

HEC PETROLEUM, INC.
c/o Mike Pippin
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) **505-564-8656 (fax)
Email: mpippin@ddroadband.net

Received 5-20-2004
Susp. 6-9-2004
PMESD-414950681

May 18, 2004

CERTIFIED MAIL:

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87504

RE: Application for Administrative Approval of Unorthodox Location
HEC Petroleum Inc.'s Montoya 25 #3 Well
660' FSL and 180' FEL
Unit P, Section 25, T32N, R13W
San Juan County, New Mexico
Basin Fruitland Coal

RECEIVED

MAY 20 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Dear Mr. Stogner:

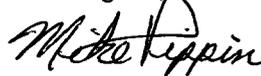
HEC Petroleum Inc. hereby requests administrative approval for an unorthodox location for the above referenced well. Attached for your reference are the following exhibits:

1. Well location plat (NMOCD Form C-102)
2. List of Offset Owners
3. Ownership map
4. Topographic map
5. Production map

The rules state that the well should not be closer than 660 feet to the South and North lines nor closer than 660 feet to the East and West lines of a Gas Proration Unit. The surface land owner, Mr. Montoya, has requested that the referenced well be moved from a standard location, which he irrigates, to the proposed non-standard location which he does not irrigate. This was field-checked by Steve Hayden with the Aztec NMOCD office.

By certified mail, a copy of this application and request for administrative approval has been sent to all of the Basin Fruitland Coal working interest owners and offset operators listed on the attached list. HEC Petroleum would like to request your Administrative Approval for the unorthodox location based on the above information. Should you need any additional information please feel free to contact me at (505) 327-4573.

Best Regards,



Mike Pippin
Petroleum Engineer
Agent - HEC Petroleum, Inc.

Reviewed
5-21-04

Enclosures

cc: Steve Hayden

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

FORM U-102
Revised February 21, 1994

District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

District IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 71629		3 Pool Name BASIN FRUITLAND COAL	
4 Property Code		5 Property Name MONTOYA 25		6 Well Number 3	
7 GRID No. 9812		8 Operator Name HEC PETROLEUM, INC.		9 Elevation 5812'	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	25	32N	13W		660	SOUTH	180	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 320.0 Acres - (S/2)	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16</p> <p>1331.22'</p> <p>1314.06'</p> <p>2628.12'</p> <p>2632.74'</p> <p>2677.62'</p> <p>5223.90'</p> <p>2638.68'</p> <p>660'</p> <p>180'</p> <p>LAT: 36°57.1197' N LONG: 108°08.7453' W DATUM: NAD27</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Mike Pippix</i> Signature</p> <p>MIKE PIPPIX Printed Name</p> <p>AGENT - PETR. ENGR. Title</p> <p>5-13-04 Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown 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.</p> <p>Date of Survey: APRIL 29, 2004</p> <p>Signature and Seal of Professional Surveyor</p>  <p>JASON C. EDWARDS Certificate Number 15269</p>

Standard 640-acre Section

HEC PETROLEUM, INC.
c/o Mike Pippin
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) **505-564-8656 (fax)
Email: mpippin@ddroadband.net

OFFSET OPERATORS AND OWNERS NOTIFICATION LIST
MONTOKA 25 #3 WELL

OFFSET OPERATORS:

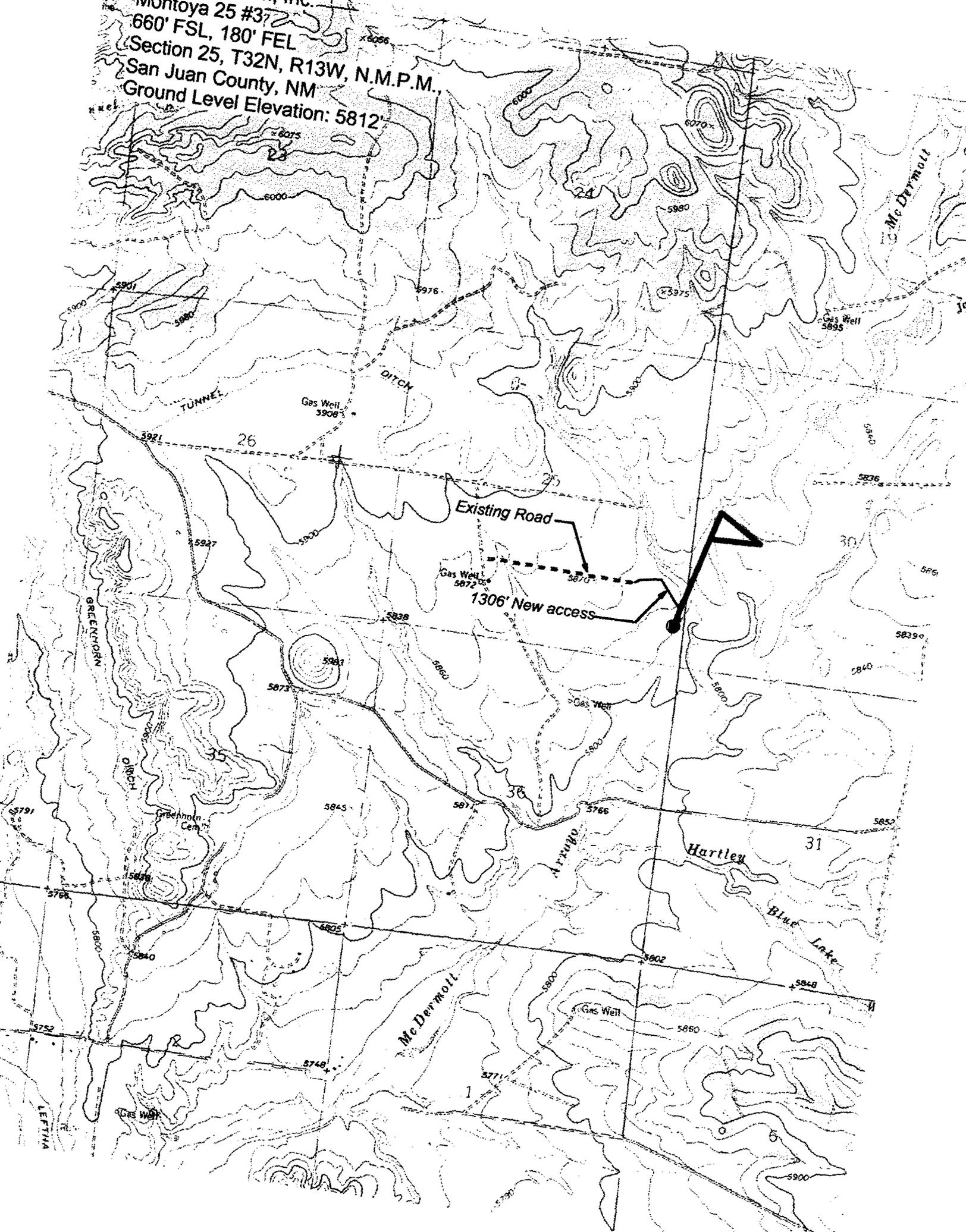
Burlington Resources Oil & Gas
P.O. Box 4289
Farmington, New Mexico 87499-4289
Attention: Linda Dean

WORKING INTEREST OWNERS:

Burlington Resources Oil & Gas
P.O. Box 4289
Farmington, New Mexico 87499-4289
Attention: Linda Dean

Peak Energy Resources, Inc.
3473 Main Avenue, Suite 23
Durango, Colorado 81301

Montoya 25 #37, Inc.
660' FSL, 180' FEL
Section 25, T32N, R13W, N.M.P.M.,
San Juan County, NM
Ground Level Elevation: 5812'



Existing Road

1306' New access

TUNNEL

ditch

GREENHORN

Greenhorn Cem.

Mc Dermott

Hartley

Blue Lake

Mc Dermott

Gas Well 5895

Gas Well 5908

Gas Well 5872

1306' New access

Gas Well

Gas Well

Gas Well

6075

5976

5975

5921

26

5927

5900

5838

5860

5873

5845

5871

5766

31

5840

5836

30

5866

5839

5852

5848

5802

5860

5900

LETTIA

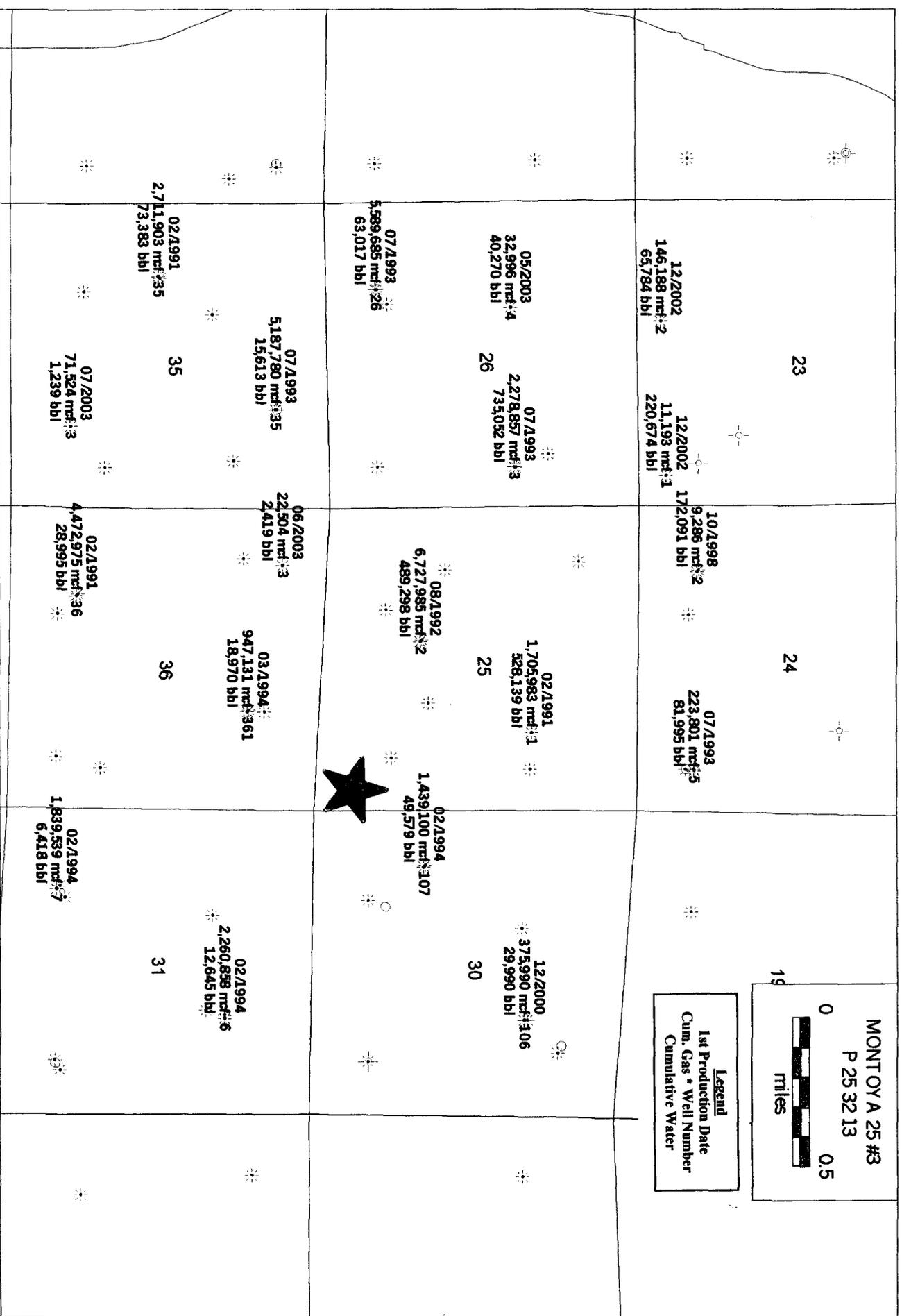
5730

PowerTools Map

Summary Lease Report

Project: C:\Program Files\HS Energy\PowerTools v5.0\Projects\MONTROYA 25#3.MDB

Date: 5/17/2004
Time: 5:30 PM



HEC PETROLEUM, INC.
c/o Mike Pippin
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) **505-564-8656 (fax)
Email: mpippin@ddroadband.net

May 18, 2004

CERTIFIED MAIL:
Burlington Resources Oil & Gas
P.O. Box 4289
Farmington, NM 87499-4289

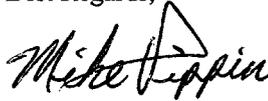
Attention: Linda Dean

RE: Application for Administrative Approval of Unorthodox Location
HEC Petroleum Inc.'s Montoya 25 #3 Well
660' FSL and 180' FEL
Unit P, Section 25, T32N, R13W
San Juan County, New Mexico
Basin Fruitland Coal

Dear Sir or Madam:

Enclosed please find a copy of the above captioned application that has been sent to the NMOCD for administrative approval. Should you not agree with the request, please notify the NMOCD within 20 days of the date of this application. Any questions you may have concerning the operations, please feel free to contact me at (505) 327-4573.

Best Regards,



Mike Pippin
Petroleum Engineer
Agent – HEC Petroleum, Inc.

Enclosures

HEC PETROLEUM, INC.
c/o Mike Pippin
3104 N. Sullivan Avenue
Farmington, NM 87401
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May 18, 2004

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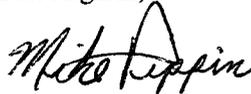
Peak Energy Resources, Inc.
3473 Main Avenue, Suite 23
Durango, Colorado 81301

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San Juan County, New Mexico
Basin Fruitland Coal

Dear Sir or Madam:

Enclosed please find a copy of the above captioned application that has been sent to the NMOCD for administrative approval. We are notifying you because you are a working interest owner. Any questions you may have concerning the operations, please feel free to contact me at (505) 327-4573.

Best Regards,



Mike Pippin
Petroleum Engineer
Agent – HEC Petroleum, Inc.

Enclosures

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> 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. 	A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee X	
1. Article Addressed to: BURLINGTON RESOURCES PO BOX 4289 FARMINGTON, NM 87499-4289 ATTN: Linda Dean	B. Received by (Printed Name)	C. Date of Delivery
2. Article Number (Transfer from service label) 7004 0750 0003 4802 0060	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
PS Form 3811, August 2001	Domestic Return Receipt	102595-02-M-1540

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> 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. 	A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee X	
1. Article Addressed to: PEAK ENERGY RESOURCES 3473 Main Ave Ste 23 Durango CO 81301	B. Received by (Printed Name)	C. Date of Delivery
2. Article Number (Transfer from service label) 7004 0750 0003 4802 0053	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
PS Form 3811, August 2001	Domestic Return Receipt	102595-02-M-1540

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
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1. Article Addressed to: Mr. Michael Stagner NM Oil Conservation Division 1220 S. Saint Francis Dr Santa Fe NM 87504	B. Received by (Printed Name)	C. Date of Delivery
2. Article Number (Transfer from service label) 7004 0750 0003 4802 0084	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
PS Form 3811, August 2001	Domestic Return Receipt	102595-02-M-1540

Friday, May 21, 2004



State of New Mexico
OIL CONSERVATION COMMISSION

From

MICHAEL E. STOGNER
PETROLEUM ENGINEER

10:35 AM

Memo

To

Voice Mail Message From
Steve Hayden

- Reviewed location and
conveys w/ operator

M.S.

P.O. BOX 2088
LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
505-827-5811

(over)

4:00 PM

5-21-2004

Talked w/ Steve who
immediately called after I
tried e-mailing Mike Pippin.
Who expounded on his field
review of the area.

Also the S/2 of Sec. 25 is
pasture land - not irrigated.

M. Steer