

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply**

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
[B] ☐ Offset Operators, Leaseholders or Surface Owner
[C] ☐ Application is One Which Requires Published Legal Notice
[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name _____ Signature _____ Title _____ Date _____
e-mail Address _____

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

November 28, 2005

CERTIFIED MAIL:

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

RECEIVED
DEC 6 - 2005
OIL CONSERVATION
DIVISION

RE: Application for Administrative Approval of Unorthodox Location
HEC Petroleum Inc.'s Montoya 25 #4 Well
2360' FNL and 1165' FWL
Unit E, Section 25, T32N, R13W
San Juan County, New Mexico
Basin Fruitland Coal

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 Operators
3. Operator map
4. Topographic map
5. Production map

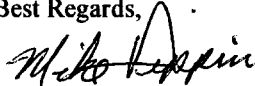
The rules state that the well should not be closer than 660 feet to the South and North lines nor closer than 660 feet to the East and West lines of a Gas Pro-ration Unit. HEC would like to drill this well in the south half of the northwest quarter of Section 25 for geologic and drainage reasons. The surface landowner, Mr. Montoya, has requested that the referenced well be moved from a standard location we had staked, to the proposed non-standard location because the non-standard location is on disturbed ground (a pipeline ROW). Mr. Montoya owns the E/2 of NW/4 and the SW/4 of NW/4 of Section 25.

This north half spacing unit is currently dedicated to HEC's B. Montoya 25 #1 (API No. 30-045-23196) located at a standard coal gas well location 1850' FNL & 790' FEL (Unit H) Section 25 T32N R13W.

The existing well in the quarter section is B. Montoya 25 #1M MV/DK located 1115' FNL & 870' FWL (D) Section 25 T32N R13W. Geologically, the #1M well pad is too far to the northwest in the quarter section for the #4.

By certified mail, a copy of this application and request for administrative approval has been sent to all of the Basin Fruitland Coal 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.

Enclosures

cc: Steve Hayden

DISTRICT I
1825 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003

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

☐ AMENDED REPORT

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 MONTOKA 25	⁶ Well Number 4
⁷ GRID No. 09812	⁸ Operator Name HEC PETROLEUM	⁹ Elevation 5926

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
E	25	32-N	13-W		2360	NORTH	1165	WEST	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 N/2			¹³ Joint or Infill Y		¹⁴ Consolidation Code		¹⁵ Order No.		

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 FD 3 1/4" BC. B.L.M. 1952		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>Mike Pippin</u> Printed Name: <u>MIKE PIPPIN</u> Title: <u>AGENT - PETR. ENGR.</u> Date: <u>11-18-05</u>
¹⁸ FD 3 1/4" BC. B.L.M. 1952		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: <u>OCT 25 2004</u> Signature and Seal of Professional Surveyor:

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@ddbroadband.net

OFFSET OPERATORS AND OWNERS NOTIFICATION LIST
MONTOKA 25 #4 WELL

OFFSET OPERATORS:

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

Pogo Producing
P.O. Box 10340
Midland, TX 79702

Montoya 25-4 Offsetting Fruitland Coal Operators

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

E Section 25: SW/4 NW/4

San Juan County, New Mexico

Spacing: North 1/2

Operator: HEC Petroleum, Inc.

November 28, 2005

R-13-W				R-12-W	
POGO		23	POGO		
POGO			24	HEC	
POGO				Burlington	
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Burlington Resources Oil & Gas Co.

P.O. Box 4289

Farmington, NM. 87499

HEC Petroleum, Inc.

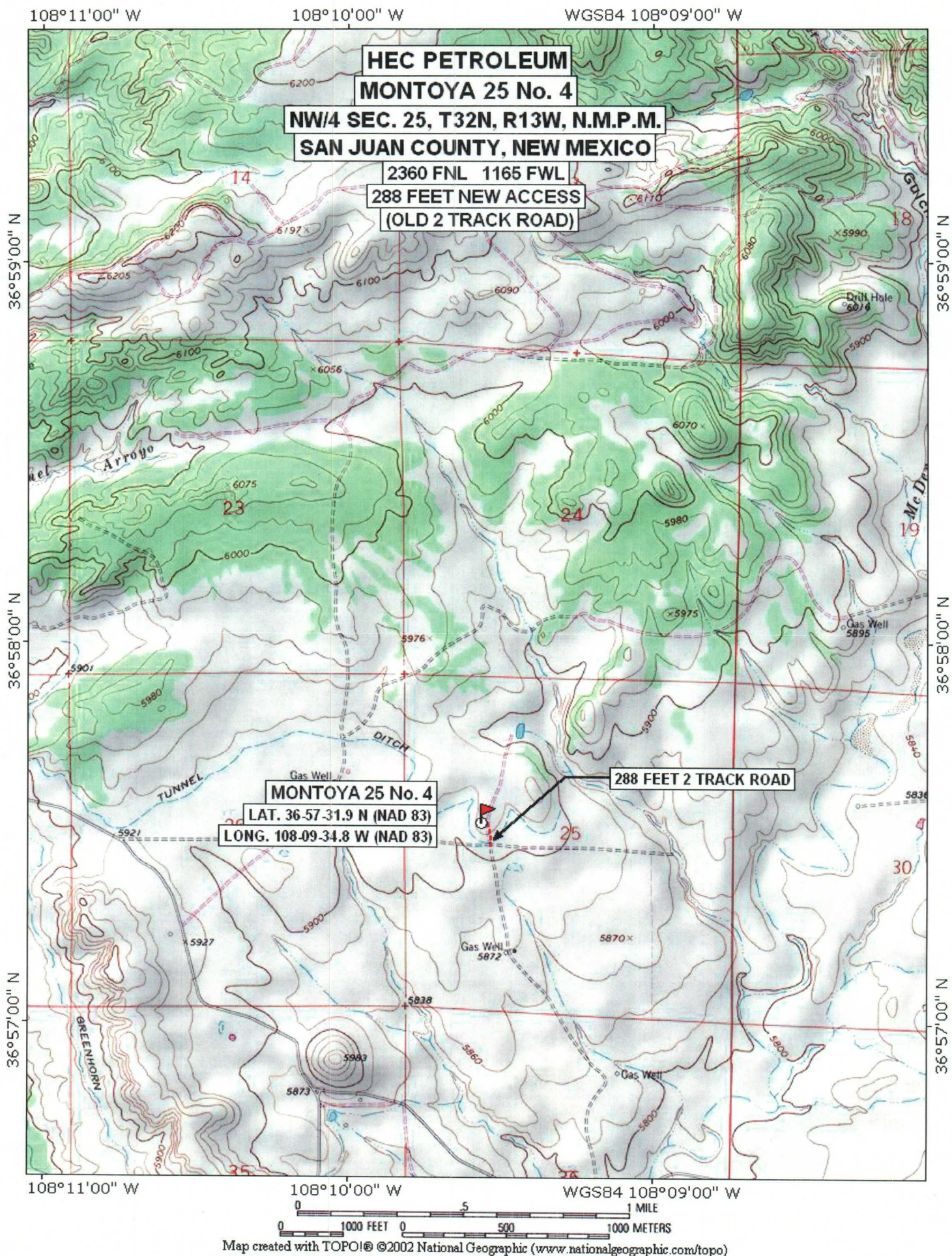
P.O. Box 1289

Famington, NM 87401

Pogo Producing

P.O. Box 10340

Mikland, TX 79702

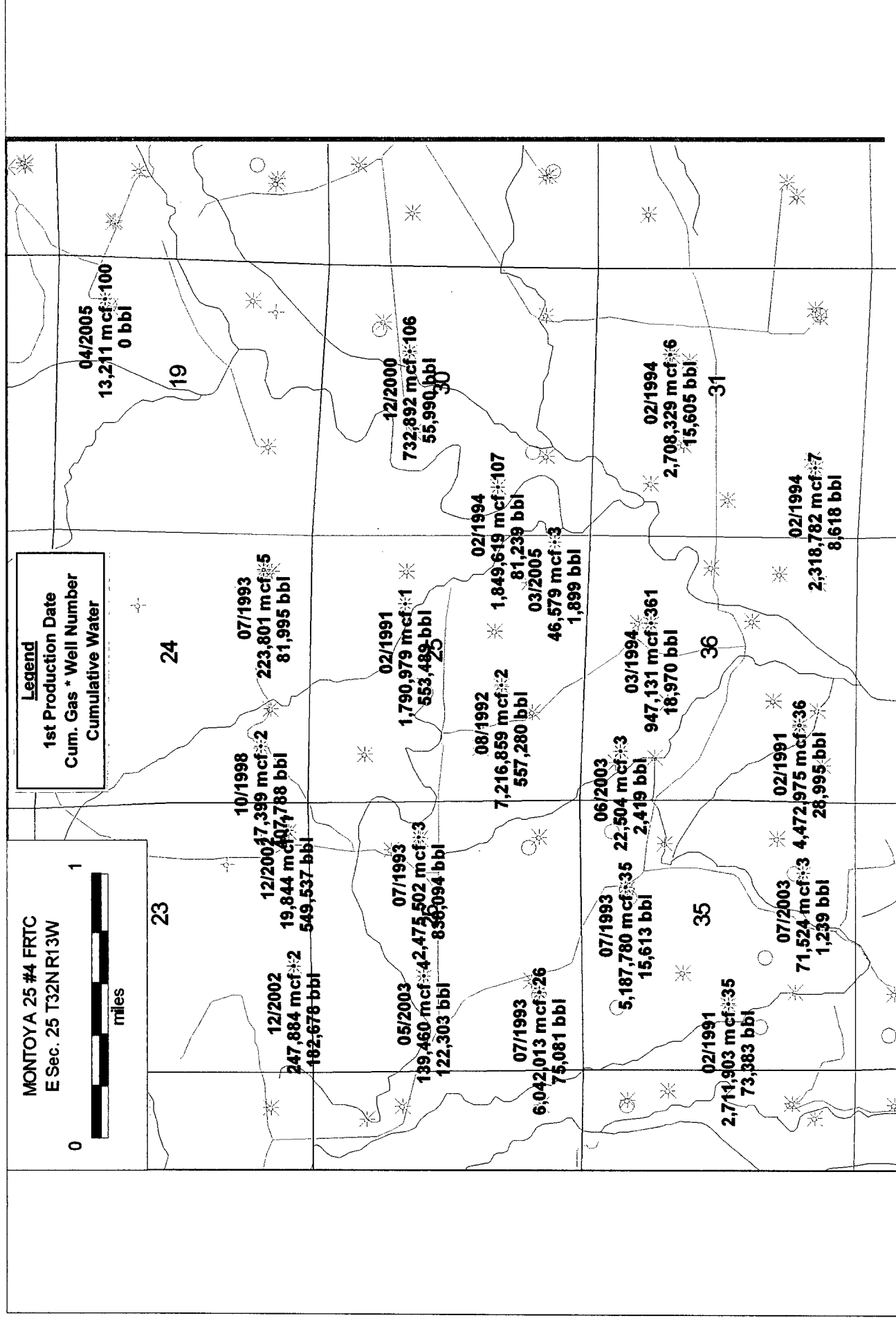


PowerTools Map

Summary Lease Report

Project: C:\Program Files\IHS Energy\PowerTools v6.0\Projects\MONTOYA 25 #4.MDB

Date: 11/23/2005
Time: 3:32 PM



SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

BURLINGTON RESOURCES
ATTN: LINDA DEAN
P.O. BOX 4289
FARMINGTON NM 87499

2. Article Number

(Transfer from service label)

7004 1160 0005 1590 2113

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

POGO PRODUCING
PO BOX 10340
MIDLAND TX 79702

2. Article Number

(Transfer from service label)

7004 1160 0005 1590 2120

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Mr. Michael Stagner
NM Oil Conservation Division
1220 S. Saint Francis Dr
Santa Fe, NM 87504

2. Article Number

(Transfer from service label)

7004 1160 0005 1590 2106

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes