NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

December 3, 2001

Markwest Resources, Inc.
c/o Permits West, Inc.
37 Verano Loop
Santa Fe, New Mexico 87505
Attention: Brian Wood
                     brian@permitswest.com

Administrative Order NSL-4671

Dear Mr. Wood:

Reference is made to the following: **(i)** your application on behalf of the operator, Markwest Resources, Inc. ("Markwest") that was submitted to the New Mexico Oil Conservation Division ("Division") on November 13, 2001 *(Division application reference No. pKRV0-131857228)*; and **(ii)** the Division's records in Aztec and Santa Fe, including the files on Division Administrative Orders NSL-2986 and NSL-2986-A: all concerning Markwest's request for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, dated June 30, 2000, as amended by Division Order No. R-10987-B (1), dated August 10, 2000. The E/2 of Section 23, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico is to be dedicated to Markwest's proposed well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Basin-Dakota Pool **(71629)**.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox gas well location in Section 23 is hereby approved:

Scott Federal "23" Well No. 1
1645' FNL & 360' FEL (Unit H).

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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