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COGCC

FORM 2 Rev 6/99

State of Colorado Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 (303) 894-2100 Fax: (303) 894-2109

1. TYPE OF WORK APPLICATION FOR PERMIT TO: [X] Drill, [] Deepen, [] Re-enter, [] Recomplete and Operate

FOR OGCC USE ONLY. Barcode 01160281. Plugging Bond Surety ID#: 2003 - 0071

1. TYPE OF WELL OIL [] GAS [X] COAL BED [] OTHER: Refiling [] SINGLE ZONE [] MULTIPLE ZONE [X] COMMINGLE ZONES [] Side Track []

3. OGCC Operator Number: 50150 4. Name of Operator: Lance Oil & Gas Company Inc. 5. Address: 1099 18th St. Suite 1200 City: Denver State: CO Zip: 80202 7. Well Name: Schlachter Well Number: 10-22 8. Unit Name (if Appl.): Unit No: 9. Proposed Total Depth: 4,500'

Attachment Checklist table with columns for Op and OGCC, listing items like APD Original, Form 2A, Permit Fee, etc.

10. Qtr/Sec: NWSE 22 Twp: 9N Rng: 43W Meridian: 6th 11. Field Name: Wildcat Field Number: 99999 12. Ground Elevation: 3,635' 13. County: Phillips 14. If well is: [] Directional [] Horizontal (Highly Deviated), submit deviated drilling plan. 15. Is location in a high density area (Rule 603b)? [] Yes [X] No 16. Distance to nearest building, public road, above ground utility or railroad? 2,022' 17. Distance to Nearest Property Line: 621' 18. Distance to nearest well completed in same format: 2,551'

19. LEASE, SPACING, AND POOLING INFORMATION

Table with columns: Objective Formation(s), Formation Code, Spacing Order Number, Unit Acreage Assigned to Well, Unit Configuration (N/2,SE/4, etc.)

20. Mineral Ownership: [X] Fee [] State [] Federal [] Indian 21. Surface Ownership: [X] Fee [] State [] Federal [] Indian Is the Surface Owner also the Mineral Owner?: [] Yes [X] No Surface Surety ID#: If No: [X] Surface Owners Agreement Attached or [] \$25,000 Blanket Surface Bond [] \$2,000 Surface Bond [] \$5,000 Surface Bond 23. Describe lease area associated only with the proposed well by Qtr/Sec, Twp, Rng (attach separate sheet/map if required): T 8N R 43W Sec. 31 - SE/4, NE/4 T 9N R 43W Sec. 22 - SE/4

24. Distance to Nearest Lease Line: 621' 25. Total Acres in Lease: 480

DRILLING PLANS AND PROCEDURES

26. Approx. Spud Date: 4/1/04 NOTE: If air/gas drilling, notify local fire officials. 27. Drilling Contractor Number: 28085 Name: Excell Drilling Phone: 303-933-3061 28. Is H2S Anticipated: [] Yes [X] No If yes, attach contingency plan. 29. Will salt sections be encountered during drilling? [] Yes [X] No 30. Will salt (>15,000 ppm TDS Cl) or oil based muds be used during drilling? [] Yes [X] No 31. If questions 29 or 30 are yes, is this location in a sensitive area (Rule 903)? [] Yes [] No 32. Mud disposal: [] Offsite [X] Onsite Method: [] Land Farming [] Land Spreading [] Disposal Facility [X] Other: Evap and burial

33. CASING AND CEMENTING PROGRAM

Table with columns: String, Size of Hole, Size of Casing, Weight Per Foot, Setting Depth, Sacks Cement, Cement Bottom, Cement Top

34. BOP Equipment: [] Annular Preventor [X] Double Ram [] Rotating Head [] None

35. Comments, if any: We have complied with COGCC Rule 306

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct, and complete. Print Name: Russell Branting Signed: [Signature] Title: Senior Petroleum Engineer Date: 3/1/2004

OGCC Approved: [Signature] Director of COGCC Date: 3/30/04

API NUMBER 05-095-6073-00 Permit Number: 20040517 Expiration Date: 3/29/05

24 HOUR SPUD NOTICE REQUIRED. CONTACT KEVIN LIVELY @ 970-522-6747. IF WELL IS A DRY HOLE SET PLUGS AT THE FOLLOWING DEPTHS: 1) 40 SKS CMT BASE OF D SND 3)40 SKS CMT BASE OF NIOBRARA 4)40 SKS CMT 1/2 OUT 1/2 IN SURFACE CSG 5) 10 SKS CMT TOP OF SURFACE CSG, CUT 4' BELOW GL, WELD PLATE 6) 5 SKS CMT IN RAT HOLE & 5 SKS IN MOUSE HOLE



COGCC Results



Selected Items Report

Oil and Gas Wells Selected

Filter Results by Formation

WELL DESCRIPTION	LOCATION	WELL INFORMATION
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Facilities Selected

FACILITY DESCRIPTION	LOCATION	PIT INFORMATION		
		Type	Unlined	Status

Water Wells Selected

Filter Results by Depth

WELL DESCRIPTION	LOCATION	WELL INFORMATION			
		Depth	Top Perf	Bottom Perf	Aquifer
Receipt=9054506, Permit=0015318-F-, FULSCHER MAX	NWSE 15 9N-43W	295	0	0	GW
Receipt=0006574, Permit=0014552-F-, CUMMING GEO.	NE 21 9N-43W	0	0	0	GW
Receipt=9053663, Permit=0015332-FP-, DIRKS DEREK & MARLENE	SENE 22 9N-43W	312	0	0	TO
Receipt=9053654, Permit=0015333-FP-, DIRKS DAVID & JULIE	SENE 22 9N-43W	306	0	0	TO
Receipt=0056697, Permit=0019105-FP-, SCHLACHTER STEVEN & JUDITH ANN	SESE 22 9N-43W	330	180	322	TO
Receipt=0916927, Permit=0015330-F-, DUDDEN PERRY L	SESE 22 9N-43W	0	0	0	TO
Receipt=0056697B, Permit=0019107-F-, DUDDEN BROTHERS INC	SW 22 9N-43W	0	0	0	GW
Receipt=0008359, Permit=0015331-F-, DUDDEN PERRY L.	SESW 22 9N-43W	0	0	0	GW
Receipt=0067910A, Permit=0006049-AD-, WILLCO FARMS	NWNE 27 9N-43W	0	0	0	GW
Receipt=0067910B, Permit=0006050-AD-, WILLCO FARMS	SENE 27 9N-43W	0	0	0	GW
Receipt=0065893, Permit=0005951-AD-, WILLCO FARMS	SWNE 27 9N-43W	0	0	0	GW
Receipt=0099768, Permit=0007909-AD-, OLSON DONALD M.	NW 27 9N-43W	0	0	0	GW