

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101  
March 4, 2004

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

1 Operator Name and Address HEC PETROLEUM, INC. c/o Mike Pippin 3104 N. Sullivan Farmington, NM 87401		2 OGRID Number 009812
3 Property Code 13703		4 API Number 30 - 045-32342
5 Property Name O'SHEA # 3		6 Well No. 3

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	3	31N	13W		1340	NORTH	1035	WEST	SAN JUAN

8 Proposed 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

9 Proposed Pool 1 BASIN FRUITLAND COAL	10 Proposed Pool 2
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Drilling Pit Location and Other Information

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
E	3	31N	13W		1390	NORTH	1035	WEST	SAN JUAN	
Depth to ground water 50' - 100'				Distance from nearest fresh water well 200' - 1000'			Distance from nearest surface water < 200'			
11 Work Type Code N		12 Well Type Code G		13 Cable/Rotary R		14 Lease Type Code P		15 Ground Level Elevation 5847'		
16 Multiple NO		17 Proposed Depth 2200'		18 Formation Basin Fruitland Coal		19 Contractor None Yet		20 Spud Date 9/7/04		

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
8.75"	7"	20#	200'	55	Surface
6.25"	4.5"	11.6#	2200'	254	Surface

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary. Drill 8-3/4" hole to 200' using fresh water mud. Run & cement 7" surface casing to surface. WOC 12 hours. Nipple up 7-1/16" 3000# BOPE (annular). Pressure test surface casing & BOPE to minimum of 600 psig for 15 minutes. Drill 6-1/4" hole to TD using polymer and water. Log well. Run 4-1/2" production casing and cement to surface in a single stage. Move out drilling rig. Move in completion equipment. Run cased hole correlation log. Test production casing to 3800 psig for 15 minutes. Perforate select Fruitland Coal intervals and stimulate with a sand frac treatment. Install production equipment, 2-3/8" tubing, and gas sales meter. Complete as a single Fruitland Coal well. The drilling pit liner will meet OCD guidelines.

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Signature: *Mike Pippin*

Printed name: Mike Pippin

Title: Agent - Petroleum Engineer

E-mail Address: mpippin@ddbroadband.net

Date: 5/12/04

Phone: 505-327-4573

OIL CONSERVATION DIVISION

Approved by:

*[Signature]*

Title: DEPUTY OIL & GAS INSPECTOR, DIST. IV

Approval Date: MAY 13 2004

Expiration Date: MAY 13 2005

Conditions of Approval:

Attached

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

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

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

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-045-32342</b>		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code <b>13703</b>	*Property Name O'SHEA <b>3</b>		*Well Number 3
*OGRID No. 9812	*Operator Name HEC PETROLEUM, INC.		*Elevation 5847'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	3	31N	13W		1340	NORTH	1035	WEST	SAN JUAN

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 320.30 Acres - (W/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<sup>17</sup> OPERATOR CERTIFICATION

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

*Mike Pippin*  
Signature

MIKE PIPPIN  
Printed Name

AGENT - PETR. ENGR.  
Title

5-13-04  
Date

<sup>18</sup> SURVEYOR CERTIFICATION

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.

Date of Survey: APRIL 16, 2004

Signature and Seal of Professional Surveyor

**JASON C. EDWARDS**  
Certificate Number 15269