

4/07/2014 DATE IN	SUSPENSE	MAM ENGINEER	4/08/2014 LOGGED IN	DHL TYPE	PMAM1409835623 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

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:

Record Clean up!

[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.

KRISTEN D. BABCOCK
Print or Type Name

Kristen D. Babcock
Signature

REGULATORY ANALYST
Title

4/2/2014
Date

Kristen.Babcock@xtoenergy.com
e-mail Address



A Subsidiary of ExxonMobil

382 CR 3100 Aztec, NM 87410
(505) 333-3100 FAX: (505) 333-3280

April 2, 2014

NMOCD
Phillip Goetze
1220 South St. Francis Dr.
Santa Fe, NM 87505

RE: Record Clean Up for Downhole Commingle
Harper Hill Fruitland Sand- Pictured Cliffs (78160) & Basin Fruitland Coal (71629) Pools
Area of T30N, R14W
San Juan County, NM

Dear Mr. Goetze,

XTO Energy Inc. and the NMOCD Aztec District Office reviewed all of the XTO operated wells within the Harper Hill Fruitland Sand / PC Pool – located predominately within T30N, R14W, San Juan County NM – that had downhole comingling permits filed and approved through the NMOCD Aztec District Office by previous operators. These wells should have been filed and approved through the Santa Fe NMOCD, due to the fact that they are not pre-approved pools. XTO Energy Inc will be submitting these 12 wells to the Santa Fe NMOCD office for the appropriate approval. Allocations will remain as they were before.

WELL NAME	API	DHC #	Year Approved	Operator that Submitted
1. WF Federal 11 #1	30-045-32268	DHC-1923AZ	"2005"	Lance Oil and Gas
2. WF Federal 25 #1	30-045-30681	DHC-2416AZ	"2007"	Lance Oil and Gas
3. WF Federal 25 #2	30-045-30713	DHC-1209AZ	"2003"	Richardson Operating
4. WF Federal 27 #3	30-045-30393	DHC-2138AZ	"2006"	Lance Oil and Gas
5. WF Federal 03 #1	30-045-30202	DHC-3214AZ	"2009"	XTO Energy
6. WF State 2 #3	30-045-30759	DHC-1896AZ	"2005"	Lance Oil and Gas
7. Coolidge #2	30-045-31221	DHC-1076AZ	"2003"	Calpine Operating
8. Coolidge Com #1	30-045-26184	DHC-1005AZ	"2002"	Calpine Operating
9. Morton #2	30-045-25766	DHC-1003AZ	"2002"	Calpine Operating
10. Morton #3	30-045-31215	DHC-1075AZ	"2003"	Calpine Operating
11. Mr Nona 15 #1	30-045-30318	DHC-2573AZ	"2007"	Lance Oil and Gas
12. Roosevelt #2	30-045-31222	DHC-1028AZ	"2003"	Calpine Operating

Sincerely,

Kristen D. Babcock
Regulatory Analyst
xc: Jackson Dean, Ft. Worth Land

RECEIVED NMOCD
2014 APR - 7 PM 2:09

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 S. First St., 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 Department

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

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☐ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

XTO Energy, Inc. 382 CR 3100, Aztec, NM 87410

Operator Address
WF Federal 27 #3 UNIT LETTER K, Sec 27, T30N, R14W SAN JUAN

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 5380 Property Code 303677 API No. 30-045-30393 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BASIN FRUITLAND COAL		HARPER HILL FRUITLAND SAND PICTURED CLIFFS
Pool Code	(71629)		(78160)
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	955'-1045'		1050'-1066'
Method of Production (Flowing or Artificial Lift)	ROD/PUMP		ROD/PUMP
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	PRODUCING		PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 1/1/14 Rates: O:0/G:2634MCF/ W:575	Date: Rates:	Date: 1/1/14 Rates: O:0/G:293MCF/W:64
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 90 % 90 %	Oil Gas % %	Oil Gas 10 % 10 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Kristen D. Babcock TITLE REGULATORY ANALYST DATE 4/2/14

TYPE OR PRINT NAME KRISTEN D. BABCOCK TELEPHONE NO. (505) 333-3206

E-MAIL ADDRESS kristen_babcock@xtoenergy.com

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. 30-045-30393
5. Indicate Type of Lease Federal Lease #NMNM-97842 STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. N/A
7. Lease Name or Unit Agreement Name WF Federal 27
8. Well Number #3
9. OGRID Number 229938
10. Pool name or Wildcat Harper Hill PC/Basin Fruitland 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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Lance Oil & Gas Company, Inc.	
3. Address of Operator P. O. Box 70, Kirtland, NM 87417	
4. Well Location Unit Letter <u>K</u> : <u>1775'</u> feet from the <u>South</u> line and <u>1400'</u> feet from the <u>West</u> line Section <u>27</u> Township <u>30N</u> Range <u>14W</u> NMPM <u>San Juan</u> County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5500'	
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type <u>Drilling</u> Depth to Groundwater <u>>25'</u> Distance from nearest fresh water well <u>500'</u> Distance from nearest surface water <u>>250'</u>	
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume _____ bbls; Construction Material <u>Impervious Plastic</u>	

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: Downhole Commingle ☒

OTHER: ☐

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.

Lance Oil & Gas Company, Inc. requests approval to downhole commingle the Basin Fruitland Coal and Harper Hill Pictured Cliffs production from the WF Federal 27 #3. The initial allocation of Fruitland Coal – 90% and Pictured Cliffs – 10% is preliminary and will be revised by March 31, 2006. Lance is continuing to evaluate an allocation methodology based upon offset production, reserves, open hole logs and zonal isolation. The WF Federal 27 #3 is currently completed in the Fruitland Coal and Pictured Cliffs as follows:

Fruitland Coal (S9): 955 – 965' KB, 997-1,007' KB
Fruitland Coal (S8): 1,033 - 1,045' KB
Pictured Cliffs: 1,050 - 1,066' KB

The produced fluids from the commingled zones are compatible with each other. Commingling these two pools will not decrease the value of production

Please see the attached for details on down-hole commingling these "pre-approved" pools.

A copy of this application has been submitted to the Bureau of Land Management, as per Rule 303C(3)(a)(iii).

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 NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Thomas McErwin TITLE Senior Production Engineer DATE 1/27/06
Type or print name Thomas McErwin E-mail address: terwin@westerngas.com Telephone No. (505) 598-5601 Ext. 63

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE JAN 31 2006
Conditions of Approval (if any):

LANCE OIL AND GAS OPERATING, INC.

**WF Federal 27 #3
1,775' FSL & 1,400' FWL
Section 27, T30N – R14W
San Juan County, New Mexico**

Application For Downhole Commingling

Lance Oil and Gas Company, Inc. (Lance) requests temporary approval to downhole commingle the Fruitland Coal and Pictured Cliffs production from the WF Federal 27 #3 well located in the SW/4 Section 27, T30N – R14W, San Juan County, New Mexico. The WF Federal 27 #3 is currently completed in the Fruitland Coal and Pictured Cliffs as follows:

<u>Formation</u>	<u>Perforated Intervals</u>	<u>Net (ft)</u>
Fruitland Coal (S – 9)	955-965'	10'
	997-1,007'	10'
Fruitland Coal (S – 8)	1,033-1,045'	12'
Total Fruitland Coal		32'
Pictured Cliffs	1,050-1,066'	<u>16'</u>
Total Pictured Cliffs		16'

The initial allocation is Fruitland Coal – 90% and Pictured Cliffs – 10% and will be revised as soon as possible. The 90% / 10% split is a change from previously downhole commingled wells, but is representative of recent testing of Fruitland Coal and Pictured Cliffs wells. No notifications are required as the Fruitland Coal and Pictured Cliffs formations are both 100% Lance working interest, 100% MMS royalty with no overriding royalty interests.

Lance is continuing to collect field data and prepare a permanent allocation methodology. The allocation methodology is expected to be completed during March, 2006 with submittal to the BLM by March 31, 2006.

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. 30-045-30393
5. Indicate Type of Lease Federal Lease #NMMNM-97842 STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. N/A
7. Lease Name or Unit Agreement Name WF Federal 27
8. Well Number #3
9. OGRID Number 229938
10. Pool name or Wildcat Harper Hill PC/Basin Fruitland 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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	
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3. Address of Operator P. O. Box 70, Kirtland, NM 87417	
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11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5500'	
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type <u>Drilling</u> Depth to Groundwater <u>>25'</u> Distance from nearest fresh water well <u>500'</u> Distance from nearest surface water <u>>250'</u>	
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume _____ bbls; Construction Material <u>Impervious Plastic</u>	

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <u>Downhole Commingle</u> <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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.

Lance Oil & Gas Company, Inc. requests approval to downhole commingle the Basin Fruitland Coal and Harper Hill Pictured Cliffs production from the WF Federal 27 #3. The initial allocation of Fruitland Coal – 90% and Pictured Cliffs – 10% is preliminary and will be revised by March 31, 2006. Lance is continuing to evaluate an allocation methodology based upon offset production, reserves, open hole logs and zonal isolation. The WF Federal 27 #3 is currently completed in the Fruitland Coal and Pictured Cliffs as follows:

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Please see the attached for details on down-hole commingling these "pre-approved" pools.

A copy of this application has been submitted to the Bureau of Land Management, as per Rule 303C(3)(a)(iii).

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 Thomas M. Erwin TITLE Senior Production Engineer DATE 1/27/06
Type or print name Thomas M. Erwin E-mail address: terwin@westernngas.com Telephone No. (505) 598-5601 Ext. 63
For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE JAN 3 1 2006
Conditions of Approval (if any):

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. 30-045-30393
5. Indicate Type of Lease Federal Lease #NMNM-97842 STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. N/A
7. Lease Name or Unit Agreement Name WF Federal 27
8. Well Number #3
9. OGRID Number 229938
10. Pool name or Wildcat Harper Hill PC/Basin Fruitland 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
P. O. Box 70, Kirtland, NM 87417

4. Well Location
Unit Letter K : 1775' feet from the South line and 1400' feet from the West line
Section 27 Township 30N Range 14W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5500'

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Drilling Depth to Groundwater >25' Distance from nearest fresh water well 500' Distance from nearest surface water >250'

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 ☐
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SUBSEQUENT REPORT OF:

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

OTHER: Downhole Commingle ☒

OTHER: ☐

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SIGNATURE Thomas M. Erwin TITLE Senior Production Engineer DATE 1/27/06
Type or print name Thomas M. Erwin E-mail address: terwin@westernngas.com Telephone No. (505) 598-5601 Ext. 63
For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE JAN 3 1 2006
Conditions of Approval (if any):

LANCE OIL AND GAS OPERATING, INC.

**WF Federal 27 #3
1,775' FSL & 1,400' FWL
Section 27, T30N – R14W
San Juan County, New Mexico**

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Lance is continuing to collect field data and prepare a permanent allocation methodology. The allocation methodology is expected to be completed during March, 2006 with submittal to the BLM by March 31, 2006.

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.

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No.	NMNM - 97842
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 27 #3
9. API Well No.	30-045-30393
10. Field and Pool, or Exploratory Area	Basin Fruitland Coal/Harper Hill PC
11. County or Parish, State	San Juan County, New Mexico

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) 1775' FSL - 1,400' FWL Section 27, T30N-R14W, NMPM	

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Downhole
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Commingle
	<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 recompleat 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 recompleat 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.)

Lance Oil & Gas Company, Inc. proposes to down-hole commingle the Basin Fruitland Coal with the Harper Hill Pictured Cliffs in this well. As per NMOCD Rule 303C(3)(b)(iii), attached is a copy of the application to downhole commingle these pools.

CONDITIONS OF APPROVAL

Adhere to previously issued stipulations.



2006 JUN 31 09 10 42
RECEIVED
OIL & GAS DIV.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Thomas M. Erwin

Title Senior Production Engineer

Signature

Thomas M. Erwin

Date

1/27/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *Matt Rabbert*
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 PER ENG

Date 2/16/06

Office

BLM-FFO

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)

NMOCD