



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

December 23, 2002

Lori Wrotenbery

Director

Oil Conservation Division

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-2986-B (SD)

Dear Mr. Wood:

Reference is made to the following: (i) your application on behalf of the operator, Markwest Resources, Inc. ("Markwest"), submitted to the New Mexico Oil Conservation Division ("Division") on December 2, 2002 (*Division application reference No. pKRV0-233730679*); 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 [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for a non-standard infill gas well location within an existing standard 320-acre stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (71629) comprising the E/2 of Section 23, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico.

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*"; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

This unit is currently dedicated to Markwest's Scott "E" Federal 23 Well No. 42 (API No. 30-045-28516), located at a non-standard coal gas well location (approved by Division Administrative Order NSL-2986-A, dated October 26, 1992) 1620 feet from the North line and 330 feet from the East line (Unit H) of Section 23.

It is the Division's understanding that all of Sections 22, 23, and 25, the W/2 of Section 24, and the W/2 of Section 36, all in Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico, is a single Federal lease (United States Government lease No. NM-078089) in which Markwest is the leasehold operator.

Administrative Order NSL-2986-B(SD)

Markwest Resources, Inc.

December 23, 2002

Page 2

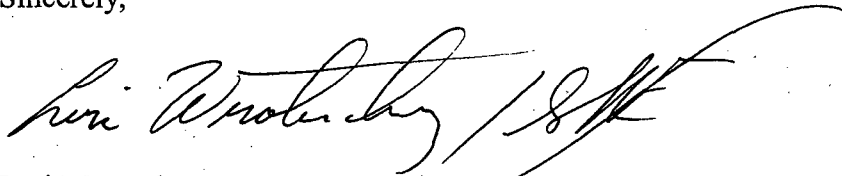
By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the following described well to be drilled as an unorthodox infill coal gas well on this 320-acre gas spacing unit is hereby approved:

**Scott Federal Well No. 232
1710' FSL & 90' FEL (Unit I).**

Further, Markwest is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from its existing Scott "E" Federal 23 Well No. 42 with the proposed Scott Federal Well No. 232.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a large, sweeping flourish that extends to the right.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: NSL-2986 /
NSL-2986-A