with soil and the pit and the well pad will be recontoured to a natural appearance, soil spread evenly over disturbed areas, and disturbed areas ripped or harrowed. BLM's seed mix approved for the area will be drilled between July 1 and September 15. If broadcast, the rate will be doubled. A harrow or cable will be dragged over the area to assure seed cover.

If the well is a producer, then the reserve pit and any other areas not needed for workovers will be reclaimed as previously described.

11. SURFACE OWNER:

Well site, existing road and pipeline are all on lease. All facilities are all on Bureau of Land Management surface.

12. OTHER INFORMATION:

The nearest hospital is a 10 minute drive away in southwest Farmington.

13. REPRESENTATION:

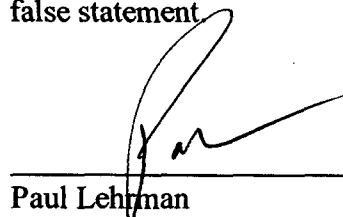
Anyone having questions concerning the APD should call Paul Lehrman and/or the field representative:

Paul Lehrman
Lance Oil & Gas Company, Inc. Land Department 505/598-5601 Ext. 57
Cell 505/486-0066
Fax 505/598-0064

Doug Barone, Production Operations Manager
Lance Oil & Gas Company, Inc.
Box 70
Kirtland, NM 87417
(505) 598-5601 Ext. 59
FAX (505) 598-0064
(505) 947-1195 CELL

Lance Oil & Gas Company, Inc. has the right as partial leaseholder of NMSF-079065 to conduct lease operations in conjunction with this well. Bond coverage is pursuant to 43 CFR 3104 for lease activities and operations are being provided by Lance Oil & Gas Company, Inc.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Lance Oil & Gas Company, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to provisions of 18 USC 1001 for the filing of a false statement



Paul Lehrman
Sr. Petroleum Landman

December 13, 2004

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045-
5. Indicate Type of Lease Federal STATE <input type="checkbox"/> FEE <input type="checkbox"/> NMSF-
6. State Oil & Gas Lease No. 079065
7. Lease Name or Unit Agreement Name FRPC 30
8. Well Number #2
9. OGRID Number 229938
10. Pool name or Wildcat W Kutz PC/Basin Fr. Coal

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH
PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Lance Oil & Gas Company, Inc.

3. Address of Operator
Box 70, Kirtland, NM 87417

4. Well Location
Unit Letter C : 910 feet from the North line and 1065 feet from the West line
Section 30 Township 29N Range 13W NMPM San Juan County NM

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5520 GR

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Drilling Depth to Groundwater >100' Distance from nearest fresh water well >500' Distance from nearest surface water >500'
Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material Impervious Plastic

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

OTHER: Pit Permit ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Pit permit pursuant to NMOCD Rule 50.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

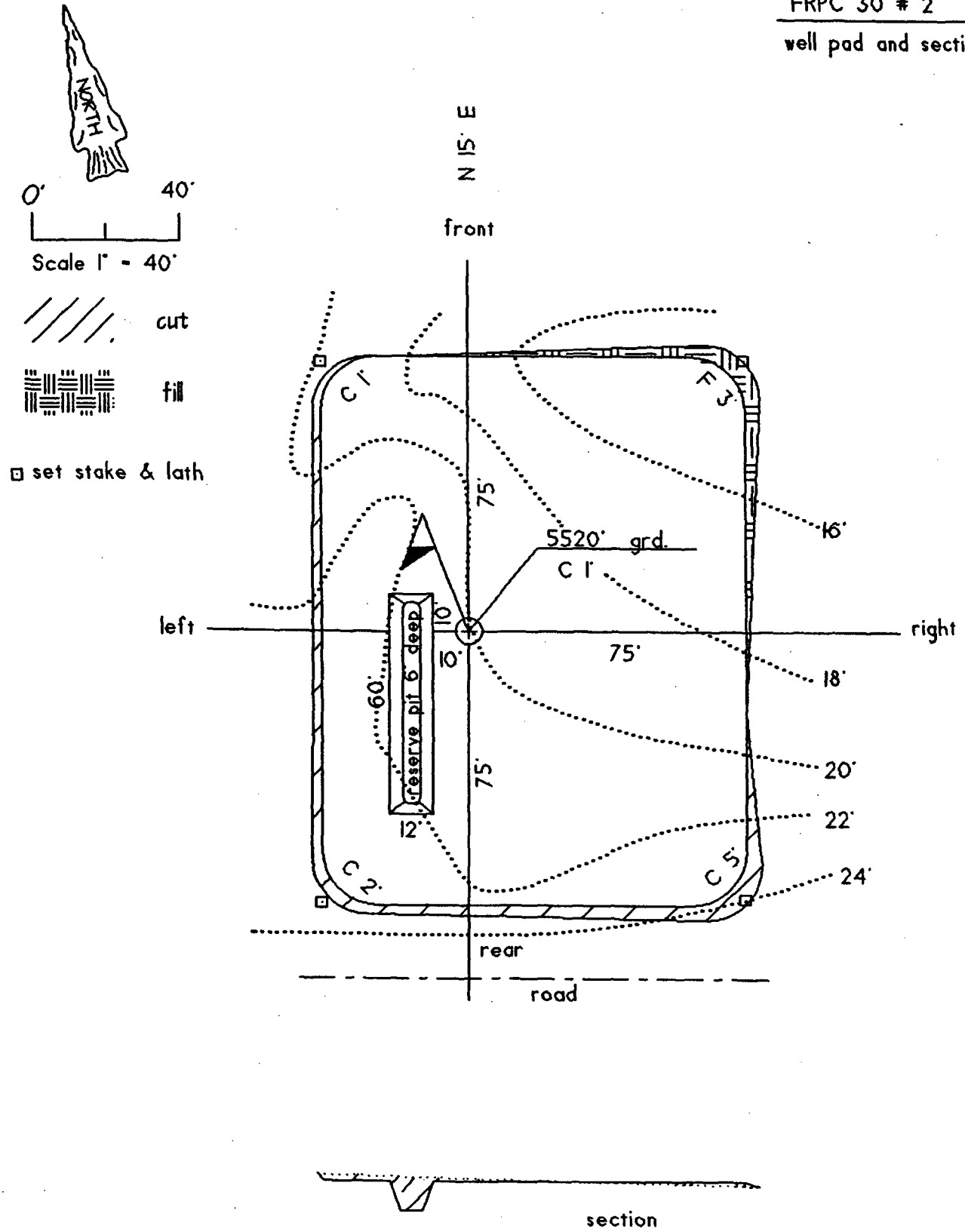
SIGNATURE Paul Lehrman TITLE Sr. Landman DATE 12-13-04

Type or print name Paul Lehrman E-mail address: plehrman@westerngas.com Telephone No. 598-560
Ext. 5
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any): _____

FRPC 30 # 2

well pad and section



PAGE 13

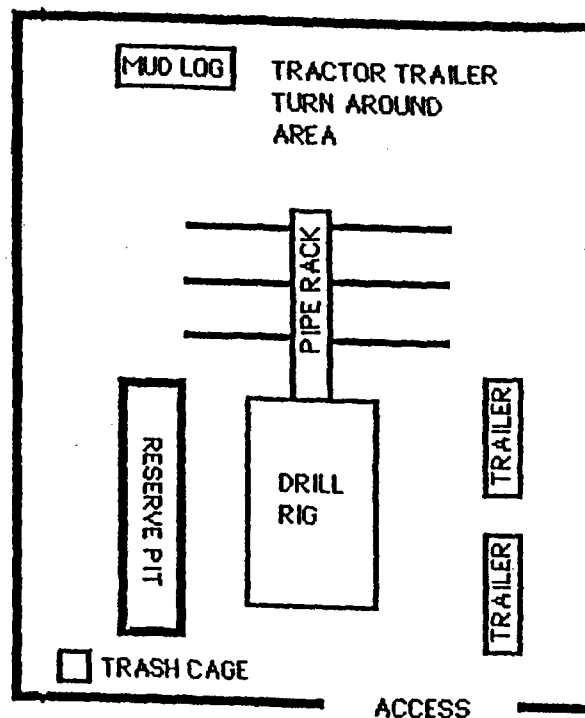
WELL SITE LAYOUT

LANCE OIL & GAS COMPANY. INC.

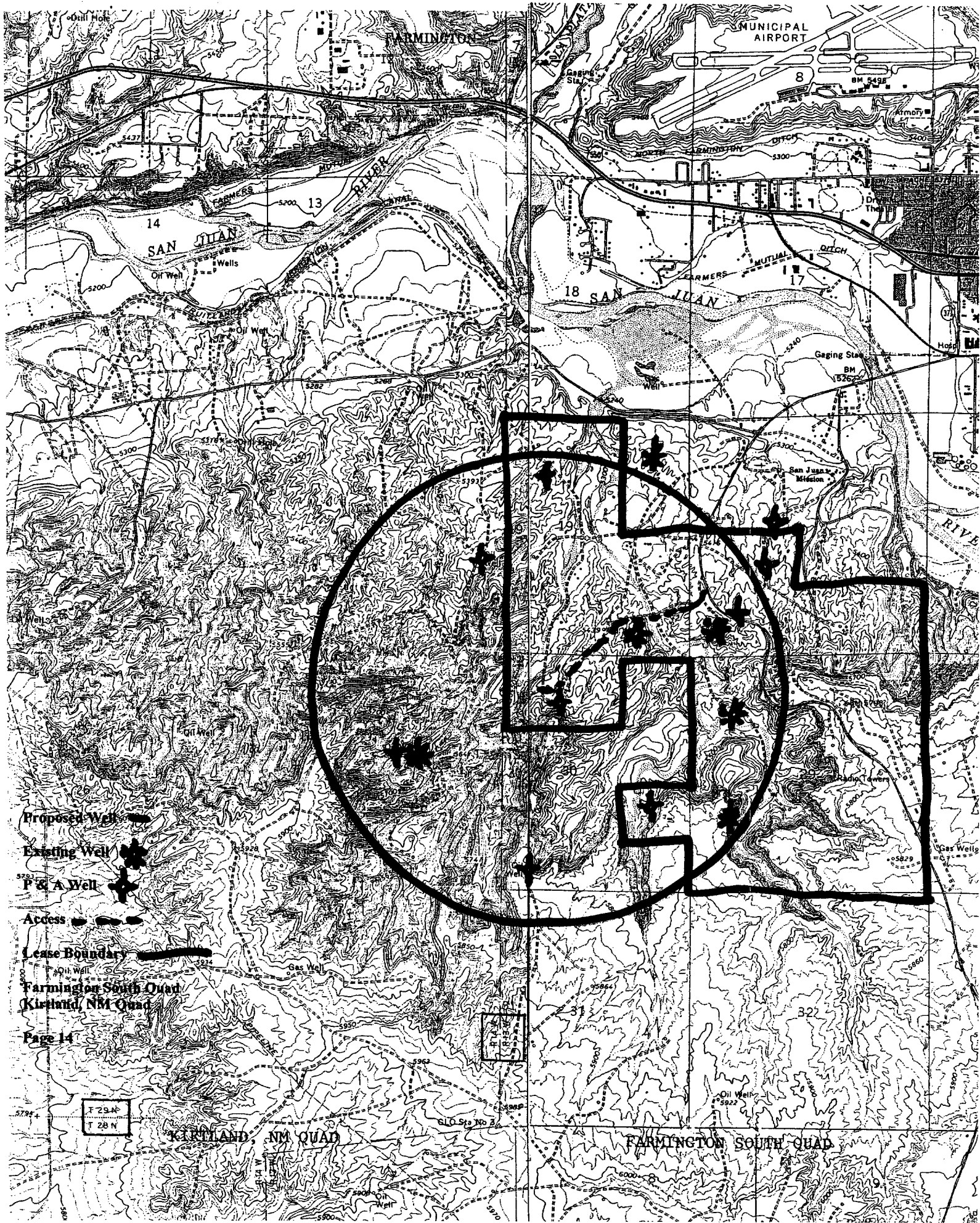
FRPC 30 #2

910' FNL & 1065' FWL

**SECTION 30, TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM
SAN JUAN COUNTY, NEW MEXICO**



NORTH



- Proposed Well
- Existing Well
- P & A Well
- Access

Lease Boundary

Farmington South Quad
Kirtland NM Quad

F 29 N
T 28 N

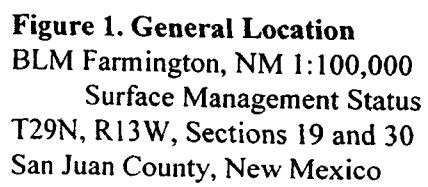
KIRTLAND NM QUAD

FARMINGTON SOUTH QUAD

NEGATIVE SURVEY AND MONITORING REPORT

BLM/FDO 1/99

1. BLM Report No.	2. BLM Review (initial & date)	3. NMCRIS Project No. 82461
4. Title of Report: A Cultural Resources Survey of Richardson Operating Company's FRPC 30-2 Well Pad, Access Road, and Pipeline, San Juan County, New Mexico Author: Steven Fuller	5. Fieldwork Date(s) March 4, 2003	
	6. Report Date March 6, 2003	
7. Consultant Name & Address: Field Supervisor: Steven Fuller Other Crew Members: Org. Name: La Plata Archaeological Consultants Org. Address: 26851 County Road P, Dolores, Colorado 81323 Phone (970) 565-8708; Fax (970) 882-2564	8. Permit No. 19-2920-02-V	
	9. Consultant Report No. LAC Report 2002-15k	
10. Sponsor Name and Address: Ind. Responsible: Anne Jones Org. Name: Richardson Operating Company Org. Address: 3100 La Plata Highway, Farmington, NM 87401 Phone (505) 564-3100	11. Sponsor Project No.	
	12. Area of Effect <u>5</u> (BLM) <u> </u> (Fee) Area Surveyed <u>13.55</u> (BLM) <u> </u> (Fee)	
13. Location (Map Attached) <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> a. State: New Mexico b. County: San Juan c. District: Farmington d. Land Status: BLM, Farmington Field Office lands </div> <div style="width: 50%;"> e. Area: T 29N R 13W Sec. 30 NE ¼ NW ¼ f. Footages: 910 FNL/1065 FWL g. 7.5' Map Name(s): USGS Farmington South, NM 7.5' (USGS Code: 36108-F2) </div> </div>		
14. a. Description of Undertakings: The survey was for a well pad, access road, and pipeline proposed by Richardson Operating Company about 3 miles southwest of Farmington and 1 mile west of NM State Highway 371, within the "Dunes Vehicle Recreation Area" (See Figures 1 and 2). The well pad (150 by 105 ft) is staked overlapping an old abandoned location. Though the road will utilize the existing well access road, it will require considerable improvement. The pipeline is staked on the edge of the road, for a total length of 3325 ft. See Figure 4, well pad plat, and Figure 5, pipeline plat, for project details. b. Existing Data Review: ARMS and BLM searches conducted in February, 2003, indicate that there are five previously recorded sites within 0.5 mile of the area (Figure 3). None are within 1000 ft of the project area, all having been recorded for the ORV recreation area. c. Area Environmental/Cultural Setting: The proposed well pad is located about 1.5 mile south of the San Juan River, in an unnamed canyon system with washes flowing north into the San Juan River. A high mesa rises just to the south and southwest of the project area. The area is covered with wind-blown sand with outcrops of cobbles and occasional sandstone exposures. Large dunes cover the ridges to either side of the project area. Vegetation, where not heavily disturbed by ORV activities, is comprised of scattered juniper, rabbitbrush, sagebrush, ephedra, snakeweed, and grasses. d. Field Methods: Pedestrian transects spaced no greater than 15 m apart were used to survey the proposed well pad and access road/pipeline corridor. Surveyed was a 350 by 305 ft block (2.45 acres) to cover the well pad and 100 ft buffer zones to each side. A corridor measuring 3225 ft long by 150 ft wide was surveyed to cover the portion of the access road and pipeline that exit the block survey area (11.1 acres). Total area examined includes 13.55 acres, all on BLM lands. e. Artifacts Collected?: No		
15. Cultural Resource Findings: N/A a. Location/Identification of Each Resource: N/A b. Evaluation of Significance of Each Resource (above):		
16. Management Summary (Recommendations): Clearance is recommended for the project		



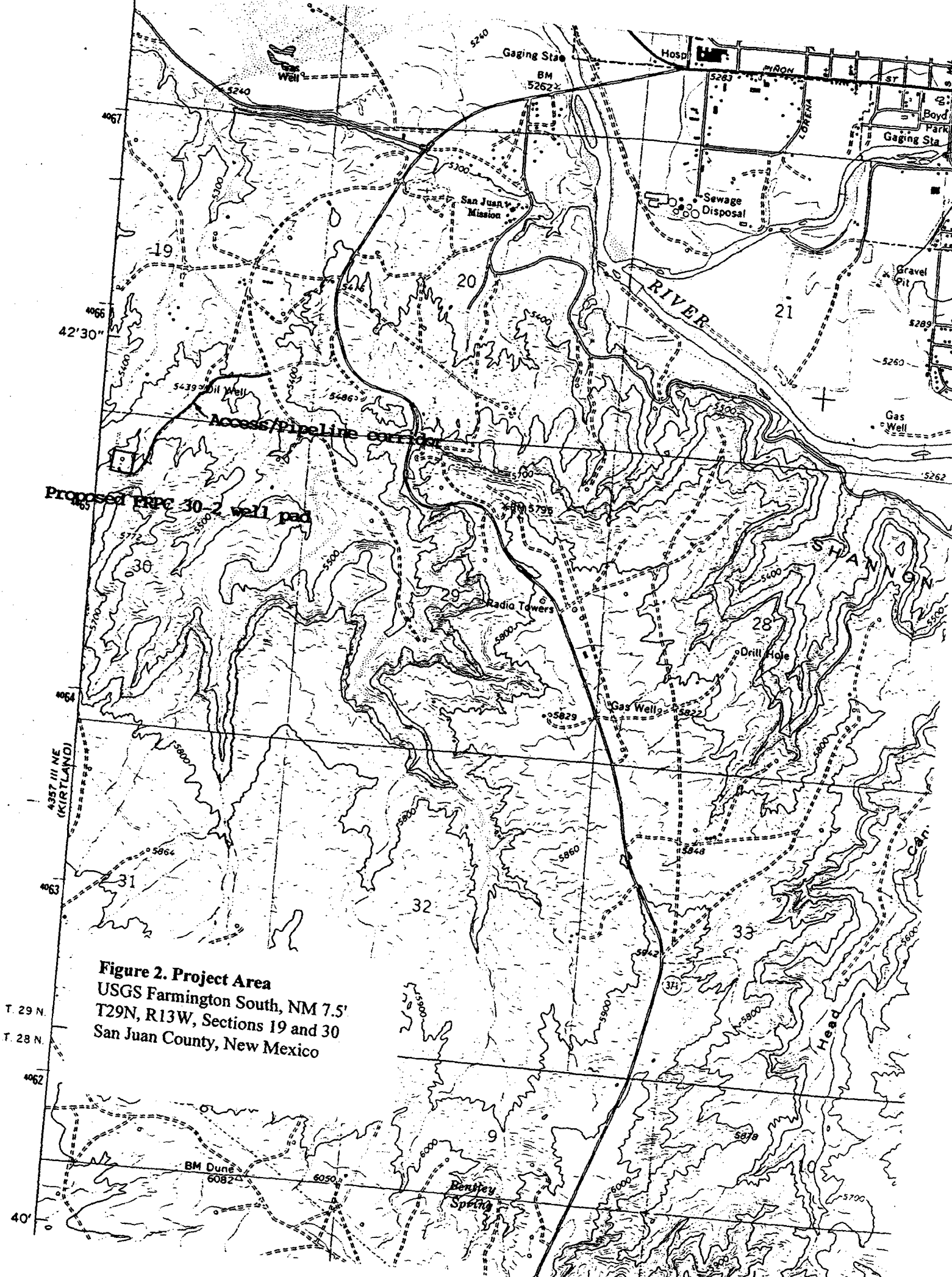
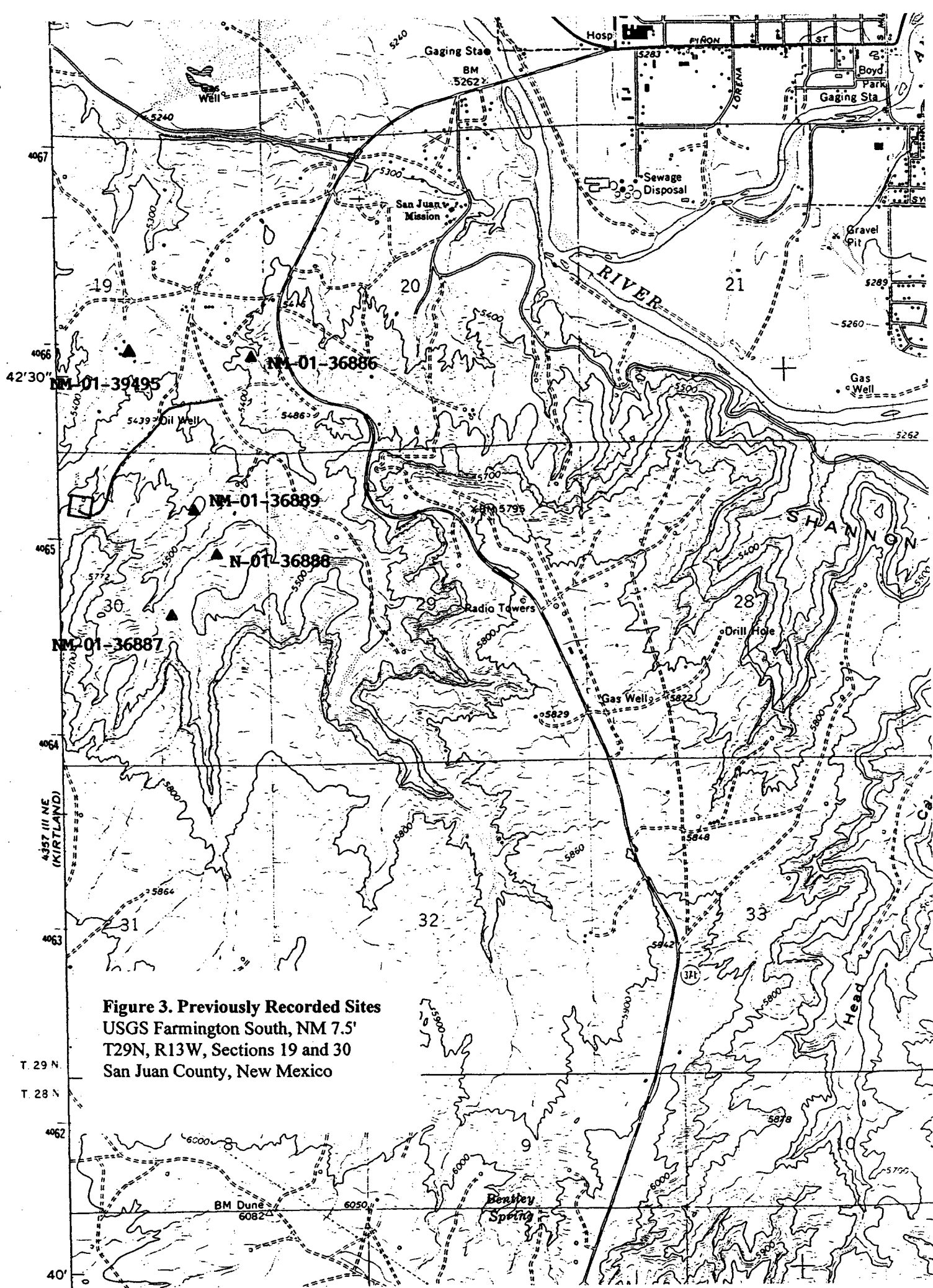


Figure 2. Project Area
USGS Farmington South, NM 7.5'
T29N, R13W, Sections 19 and 30
San Juan County, New Mexico



FRPC 30 # 2

well pad and section

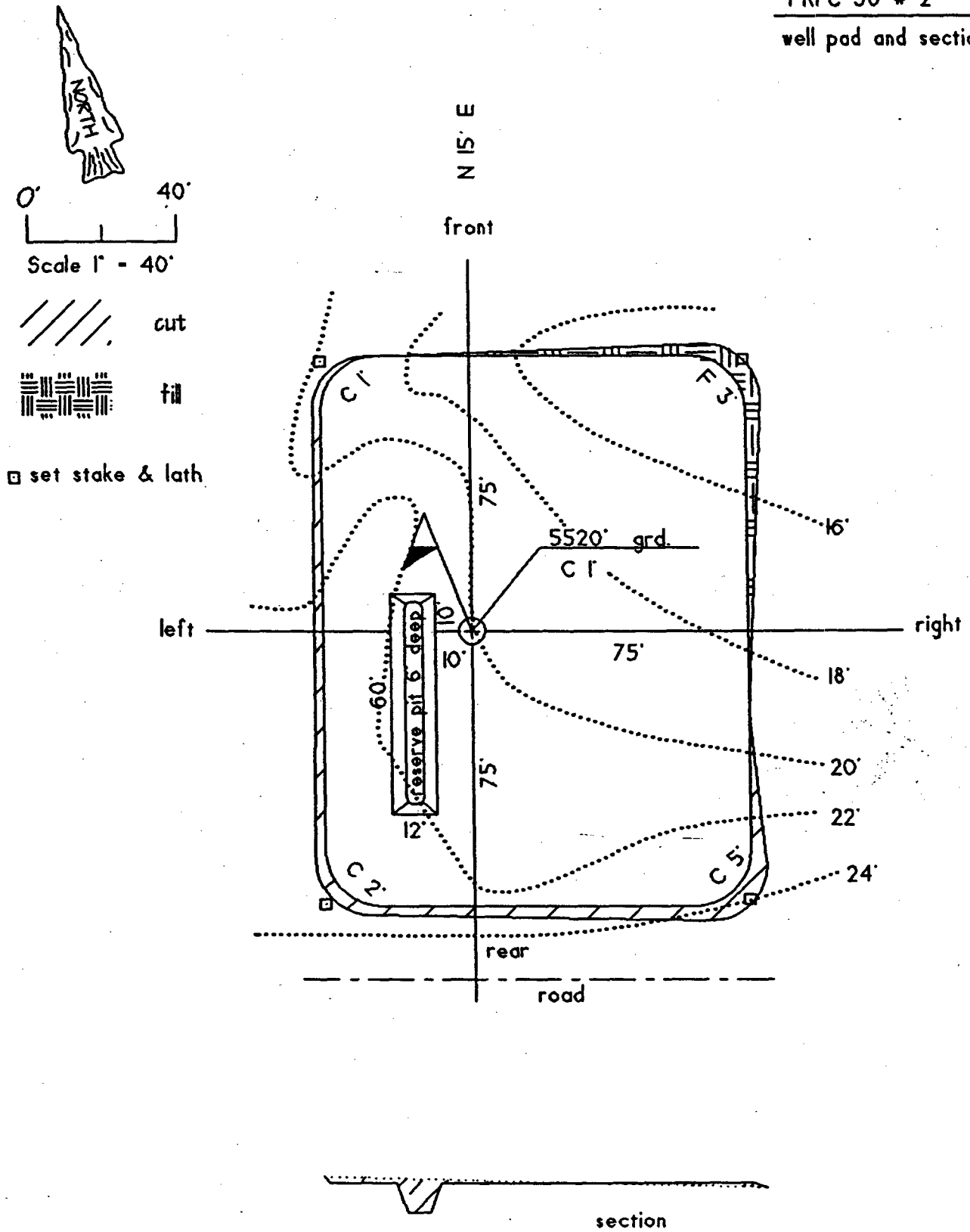
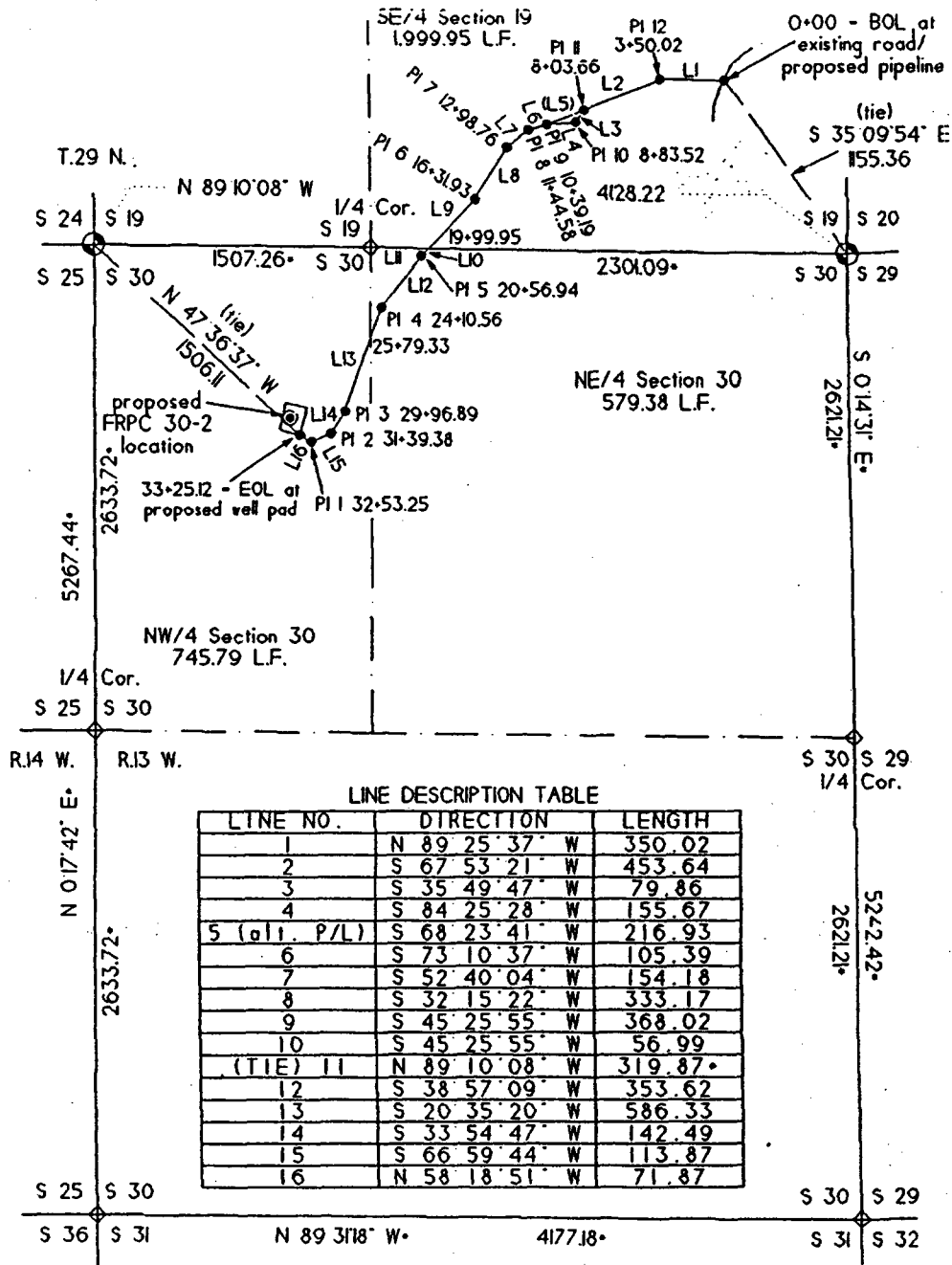


Figure 4. Well pad plat

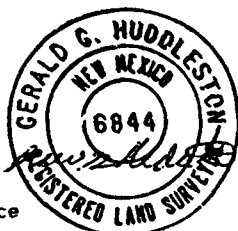
Figure 5. Pipeline plat



Basis of Bearing:
GPS state plane
coordinates rotated.



- ⊕ ind. std. BLM monument
- ◇ calculated corner
- calculated bearing/distance
- survey centerline PI



RICHARDSON OPERATING COMPANY

Proposed FRPC 30-2 access road and pipeline right-of-way -

Sections 19 and 30.
T.29 N., R.13 W., NMPM.
San Juan County, New Mexico

January 2003

HUDDLESTON LAND SURVEYING
 P.O. DRAWER KK / CORTEZ CO 81321 / 970-565-3330