

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

## Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

Form C-1

**APPLICATION FOR PERMIT TO DRILL**

Operator Name and Address RICHARDSON OPERATING CO 3100 La Plata Highway Farmington, NM 87401		OGRID Number 19219
		API Number 30-045-32098
Property Code 33345	Property Name WF FRPC 17	Well No. 001

**Surface Location**

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	17	29N	14W	A	1188	N	888	E	San Juan

**Proposed Pools**

BASIN FRUITLAND COAL (GAS) 71629
TWIN MOUNDS FRUITLAND SAND PC (GAS) 86620

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type Private	Ground Level Elevation 5180
Multiple Y	Proposed Depth 1200	Formation Pictured Cliffs Formation	Contractor	Spud Date 03/15/2004

**Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	8.75	7	20	120	55	0
Prod	6.25	4.5	10.5	1200	150	0

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	2000	1000	

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

Electronically Signed By: Anne Jones

Title:

Date: 01/22/2004

Phone: 505-564-8115

**OIL CONSERVATION DIVISION**

Electronically Approved By: Frank Chavez

Title: District Supervisor

Approval Date: 01/27/2004 Expiration Date: 01/27/2005

Conditions of Approval:  
No Conditions

BEFORE THE

OIL CONSERVATION DIVISION

Case No. 13438 Exhibit No. **3-B**

Submitted By:

Lance Oil &amp; Gas Company

Hearing Date: March 3, 2005

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

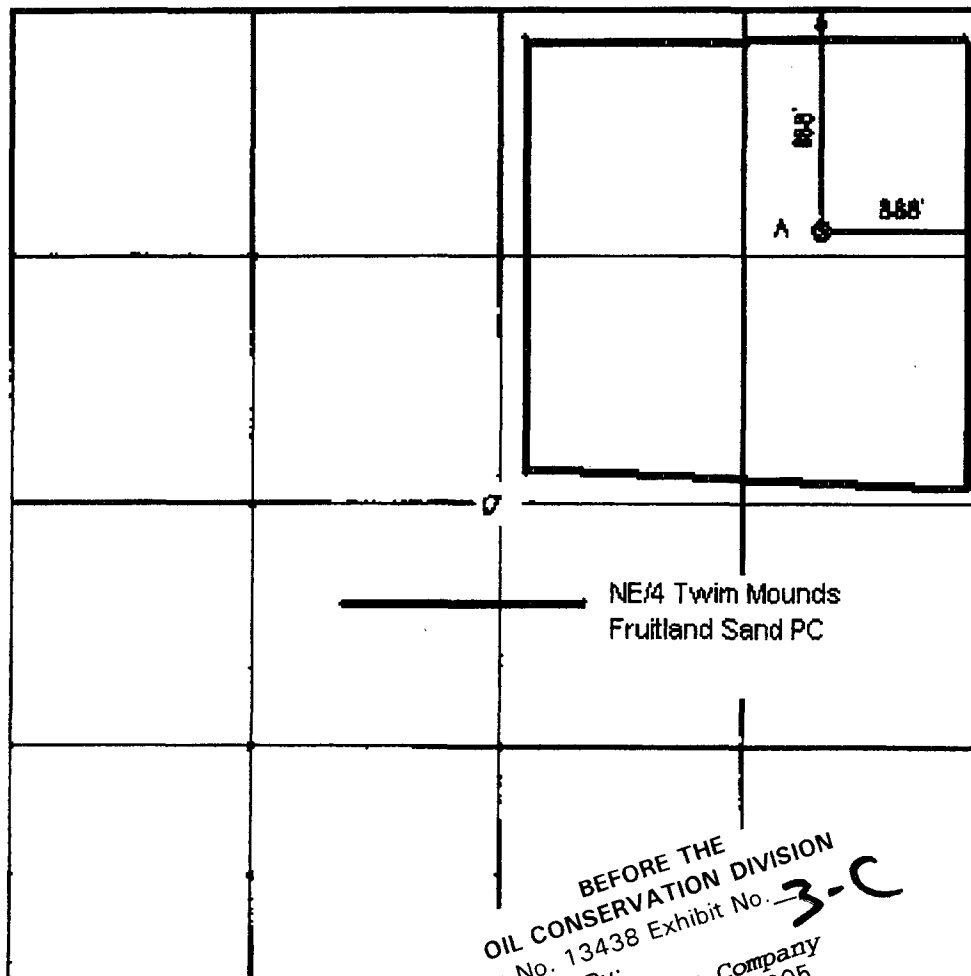
APN Number 30-045- <b>32098</b>	Pool Code 86620	Pool Name Twin Mounds Fruitland Sand PC (Gas)
Property Code	Property Name WF FRPC 17	Well Number 1
OCAD No. 19219	Operator Name RICHARDSON OPERATING COMPANY	Section 580'

Surface Location									
SE of Lot	Sec	Twp	Rge	Lot No.	Feet from	North/South	Feet from	East/West	County
A	17	29 N	14 W		888'	NORTH	888'	East	SAN JUAN

Section Hole Location if Different from Surface									
SE of Lot	Sec	Twp	Rge	Lot No.	Feet from	North/South	Feet from	East/West	County

Dedication	John ?	Completion	Order No.
------------	--------	------------	-----------

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



BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 13438 Exhibit No. **3-C**  
Submitted By:  
Lance Oil & Gas Company  
Hearing Date: March 3, 2005

OPERATOR CERTIFICATION

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

Signature

*Paul Lehrman*

Printed Name

Paul Lehrman

Title

Landman

Date

1/22/04

SURVEYOR CERTIFICATION

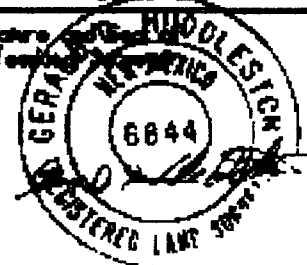
I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

Date of Survey

5/29/03

Signature

Professional



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

30-045- <b>32098</b>	71629	Basin Fruitland Coal
Property Code	Property Name WF FRPC 17	Well Number 1
OG&M No. 19219	Operator Name RICHARDSON OPERATING COMPANY	Elevation 5180'

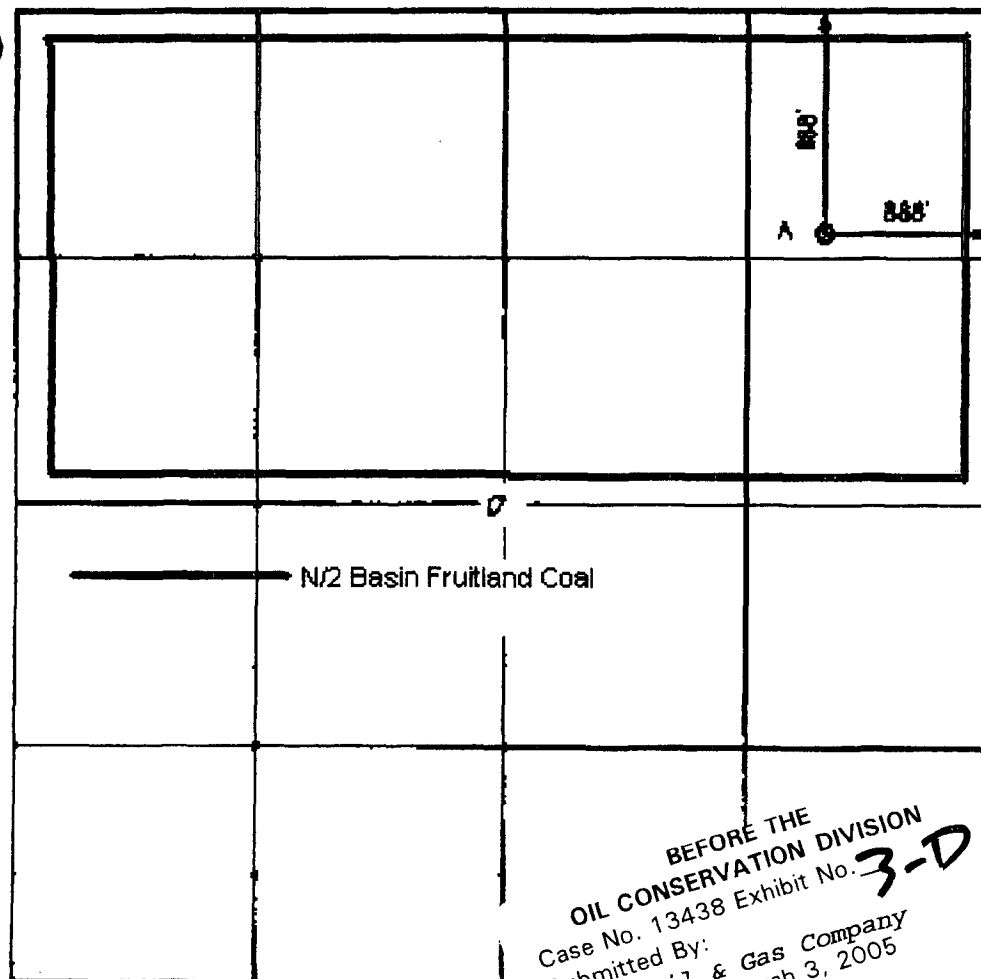
TL or Lot	Sec	Twp	Rge	Lot No.	Feet from	North/South	Feet from	East/West	County
A	17	29 N	14 W		888'	NORTH	888'	East	SAN JUAN

Bottom Hole Location if Different from Surface

TL or Lot	Sec	Twp	Rge	Lot No.	Feet from	North/South	Feet from	East/West	County

Dedication	John ?	Consolidation	Order No.
------------	--------	---------------	-----------

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



BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 13438 Exhibit No. **3-D**  
Submitted By:  
Lance Oil & Gas Company  
Hearing Date: March 3, 2005

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

Signature

*Paul Lehrman*

Printed Name

Paul Lehrman

Title

Landman

Date

1/22/04

**SURVEYOR CERTIFICATION**

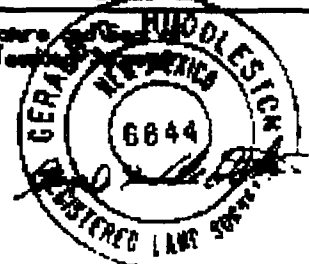
I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

5/29/03

Signature

Professional



**List of Unleased Mineral Owners  
Nature & percent of interest  
Lance Oil & Gas Company, Inc.  
WF FRPC 17 #1**

**Pictured Cliffs Formation NE/4 Section 17 – T29N-R14W, NMPM  
Fruitland Coal Formation N/2 Section 17 – T29N-R14W, NMPM  
San Juan County, New Mexico**

Name & Address	Acreage PC	% Interest PC	Acreage FC	% Interest FC
West American Corporation Unable to locate, Bankrupt 1960's	48.00	30.373750	48.00	15.186875
State Highway Department of New Mexico PO Box 1149 Santa Fe, NM 87504-1149	0.95	0.592438	7.45	2.327469
Norma Schmitt & C. Gregory Schmitt Co-Trustees of the Norma Schmitt Revocable Trust UTA June 1, 1999, et al. PO Box 97 Kirtland, NM 87417			12.47	3.896875
Joel W. & Sherry Foutz PO Box 784 Kirtland, NM 87417			0.91	0.284375
Shaun D. Winn, a single man #341 CR 6100 Kirtland, NM 87417			0.27	0.082813
James Thomas & Heather Lee Robbins #3 CR 6285 Kirtland, NM 87417			0.47	0.146719
Sabiniano Jr. & Veronica E. Lobato 4329 Cardinal Street Farmington, NM 87401			0.71	0.220500
Roger N. & Janet L. Isham PO Box 1184 Kirtland, NM 87417			0.75	0.234375
Anne M. & Alan D. Youts PO Box 554 Kirtland, NM 87417			2.17	0.676563
Schmitt Revocable Trust UTA DTD 8/7/1999 358 CR 6100 Kirtland, NM 87417			1.00	0.312500
Cloyde B. & Nona Beckstead 465 CR 6100 Kirtland, NM 87417			0.16	0.050219
<b>TOTAL UNLEASED</b>	<b>48.95</b>	<b>30.966188</b>	<b>74.36</b>	<b>23.419283</b>

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Case No. 13438 Exhibit No. **3-E**  
Submitted By:  
**Lance Oil & Gas Company**  
Hearing Date: March 3, 2005

Certified Mail

January 10, 2005

RE: Lance Oil & Gas Company, Inc.  
Fruitland Coal/Pictured Cliffs Well Proposal  
Township 29 North, Range 14 West, NMPM  
Section 17: NE/4 Pictured Cliffs  
Section 17: N/2 Fruitland Coal  
San Juan County, New Mexico

Dear To Whom It May Concern:

Lance Oil & Gas Company, Inc. is proposing to drill wells in the referenced area within the year. Title examination indicates that you are a mineral interest owner in this area of development. Lance previously submitted a lease to you, which included a 1/8 royalty and bonus signing incentive. At this time we would like to inform you of your choices in regard to the proposed wells in this area:

1. ☐ Enter into an oil and gas lease that provides for a five year primary term with bonus consideration of \$342.40 and a 12.5% (1/8<sup>th</sup>) royalty in the event of production. Enclosed for your convenience are two copies of this lease. If you choose to participate as a royalty owner please execute the lease in the presence of a notary public and return it to the above address. A check for the bonus consideration will be sent within 10 working days.
2. ☐ Participate as a "working interest" owner. An Authority for Expenditure ("AFE") is enclosed itemizing the estimated cost of drilling and completing the wells involving your mineral interest. Your proportionate share of the well with the estimated drilling and completion cost are indicated at the bottom of the AFE. In the event you wish to participate as a working interest owner, please sign the AFE and return to the above address with your check for the amount indicated as your share of the estimated cost. Upon receipt of the executed AFE a Joint Operating Agreement (AAPL Form 610) will be sent for your review and execution. The Operating Agreement will outline your working interest responsibilities, including drilling rates, operating rates, maintenance provisions and plugging liabilities when the well is abandoned.
3. ☐ Sell your mineral interest to Lance Oil & Gas Company, Inc. for \$744.79.
4. Pooling statutes for the State of New Mexico provide authorization for the State to "compulsory pool" your interest in the proposed wells. These statutes provide for the following ... "any unleased mineral interest shall be considered a seven-eighths (7/8<sup>th</sup>) working interest and a one-eighths 1/8<sup>th</sup>) royalty interest for the purpose of allocating costs and charges under this order. Any well costs or charges that are to be paid out production shall be withheld only from the working interests' share of production.. ... "any non-consenting working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the well." In addition you would be responsible for your proportionate share of plugging liabilities when the well is abandoned and any maintenance necessary to maintain production from the well.

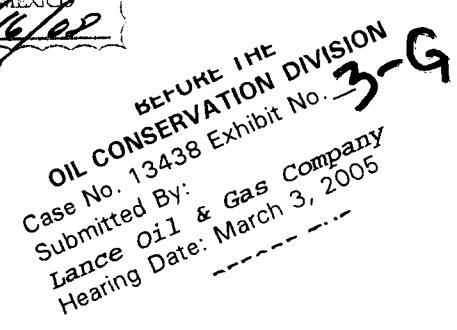
Please indicate your choice of participation by checking in the appropriate box and returning one copy of this letter in the enclosed return envelope. ***If you elect to lease or to sell your mineral interest, please complete the enclosed W-9 Request for Taxpayer Identification Number and Certification and return, a check cannot be issued without a tax ID number.*** If we have not received your response within 30 days from date of this letter, Lance will initiate a Compulsory Pooling hearing. At that time additional documents will be sent to you regarding this action.

Should you have any questions concerning any of these options please contact the undersigned at 505-598-5601 ex 62.

Sincerely,

Anne Jones  
Sr. Landman  
Enclosures

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 13438 Exhibit No. **3-F**  
Submitted By:  
Lance Oil & Gas Company  
Hearing Date: March 3, 2005  
-----



**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. Thomas Kellahin**  
Recognized Specialist in the Area of  
Natural Resources-oil and gas law-  
New Mexico Board of Legal Specialization

P.O. Box 2265  
Santa Fe, New Mexico 87504  
117 North Guadalupe  
Santa Fe, New Mexico 87501

Telephone 505-982-4285  
Facsimile 505-982-2047  
kellahin@earthlink.net

February 10, 2005

TO: NOTICE OF THE HEARING OF THE FOLLOWING NEW  
MEXICO OIL CONSERVATION DIVISION CASE:

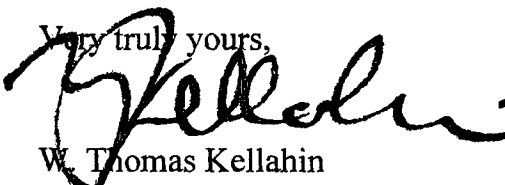
Re: Application of Lance Oil & Gas Company, Inc.  
For Compulsory Pooling, San Juan County, New Mexico

On behalf of Lance Oil & Gas Company, Inc., please find enclosed our application for compulsory pooling order for the NE/4 and the N/2 of Section 17, 29N, R114W to be dedicated to its WF FRPC "17" Well No. 1. This application will be set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for March 3, 2005. The hearing will be held at the Division hearing room located at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505.

As an interest owner who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Rule 1208, you are further notified that if you desire to appear in this case or to oppose the proposed risk charge (See Order R-11992), then you are required to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, February 25, 2005, with a copy delivered to the undersigned.

Very truly yours,



W. Thomas Kellahin

cc: BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 13438 Exhibit No. **3-H**  
Submitted By:  
Lance Oil & Gas Company  
Hearing Date: March 3, 2005



COMPLETE THIS SECTION ON DELIVERY

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 mail or on the front if space permits.

1. Article Addressed to:

Lance  
Case 13438  
March 3, 2005  
2/10/05

2. Article Number (Copy from service label) 7002 0510 0003 4614 9394

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

Service Type  
☐ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

3. Service Type  
☐ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Mr. & Mr. Joel W. Foutz  
PO Box 784  
Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

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 mail or on the front if space permits.

1. Article Addressed to:

Lance  
Case 13438  
March 3, 2005  
2/10/05

2. Article Number (Copy from service label) 7003 2260 0006 7449 9193

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15

Service Type  
☐ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

3. Service Type  
☐ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Mr. & Mr. Joel W. Foutz  
PO Box 784  
Kirtland, NM 87417

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 mail or on the front if space permits.

1. Article Addressed to:

Lance  
Case 13438  
March 3, 2005  
2/10/05

2. Article Number (Transfer from service label) 7003 2260 0006 7449 9193

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15

Service Type  
☐ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

3. Service Type  
☐ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Lance  
Case 13438  
March 3, 2005  
2/10/05

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 mail or on the front if space permits.

1. Article Addressed to:

Lance  
Case 13438  
March 3, 2005  
2/10/05

2. Article Number (Transfer from service label) 7002 0510 0003 4614 9400

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-15

Service Type  
☐ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

3. Service Type  
☐ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Schmitt Revocable Trust  
358 CR 6100  
Kirtland, NM 87417

COMPLETE THIS SECTION ON DELIVERY

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:

Norma Schmitt Revocable Trust  
PO Box 97  
Kirtland, NM 87417

2. Article Number

(Transfer from service label)

7003 2260 0006 7449 9162

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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:

Lance  
Case 13438  
March 3, 2005  
2/10/05

COMPLETE THIS SECTION ON DELIVERY

- Signature ☒ Agent
- Address ☐ Addressee
- Date of Delivery ☐ Yes ☐ No

State Highway Department of New Mexico  
PO Box 1149  
Santa Fe, NM 87504-1149

2. Article Number

(Transfer from service label)

7003 2260 0006 7449 9162

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

- 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:

Mr. & Mrs. Roger N. Isham  
PO Box 1184  
Kirtland, NM 87417

2. Article Number

(Transfer from service label)

7002 0510 0003 4614 9516

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

- 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:

Lance  
Case 13438  
March 3, 2005  
2/10/05

Mr. & Mrs. James T. Robbins  
3 CR 6285  
Kirtland, NM 87417

2. Article Number

(Transfer from service label)

7002 0510 0003 4614 9493

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1

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

Lance  
Case 13438  
March 3, 2005  
2/10/05

Return Receipt Fee  
(Endorsement Required)

Restricted Delivery Fee  
(Endorsement Required)

Total Post: Mr. & Mrs. A. Youts  
PO Box 554  
Kirtland, NM 87417

Sent To: \_\_\_\_\_  
Street, Apt. or PO Box  
City, State, Zip

PS Form 3800, January 2001

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

Lance  
Case 13438  
March 3, 2005  
2/10/05

Return Receipt Fee  
(Endorsement Required)

Restricted Delivery Fee  
(Endorsement Required)

Total Post: Mr. & Mrs. Sabiniano Lobato, Jr.  
4329 Cardinal Street  
Farmington, NM 87401

Sent To: \_\_\_\_\_  
Street, Apt. or PO Box No.  
City, State, Zip

PS Form 3800, January 2001

# AFFIDAVIT OF PUBLICATION

Ad No. 51194

## STATE OF NEW MEXICO County of San Juan:

CONNIE PRUITT, being duly sworn says:  
That she is the CLASSIFIED MANAGER of  
THE DAILY TIMES, a daily newspaper of  
general circulation published in English at  
Farmington, said county and state, and that  
the hereto attached Legal Notice was  
published in a regular and entire issue of the  
said DAILY TIMES, a daily newspaper duly  
qualified for the purpose within the meaning of  
Chapter 167 of the 1937 Session Laws of the  
State of New Mexico for publication and  
appeared in the Internet at The Daily Times  
web site on the following day(s):

Monday, February 14, 2005.

And the cost of the publication is \$461.70.

*Connie Pruitt*

ON 2/18/05 CONNIE PRUITT  
appeared before me, whom I know personally  
to be the person who signed the above  
document.

*Wynell Corey*  
My Commission Expires November 17, 2008.

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 13438 Exhibit No. 3-I  
Submitted By:  
Lance Oil & Gas Company  
Hearing Date: March 3, 2005

## COPY OF PUBLICATION

918

### NOTICE OF PUBLICATION

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on February 18, 2005, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, NM. If you are an individual with a disability who needs an examiner duly appointed for the hearing, please contact: Florene Davidson at 505-476-3458 or through the Relay Network, 1-800-659-1779 by February 25, 2005. Public documents including the hearing notice, can be provided in various accessible forms. Please contact Florene Davidson if a specific type of accessible form is needed.

### STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following and notice to the public, including the following:

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not the same is so designated.)

#### CASE 13435: West American Corporation

CASE 13435: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of mineral interests to the Pictured Cliffs Gas Pool underlying the SE/4 of Irregular Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 162.07-acre gas spacing and proration unit for any production from the Pictured Cliffs Gas Pool, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico. Also to be considered will be the costs of drilling and completion of this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

#### CASE 13436: West American Corporation

CASE 13436: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of mineral interests to the Pictured Cliffs Gas Pool underlying the SW/4 and the S/2 of Irregular Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 322.07-acre gas spacing and proration unit for any production from the Pictured Cliffs Gas Pool and forming a standard 162.07-acre gas spacing and proration unit for any production from the Pictured Cliffs Gas Pool, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. These units are to be dedicated to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico. Also to be considered will be the costs of drilling and completion of this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

#### CASE 13437 and CASE 13438:

Norma Schmitt & C. Gregory Schmitt Co-Trustees, Joel W. & Sherry Foutz, Shaun D. James Thomas & Heather Lee Robbins, Sabiniano Jr. & Veronica E. Lobato, Roger L. Isham, Anne M. & Alan D. Youts, Schmitt Revocable Trust, and Cloyd B. & Nona B. Schmitt

CASE 13437: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of mineral interests to the Pictured Cliffs Gas Pool underlying the NW/4 of Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs Gas Pool, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico. Also to be considered will be the costs of drilling and completion of this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

CASE 13438: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of mineral interests to the Pictured Cliffs Gas Pool underlying the NE/4 and the N/2 of Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production from the Pictured Cliffs Gas Pool and forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs Gas Pool, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. These units are to be dedicated to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico. Also to be considered will be the costs of drilling and completion of this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

#### CASE 13439:

Brian E. & Laura Overturf, Manuel & Ora Mae LaCour, Kenneth E. & Effie Dewey B. & Velma O. Dobbs

CASE 13439: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of mineral interests to the Pictured Cliffs Gas Pool underlying both the SE/4 and the E/2 of Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs Gas Pool, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

County, New Mexico. Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation and the Basin Fruitland Coal-Gas Pool underlying both the NE/4 and the N/2 of Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. These units are to be dedicated its WF FRPC "17" Well No. 1 (API# 30-045-31511) to be drilled at a standard location in Unit A of this section for downhole commingled production from the Basin Fruitland Coal Gas Pool and the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. Also to be considered will be the costs of drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

#### CASE 13439:

Brian E. & Laura Overturf, Manuel & Ora Mae LaCour, Kenneth E. & Ethel L. King, and Dewey B. & Velma O. Dobbs

CASE 13439: Application of Lance Oil & Gas Company, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation and the Basin Fruitland Coal-Gas Pool underlying both the SE/4 and the E/2 of Section 15, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the West Kutz-Pictured Cliffs Gas Pool. These units are to be dedicated its NV Navajo "15" Well No. 4 (API# 30-045-31294) to be drilled at an unorthodox gas well location in Unit J of this section for production from the Basin Fruitland Coal Gas Pool and the West Kutz-Pictured Cliffs Gas Pool (See Administrative Order NSL-4936, dated August 18, 2003). The applicant also seeks to include provisions for subsequent operations and procedures for an optional "infill" coalbed-gas well. Also to be considered will be the costs of drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 4 miles East-Southeast from Kirtland, New Mexico.

#### CASE 13440:

Ronald & Pamela Chapman, Allan & Priscilla Mai, Scarlett A. Correll, Michael & Julie Copeland, Joseph & Julia Turner, Kenneth & Charlene Gorman, Michael Terry & Deborah Anderson, Letty R. Wilson, Robert J. Perez, Ned & Brenda Raymond, Alan R. Randall, Randall & Elaine Wakeland, John A. & Betty W. Tafaya, James & Vera Whittington, John & Gayle Hawthorne, Lendell & Natalie Jones, Obie L. & Sarah L. Frazier, Ira W. Gentry, Tyler & Cheryl Pratt, Yancey W. Cluff & Natalie Allen, John V. & Heather Kennedy, Delbert E. & Wendy Fosnot, Jr., Glenn J. Mearls, Rexford L. & Sharon Mitchell, Jr., Prudential Re-locations, Inc., Earl & Ireta Burnett, Troy Stewart, David & Rhonda Schaefer, Jimmy D. Bond, Michael P & Lisa Warren, Richard M. & Julie Moore, Sean C. & Shacie Rankin, Eric B. Hoover, Thomas M. Walker, Judy Hoover, Cheryl J. James, Russell & Karen Hunter, Louis & Brenette Pine, Ave Linda P. Mascarenas, Gary O. & Sheila Munson, Andrew C. & Pam Erickson, John V. Cheryl Beshara, Ross & Monique Trujillo, Jr., James P. & Janet McDaniel, Ron & Michele VanVelkenburg, Tom & Vickie Weffington, James M. Wilson, Doran & Linda Newton, Bill & Linda Bessett, William H. & Julie Fleck & Thomas M. Bond, Richard J. & Sandra Drake, Miranda D. & Derron Jones, Keith D. & Dawn Snuggerud, Terry L. Luna, Joseph D. & Robin Ratona, Justin Ray Funk, Tim S. & Irene B. Claw, Carlos & Christy Loomis

CASE 13440: Application of Lance Oil & Gas Company, Inc. for compulsory pooling including optional infill well provisions, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation and the Basin Fruitland Coal-Gas Pool underlying both the NW/4 and the W/2 of Section 15, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the West Kutz-Pictured Cliffs Gas Pool. These units are to be dedicated its WF Ropco "15" Well No. 2 (API# 30-045-32716) to be drilled at a standard gas well location in Unit C of this section for downhole commingled production from the Basin Fruitland Coal Gas Pool and the West Kutz-Pictured Cliffs Gas Pool. The applicant also seeks to include provisions for subsequent operations and procedures for an optional "infill" coalbed-gas well. Also to be considered will be the costs of drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 4 miles East-Southeast from Kirtland, New Mexico.

#### CASES 13441 and 13442:

Bobby Willis & Carrie Willis, David Vigil, Jr., Ru-Boo, Mortgage Electronic Registration Systems, Inc., James D. & Rita Ann Spade, Sr., Antonio P. & Rose Jean Herrera, Kenny Dewayne & Shana Dee Irvin, James M. & Andrea M. Sheridan, Orland C. & Charlotte Joe, Sr., Troy L. Margie G. Guilory, Jose O. Valenzuela, Rhonda Median, Randy J. Dennise Manning, Vernon J. & Jo Ann Manning, Jeff S. & Tammie G. Manning, Danene Sherwood

CASE 13441: Application of Lance Oil & Gas Company, Inc. to amend Division Order R-11788 to include subsequent operations and optional infill gas well provisions for compulsory pooling, San Juan County, New Mexico. Applicant seeks to amend this compulsory pooling order to provide for subsequent operations and the inclusion of its Ropco "7" Well No. 4 (API# 30-045-32788) to be located in Unit O, as a well subject to this compulsory pooling order that pooled all mineral interest in the Basin Fruitland Coal-Gas Pool underlying the E/2 of Section 7, T29N, R14W, NMPM, San Juan County, New Mexico, that formed a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and formed a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. These units are to be currently dedicated its Ropco "7" Well No. 1 that was drilled at a standard location in Unit G of this section for downhole commingled production from the Basin Fruitland Coal Gas Pool and the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. The applicant also seeks to include provisions for subsequent operations and procedures for an optional "infill" coalbed-gas well. Also to be considered will be the costs of drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1/2 miles Southeast from Kirtland, New Mexico.

CASE 13442: Application of Lance Oil & Gas Company, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation underlying the SE/4 of Section 7, T29N, R14W, NMPM, San Juan County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is to be dedicated its ROPCO "7" Well No. 4 (API# 30-045-32788) to be drilled at a standard location in Unit O of this section for production from the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. Also to be considered will be the costs of drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Lance Oil & Gas Company, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1/2 miles Southeast from Kirtland, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E., Director

Legal No. 51194 published in The Daily Times, Farmington, New Mexico on Monday, February 14, 2005.

**RICHARDSON OPERATING COMPANY**  
**AUTHORITY FOR EXPEDITURES**

**Well Name:** ROPCO 17-1  
**Location:** Sec 17-T29N-R14W  
**Spacing:** N/2 320 acres  
**Proposed Depth:** 800' FC, 950' PC

**Date:**

**Objective Formation:**  
Commingle Pictured Cliffs

I. Drilling Costs (Included Run Casing)	Tangible	Intangible	Total	Fruitland Coal
Survey and Permits - - - - -		3,000		1,500
Title Opinion & Land - - - - -		5,000		2,500
Damages - - - - -		5,000		2,500
* Drilling (incl. water & mud) 950' @ 15.00/ft. -		14,250		6,413
BOP Rental - - - - -		1,000		500
Dirt Work - - - - -		4,000		2,000
Pit Lining - - - - -		2,000		1,000
Surface Casing 200' @ 6.00/ft. - - - - -	1,200			600
Casing Head - - - - -	1,200			600
Cement Surface - - - - -		2,300		1,150
Power Tongs - - - - -		1,200		600
Casing 750' @ 5.00/ft. - - - - -	3,750			1,763
Trucking - - - - -		3,000		1,500
Logs - - - - -		1,000		500
Engineering - - - - -		4,000		2,000
Cement Longstring - - - - -		5,500		2,689
Total Cost to Run Casing - - - - -	6,150	51,250	57,400	27,814
6.0625% Farmington, NM Tax - - - - -			3,480	1,686
10% Contingency - - - - -			5,740	2,781
<b>Grand Total to Run Casing</b>			<b>66,620</b>	<b>32,282</b>
II. Completion Costs				
Rig Anchors - - - - -		1,000		500
Logs - - - - -		4,000		2,000
Perf - - - - -		3,000		1,500
Wellhead & Fittings - - - - -	5,000			2,500
Tubing 750' @ 2.50/ft. - - - - -	1,875			900
Stimulation - - - - -		60,000		30,000
Tool Rental - - - - -		3,000		1,500
Trucking - - - - -		3,000		1,500
Battery Installation - - - - -		6,000		3,000
Restore Location - - - - -		4,000		2,000
Engineering - - - - -		4,000		2,000
Treater, Separator - - - - -	4,000			2,000
Flowline - - - - -	3,000			1,500
Tank & Fittings - - - - -	8,000			4,000
Gravel - - - - -	2,000			1,000
Workover Rig - - - - -		12,000		6,000
Completion Fluids - - - - -		2,000		1,000
Pipeline Hookup - - - - -		20,000		10,000
Division Order Opinion - - - - -		2,000		1,000
Frac Tank Rental - - - - -		4,000		2,000
Flowback - - - - -		2,000		1,000
Fence Location - - - - -	8,000			4,000

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 13438 Exhibit No. **3-5**  
Submitted By:  
Lance Oil & Gas Company  
Hearing Date: March 3, 2005

Total Completion Costs-----  
 6.0625% Farmington, NM Tax  
 10% Contingency-----  
 Drilling Costs-----

**Grand Total Well Costs**

31,875	130,000	161,875	80,900
		9,814	4,905
		16,188	8,090
		66,620	32,282
		254,496	126,176

**FRUITLAND COAL (FC)**

0.0000%  
 100.0000% Richardson Operating Company et als

*Date:*

*Approved BY:*

**Total FC Costs**

**PICTURED CLIFFS (PC)**

0.0000%  
 100.0000% Richardson Operating Company et als

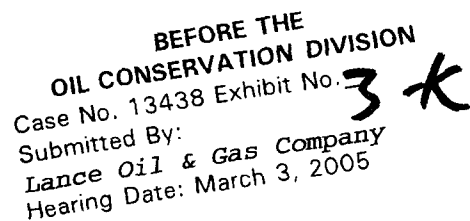
0

**Total PC Costs**

*Total Costs of Commingled PC/FC Well:*

0

Richardson Operating Company et als



BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 13438 Exhibit No. 3k  
Submitted By:  
Lance Oil & Gas Company  
Hearing Date: March 3, 2005



SEC 8 QUAD 2 SEC 8 NE NE

198-462  
MURRAY,  
VIRGINIA L.  
1183/657  
#80121  
29.17 AC

207-451  
MURRAY,  
VIRGINIA L.  
1039/349  
#82817  
4.0 AC

235-459  
MURRAY,  
VIRGINIA L.  
1237/620  
1235/446  
#83478  
1.5 AC

255-419  
BLOOMFIELD,  
GLEN  
851/141  
#88119  
1.63E AC

232-418  
BLOOMFIELD,  
GARY LEE  
1340/537  
#80120  
965 AC

211-413  
BLOOMFIELD,  
GARY LEE  
983/350  
#82721  
.328 AC

201-408  
GERSBACH,  
MAE B.  
1140/262  
#82656  
.327 AC

174-384  
MURRAY,  
VIRGINIA L.  
#80121  
29.17 AC

C R 6100

QUAD 2 SW NE QUAD 2 SW NE

PROPERTY IDENTIFICATION MAP  
SAN JUAN COUNTY  
NEW MEXICO

SCALE (APPROX.) 1" = 100'

NOTES  
APPROPRIATE COPIES OF THIS MAP ARE KEPT IN THE MAIN  
OFFICE OF THE COUNTY ENGINEER, (see legend for details)

CODE NUMBER  
2-083-171

LEGAL DESCRIPTION  
SECTION 17 T28N R14W NW NE

NOTES  
THIS MAP IS FOR INFORMATION PURPOSES ONLY.

QUAD 2 NW NE NE NE SE NE  
QUAD 2



PROPERTY IDENTIFICATION MAP  
SAN JUAN COUNTY  
NEW MEXICO

SCALE (APPROX.) 1" = 100'

NOTES:  
INFORMATION OBTAINED ON THIS MAP IS BASED ON THE  
RECORDS OF THE COUNTY OF SAN JUAN, NEW MEXICO.

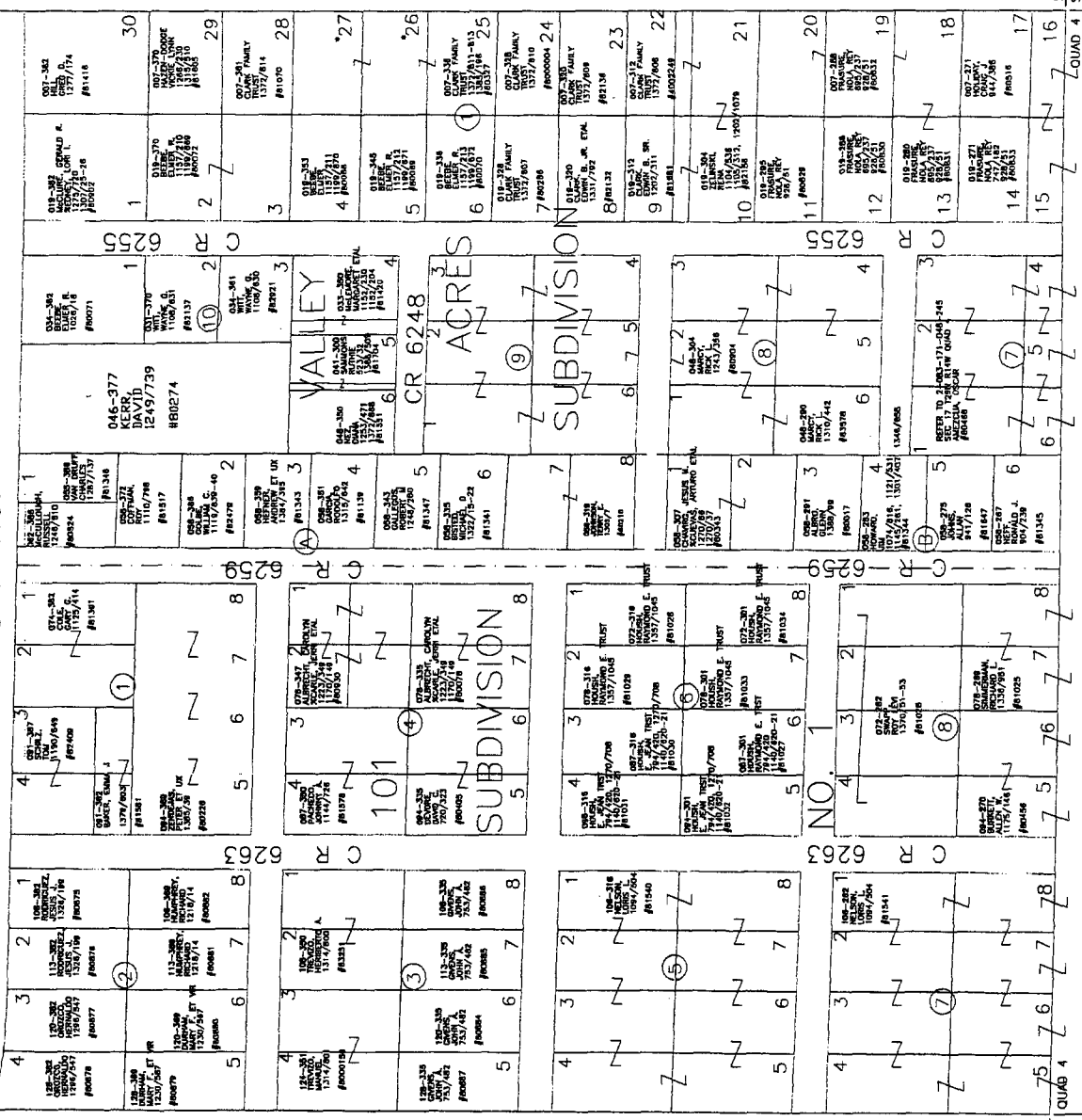
CODE NUMBER  
2-083-171

LEGAL DESCRIPTION  
SECTION 17 T28N R14W SW NE

THIS MAP IS FOR INFORMATION PURPOSES ONLY.



NW NE NE NE  
SW NE SEC 16 SEC 16



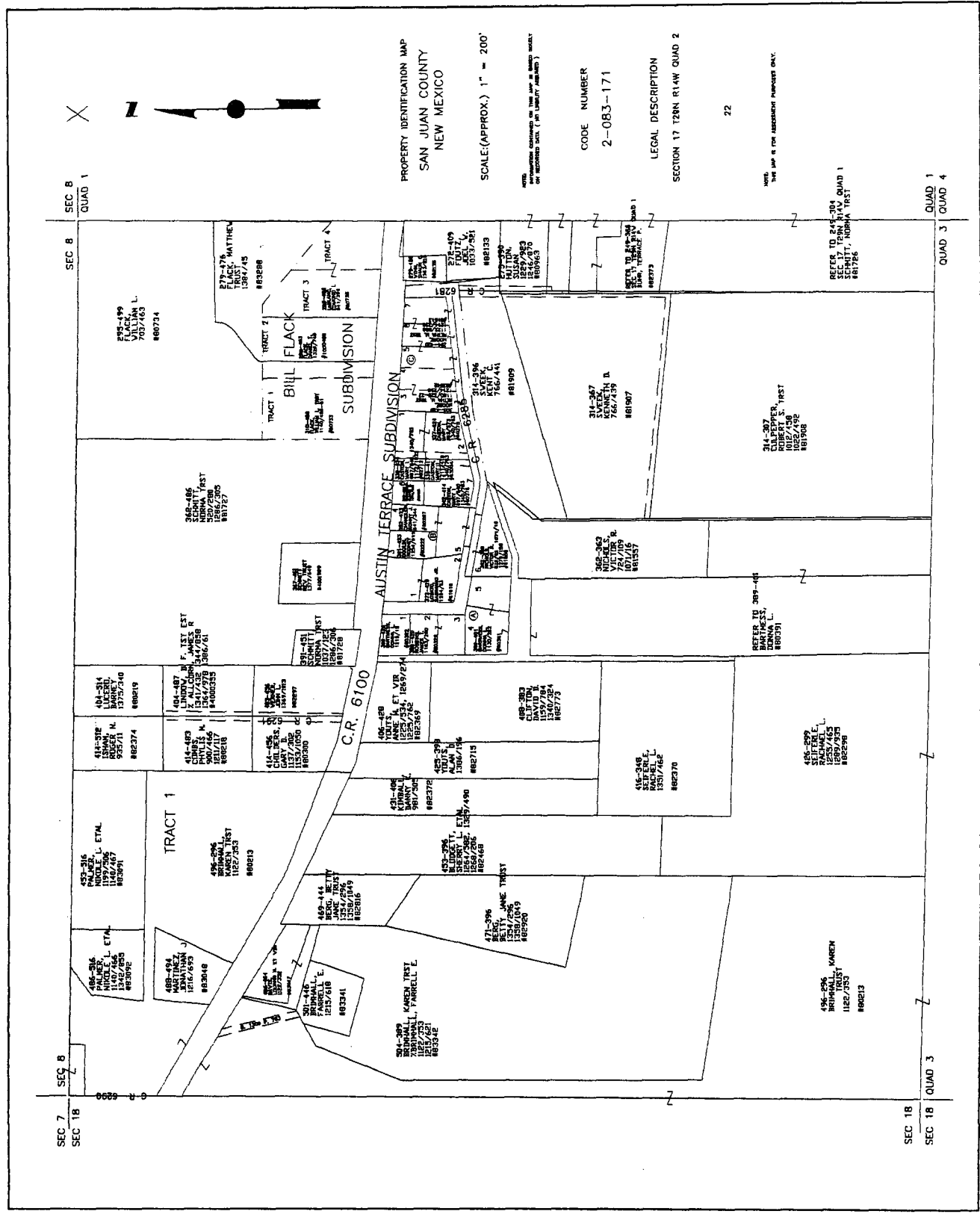
PROPERTY IDENTIFICATION MAP  
SAN JUAN COUNTY  
NEW MEXICO

SCALE: (APPROX.) 1" = 100'

NOTES:  
1. THIS MAP IS FOR IDENTIFICATION PURPOSES ONLY.  
2. THIS MAP IS NOT A SUBSTITUTE FOR A SURVEY.

CODE NUMBER  
2-083-171

LEGAL DESCRIPTION  
SECTION 17 T29N R14W SE NE



PROPERTY IDENTIFICATION MAP  
SAN JUAN COUNTY  
NEW MEXICO

SCALE: (APPROX.) 1" = 200'

NOTES:  
1. INFORMATION OBTAINED ON THIS MAP IS BASED ON THE  
2. RECORDS OF THE PUBLIC LANDS OFFICE.

CODE NUMBER  
2-083-171

LEGAL DESCRIPTION  
SECTION 17 T28N R14W QUAD 2

22

NOTE:  
THIS MAP IS FOR INFORMATION PURPOSES ONLY.

REFER TO 245-304  
SEC 17 T28N R14W QUAD 1  
BILLY L. LUCERO TRIST