



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 24, 2006

W. Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504

e-mail: kellahin@earthlink.net

Dear Mr. Kellahin:

Based upon the reasons stated in your letter of February 21, 2006, and in accordance with the provisions of Division Order No. R-12451, Lance Oil & Gas Company (Lance) is hereby granted an extension of time until May 30, 2006, in which to commence the drilling of the wells pooled by this order namely:

- (a) FRPC "22" Well No. 2 (API# 30-045-33160)
Unit E, NW/4 and W/2 of Section 22, T29N, R13W.
- (b) FRPC "22" Well No. 3
Unit M, SW/4 and W/2 of Section 22, T29N, R13W.

Lance is currently subject to Emergency Order 36, which temporarily suspends the approval of the permit to drill the FRPC "22" Well No. 2 pending the provision of additional information from Lance regarding a plan to protect the fresh water body in which this well is located, the groundwater, and public health and the environment. In accordance with the stipulation filed this day by Lance, Lance is not to renew operations at the FRPC "22" Well No. 2 until the issues raised in Emergency Order 36 are resolved through entry of an examiner order after notice and hearing or entry of an order negotiated by the parties.

If you have any questions, please contact Richard Ezeanyim at (505) 476-3467.

Sincerely,

Mark E. Fesmire, P.E.
Director

cc: OCD - Aztec

Case 13539