

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

Mike Pippin
Petroleum Engineer
Agent - HEC Petroleum, Inc.

*Reviewed
6-21-04*

Enclosures

cc: Steve Hayden

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL	
*Property Code	*Property Name MONTOYA 25			*Well Number 3
*GRID No. 9812	*Operator Name HEC PETROLEUM, INC.			*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

¹¹Bottom Hole Location If Different From Surface

U.L. or lot no.	Section	Township	Range	Lot 100	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320.0 Acres - (S/2)			

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

16 1331.22' 1314.06' 2628.12' 2632.74' 2774.64' 2677.62' 2638.68' 5223.90'

25

Montoya B25 02
1625 FSL
2210' FSL

Montoya Loc. #1-L

180'

660'

LAT: 36°57.1197' N
LONG: 108°08.7453' W
DATUM: NAD27

17 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

18 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 29, 2004

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS
Certificate Number 15269

Grandd 640-acre Section

HEC PETROLEUM, INC.
c/o Mike Pippin
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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 25-3 Offsetting Fruitland Coal Operations

T.32N/R.13W., NMPM

Section 25: SE/4SE/4

San Juan County, New Mexico

Spacing: South 1/2

Operator: HEC Petroleum, Inc.

R-13-W

R-12-W

HEC	26	HEC	HEC	Burlington
			25	30
			HEC	Burlington
HEC	35	HEC	HEC	Burlington
			36	31
			Burlington	Burlington

Burlington Resources Oil & Gas Co.

P.O. Box 4 35

Farmington, NM. 87499

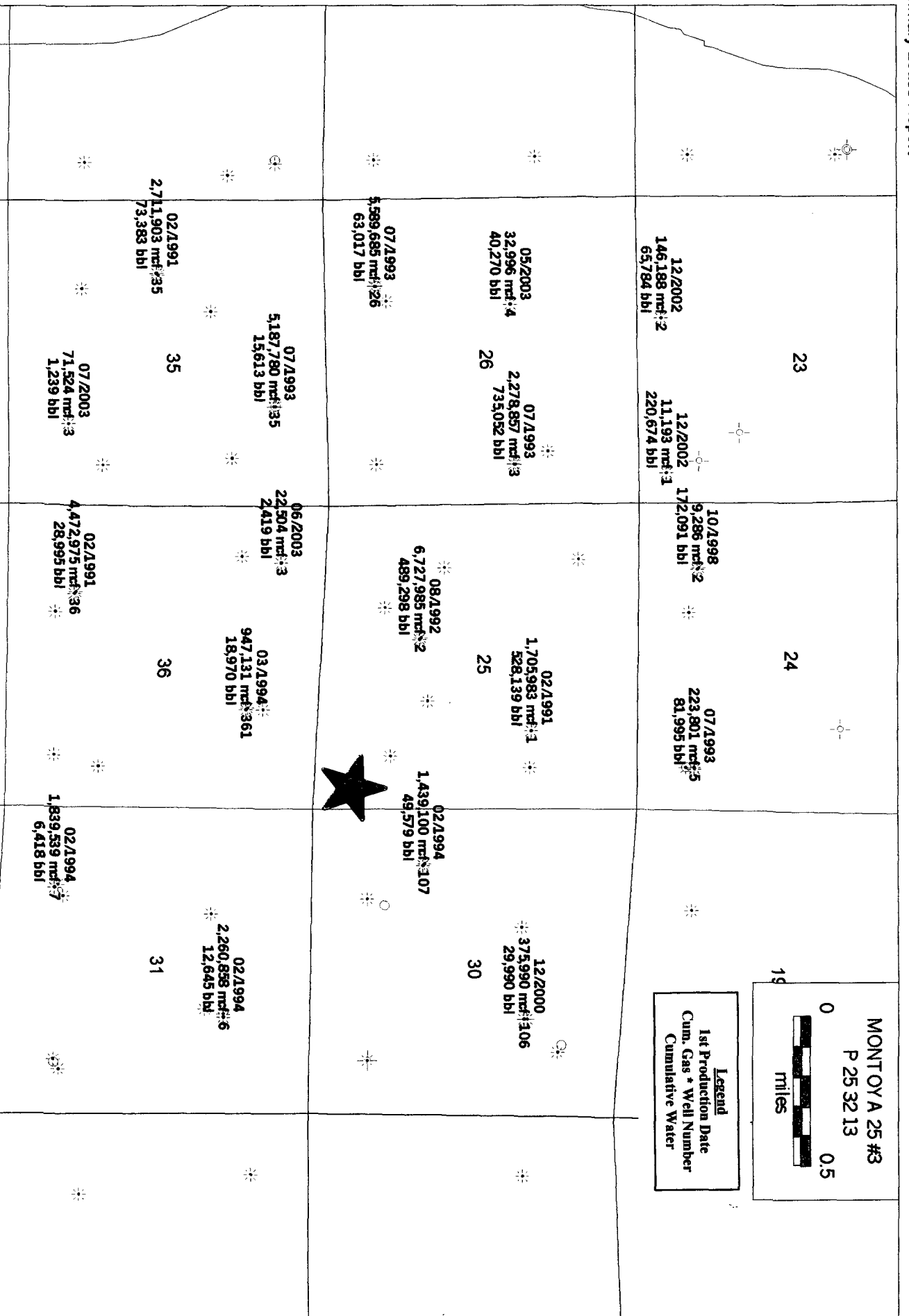
36

31

HEC Petroleum, Inc.

463 Turner Drive 101

Durango, CO. 81303



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

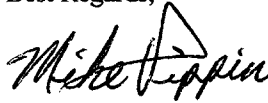
Attention: Linda Dean

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
505-327-4573 (phone) **505-564-8656 (fax)
Email: mpippin@ddroadband.net

May 18, 2004

CERTIFIED MAIL:

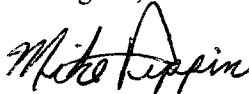
Peak Energy Resources, Inc.
3473 Main Avenue, Suite 23
Durango, Colorado 81301

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. 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
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee X</p>
<p>1. Article Addressed to:</p> <p style="font-size: 1.2em;">BURLINGTON RESOURCES PO BOX 4289 FARMINGTON, NM 87499-4289</p> <p style="font-size: 1.2em;">ATTN: Linda Dean</p>	<p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>2. Article Number (Transfer from service label)</p>	<p>3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>7004 0750 0003 4802 0060</p>	
<p>PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-1540</p>	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee X</p>
<p>1. Article Addressed to:</p> <p style="font-size: 1.2em;">PEAK ENERGY RESOURCES 3473 Main Ave Ste 23 Durango CO 81301</p>	<p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>2. Article Number (Transfer from service label)</p>	<p>3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>7004 0750 0003 4802 0053</p>	
<p>PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-1540</p>	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee X</p>
<p>1. Article Addressed to:</p> <p style="font-size: 1.2em;">Mr. Michael Stagner NM Oil Conservation Division 1220 S. Saint Francis Dr Santa Fe NM 87504</p>	<p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>2. Article Number (Transfer from service label)</p>	<p>3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>7004 0750 0003 4802 0084</p>	



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
concurs 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.

Att. Stor