NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

ABOVE THIS LINE FOR DIVISION USE ONLY

Appil	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 cation 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 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 JAN 2 8 2003
[2]	NOTIFICATION REQUIRED TO: - Check Those Which Apply, or _ Does Not Apply [A] Working, Royalty or Overriding Royalty Interest Owners 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
- 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.
- **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

BRIAN WOOD

(505) 466-8120 FAX 466-9682 Signature

Date

CONSULTANT

1-28-03

e-mail Address

brian@permitswest.com



1 %

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION FOR MARKWEST RESOURCES, INC. LAS COLINAS #102 GAS WELL BASIN FRUITLAND COAL GAS FIELD & POOL 537' FSL & 2139' FWL SEC. 26, T. 30 N., R. 13 W., SAN JUAN COUNTY, NM

- I. The well is on BLM surface and BLM oil and gas lease NMSF-078213. The well is 2,205' from the closest lease line. The proposed location is non-standard for the Basin Fruitland coal gas. A standard location must be at least 660' from the quarter section line. This well is staked 123' further south and 159' further east than is standard. (Closest standard location would be 660' FSL and 1980' FWL.) The APD is attached (EXHIBIT A).
- II. A C-102 showing the well location and pro ration unit (W2 Sec. 26) is attached (EXHIBIT B). The lease (2,480 acres) is shown as a solid line on the attached (EXHIBIT C) Farmington North USGS topo map. The well encroaches on the west line of the E2 Section 26 Fruitland spacing unit which is dedicated to MarkWest's existing Federal A #3 E well (1000' FSL & 1000' FEL 26-30n-13w) which is 2,190' east. The well also encroaches on the north line of the W2 Section 35 Fruitland spacing unit which is dedicated to Calpine's Tiger #17 well (660' FSL & 845' FWL 35-30n-13w) which is 5,316' south.
- III. According to NM Oil Conservation Division records, the closest existing Fruitland gas well is MarkWest's Federal A 3 E well (2,190' east). A copy of the Farmington North 7.5' USGS map is attached (EXHIBIT D) showing the proposed well site, existing & applied Fruitland spacing units (dashed lines), existing & applied Fruitland gas wells, and 2,480 acre lease (solid line including all of Sections 25, 26, & 35 and parts of Sections 23, 27, & 34). Registered letters were sent on January 27, 2003 to all of the offset interest owners. Copies of the postal receipts and letters are attached.
- IV. A copy of the Farmington North USGS map is attached (EXHIBIT E). The proposed well site is marked. Pro ration unit (dashed outline) for the Basin Fruitland coal gas is the 320.00 acre west half of Section 26, Township 30 North, Range 13 West, NMPM, San Juan County, NM.

V. MarkWest selected its location due to topography. The drilling window is in the Farmington City Limits. Houses are to the north, east, south, and west. A low rough location was selected to minimize impacts to neighbors.

VI. Archaeology is not an issue.

VII. See item V. above and attached map for a description of the surface conditions.

VIII. Directional drilling is not feasible because it is not cost effective.

IX. I hereby certify notice (see attached EXHIBIT F) has been sent to the following lessees, lessors, operators of existing spacing units, or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct.

Robert L. Bayless, Producer LLC
Benson-Montin-Greer
BLM
Burlington Resources Oil and Gas Company
Calpine Natural Gas LP
ConocoPhillips
Steve Dunn
Energen Resources Corp.
J & R Merrion Trust
Greg T. Merrion
Michael K. Merrion
Merrion Oil & Gas Corp.
Providence Minerals LLC
Questar Exploration & Production

Brian Wood, Consultant

January 27, 2003

Date



STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 27th day of January, 2003 by Brian Wood. Witness my hand and official seal.

Notary Public

My Commission Expires: September 7, 2003 Sion Expires

Business Address: 37 VERANO LOOP, SANTA FE, NM 87508

cc: Aztec OCD, Stowe



OIL CONSERVATION DIVISION 2040 South Pacheco Street Santa Fe, New Mexico 87505 (505) 827-7131

June 7, 1999

Questar Exploration and Production Company 1331 Seventeenth Street - Suite 800 Denver, Colorado 80202 Attention: Garth W. Berkeland Telefax No. (303) 294-9632

Administrative Order NSL-4302

Dear Mr. Berkeland:

Reference is made to the following: (i) your application dated May 13, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Questar Exploration and Production Company's ("Questar") request for an off-pattern non-standard Basin-Fruitland coal gas well location for the existing Federal "A" Well No. 2-E (API No. 30-045-23865), located 890 feet from the North line and 1730 feet from the West line (Unit C) of Section 26, Township 30 North, Range 13 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico.

According to the Division's records, the Federal "A" Well No. 2-E was initially drilled in 1980 by Ladd Petroleum Corporation and completed at a standard infill gas well location in the Basin-Dakota Pool within a standard 320-acre gas spacing and proration unit comprising the W/2 of Section 26.

It is our understanding that Questar intends to temporarily abandon the Dakota interval in this well at this time and to recomplete up-hole into the Basin-Fruitland Coal (Gas) Pool. Pursuant to the "Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool," as promulgated by Division Order No. R-8768, as amended, the location of this well is considered to be unorthodox. Further, the W/2 of Section 26 is also to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of these special pool rules the above-described unorthodox coal gas well location for the Federal "A" Well No. 2-E is hereby approved.

Sincerely

Lori Wrotenbery

Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington

CMD :

ONGARD

01/31/03 13:17:18

OG6IWCM

INQUIRE WELL COMPLETIONS

OGOMES -TPIJ

Pool Idn : 71629 BASIN FRUITLAND COAL (GAS)
OGRID Idn : 193195 MARKWEST RESOURCES INC

Prop Idn : 29790 FEDERAL A

Well No : 002E GL Elevation: 5765

U/L Sec Township Range North/South East/West Prop/Act(P/A)

B.H. Locn : C 26 30N 13W FTG 890 F N FTG 1730 F W P

Lot Identifier:

Dedicated Acre: 320.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06

PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

* Date: 1/31/2003 Time: 01:26:20 PM

CMD: ONGARD 01/31/03 13:17:30

OG6ACRE C102-DEDICATE ACREAGE OGOMES -TPIJ

Page No: 1

Pool Idn : 71629 BASIN FRUITLAND COAL (GAS)

Prop Idn : 29790 FEDERAL A Well No : 002E

Spacing Unit : 56005 OCD Order : Simultaneous Dedication:

Sect/Twp/Rng : 26 30N 13W Acreage : 320.00 Revised C102? (Y/N) :

Dedicated Land:

Base U/L Sec Twp Rnq Acreage L/W Ownership Lot Idn C 26 30N 13W 40.00 N FD 26 30N 13W 40.00 N D FD26 30N 13W 40.00 FDN 26 30N 13W 40.00 F FD K 26 30N 13W 40.00 N FD 26 30N 13W 40.00 N FD 26 30N 13W 40.00 N M FD N 26 30N 13W 40.00 FD

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTO PF05 PF06 CONFIRM PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

* Date: 1/31/2003 Time: 01:26:24 PM

OG6IPRD

CMD : ONGARD

INQUIRE PRODUCTION BY POOL/WELL

01/31/03 13:17:38 OGOMES -TPIJ

Page No: 1

OGRID Identifier: 23846 QUESTAR EXPLORATION & PRODUCTION CO

Pool Identifier : 71629 BASIN FRUITLAND COAL (GAS)

API Well No : 30 45 23865 Report Period - From : 01 2000 To : 12 2002

-									- 	
Well No	0	Property	n Name			-	Produc Gas	tion Volume Oil	s Water	Well Stat
15 238	 65	FEDERAL A	1	01	00	31	5637	. 		F
15 238	65	FEDERAL A	J	02	00	29	5359			F
15 238	65	FEDERAL A	7	03	00	31	5356		908	F
15 238	65	FEDERAL A	A	04	00	30	4585	·,		F
15 238	65	FEDERAL A	<i>A</i>	05	00	31	5400			F
15 238	65	FEDERAL A	A	06	00	30	4998		534	F
15 238	65	FEDERAL A	A	07	00	16	1205		150	F
1 1 1 1 1 1	15 238 15 238 15 238 15 238 15 238 15 238	23865 45 23865 45 23865 45 23865 45 23865	15 23865 FEDERAL A 15 23865 FEDERAL A	Nell No Property Name 15 23865 FEDERAL A	MM/ 15 23865 FEDERAL A 01 15 23865 FEDERAL A 02 15 23865 FEDERAL A 03 15 23865 FEDERAL A 04 15 23865 FEDERAL A 05 15 23865 FEDERAL A 06	MM/YY 15 23865 FEDERAL A 01 00 15 23865 FEDERAL A 02 00 15 23865 FEDERAL A 03 00 15 23865 FEDERAL A 04 00 15 23865 FEDERAL A 05 00 15 23865 FEDERAL A 06 00	MM/YY Prod 15 23865 FEDERAL A 01 00 31 15 23865 FEDERAL A 02 00 29 15 23865 FEDERAL A 03 00 31 15 23865 FEDERAL A 04 00 30 15 23865 FEDERAL A 05 00 31 15 23865 FEDERAL A 06 00 30	MM/YY Prod Gas 15 23865 FEDERAL A 01 00 31 5637 15 23865 FEDERAL A 02 00 29 5359 15 23865 FEDERAL A 03 00 31 5356 15 23865 FEDERAL A 04 00 30 4585 15 23865 FEDERAL A 05 00 31 5400 15 23865 FEDERAL A 06 00 30 4998	MM/YY Prod Gas Oil 15 23865 FEDERAL A 01 00 31 5637 15 23865 FEDERAL A 02 00 29 5359 15 23865 FEDERAL A 03 00 31 5356 15 23865 FEDERAL A 04 00 30 4585 15 23865 FEDERAL A 05 00 31 5400 15 23865 FEDERAL A 06 00 30 4998	MM/YY Prod Gas Oil Water 15 23865 FEDERAL A 01 00 31 5637 15 23865 FEDERAL A 02 00 29 5359 15 23865 FEDERAL A 03 00 31 5356 908 15 23865 FEDERAL A 04 00 30 4585 15 23865 FEDERAL A 05 00 31 5400 15 23865 FEDERAL A 06 00 30 4998 534

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM

PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

* Date: 1/31/2003 Time: 01:26:32 PM

CMD: ONGARD 01/31/03 13:17:40

OG61PRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPIJ

Page No: 2

OGRID Identifier: 23846 QUESTAR EXPLORATION & PRODUCTION CO

Pool Identifier : 71629 BASIN FRUITLAND COAL (GAS)

API Well No : 30 45 23865 Report Period - From : 01 2000 To : 12 2002

API	We]	ll No	Propert	cy Name		odn. /YY	Days Prod	Product Gas	ion Volume Oil	es Water	Well Stat
30	45	23865	FEDERAL	A	08	00	31	2101		680	F
30	45	23865	FEDERAL	A	09	00	30	1822		328	F
30	45	23865	FEDERAL	A	10	00	31	1277		343	F
30	45	23865	FEDERAL	A	02	01	28	2497		632	F
30	45	23865	FEDERAL	A	03	01	31	2780		564	F
30	45	23865	FEDERAL	A	04	01	30	2698		483	F
30	45	23865	FEDERAL	A	05	01	31	3028		447	F

Reporting Period Total (Gas, Oil) :

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

Date: 1/31/2003 Time: 01:26:34 PM

CMD: ONGARD 01/31/03 13:17:42

OG61PRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPIJ

Page No: 3

OGRID Identifier: 23846 QUESTAR EXPLORATION & PRODUCTION CO

Pool Identifier : 71629 BASIN FRUITLAND COAL (GAS)

API Well No : 30 45 23865 Report Period - From : 01 2000 To : 12 2002

	<u>-</u>	- -		- 					 -		
API	Wel	l No	Property	Name			Days Prod	Productio Gas	on Volumes Oil	8 Water	Well Stat
30	45	23865	FEDERAL A		06	01	30	3050		404	F
30	45	23865	FEDERAL A		07	01				460	F
30	45	23865	FEDERAL A		80	01	31	3363		458	F
30	45	23865	FEDERAL A		09	01		1487		368	F
30	45	23865	FEDERAL A		10	01	31	2795		429	F
30	45	23865	FEDERAL A		11	01		1589			F
30	45	23865	FEDERAL A		12	01	31	3026			F

Reporting Period Total (Gas, Oil) :

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

* Date: 1/31/2003 Time: 01:26:35 PM

CMD :

ONGARD

01/31/03 13:17:44

OG6 T PRD

INQUIRE PRODUCTION BY POOL/WELL

OGOMES -TPIJ

Page No: 4

OGRID Identifier: 23846 QUESTAR EXPLORATION & PRODUCTION CO

Pool Identifier : 71629 BASIN FRUITLAND COAL (GAS)

API Well No : 30 45 23865 Report Period - From : 01 2000 To : 12 2002

API	Wel	1 No	Propert	y Name	Pro	dn.	Days	Product	ion Volum	nes	Well
					MM/	'YY	Prod	Gas	Oil	Water	Stat
	- -		- 				 -				
30	45	23865	FEDERAL	A	01	02	31	3030			F
30	45	23865	FEDERAL	A	02	02	28	2604		372	F
30	45	23865	FEDERAL	A	03	02	31	16		342	F

Reporting Period Total (Gas, Oil) : 69703

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM

PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

Date: 1/31/2003 Time: 01:26:37 PM

UNITED STATES DEPARTMENT OF THE INTERIOR

	BUREAU OF LAND MANAGEMENT APPLICATION FOR PERMIT TO DRILL OR REENTER						NMSF-078213 6. If Indian, Allottee or Tribe Name N/A	
	Type of Work	Dev == ■ DRILL	1.11-	REENIE	renne renne un enconsumei C	THE PERSON NAMED IN COLUMN	7. If Unit or CA Agreemes N/A	at, Name and No
1.	Lype of Well	⊞oa wei⊩ l	€ Gas Well	Other	Single Zone	Multiple Zouc	K. Lease Name and Well N LAS COLINAS	
	Name of Opera	RKWEST F	RESOUR	CES, INC.			9 API Well No. 30-045-	
. •		INVERNES			3b. Phone No (include ar (303) 290-	ca (ide) 8700	10 Field and Pool, or Expl BASIN FRUITLA	
	7-7- 14-7	7 77 77 2 2 2 2			any State requirements.*)		11 Sec., T. R., M., or Blk.	and Survey or Area
	At surface At proposed po	537' od. zone SAM		139' FWL			26-30n-13w N	MPM
		s and direction from			N POST OFFICE		12. County or Parish SAN JUAN	13. State NM
	Distance from p location to near property or lease (Also to nearest	est	any)	2,205'	16. No: of Acres in lease 2,480	1 '	ing Unit dedicated to this welf ACRES (W2)	
£	Distance from pi to nearest well, o	irilling, completed	i. 1	117'	19. Proposed Depth	1"	/BIA Bond No. on file	IONWIDE)

FEB. 15, 2003

24. Attachments

the following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1 Well play certified by a registered surveyor

2f Elevations (Show whether DF, KDB, RT, GL, etc.)

A Duffing Plan

5.784' GL

- 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- 4. Bond to cover the operations unless covered by an existing bond on file (see hem 20 above)

23. Estimated duration

5 DAYS TO DRILL

FORM APPROVED OMB No. 1004 0136

5 Lease Serial No.

- Operator certification
- 6. Such other site specific information and/or plans as may be required by the authorized officer.

\setminus /	cc:BLM (&OCD), Pippin, Stowe					
S Signature Student	, Name (Printed/Typed) : BRIAN WOOD	Date 12-21-02				
CONSULTANT	PHONE: 505 466-8120	FAX: 505 466-9682				
Approved by (Signature)	Name (Printed/Typed)	Date				
late	Office					

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

Conditions of approval, if any, are attached

Fife 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any depart States any talse, fictitions or fraudulent statements or representations as to any matter within its jurisdiction

Mais is the United for within the fairway

State of New Mexico

Form C-102 Revised August 15, 2000

OIL CONSERVATION DIVISION

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

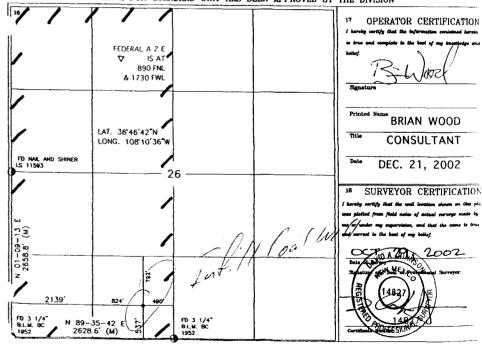
2040 South Pacheco Santa Fe, NM 87505

___AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT BASIN FRUITLAND COAL GAS 30-045-71629 Property Code Property Name * WeB Number LAS COLINAS 102 193195 Operator Name MARKWEST RESOURCES, INC. 5784

10 Surface Location Range Foct from the County 30-N 26 13-W SOUTH WEST 21391 -SAN JUAN "Bottom Hole Location If Different From Surface Lot Idn Feet from the North/South line Feet from the East/Vest line 320

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



MarkWest Resources, Inc. Las Colinas #102 537' FSL & 2139' FWL Sec. 26, T. 30 N., R. 13 W.

San Juan County, New Mexico

Drilling Program

1. ESTIMATED FORMATION TOPS

Formation Name	GL Depth	KB Depth	Elevation
Oio Alamo Ss	000,	5'	+5,784
Kirtland Sh	364'	369'	+5,420'
Fruitland Coal	1,414'	1,419'	+4,370'
Pictured Cliffs Ss	1,784'	1,789'	+4,000'
Total Depth (TD)*	1,900'	1,905'	+3,884'

^{*} all elevations reflect the ungraded ground level of 5,784"

2. NOTABLE ZONES

Gas & Oil Zones	Water Zones	<u>Coal Zone</u>
Fruitland	Ojo Alamo	Fruitland
Pictured Cliffs	Kirtland	
	Fruitland	

Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the geologist's recommendations.

3. PRESSURE CONTROL

Maximum expected bottom hole pressure is ≈300 psi. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical 2,000 psi model is on PAGE 3. The well head, casing head, and all pipe, tubing, fittings, valves, and unions placed on or connected with BOP equipment will have a minimum working pressure of 2,000 psi. BOP equipment and all accessories will meet or exceed BLM requirements in 43





MarkWest Resources, Inc. Las Colinas #102 537' FSL & 2139' FWL Sec. 26, T. 30 N., R. 13 W. San Juan County, New Mexico

CFR Part 3160 and API RP 53 for a 2,000 psi system.

A 2,000 psi double ram hydraulic BOP will be used. There will be one set of pipe rams and one set of blind rams. Sufficient valves will will be installed to permit fluid circulation at the surface. Accumulator system capacity will be sufficient to close all BOP equipment with a 50% safety factor.

Accessories will include upper and lower Kelly cocks with handles, stabbing valve to fit drill pipe on the floor at all times, string float at bit, choke manifold with 2" adjustable and 2" positive chokes, and pressure gauge.

Fill, kill, and choke manifold lines will be 2". Choke and kill lines will be anchored, tied, or otherwise secured to prevent whipping if pressure surges.

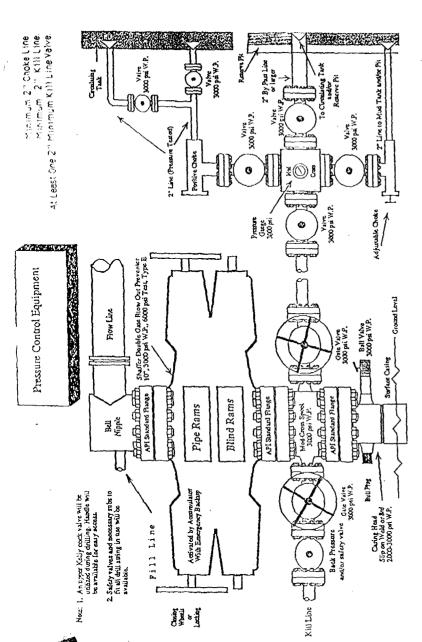
BOP equipment will be inspected daily. Pressure testing of each component of the BOP equipment will be conducted before drilling out any casing string. A preventer operating test will be performed on each round trip of the pipe, but not more than once every 24 hours. BOPs will be tested every 24 hours. Tests will be recorded on the daily report or I. A. D. C. log.

Drilling or completion operations will not proceed until BOP equipment is found, upon testing, to be serviceable. If the blind rams are closed for any purpose, then the valves on the choke lines or relief lines below the blind rams will be opened prior to opening the rams to bleed off any pressure.

4. CASING & CEMENT

Hole Size	<u>O. D.</u>	Weight (lb/ft)	Grade	<u>Age</u>	Connection	GL Setting Depth
12-1/4"	8-5/8"	24	K-55	New	ST&C	400'
6-1/4"	4-1/2"	10.5	K-55	New	ST&C	1,900'





Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be earlied out per standard, 2,000 pst equipment can be substituted in the drawing to meet minimum requirements per standard.

MarkWest Resources, Inc. Las Colinas #102 537' FSL & 2139' FWL Sec. 26, T. 30 N., R. 13 W. San Juan County, New Mexico

Surface casing will be cemented to the surface with =330 cubic feet (=280 sacks) Class B + 1/4 lb/sk cello-flake + 2% CaCl₂. Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume = 100% excess. W. O. C. =12 hours. Surface casing will be tested to 500 psi for 30 minutes.

An 8-5/8" notched regular pattern guide shoe with three centralizers will be used on the surface casing. Centralizers will be placed at 120' intervals, starting with the bottom joint. Will Baker Lock the collar to the pin or ring on the bottom joint. Will Baker Lock the shoe on the bottom. Will run a centralizer with a lock on the bottom joint and a centralizer on the second joint.

Production casing will be cemented to the surface. If cement does not circulate to surface, then a temperature survey will be run to determine the actual cement top as needed. W. O. $C_{\rm s} = 12$ hours. Test to 3,800 psi.

Lead cement will be =290 cubic feet (=100 sacks) Class B light cement with 3% sodium metosilicate + 3 pounds per sack gilsonite + 1/4 #/sack Flocele. Yield = 2.9 cubic feet per sack. Weight = 11.5 pounds per gallon. Volume is calculated at 100% excess.

Tail cement will be =78 cubic feet (≈50 sacks) Class B with 4% gel + 2% CaCl₂. + 1/4#/sk Flocele. Yield = 1.55 cubic feet per sack. Weight = 14.5 pounds per gallon. Used at 50% excess to cover 500' of formation.

The production casing will use a 4-1/2" cement nose guide shoe with a self fill insert float. The float will be placed one joint above the shoe. Five centralizers will be spaced on every other joint starting with the float collar. Turbulent will be placed at 120' intervals from 960' to the surface. A total of 13 centralizers will be used.



MarkWest Resources, Inc. Las Colinas #102 537' FSL & 2139' FWL Sec. 26, T. 30 N., R. 13 W. San Juan County, New Mexico

5. MUD PROGRAM

<u>Range</u>	<u>Mud Type</u>	<u>Weight</u>
0' - 400'	Fresh-Spud	8.4
400' - TD	LSND	8.6

A native fresh water based mud system will initially be used. It will be followed by a low solids, non-dispersed gel system to condition the hole for logs. Lost circulation, weighting, and absorption material will be on location.

6. CORING, TESTING, & LOGGING

No cores or drill stem tests are planned. Open hole logs will include GR, Neutron-Density, and Induction. The Neuron Density will be run from TD to 1.000'. The other logs will be run from TD to the base of the surface casing.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be ≈300 psi.

8. OTHER INFORMATION

The anticipated spud date is February 15, 2003. It is expected it will take about five days to drill and seven days to complete the well. Completion will start about one month after the spud and will include hydraulic fracturing. Drilling and completion will occur only during day light. A temporary fence will enclose the well site during drilling and completion. A security guard will be posted after hours during drilling and completion.







PAGE 6

Las Colinas #102 537' FSL & 2139' FWL Sec. 26, T. 30 N., R. 13 W. San Juan County, New Mexico

MarkWest Resources, Inc.

Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See Pages 11 & 12)

From the junction of NM 170 and Piñon Hills Boulevard ...
Go East 4-3/4 miles on Piñon Hills Boulevard
Then turn left and go North to the Piñon Frontage Road
Then turn left and go West 1/4 mile on the frontage road to water tank road
Then turn right and go North 1/10 mile on water tank road
Then bear right and go Northeast 203' cross country to the proposed pad

Roads will be maintained to a standard at least equal to their present condition.

2. ROAD TO BE BUILT OR UPGRADED (See Pages 12 &16)

The existing road will be bladed to remove ruts, but will not be realigned or widened. About 203' of new crowned and ditched road will be built with a 14' wide running surface. Maximum grade = 10%. Maximum disturbed width = 25'. Maximum cut or fill = 3'. A minimum 18" x 20' CMP culvert will be installed at the entrance to the pad. No fence is crossed. No turn out is needed.

3. EXISTING WELLS

There are 26 oil or gas wells (see PAGE 12) within a mile radius according to NM Oil Conservation Division records in Santa Fe. There are 15 water wells within a mile according NM Office of the State Engineer records. There are no injection wells within a mile.



PAGE 7

MarkWest Resources, Inc. Las Colinas #102 537' FSL & 2139' FWL Sec. 26, T. 30 N., R. 13 W. San Juan County, New Mexico

4. PROPOSED PRODUCTION FACILITIES (see PAGE 15)

A =60 barrel fiberglass open top tank, =300 barrel steel tank, 3' x 10' skid mounted meter run, =105 hp compressor, and 5' x 7' x 6' high separator (2 phase production unit) will be installed on the pad. The compressor will be housed in a 19' x 36' x 12' building to meet City noise abatement rules, even though it is outside City limits. All surface equipment will be painted a flat juniper green color. A locked gate and \geq 6' high 10 gauge chain link fence with privacy strips will surround the well site after it is completed.

MarkWest's pipelines (all on the pad) will be steel (wall thickness = 0.216") and buried at least 36" deep. Maximum operating pressure = 300 psi. Test pressure = 1,600 psi. Test media = fresh water (dispose in the reserve pit). (Williams Field Services will lay a buried steel gas line from the pad to its system and will acquire its own right-of-way. Exact route is not yet known.)

5. WATER SUPPLY

Water will be trucked from an existing private source.

6. CONSTRUCTION MATERIALS & METHODS

NM One Call (1-800-321-ALERT) and BLM will be notified before construction starts. The west corners of the pad will be rounded to reduce the height of the cuts and minimize tree removal. The top 6" of soil will be stockpiled west of the pad. Trees $\leq 6"$ DBH will be "walked down" on bare soil for erosion control. Trees $\geq 6"$ DBH will be set aside for firewood. A diversion ditch will be cut at the top of the slope on the west side of the pad. A ≥ 12 mil plastic liner will be installed in the reserve pit. The pit will be fenced sheep tight on 3 sides with woven wire fence topped with barbed wire. The fourth side will be fenced once the rig moves off.





MarkWest Resources, Inc. Las Colinas #102 537' FSL & 2139' FWL Sec. 26, T. 30 N., R. 13 W. San Juan County. New Mexico PAGE 8

7. WASTE DISPOSAL

All trash will be placed in a portable trash cage. It will be hauled to the county landfill. There will be no trash burning. Once dry, contents of the reserve pit will be buried in place. Human waste will be disposed of in chemical toilets and hauled to an approved dump station.

8. ANCILLARY FACILITIES

There will be no air strips or camps. Camper trailers will be on location for the quard, company man, tool pusher, or mud logger.

9. WELL SITE LAYOUT

See Pages 13 and 14 for depictions of the well pad, cross section, cut and fill diagram, reserve pit, trash cage, access onto the location, parking, living facilities, and rig orientation.

10. RECLAMATION

Reclamation starts once the reserve pit is dry. It usually takes a year for a reserve pit to fully evaporate, at which point it will be back filled. The pad and filled pit will be contoured to a natural appearance and disturbed areas ripped or harrowed. BLM "down south" (aka, dry or low mix or mix #2) seed mix (below) will be drilled at a depth and time to be determined by BLM.

4 pounds per acre western wheatgrass 2-1/2 pounds per acre Indian ricegrass 1-1/2 pound per acre blue grama grass 0.1 pound pr acre antelope bitter brush 1/4 pound per acre four wing salt bush 1 pound per acre small burnet



MarkWest Resources, Inc. Las Colinas #102 537' FSI & 2139' FWL Sec. 26 T. 30 N., R. 13 W. San Juan County, New Mexico

If broadcast, the rate will be increased as determined by BLM. A harrow or cable will be dragged over the area to assure seed cover. If the well is a producer, then the reserve pit and any other areas not needed for work overs will be reclaimed as previously described.

11. SURFACE OWNER

All road and well site construction will occur on BLM.

12. OTHER INFORMATION

The nearest hospital is a 10 minute drive away in southwest Farmington.

Archaeology report CASA 02-134 was filed on November 22, 2002.

13. REPRESENTATION

Anyone having questions concerning the APD should call:

Brian Wood, Consultant Permits West, Inc. 37 Verano Loop Santa Fe. NM 87508

(505) 466-8120

FAX: (505) 466-9682

Cellular: (505) 699-2276

Field representatives during drilling will be:

Mike Pippin 3104 N. Sullivan

Farmington, NM 87401 (505) 327-4573

Cellular: (505) 330-0495

Mike Confer

(505) 330-2202





PAGE 10

MarkWest Resources, Inc. Las Colinas #102 537' FSL & 2139' FWL Sec. 26, T. 30 N., R. 13 W. San Juan County, New Mexico

Field representatives during production will be:

Rex Lancaster 519 E. Animas St. Farmington, NM 87401 (505) 325-1922 Cellular: (505) 320-3075

Tap Harris (505) 320-3916

MarkWest Resources, Inc. has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Rond coverage pursuant to 43 CFR 3104 for lease activities and operations is being provided by MarkWest Resources, Inc.

٥r

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route: that I am familiar with the conditions which currently exist; that the statements made in this plan are. to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by MarkWest Resources. Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U. S. C. 1001 for the filing of a false statement.

Brian Wood, Consultant

December 21, 2002

Date

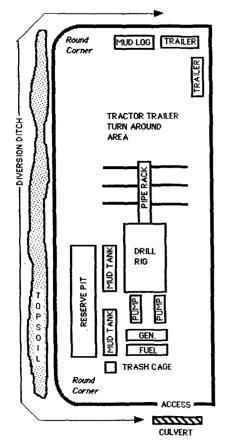




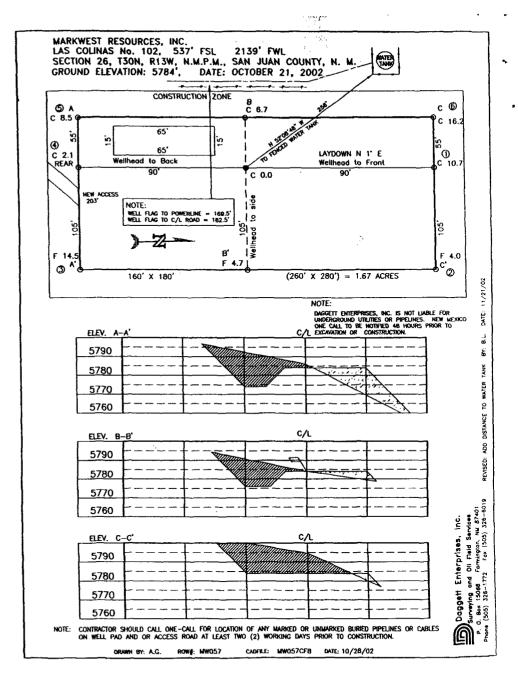


MarkWest Resources, Inc. Las Colinas #102 537' FSL & 2139' FWL Sec. 26, T. 30 N., R. 13 W. San Juan County, New Mexico PAGE 13









DESTRUCT I 1625 M. French Dr., Hobbe, N.M. 88240

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised August 15, 2000

DISTRICT II 511 South First, Artesia, N.M. 58210

DESTRICT III 1000 Rio Brazos Rd., Axtec. N.M. 87410 OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505

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

DISTRICT IV 2040 South Pacheco, Santa Fe, NM 87505

Dedicated Acres

320

AMENDED REPORT

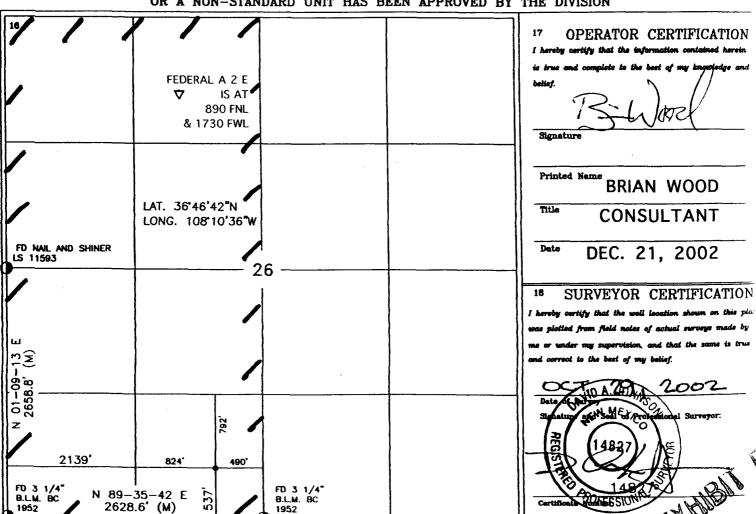
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30-04	Number 5 -	*Pool Code 71629			В	BASIN FRUITLAND COAL GAS				
⁴ Property C	ode	Property Name							• Well Number	
•	l	· LAS COLINAS							102	
193195		Operator Name							* Elevation	
		MARKWEST RESOURCES, INC.							5784'	
					10 Surface	Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line		County
- N	26	30-N -	13-W	1	537'	SOUTH .	2139' -	WEST		-SAN JUAN
			11 Bott	om Hole	Location	f Different Fro	om Surface			
UL or let no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East,	East/West line Cour	
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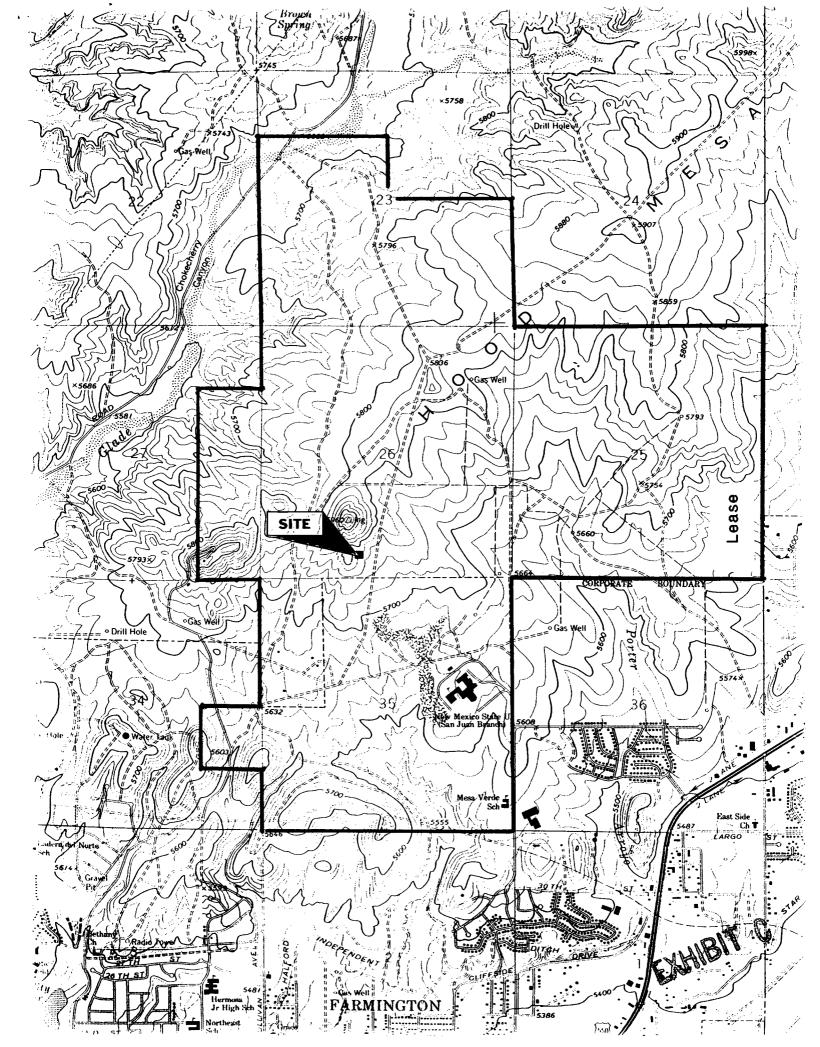
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

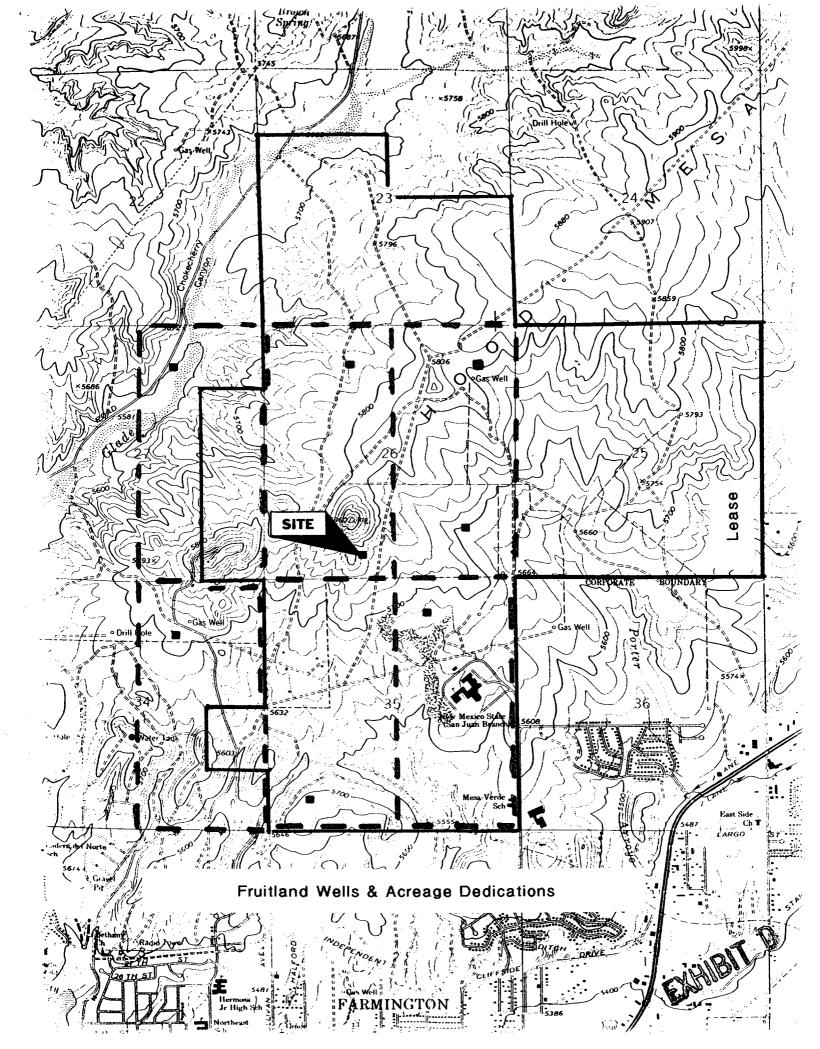
16 Order No.

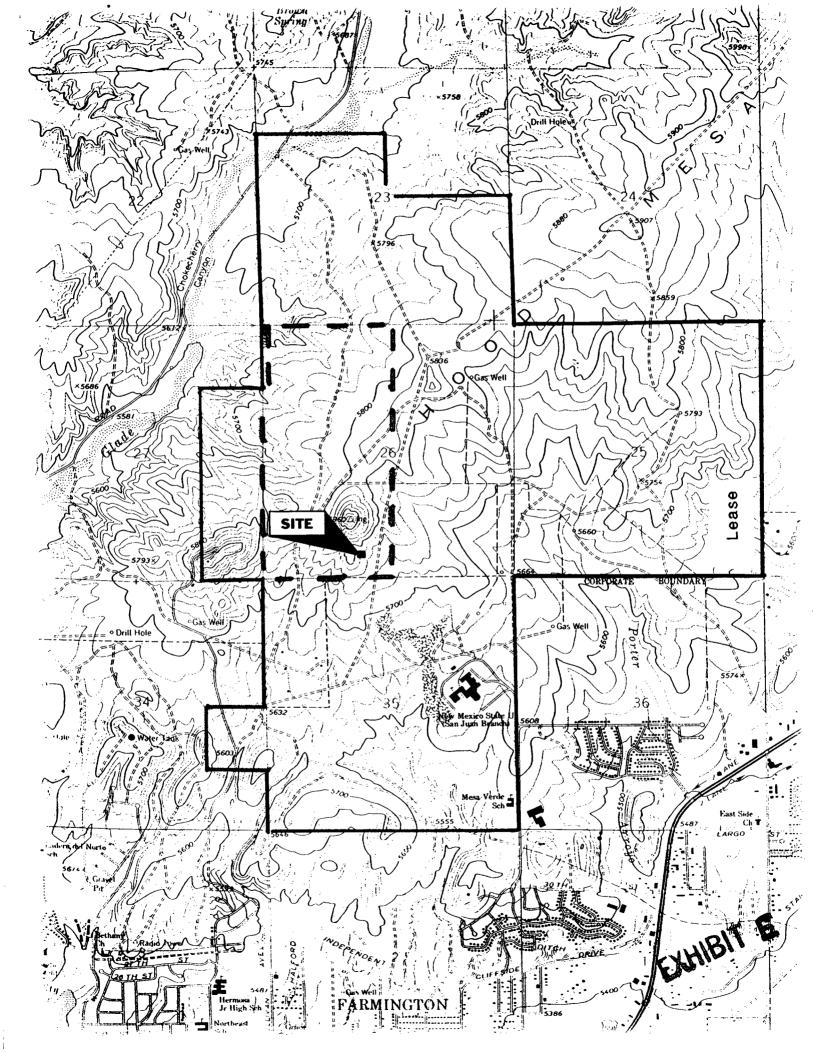
"Consolidation Code

¹⁵ Joint or Infill











Robert L. Bayless, Producer LLC P. O. Box 168 Farmington, NM 87499

Dear Tucker,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location (NSL) for a well. This letter is a notice only. No action is needed unless you have guestions or objections.

MarkWest Resources, Inc. is applying to drill its Las Colinas #102 well. The minimum state distance for a Fruitland coal gas well is 660' from a quarter section line and 1,320' from another Fruitland well. The proposed well is 501' to 537' from guarter section lines. Thus, it is NSL. The NSL is due to using topography (see attached map) to try and shield the well from neighbors.

Well Name: Las Colinas #102 Total Depth: 1,900'

Proposed NSL Producing Zone: Basin Fruitland coal gas

NSL Acreage Dedication: 320.00 ac. (W2 Sec. 26)

Location: 537' FSL & 2139' FWL Sec. 26, T. 30 N., R. 13 W.,

San Juan County, NM on Federal lease NMSF-078213

Approximate Location: north side of Farmington, NM

Applicant Name: MarkWest Resources, Inc. (303) 290-8700

Applicant's Address: 155 Inverness Dr. W, Suite 200, Englewood, Co. 80112

Submittal Information: An application for a non-standard location is being filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Drive, Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely.





Benson-Montin-Greer Drilling Corp. 4900 College Blvd. Farmington, NM 87401

Dear Al,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

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Please call me if you have any questions.

Sincerely,



Roger Herrera BLM 1235 LaPlata Highway Farmington, NM 87401

Dear Roger,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

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Please call me if you have any questions.

Sincerely,



Van Goebel Burlington Resources Oil and Gas Company P. O. Box 4289 Farmington, NM 87499

Dear Van,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location (NSL) for a well. This letter is a notice only. No action is needed unless you have guestions or objections.

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Please call me if you have any questions.

Sincerely



Jerry Sullivan Calpine Natural Gas LP 1200 17th St., Suite 770 Denver, Co. 80202

Dear Jerry,

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Please call me if you have any questions.

Sincerely,

Brian Wood

EXHIBIT



ConocoPhillips 600 N. Dairy Ashford Houston, Tx. 77079

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Please call me if you have any questions.

Sincerely,

Brian Wood

EXHIBIT F



Steve Dunn 610 Reilly Ave. Farmington, NM 87401

Dear Steve,

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Please call me if you have any questions.

Sincerely,

EXHIBIT F



Energen Resources Corp. 2198 Bloomfield Highway. Farmington, NM 87401-8108

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Please call me if you have any questions.

Sincerely,





J & R Merrion Trust 610 Reilly Ave. Farmington, NM 87401

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Please call me if you have any questions.

Sincerely,





37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

January 27, 2003

Greg T. Merrion 610 Reilly Ave. Farmington, NM 87401

Dear Mr. Merrion:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

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Please call me if you have any questions.

Brian Wood

Sincerely.



Michael K. Merrion 610 Reilly Ave. Farmington, NM 87401

Dear Mr. Merrion:

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Please call me if you have any questions.

Sincerely,



Merrion Oil & Gas Corp. 610 Reilly Ave. Farmington, NM 87401

Dear Connie,

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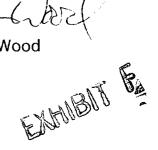
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Please call me if you have any questions.

Sincerely,





Providence Minerals LLC 14860 Montfort Dr., #209 Dallas, Tx. 75254

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

MarkWest Resources, Inc. is applying to drill its Las Colinas #102 well. The minimum state distance for a Fruitland coal gas well is 660' from a quarter section line and 1,320' from another Fruitland well. The proposed well is 501' to 537' from quarter section lines. Thus, it is NSL. The NSL is due to using topography (see attached map) to try and shield the well from neighbors.

Well Name: Las Colinas #102 <u>Total Depth</u>: 1,900'

Proposed NSL Producing Zone: Basin Fruitland coal gas

NSL Acreage Dedication: 320.00 ac. (W2 Sec. 26)

Location: 537' FSL & 2139' FWL Sec. 26, T. 30 N., R. 13 W.,

San Juan County, NM on Federal lease NMSF-078213

Approximate Location: north side of Farmington, NM

Applicant Name: MarkWest Resources, Inc. (303) 290-8700

Applicant's Address: 155 Inverness Dr. W, Suite 200, Englewood, Co. 80112

<u>Submittal Information:</u> An application for a non-standard location is being filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Drive, Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,





Jane Seiler Questar Expl. & Production Company 1331 17th St., Suite 800 Denver, Co. 80202

Dear Jane,

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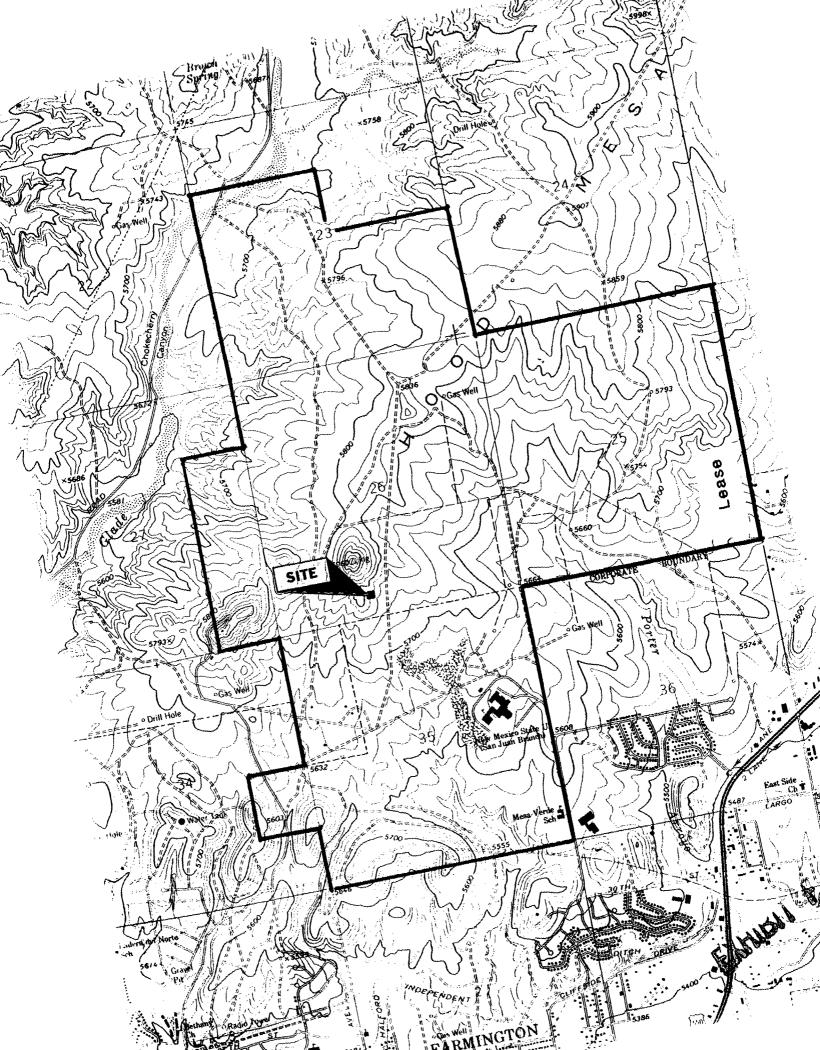
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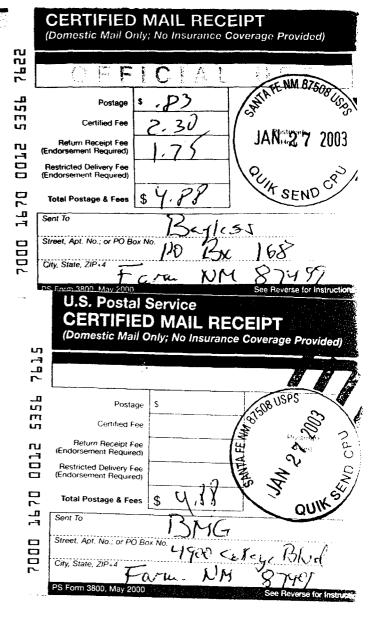
Brian Wood

ENTRIEDIN

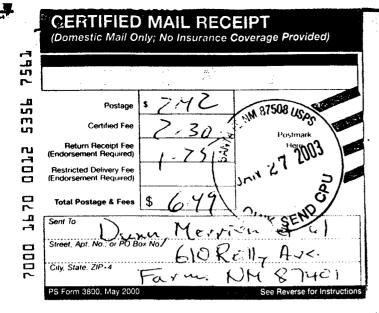
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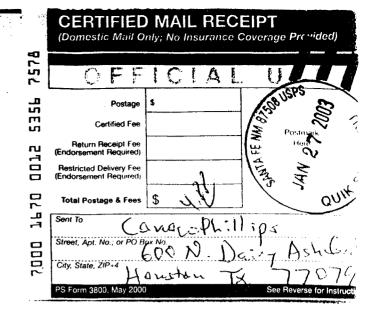




EXHIBIT F