

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.
14-20-603-2199

6. If Indian, Allottee or Tribe Name
NAVAJO

7. If Unit or CA Agreement, Name and No.
N/A

8. Lease Name and Well No.
NV NAVAJO 15 #4

9. API Well No.
30-045-31294

10. Field and Pool, or Exploratory
BA. FRUIT. COAL & W. KUTZ PC

11. Sec., T., R., M., or Blk. and Survey or Area
J15-29n-14w NMPM

12. County or Parish
SAN JUAN

13. State
NM

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

2. Name of Operator
RICHARDSON OPERATING CO.

3a. Address **3100 LaPLATA HIGHWAY
FARMINGTON, NM 87401**

3b. Phone No. (include area code)
(505) 564-3100

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface **2160' FSL & 2175' FEL**
At proposed prod. zone **SAME**

14. Distance in miles and direction from nearest town or post office*
4 AIR MILES WSW OF FARMINGTON

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) **~400'**

16. No. of Acres in lease
1,632

17. Spacing Unit dedicated to this well
**E2 (320 acres to Fruit. Coal)
SE4 (160 ac. to PC)**

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. **Existing Oil or Gas Well: 5,154'
Unit Water Supply Well: 117'**

19. Proposed Depth
975'

20. BLM/BIA Bond No. on file
158-293-308

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
5,174' GL
This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

22. Approximate date work will start*
UPON APPROVAL

23. Estimated duration
2 WEEKS

24. Attachments

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED

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

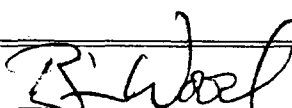
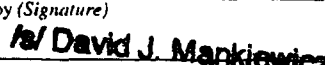
1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

Comments

HOLD C104 FOR NSL

cc: BIA, BLM (&OCD), Richardson, Tribe

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 12-19-02
Title CONSULTANT	PHONE: 505 466-8120	FAX: 505 466-9682
Approved by (Signature) 	Name (Printed/Typed) David J. Mankiewicz	Date AUG 15 2003
Title David J. Mankiewicz	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 be lost by 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 w. States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOCD

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 13439 Exhibit No. **4-B**
Submitted By:
Lance Oil & 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

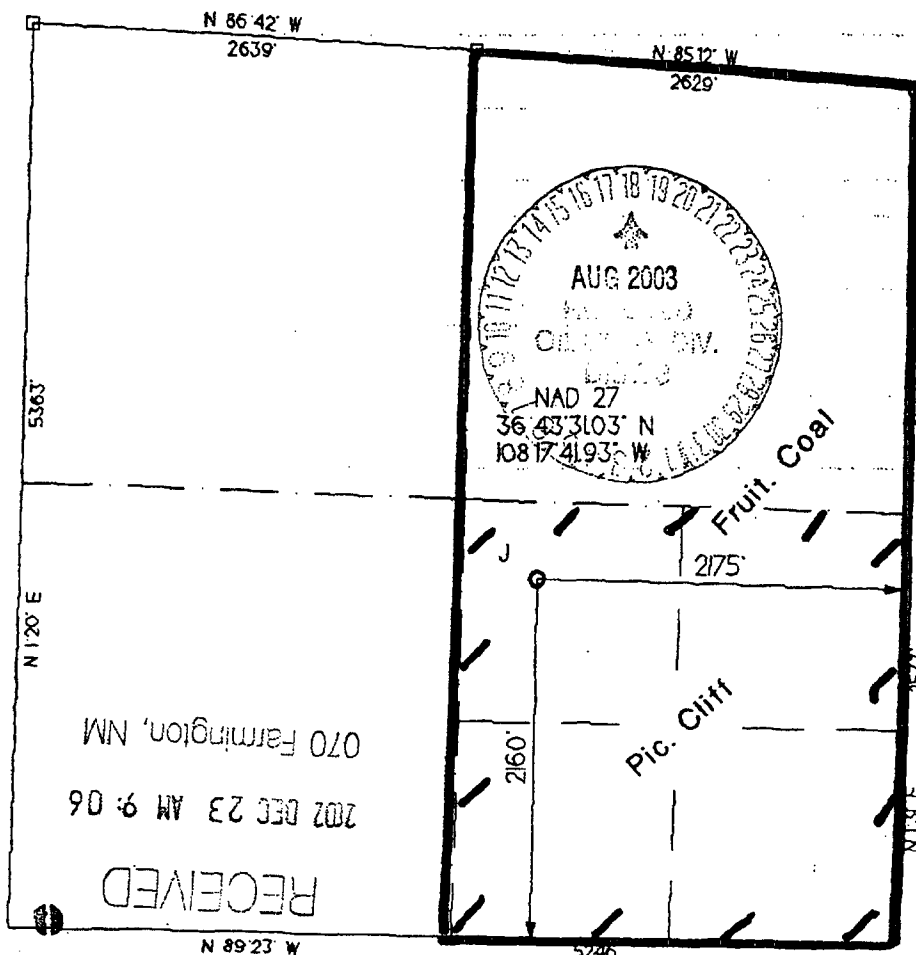
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045- 31294	Pool Code 71629 & 79680	Pool Name BASIN FRUIT. COAL & WEST KUTZ PC
Property Code 32729	Property Name NV NAVAJO IS	Well Number 4
Record No. 019219	Operator Name RICHARDSON OPERATING COMPANY	Elevation 5174'

Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from	North/South	Feet from	East/West	County
J	15	29 N.	14 W.		2160'	SOUTH	2175'	EAST	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	Joint ?	Consolidation C			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 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>Brian Wood</i>
Printed Name	BRIAN WOOD
Title	CONSULTANT
Date	DEC. 19, 2002
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	DEC 19 2002
Signature and Seal of Professional Surveyor	<i>[Signature]</i>
BEFORE THE	

OIL CONSERVATION DIVISION
Case No. 13439 Exhibit No. **4-C**
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

**List of Unleased Mineral Owners
Nature & percent of interest
Lance Oil & Gas Company, Inc.
WF NAVAJO 15 #4**

**Pictured Cliffs Formation SE/4 Section 15 – T29N-R14W, NMPM
Fruitland Coal Formation E/2 Section 15 – T29N-R14W, NMPM
San Juan County, New Mexico**

Name & Address	Acreage	% Interest PC	% Interest FC
Brian E. & Laura Overturf PO Box 945 Kirtland, NM 87417	17.8900	-0-	5.5906
Manuel & Ora Mae LaCour Po Box 5106 Farmington, NM 87499	0.9900	-0-	0.3094
Kenneth E. & Ethel L. King 25 CR 6015 Farmington, NM 87401	0.5600	-0-	0.1750
Dewey B. & Velma O. Dobbs 29 Cr 6015 Farmington, NM 87401	0.500	-0-	0.1563
TOTALS	19.94		6.2313

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 13439 Exhibit No. **4-D**
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

RICHARDSON PRODUCTION COMPANY
3100 LaPLATA HWY.

Phone (505) 564-3100

FARMINGTON, NM 87401

FAX (505) 564-3109

July 22, 2003

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0906 8278

RE: Richardson Navajo 15-4
Fruitland Coal/Pictured Cliffs Well Proposal
Township 29 North, Range 14 West, NMPM
Section 15: E/2
San Juan County, New Mexico

Dear:

Richardson Production Company 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. Richardson 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 \$894.50 and a 12.5% ($1/8^{\text{th}}$) 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 Richardson Production Company for \$5000.00.
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 ($7/8^{\text{th}}$) working interest and a one-eighths ($1/8^{\text{th}}$) 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 we have not received your response within 30 days from date of this letter, Richardson will initiate a Compulsory Pooling hearing. At that time additional documents will be sent to you regarding this action.

July 22, 2003

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 13439 Exhibit No. 4-E
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

Additionally, as required by New Mexico Oil Conservation Division (NMOCD) Rules, this letter will serve to notify you of the **non-standard location** application for this 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.

Richardson Operating Company is applying to the NMOCD for a non-standard location for its proposed Richardson Operating Navajo 15-4 well in the Fruitland Coal/Pictured Cliffs formation. The well is located South of the San Juan River on Navajo Tribal lands. The minimum distance from quarter section lines required by NMOCD rules is 660'. Due to existing surface conditions, the well is approximately 465' from the quarter line of Section 15.

Well Name:	Navajo 15-4
Proposed Producing Zone:	Fruitland Coal/Pictured Cliffs
Acreage Dedication:	E/2 and SE/4 of Section 15, T29N, R14W, NMPM, San Juan Co., NM
Location:	2175' FEL & 2160 FSL, Section 15, T29N, R14W, NMPM, San Juan Co., NM
Applicant's Name:	Richardson Operating Company
Applicant's Address:	3100 La Plata Highway, Farmington, New Mexico 87401
Applicant's Phone No.	505/564-8115

Submittal Information: Application for a non-standard location 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.

Should you have any questions concerning any of these options please contact the undersigned or Anne Jones at 564-8115.

Sincerely,

Paul Lehrman for
Richardson Production Company

Enclosures

Certified Mail

January 18, 2005

RE: Lance Oil & Gas Company, Inc.
Fruitland Coal/Pictured Cliffs Well Proposal
Township 29 North, Range 14 West, NMPM
Section 15: SE/4 Pictured Cliffs
Section 15: E/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 \$***** and a 12.5% (1/8th) 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 \$****.
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 (7/8th) working interest and a one-eighths 1/8th) 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. 13439 Exhibit No. **4-F**
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

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

**IN THE MATTER OF THE APPLICATION
OF LANCE OIL & GAS COMPANY, INC.
FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO.

APPLICATION

Lance Oil & Gas Company, Inc. ("Lance") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) 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. 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.

In support of its application, Lance Oil & Gas Company, Inc. ("Lance") states:

1. Effective October 1, 2004, Lance became the successor to Richardson Operating Company ("Richardson").

2. Lance has a working interest ownership in the oil and gas minerals from the surface to the base of the Pictured Cliffs formation underlying the E/2 of Section 15, T29N, R14N, NMPM, San Juan County, New Mexico.

3. These gas spacing units are located within the boundaries of the Basin Fruitland Coal Gas Pool and the West Kutz-Pictured Cliffs Gas Pool.

**BEFORE THE
OIL CONSERVATION DIVISION**
Case No. 13439 Exhibit No. **4-6**
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

4. On August 18, 2003, the Division issued Administrative Order NSL-4936 approving Richardson's application to drill this well at an unorthodox well location 2160 feet FSL and 2175 feet FEL of this section.

5. By letter dated, January 10, 2005, Lance as proposed to the other working interest or mineral owners that this well be drilled and dually completed in the Pictured Cliffs and Fruitland coalbed formations to be dedicated to a standard 320-acre gas spacing and proration unit consisting of the E/2 and a standard 160-acre gas spacing and proration unit consisting of the SE/4 both in Section 15.

6. Despite its reasonable efforts, application has been unable to obtain a written voluntary agreement from certain uncommitted working interest and/or mineral interest owners as shown on **Exhibit "A"**.

7. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Lance needs an order of the Division pooling the interest identified above in order to protect correlative rights and prevent waste.

8. Applicant, in the absence of timely objection, will present its evidence by affidavit as provided by Division Rule 1207.A(1) and request the 200% risk charge in accordance with Commission Order R-11992, effective August 15, 2003.

9. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for March 3, 2005.

WHEREFORE, Lance Oil & Gas Company, Inc, as applicant, requests that this application be set for hearing on March 3, 2005 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

(1) Lance Oil & Gas Company, Inc. be named operator;

(2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

(3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

(4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN

P. O. Box 2265

Santa Fe, New Mexico 87504

Telephone: (505) 982-4285

Fax: (505) 982-2047



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

August 18, 2003

Lori Wrotenbery
Director

Oil Conservation Division

Richardson Operating Company
c/o Permits West, Inc.
37 Verano Loop
Santa Fe, New Mexico 87505

Attention: **Brian Wood**
brian@permitswest.com

Administrative Order NSL-4936

Dear Mr. Wood:

Reference is made to the following: (i) your application on behalf of the operator, Richardson Operating Company ("Richardson"), that was submitted to the New Mexico Oil Conservation Division ("Division") on July 28, 2003 (*administrative application reference No. pMES0-321040803*); and (ii) the Division's records in Santa Fe and Aztec: all concerning Richardson's request for an unorthodox gas well location in both the Undesignated West Kutz-Pictured Cliffs Pool (79680) and Basin-Fruitland Coal (Gas) Pool (71629) for its proposed NV Navajo "15" Well No. 4 to be drilled 2160 feet from the South line and 2175 feet from the East line (Unit J) of Section 15, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

It is our understanding that Richardson intends to dually complete this well and that: (i) the E/2 equivalent of Section 15, being a standard 320-acre, more or less, stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool; and (ii) SE/4 equivalent of Section 15, being a standard 160-acre, more or less, gas spacing unit for the West Kutz-Pictured Cliffs Pool, are to be dedicated to Richardson's proposed NV Navajo "15" Well No. 4.

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool," as promulgated by Division Order No. R-8768, as amended; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2) and Rule 8 of the special Basin-Fruitland Coal (Gas) Pool rules, the above-described unorthodox Fruitland coal and Pictured Cliffs gas well location for Richardson's proposed NV Navajo "15" Well No. 4 is hereby approved.

Oil Conservation Division * 1220 South St. Francis Drive *
Phone: (505) 476-3440 * Fax (505) 476-3462 * [http:](http://)

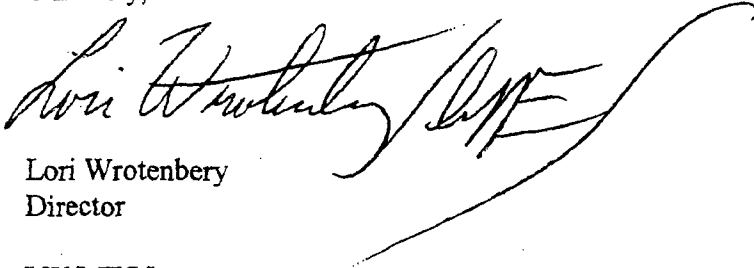
BEFORE THE
OIL CONSERVATION DIVISION
Case No. 13439 Exhibit No. **4-H**
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

Richardson Operating Company
August 18, 2003
Page 2

Division Administrative Order NSL-4936

Jurisdiction of this cause is retained for the entry of such further order as the Division deems necessary.

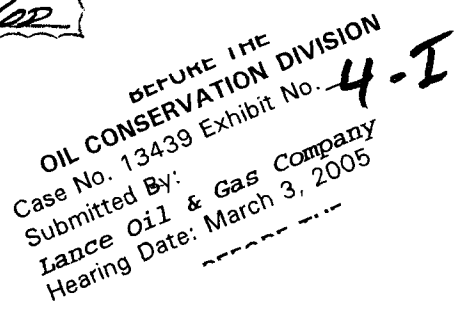
Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a large, sweeping flourish that extends to the right.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington



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 SE/4 and the E/2 of Section 15, 29N, R14W to be dedicated to its NV Navajo "15" Well No. 4. 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. 13439 Exhibit No. — 4-5
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

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.

Article Addressed to:

Brian & Laura Overturf
 PO Box 945
 Kirtland, NM 87417

A. Signature
 Lance
 Case 13439
 March 3, 2005
 2/10/05

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

4. Restricted Delivery? (Extra Fee)
☐ Yes

Article Number
 (Transfer from service label)
 7002 0510 0003 4614 9455
 PS Form 3811, August 2001
 Domestic Return Receipt
 102595-02-M-1540

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.

Article Addressed to:

Kenneth E & Ethel L King
 25 CR 6015
 Farmington, NM 87401

A. Signature
 Lance
 Case 13439
 March 3, 2005
 2/10/05

IF YES, enter delivery address below:
 Ethel King
 Ethel King

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

4. Restricted Delivery? (Extra Fee)
☐ Yes

Article Number
 (Transfer from service label)
 7002 0510 0003 4614 9479
 PS Form 3811, August 2001
 Domestic Return Receipt
 102595-02-M-1540

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.

Article Addressed to:

Manuel & Ora Mae LaCour
 PO Box 5106
 Farmington, NM 87499

A. Signature
 Lance
 Case 13439
 March 3, 2005
 2/10/05

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

4. Restricted Delivery? (Extra Fee)
☐ Yes

Article Number
 (Transfer from service label)
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 PS Form 3811, August 2001
 Domestic Return Receipt
 102595-02-M-1540

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.

Article Addressed to:

Dewey B & Velma O Dobbs
 29 CR 6015
 Farmington, NM 87401

A. Signature
 Lance
 Case 13439
 March 3, 2005
 2/10/05

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

4. Restricted Delivery? (Extra Fee)
☐ Yes

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COMPLETE THIS SECTION ON DELIVERY

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. 13439 Exhibit No. 4-K
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 the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on February 25, 2005, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through Relay Network, 1-800-659-1779 by February 25, 2005. Public documents including the notices, 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.

CASE 13435:

West American Corporation

CASE 13435: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of the Basin Fruitland Coal-Gas Pool underlying both the SE/4 of Irregular Section 17, T29N, R14W, NMPM, San Juan County, New Mexico, and the Basin Fruitland Coal-Gas Pool underlying both 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 unit for any production from the Basin Fruitland Coal-Gas Pool and forming a standard 160-acre gas spacing unit for any production from the Pictured Cliffs Gas Pool. This unit is to be dedicated its ROPCO "17" Well No. 4 (API# 30-045-32315) to be drilled at a standard location in Unit L 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 1-1/2 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 the Basin Fruitland Coal-Gas Pool underlying both 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 unit for any production from the Basin Fruitland Coal-Gas Pool and forming a standard 160-acre gas spacing unit for any production from the Pictured Cliffs Gas Pool. These units are to be dedicated its WF ROPCO "17" Well No. 2 (API# 30-045-32140) to be drilled at a standard location in Unit L 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 1-1/2 miles East-Southeast from Kirtland, New Mexico.

CASE 13437 and CASE 13438:

Norma Schmitt & C. Gregory Schmitt Co-Trustee, 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.

CASE 13437: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of 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 Pictured Cliffs Gas Pool. This unit is to be dedicated its WF ROPCO "17" Well No. 2 (API# 30-045-32140) to be drilled at an unorthodox gas well E 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 1-1/2 miles East-Southeast from Kirtland, New Mexico.

CASE 13438: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of 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 Pictured Cliffs Gas Pool. These units are to be dedicated its WF ROPCO "17" Well No. 2 (API# 30-045-32140) to be drilled at a standard location in Unit A of this section for 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 Dewey B. & Velma O. Dobbs

CASE 13439: Application of Lance Oil & Gas Company, Inc. for compulsory pooling of the Basin Fruitland Coal-Gas Pool underlying both the SE/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 unit for any production from the Basin Fruitland Coal-Gas Pool and forming a standard 160-acre gas spacing unit for any production from the Pictured Cliffs Gas Pool. This unit is to be dedicated its ROPCO "17" Well No. 4 (API# 30-045-32315) to be drilled at a standard location in Unit L 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 1-1/2 miles East-Southeast from Kirtland, New Mexico.

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, 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 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. Tafoya, 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. Meerts, Rexford L. & Sharon Mitchell, Jr., Prudential Relocations, Inc., Earl & Ireta Burnett, Troy Stewart, David & Rhonda Schoefer, 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 Fine, Ave Linda P. Mascarenas, Gary O. & Sheila Munson, Andrew C. & Pam Erickson, John Y. Cheryl Beshara, Ross & Monique Trujillo, Jr., James P. & Janet McDaniel, Ron & Michele VanVelkenburg, Tom & Vickie Wethington, James M. Wilson, Doran & Linda Newton, Bill & Linda Besett, 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 Rafica, 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, Range 14 West, 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 COMP.
AUTHORITY FOR EXPEDITURE

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 13439 Exhibit No. **4-L**
Submitted By:
Lance Oil & Gas Company
Hearing Date: March 3, 2005

Well Name: NV Navajo 15-4
Location: S/E Sec 15-T29N-R14W
Spacing: E/2 320 acres
Proposed Depth: 800' FC; 950' PC

Date: **BEFORE THE** 7/22/2003

Objective Formation:
Commingled Pictured Cliffs and Fruitland Coal

	Tangible	Intangible	Total	Fruitland Coal	Pictured Cliffs
I. Drilling Costs (Included Run Casing)					
Survey and Permits - - - - -		3,000		1,500	1,500
Title Opinion & Land - - - - -		5,000		2,500	2,500
Damages - - - - -		5,000		2,500	2,500
* Drilling (incl. water & mud) 1200' @ 15.00/ft.-		15,000		6,750	8,250
BOP Rental - - - - -		1,000		500	500
Dirt Work - - - - -		4,000		2,000	2,000
Pit Lining - - - - -		2,000		1,000	1,000
Surface Casing 200' @ 6.00/ft. - - - - -	1,200			600	600
Casing Head - - - - -	1,200			600	600
Cement Surface - - - - -		2,300		1,150	1,150
Power Tongs - - - - -		1,200		600	600
Casing 750' @ 5.00/ft. - - - - -	3,750			1,763	1,988
Trucking - - - - -		3,000		1,500	1,500
Logs - - - - -		1,000		500	500
Engineering - - - - -		4,000		2,000	2,000
Cement Longstring - - - - -		5,500		2,689	2,811
Total Cost to Run Casing - - - - -	6,150	52,000	58,150	28,151	29,999
6.0625% Farmington, NM Tax			3,525	1,707	1,819
10% Contingency - - - - -			5,815	2,815	3,000
Grand Total to Run Casing			67,490	32,673	34,817
II. Completion Costs					
Rig Anchors - - - - -		1,000		500	500
Logs - - - - -		4,000		2,000	2,000
Perf - - - - -		3,000		1,500	1,500
Wellhead & Fittings - - - - -	5,000			2,500	2,500
Tubing 750' @ 2.50/ft. - - - - -	1,877			901	976
Stimulation - - - - -		60,000		30,000	30,000
Tool Rental - - - - -		3,000		1,500	1,500
Trucking - - - - -		3,000		1,500	1,500
Battery Installation - - - - -		6,000		3,000	3,000
Restore Location - - - - -		4,000		2,000	2,000
Engineering - - - - -		4,000		2,000	2,000
Treater, Separator - - - - -	4,000			2,000	2,000
Flowline - - - - -	3,000			1,500	1,500
Tank & Fittings - - - - -	8,000			4,000	4,000
Gravel - - - - -	2,000			1,000	1,000
Workover Rig - - - - -		12,000		6,000	6,000
Completion Fluids - - - - -		2,000		1,000	1,000
Pipeline Hookup - - - - -		20,000		10,000	10,000
Division Order Opinion - - - - -		2,000		1,000	1,000
Frac Tank Rental - - - - -		4,000		2,000	2,000
Flowback - - - - -		2,000		1,000	1,000
Fence Location - - - - -	8,000			4,000	4,000
Total Completion Costs - - - - -	31,877	130,000	161,877	80,901	80,976
6.0625% Farmington, NM Tax			9,814	4,905	4,909
10% Contingency - - - - -			16,188	8,090	8,098
Drilling Costs - - - - -			67,490	32,673	34,817
Grand Total Well Costs			255,369	126,569	128,800

