



SUSPENSE

ENGINEER

LOGGED IN

TYPE

APP NO

12/28/02
23

W

NSL

233730891

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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

ABOVE THIS LINE FOR DIVISION USE ONLY

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

BRIAN WOOD
(505) 466-8120
FAX 466-9682

CONSULTANT

11-29-02

e-mail Address

brian@permitswest.com

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION
FOR MARKWEST RESOURCES, INC.
SCOTT FEDERAL 233 WELL
285' FSL & 1370' FEL SEC. 23, T. 27 N., R. 11 W., SAN JUAN COUNTY, NM

- I. The well is on BLM surface and a BLM oil and gas lease (NMSF-078089). The proposed location is non-standard for the Basin Dakota gas. A standard location must be at least 660' from the quarter line. This well is staked 375' further south than is standard. (Closest standard location would be 660' FSL and 1370' FEL.) The APD is attached (EXHIBIT A).
- II. A C-102 showing the well location and pro ration unit (E2 for the Basin Dakota gas) is attached (EXHIBIT B). The lease (2,560 acres) is shown as a solid line on the attached (EXHIBIT C) East Fork Kutz Canyon USGS topo map. The well encroaches on the N2 Section 26 Basin Dakota gas spacing unit which is dedicated to Burlington's existing Douthit C Federal 3E well (790' FNL & 1650' FEL 26-27n-11w) which is 1,110' southwest.
- III. According to NM Oil Conservation Division records reviewed in their Santa Fe office on September 13, 2002; the closest Dakota gas producer is Burlington's Douthit C Federal 3E well which is 1,110' southwest at 790' FNL & 1650' FEL 26-27n-11w. A copy of the East Fork Kutz Canyon 7.5' USGS map is attached (EXHIBIT D) showing the proposed well site, Dakota spacing units (thin solid lines), and lease (thick solid line including all of Sections 22 & 23, west half of Section 24, all of Section 25, and west half Section 36). Registered letters were sent on November 29, 2002 to all of the offset interest owners. Copies of the postal receipts and letters are attached.
- IV. A copy of the East Fork Kutz Canyon USGS map is attached (EXHIBIT E). The proposed well site is marked. Pro ration unit (dashed outline) for the Basin Dakota gas is the 320.00 acre east half of Section 23, Township 27 North, Range 11 West, NMPM, San Juan County, NM.
- V. MarkWest selected its location due to topography and archaeology. The drilling window is in a dissected badland. The well was originally planned for the center of the southeast quarter of Section 26. That was rejected by

BLM (Roger Herrera & Bill Liess) due to the terrain. An alternative was then staked at 660 FSL & 1510' FEL 23-27n-11w. That was rejected because of archaeology. The well was then moved to the now (third) proposed location under BLM's direction.

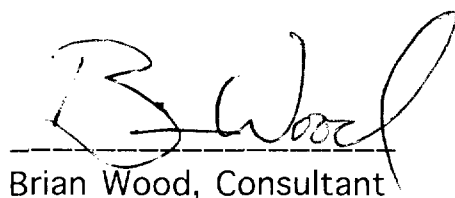
VI. A archaeology site (Site # LA 74201) was found. It is an archaic artifact scatter which is 360' x 150'. Its dune location allows for an unknown amount of buried deposits. The contract archaeologist (Complete Archaeological Service Associates @ (970) 565-9229)) evaluated the site as "intact" and "significant and eligible to the National Register of Historic Places". Report number is CASA 02-83.

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 has been sent to the following lessees (see attached EXHIBIT G for lease map), 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.

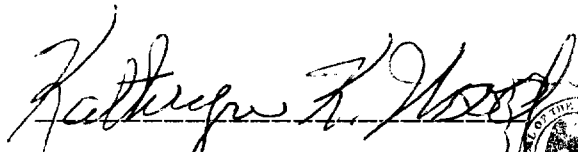
Ashdla LLC
BLM
Burlington Resources Oil and Gas Company
Carbon Energy Corp.
Conoco Inc.
Dominion Oklahoma & Texas Exploration & Production Inc.
El Paso Natural Gas Co.
Energen Resources Corp.
Questar Exploration & Production Company
XTO Energy Inc.

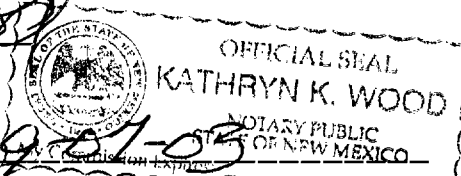

Brian Wood, Consultant

November 29, 2002
Date

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

The foregoing instrument was acknowledged before me this 27th day of November, 2002 by Brian Wood. Witness my hand and official seal.


Notary Public



My Commission Expires: 09-07-03

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

cc: Aztec OCD, Stowe

7000 1670 0012 5356 7998

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Postage \$

Certified Fee

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$

Sent To Conoco

Street, Apt. No., or PO Box No.

City, State, ZIP+4

PS Form 3800, May 2000 See Reverse for Instructions



7000 1670 0012 5356 7943

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

DENVER, CO 80202

Postage \$ 0.60

Certified Fee 2.30

Return Receipt Fee (Endorsement Required) 1.75

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$ 4.65

Sent To Questar

Street, Apt. No., or PO Box No.

City, State, ZIP+4

PS Form 3800, May 2000 See Reverse for Instructions



7000 1670 0012 5356 8001

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Postage \$

Certified Fee

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$

Sent To Burlington

Street, Apt. No., or PO Box No.

City, State, ZIP+4

PS Form 3800, May 2000 See Reverse for Instructions



7000 1670 0012 5356 7974

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Postage \$

Certified Fee

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

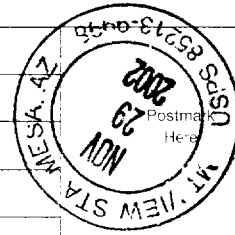
Total Postage & Fees \$

Sent To Dominion

Street, Apt. No., or PO Box No.

City, State, ZIP+4

PS Form 3800, May 2000 See Reverse for Instructions



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U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Postage \$

Certified Fee

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

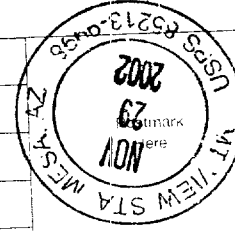
Total Postage & Fees \$

Sent To Carbon

Street, Apt. No., or PO Box No.

City, State, ZIP+4

PS Form 3800, May 2000 See Reverse for Instructions



U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To **Energex**
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3800, May 2000

See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To **XTO**
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3800, May 2000

See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To **Ashala**
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3800, May 2000

See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To **El Paso**
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3800, May 2000

See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To **SLM**
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3800, May 2000

See Reverse for Instructions

November 27, 2002

Ashdla LLC
245 Park Ave., 2nd Floor
New York, NY 10167

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.

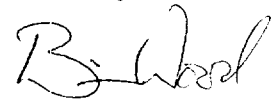
MarkWest Resources, Inc. is applying to drill its Scott Federal #233 well. The minimum state distance for a Dakota gas well is 660' from a quarter section line and 1320' from another Dakota well. The proposed well is 285' from the section line and 1,110' from a Dakota well. Thus, it is a non-standard. The NSL is due to topography (see attached map) and archaeology.

Well Name: Scott Federal #233 Total Depth: 6,775'
Proposed NSL Producing Zone: Basin Dakota gas
NSL Acreage Dedication: 320.00 ac. (E2 Sec. 23)
Location: 285' FSL & 1370' FEL Sec. 23, T. 27 N., R. 11 W.,
San Juan County, NM on Federal lease NMSF-078089
Approximate Location: ~11 air miles south-southeast of Bloomfield, NM
Applicant Name: MarkWest Resources, Inc. (303) 290-8700
Applicant's Address: 155 Inverness Dr. W, Suite 200, Englewood, Co. 80112

Submittal Information: Application for a non-standard location will be 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 Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,


Brian Wood

November 27, 2002

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.

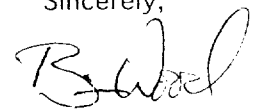
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Please call me if you have any questions.

Sincerely,



Brian Wood

November 27, 2002

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 questions or objections.

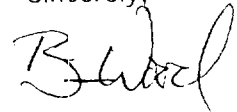
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Please call me if you have any questions.

Sincerely,



Brian Wood

November 27, 2002

Bill Franklin
Conoco Inc.
600 N. Dairy Ashford
Houston, Tx. 77079

Dear Bill,

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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San Juan County, NM on Federal lease NMSF-078089

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Please call me if you have any questions.

Sincerely,



Brian Wood

November 27, 2002

Carbon Energy Corp.
1700 Broadway, Suite 1150
Denver, Co. 80290

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.

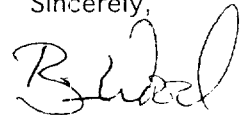
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Please call me if you have any questions.

Sincerely,



Brian Wood

November 27, 2002

Joe Hammond
Dominion Ok. & Tx. E & P Inc.
14000 Quail Springs Parkway, Suite 600
Oklahoma City, Ok. 73134-2600

Dear Joe,

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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Proposed NSL Producing Zone: Basin Dakota gas

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Location: 285' FSL & 1370' FEL Sec. 23, T. 27 N., R. 11 W.,

San Juan County, NM on Federal lease NMSF-078089

Approximate Location: ≈11 air miles south-southeast of Bloomfield, NM

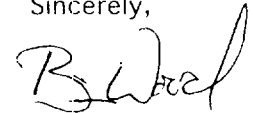
Applicant Name: MarkWest Resources, Inc. (303) 290-8700

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

Submittal Information: Application for a non-standard location will be 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 Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

November 27, 2002

El Paso Natural Gas Co.
P. O. Box 1087
Colorado Springs, Co. 80944

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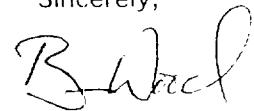
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Please call me if you have any questions.

Sincerely,



Brian Wood

November 27, 2002

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

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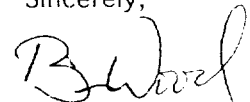
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Please call me if you have any questions.

Sincerely,



Brian Wood

November 27, 2002

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

Dear Jane,

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.

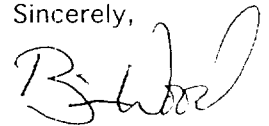
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Applicant Name: MarkWest Resources, Inc. (303) 290-8700
Applicant's Address: 155 Inverness Dr. W, Suite 200, Englewood, Co. 80112

Submittal Information: Application for a non-standard location will be 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 Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

November 27, 2002

XTO Energy Inc.
2700 Farmington Ave., Bldg. K, #1
Farmington, NM 87401

Dear Julie,

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.

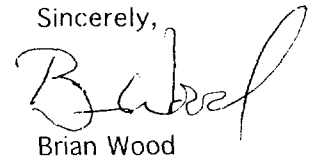
MarkWest Resources, Inc. is applying to drill its Scott Federal #233 well. The minimum state distance for a Dakota gas well is 660' from a quarter section line and 1320' from another Dakota well. The proposed well is 285' from the section line and 1,110' from a Dakota well. Thus, it is a non-standard. The NSL is due to topography (see attached map) and archaeology.

Well Name: Scott Federal #233 Total Depth: 6,775'
Proposed NSL Producing Zone: Basin Dakota gas
NSL Acreage Dedication: 320.00 ac. (E2 Sec. 23)
Location: 285' FSL & 1370' FEL Sec. 23, T. 27 N., R. 11 W.,
San Juan County, NM on Federal lease NMSF-078089
Approximate Location: ≈11 air miles south-southeast of Bloomfield, NM
Applicant Name: MarkWest Resources, Inc. (303) 290-8700
Applicant's Address: 155 Inverness Dr. W, Suite 200, Englewood, Co. 80112

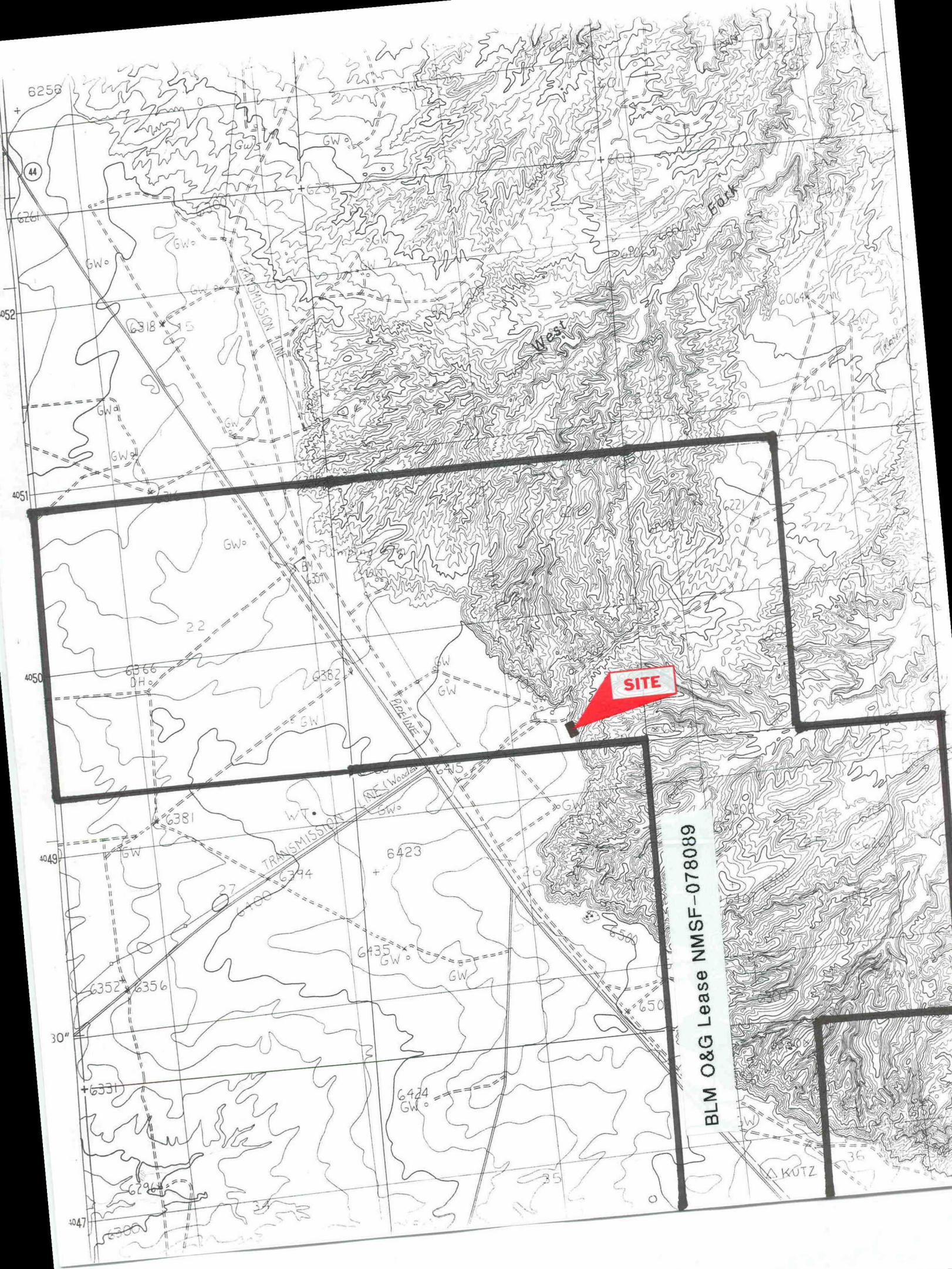
Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa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

Please call me if you have any questions.

Sincerely,



Brian Wood



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			5. Lease Serial No. NMSF-078089
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator MARKWEST RESOURCES, INC.			7. If Unit or CA Agreement, Name and No. N/A
3a. Address 155 INVERNESS DR., SUITE 200 ENGLEWOOD, CO. 80112		3b. Phone No. (include area code) (303) 290-8700	8. Lease Name and Well No. SCOTT FEDERAL #233
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 285' FSL & 1370' FEL At proposed prod. zone SAME			9. API Well No. 30-045-
14. Distance in miles and direction from nearest town or post office* 11 AIR MILES S OF BLOOMFIELD			10. Field and Pool, or Exploratory BASIN DAKOTA
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 285'			11. Sec., T., R., M., or Blk. and Survey or Area 23-27n-11w NMPM
16. No. of Acres in lease 2,560		17. Spacing Unit dedicated to this well 320 ACRES (E2)	
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. 741'		20. BLM/BIA Bond No. on file KA6084 (BLM - NATIONWIDE)	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,440' GL		22. Approximate date work will start* JANUARY 6, 2003	23. Estimated duration 3 WEEKS
24. Attachments			

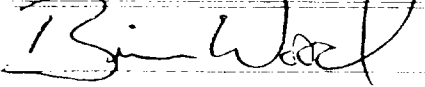
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

Comments

On site inspector: Roger Herrera
Archaeology report: CASA 02-83 (dated 8-8-02)

cc:BLM (&OCD), Pippin, Stowe

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 8-17-02
Title CONSULTANT	PHONE: 505 466-8120	FAX: 505 466-9682
Approved by (Signature)	Name (Printed/Typed)	Date
Title	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.

Title 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 department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

EXHIBIT A

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

DISTRICT II
811 South First, Artesia, N.M. 86210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 29140	⁵ Property Name SCOTT FEDERAL	⁶ Well Number 233
⁷ OGRID No. 193195	⁸ Operator Name MARKWEST RESOURCES, INC.	⁹ Elevation 6440'

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
0	23	27-N	11-W		285'	SOUTH	1370'	EAST	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					¹³ Joint or Infill		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			17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Printed Name BRIAN WOOD Title CONSULTANT Date AUG. 26, 2002
18		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 JULY 26, 2002 Signature and Seal of Professional Surveyor Certificate Number	

MarkWest Resources, Inc.
Scott Federal 233
285' FSL & 1370' FEL
Sec. 23, T. 27 N., R. 11 W.
San Juan County, New Mexico

PAGE 1

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>Depth from GL</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento Fm	000'	12'	+6,440'
Ojo Alamo Ss	1,090'	1,102'	+5,350'
Kirtland Sh	1,140'	1,152'	+5,300'
Fruitland Coal	1,590'	1,602'	+4,850'
Pictured Cliffs Ss	2,090'	2,102'	+4,350'
Mesa Verde Ss	3,015'	3,027'	+3,425'
Point Lookout Ss	4,540'	4,552'	+1,900'
Gallup Ss	6,015'	6,027'	+425'
Dakota Ss	6,615'	6,627'	-175'
Total Depth*	6,775'	6,787'	-335'

* all elevations reflect the ungraded ground level of 6,440'.

2. NOTABLE ZONES

Gas or Oil Zones

Fruitland
Pictured Cliffs
Gallup
Dakota

Water Zones

Nacimiento
Ojo Alamo
Kirtland
Fruitland

Coal Zone

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.

EXHIBIT A

MarkWest Resources, Inc.
Scott Federal 233
285' FSL & 1370' FEL
Sec. 23, T. 27 N., R. 11 W.
San Juan County, New Mexico

PAGE 2

3. PRESSURE CONTROL

Maximum expected pressure is \approx 1,000 psi. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical 11" 3,000 psi model is on PAGE 3.

BOP equipment and all accessories will meet or exceed BLM requirements in 43 CFR Part 3160 for a 3,000 psi system. A 3,000 psi double ram hydraulic BOP will be used. Accumulator system capacity will be sufficient to close all BOPE with a 50% safety factor. Fill, kill, and choke manifold lines will be 2". Accessories will include upper and lower Kelly cocks with handles, stabbing valve to fit drill pipe on floor at all times, string float at bit, 3,000 psi choke manifold with 2" adjustable and 2" positive chokes, and pressure gauge. BOPs will be tested every 24 hours. Tests will be recorded on I. A. D. C. log.

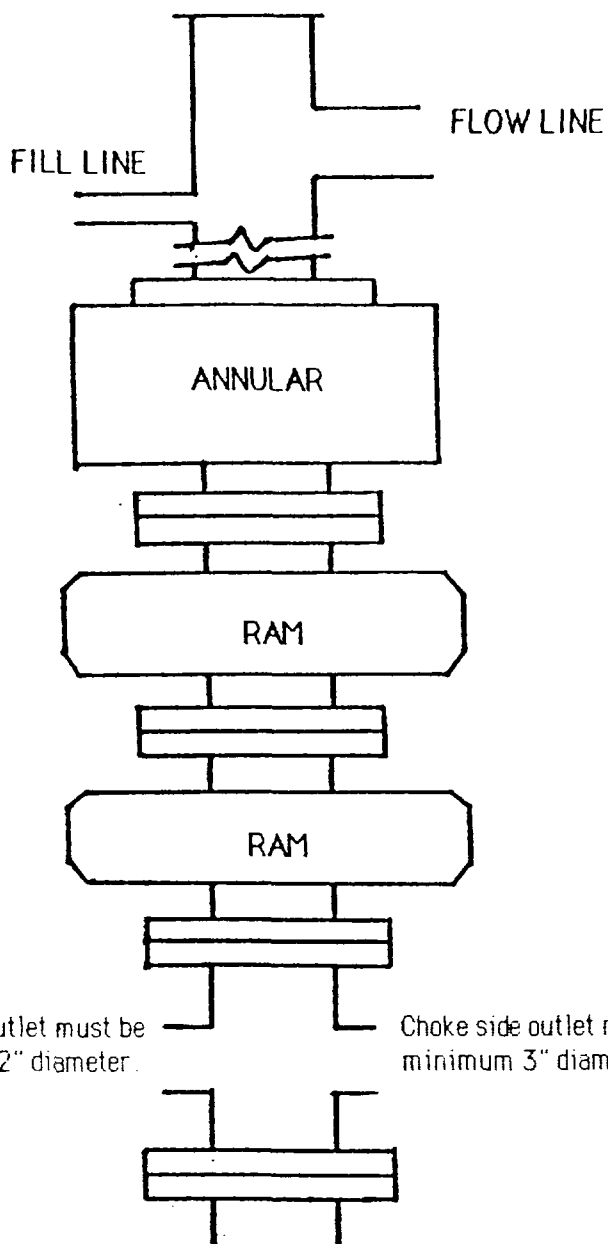
4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>Connection</u>	<u>GL Setting Depth</u>
12-1/4"	8-5/8"	24	K-55	New	ST & C	320'
7-7/8"	4-1/2"	11.6	N-80	New	ST & C	6,775'

Surface casing will be cemented to the surface with \approx 265 cubic feet (\approx 225 sacks) Class B + 1/4 pond per sack cello-flake + 2% CaCl₂. Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume = 200% excess. A guide shoe and insert float will be used. W. O. C. = 12 hours. Surface casing will be tested to 1,500 psi for 30 minutes.

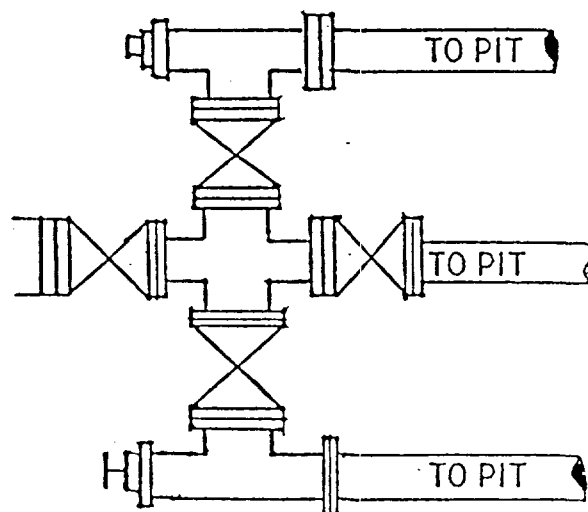
Production casing will be cemented to the surface. Volumes are calculated at \geq 25% excess. If cement does not circulate to surface, then a temperature survey will be run to determine the actual cement top as needed. W. O. C. = 12 hours. Test to 2,000 psi.

EXHIBIT A



TYPICAL BOP STACK
& CHOKE MANIFOLD

There will be at least 2 chokes and 2 choke line valves (3" minimum). The choke line will be 3" in diameter. There will be a pressure gauge on the choke manifold.



Kill line will be minimum 2" diameter and have 2 valves, one of which shall be a minimum 2" check valve.

Upper kelly cock will have handle available
Safety valve and subs will fit all drill string connections in use
All BOPE connections subjected to well pressure will be flanged, welded, or clamped

EXHIBIT A

MarkWest Resources, Inc.
Scott Federal 233
285' FSL & 1370' FEL
Sec. 23, T. 27 N., R. 11 W.
San Juan County, New Mexico

PAGE 4

Lead cement will be $\approx 1,760$ cubic feet ($\approx 1,129$ sacks) modified Super H cement at 61 #/sack and 22 #/sack blended silica light with 7 #/sack gilsonite + 1/4 pound per sack Flocele. Mixed to weight of 13 pounds per gallon for a yield of 1.56 cubic feet per sack. Mixed to weight of 8.5 pounds per gallon with 75-600 SCF/bbl N₂.

Tail cement will be ≈ 230 cubic feet (≈ 176 sacks) 50/50 Class H Poz with 2% gel + 5 #/sack gilsonite + 1/4 #/sack Flocele + 0.4% Halad + 0.1% HR5. Yield = 1.31 cubic feet per sack. Weight = 13.5 pounds per gallon. No N₂.

Cap cement down annulus with ≈ 160 cubic feet (≈ 137 sacks) Class B with 3% CaCl₂.

Cementing equipment will include guide shoe, float collar and 24 centralizers. One centralizer each will be installed on the first three joints above the float, then one every second joint to 5,700' and one every fourth joint from 2,000' to surface.

5. MUD PROGRAM

<u>Range</u>	<u>Mud Type</u>	<u>Weight</u>
0' - 160'	Fresh-Spud	8.4
160' - 4,800'	LSND	8.6
4,800' - TD	LSND	8.8

Lost circulation 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 Neutron Density will be run from TD to $\approx 5,700'$. The other logs will be run from TD to the base of the surface casing.

EXHIBIT A

MarkWest Resources, Inc.
Scott Federal 233
285' FSL & 1370' FEL
Sec. 23, T. 27 N., R. 11 W.
San Juan County, New Mexico

PAGE 5

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be \approx 1,000 psi.

8. OTHER INFORMATION

The anticipated spud date is January 6, 2003. It is expected it will take about twelve days to drill and ten days to complete the well. Completion will start about one month after the spud and will include hydraulic fracturing.

EXHIBIT A

MarkWest Resources, Inc.
Scott Federal 233
285' FSL & 1370' FEL
Sec. 23, T. 27 N., R. 11 W.
San Juan County, New Mexico

PAGE 6

Surface Use Plan

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

From Bloomfield ...

Go SE 12 mi. on US 550/NM 44 to the equivalent of Milepost 140.7

Then turn left at the brown metal building and go NE 0.1 mi. on a dirt road

Then turn right and go SE 0.6 mi. on a dirt road

Then turn left and go NE 0.2 mi. on a dirt road to a well

Then turn right and go SE 0.3 mi. on a dirt road to a cattle guard

Then turn right and go SE 125' cross country to the well

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

2. ROAD TO BE BUILT OR UPGRADED (See Page 14)

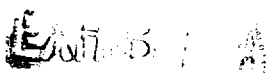
Existing roads need no upgrading. About 125' of new road will be crowned and ditched with a 15' wide running surface. Maximum cut or fill = 1'. Maximum grade = 2%. Maximum disturbed width = 30'. One cattle guard will be installed south of the existing cattle guard. No culvert or turn out is needed.

3. EXISTING WELLS (See Page 12)

There are twenty-three oil or gas wells, four plugged and abandoned wells, and two water wells within a mile radius according to NM Oil Conservation Division and NM State Engineer records. There are no injection wells within a mile.

4. PROPOSED PRODUCTION FACILITIES

A ~300 barrel steel tank, ~60 barrel fiberglass open top tank, ~50 hp



MarkWest Resources, Inc.
Scott Federal 233
285' FSL & 1370' FEL
Sec. 23, T. 27 N., R. 11 W.
San Juan County, New Mexico

PAGE 7

compressor, meter run, and separator will be installed on the pad. All surface equipment will be painted a flat Carlsbad tan color.

A ≈125' long steel ≈4" gas pipeline will be laid to an existing Williams pipeline by the cattle guards. All of the route parallels the new road. It will be buried 36" deep. Wall thickness = 0.216". Maximum operating pressure = 200 psi. Test pressure = 1,600 psi. Test water will be discharged into the reserve pit.

5. WATER SUPPLY

Water will be trucked from Bloomfield.

6. CONSTRUCTION MATERIALS & METHODS

NM One Call (1-800-321-ALERT), Williams Field Services, and BLM will be notified before construction starts. The top 6" of soil will be stockpiled north of the reserve pit.

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 company man, tool pusher, or mud logger.

EXHIBIT A

MarkWest Resources, Inc.
Scott Federal 233
285' FSL & 1370' FEL
Sec. 23, T. 27 N., R. 11 W.
San Juan County, New Mexico

PAGE 8

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 shape 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

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, pipeline route, and any other areas not needed for work overs will be reclaimed as previously described.

11. SURFACE OWNER

All construction is on lease and on BLM.

EXHIBIT A

MarkWest Resources, Inc.
Scott Federal 233
285' FSL & 1370' FEL
Sec. 23, T. 27 N., R. 11 W.
San Juan County, New Mexico

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12. OTHER INFORMATION

The nearest hospital is a 45 minute drive away in southwest Farmington.

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 representative will be:

Mike Pippin
3104 N. Sullivan
Farmington, NM 87401
(505) 327-4573

or

Rex Lancaster
(505) 325-1922
Cellular: (505) 320-3075

Cellular: (505) 330-0495

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

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

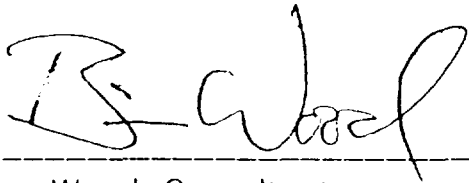
EXHIBIT A

PERMITS WEST .INC
PROVIDING PERMITS FOR LAND USERS

MarkWest Resources, Inc.
Scott Federal 233
285' FSL & 1370' FEL
Sec. 23, T. 27 N., R. 11 W.
San Juan County, New Mexico

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provisions of 18 U. S. C. 1001 for the filing of a false statement.

A handwritten signature in black ink, appearing to read "B. Wood", written over a horizontal line.

Brian Wood, Consultant

August 26, 2002

Date

EXHIBIT 2

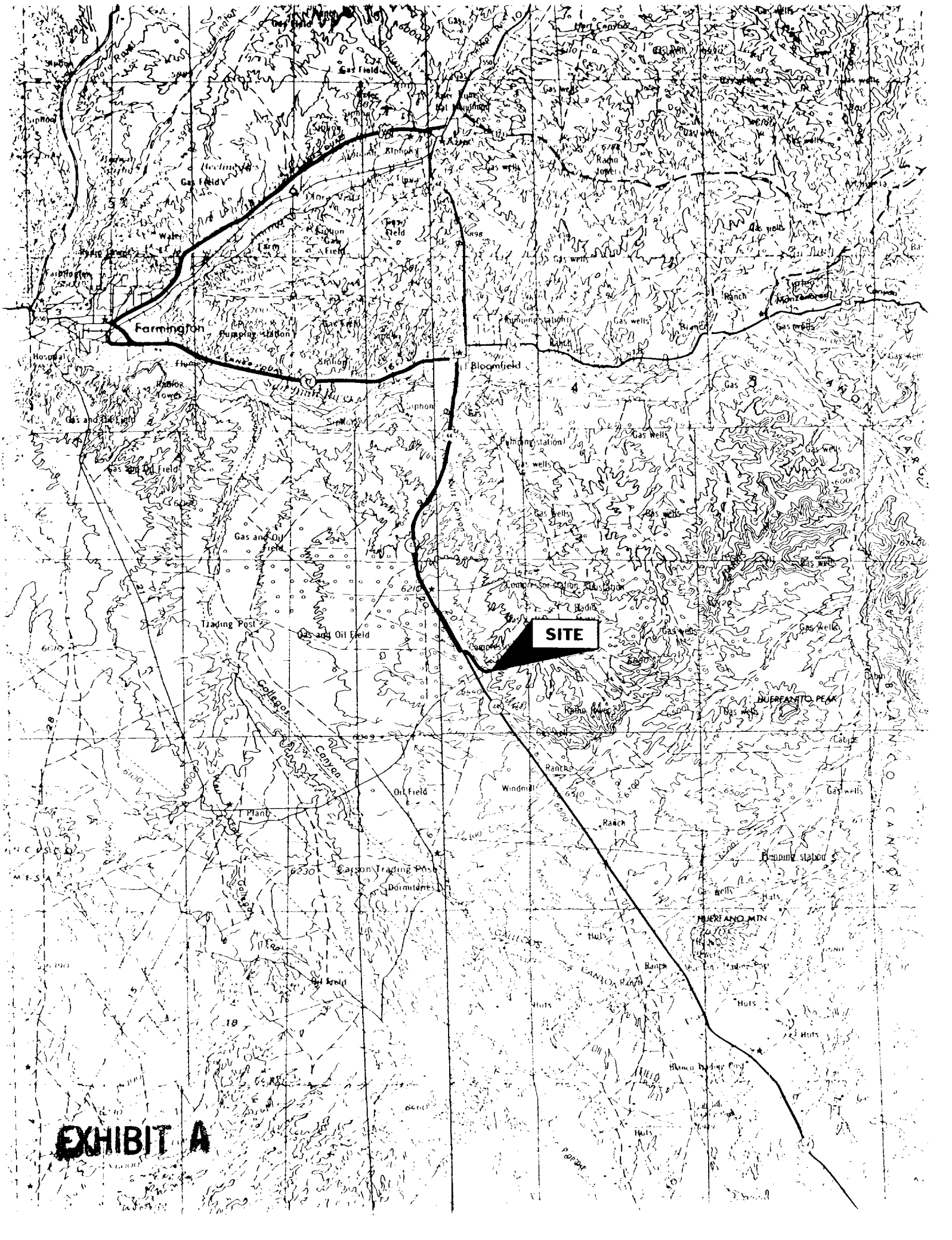


EXHIBIT A

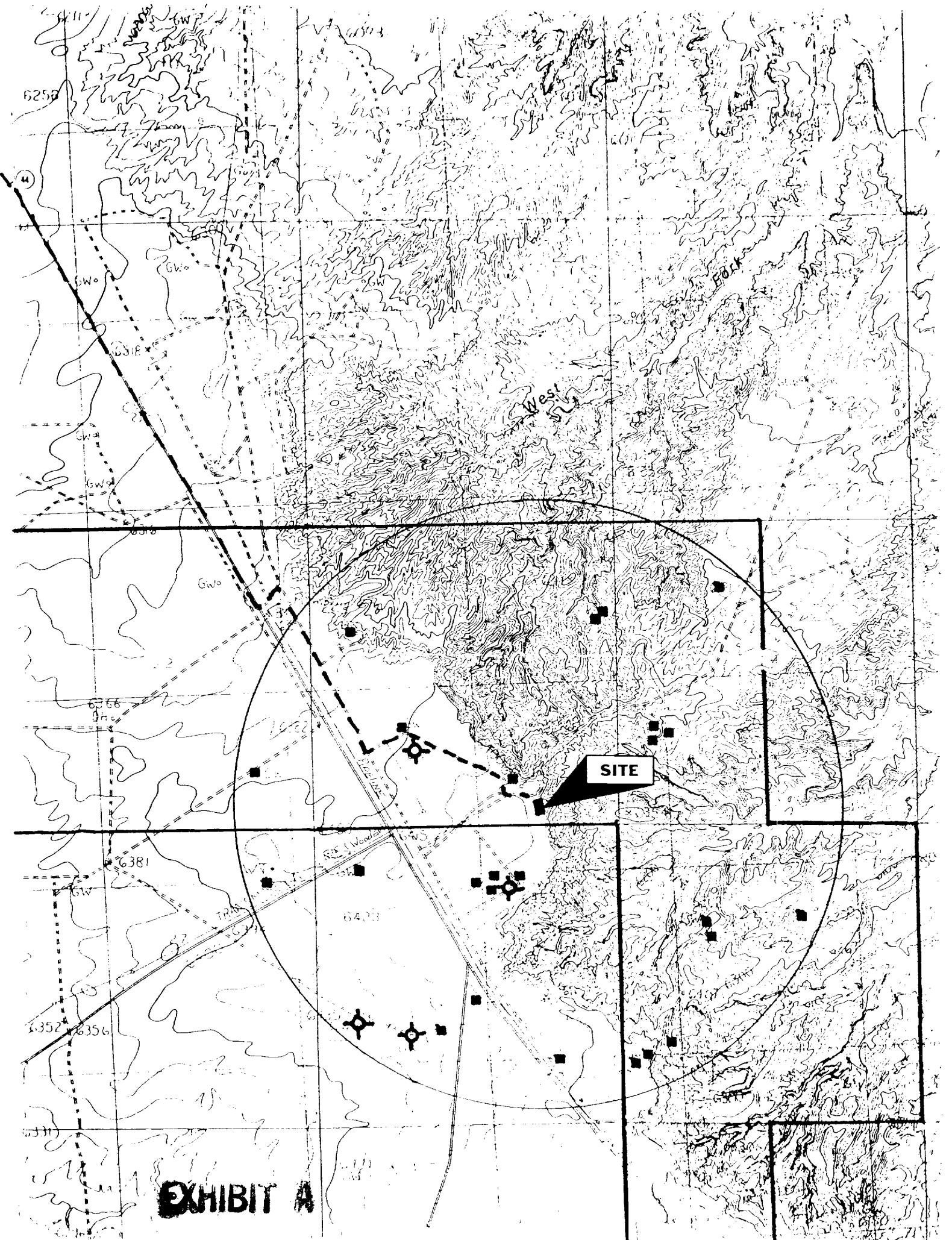


EXHIBIT A

MarkWest Resources, Inc.
Scott Federal 233
285' FSL & 1370' FEL
Sec. 23, T. 27 N., R. 11 W.
San Juan County, New Mexico

PAGE 13

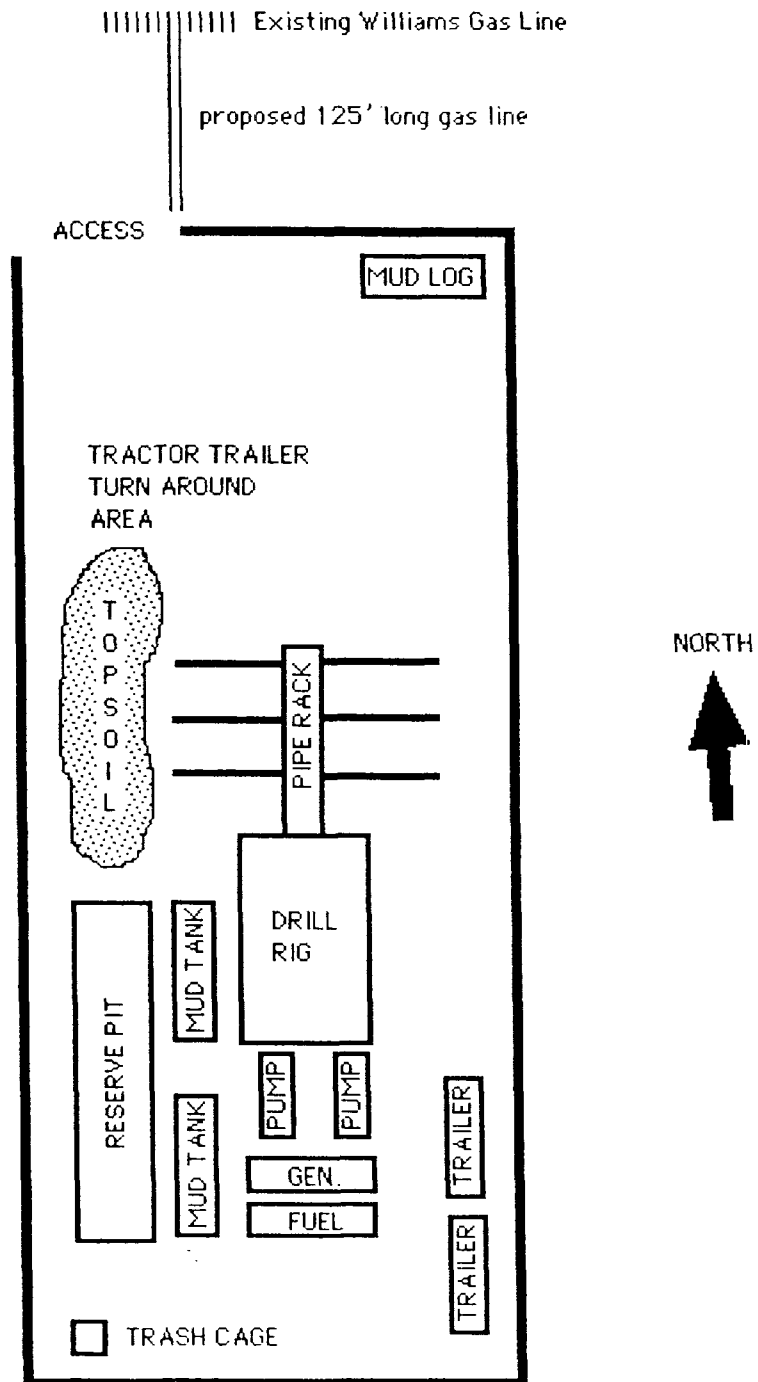
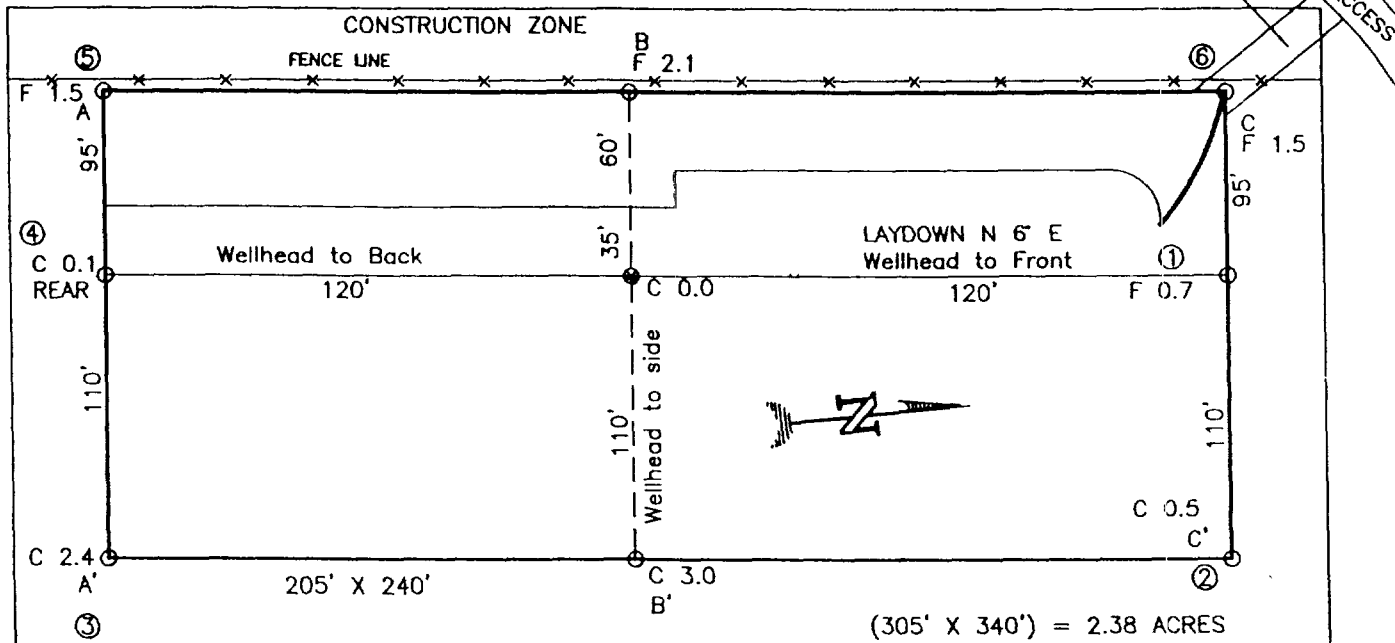


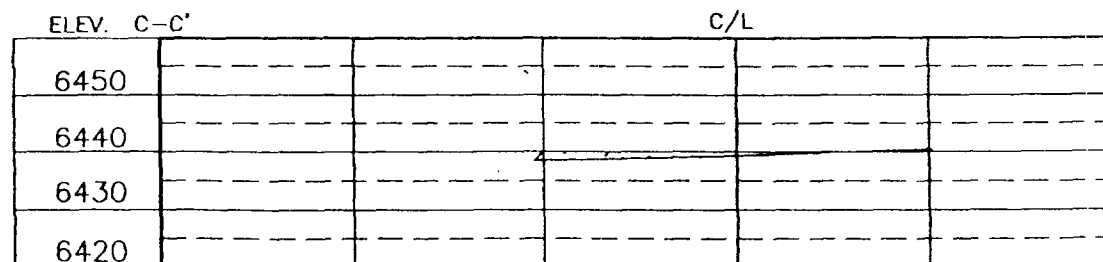
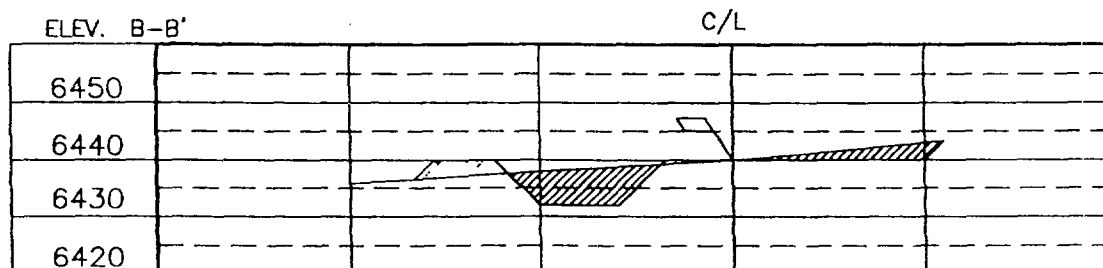
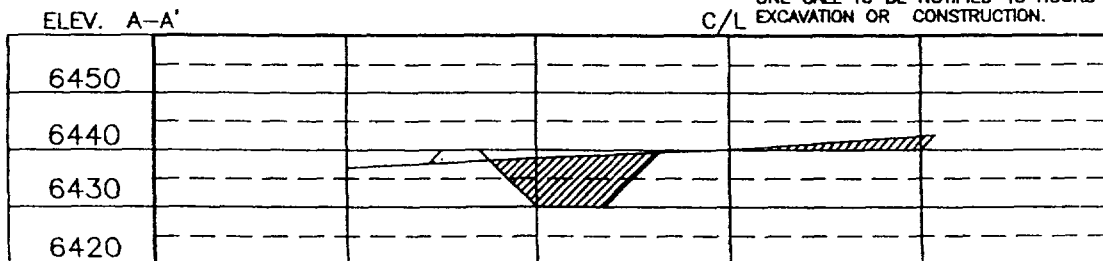
EXHIBIT A

MARKWEST RESOURCES, INC.
 SCOTT FEDERAL No. 233, 285 FSL 1370 FEL
 SECTION 23, T27N, R11W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 6440, DATE: JULY 26, 2002



NOTE:

DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR
 UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO
 ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO
 EXCAVATION OR CONSTRUCTION.



NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES
 ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

REVISION: RESTAKE BY: A.G. DATE: 07/28/02

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15068 Farmington, NM 87401
 Phone (505) 326-1772 Fax (505) 326-6019



EX-101

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

DISTRICT II
811 South First, Artesia, N.M. 86210

DISTRICT III
1000 Elc Brazos Rd., Artec, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 29140	⁵ Property Name SCOTT FEDERAL	⁶ Well Number 233
⁷ GRID No. 193195	⁸ Operator Name MARKWEST RESOURCES, INC.	⁹ Elevation 6440'

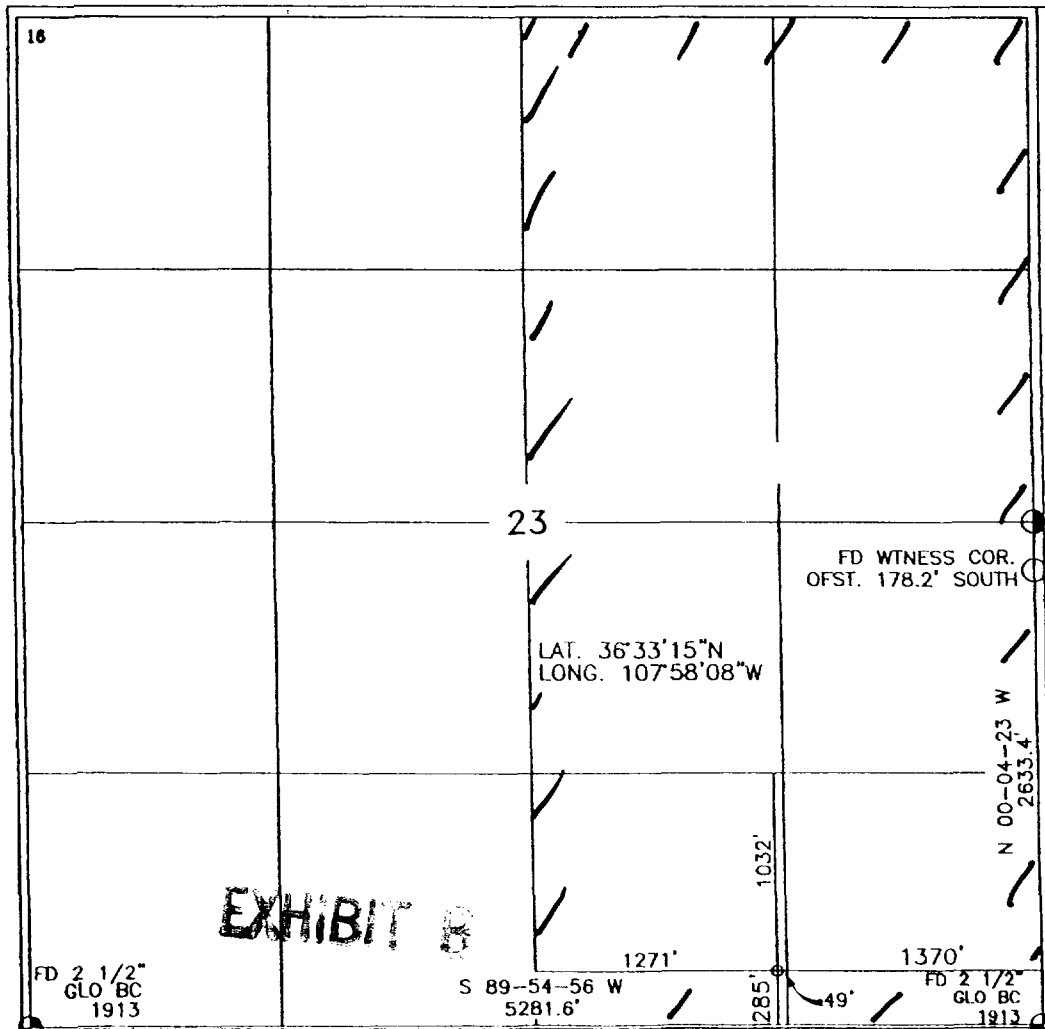
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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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					¹³ Joint or Infill		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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein
is true and complete to the best of my knowledge and
belief.

Signature Brian Wood

Printed Name

BRIAN WOOD

Title
CONSULTANT

Date
AUG. 26, 2002

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.

Signature and Seal of Professional Surveyor:
DAVID A. JOHNSON
Date of Survey 21 Aug 2002

Signature and Seal of Professional Surveyor:
14827

Signature and Seal of Professional Surveyor:
14827

Signature and Seal of Professional Surveyor:
14827

Certificate Number

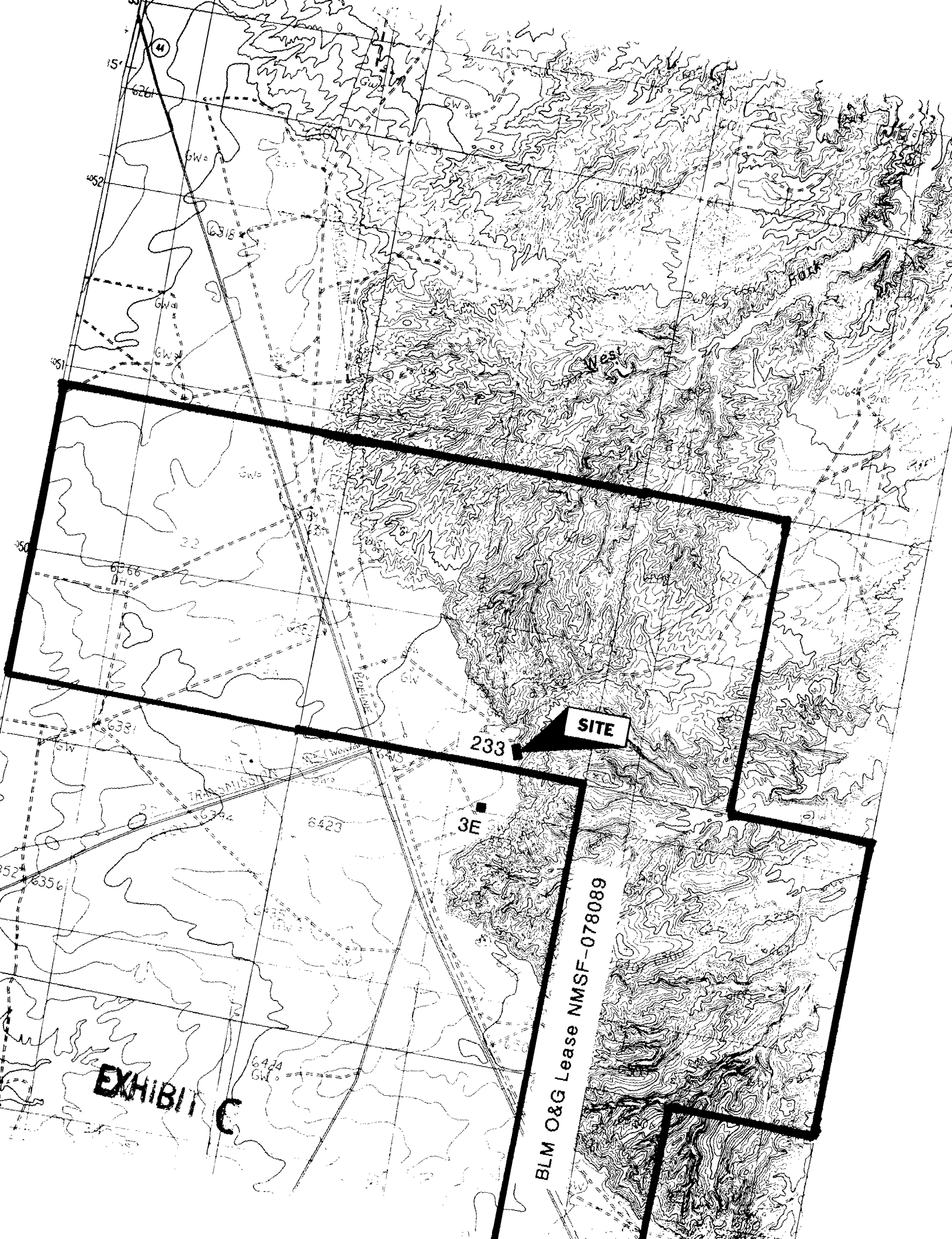
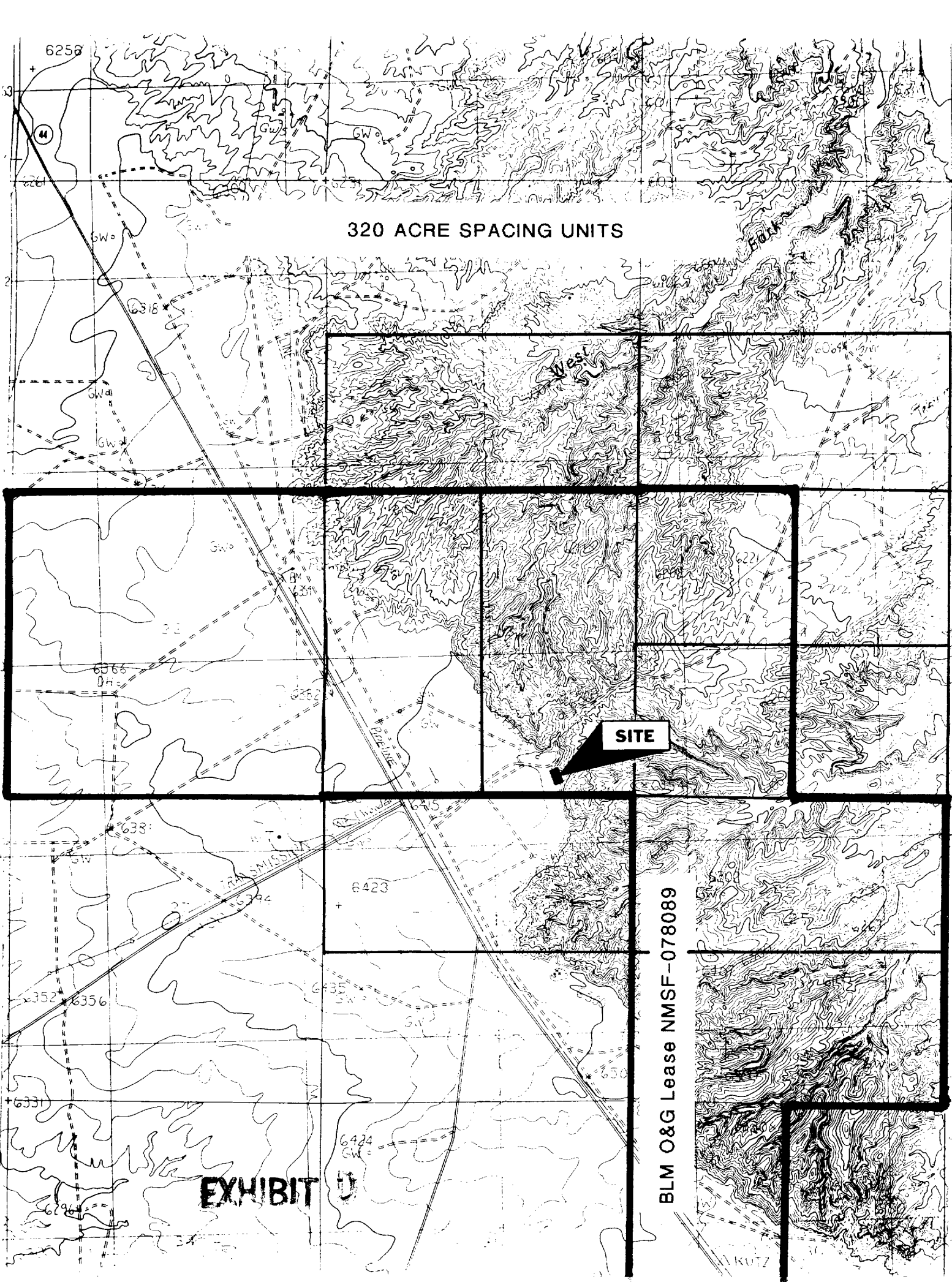
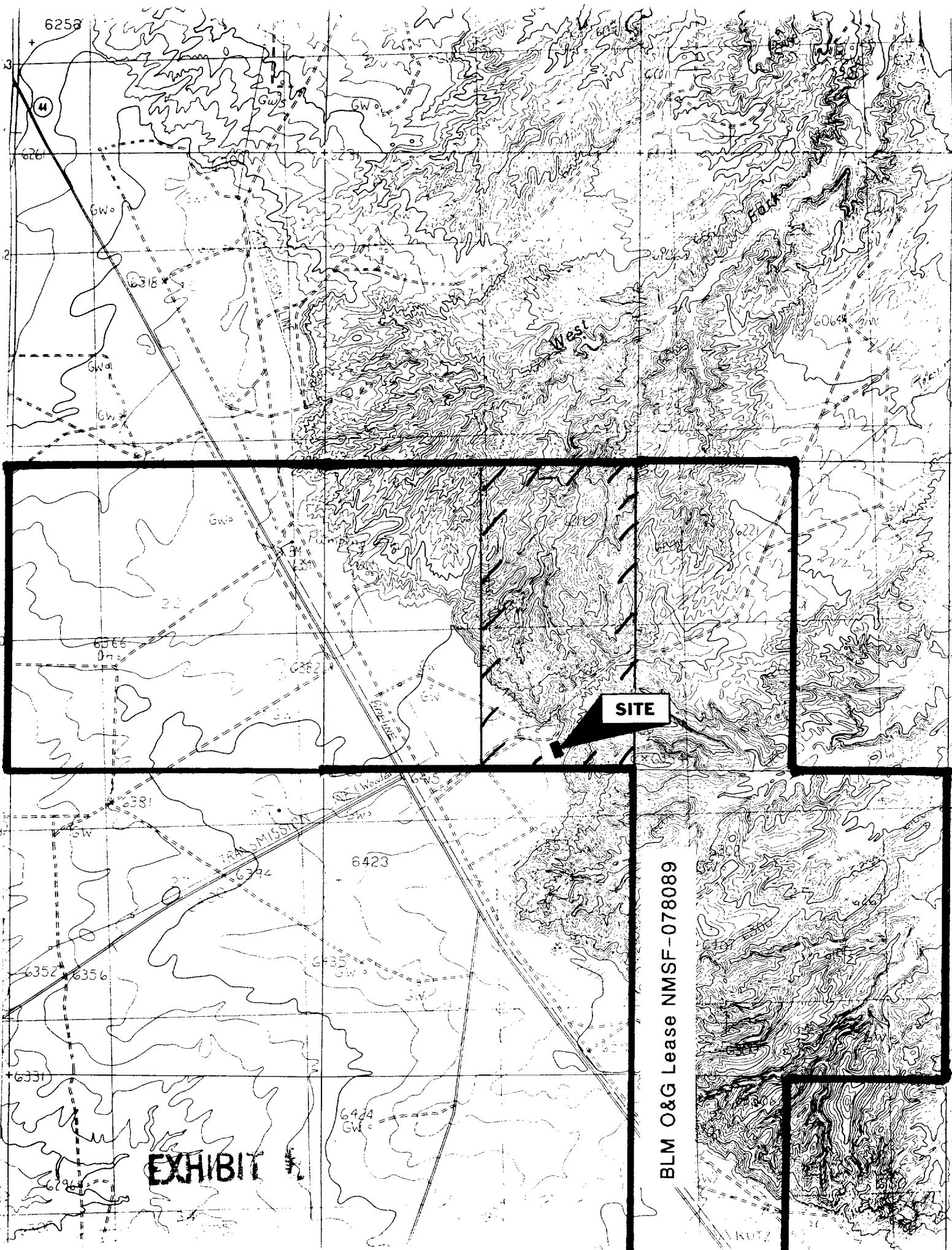


EXHIBIT C

BLM O&G Lease NMSF-078089

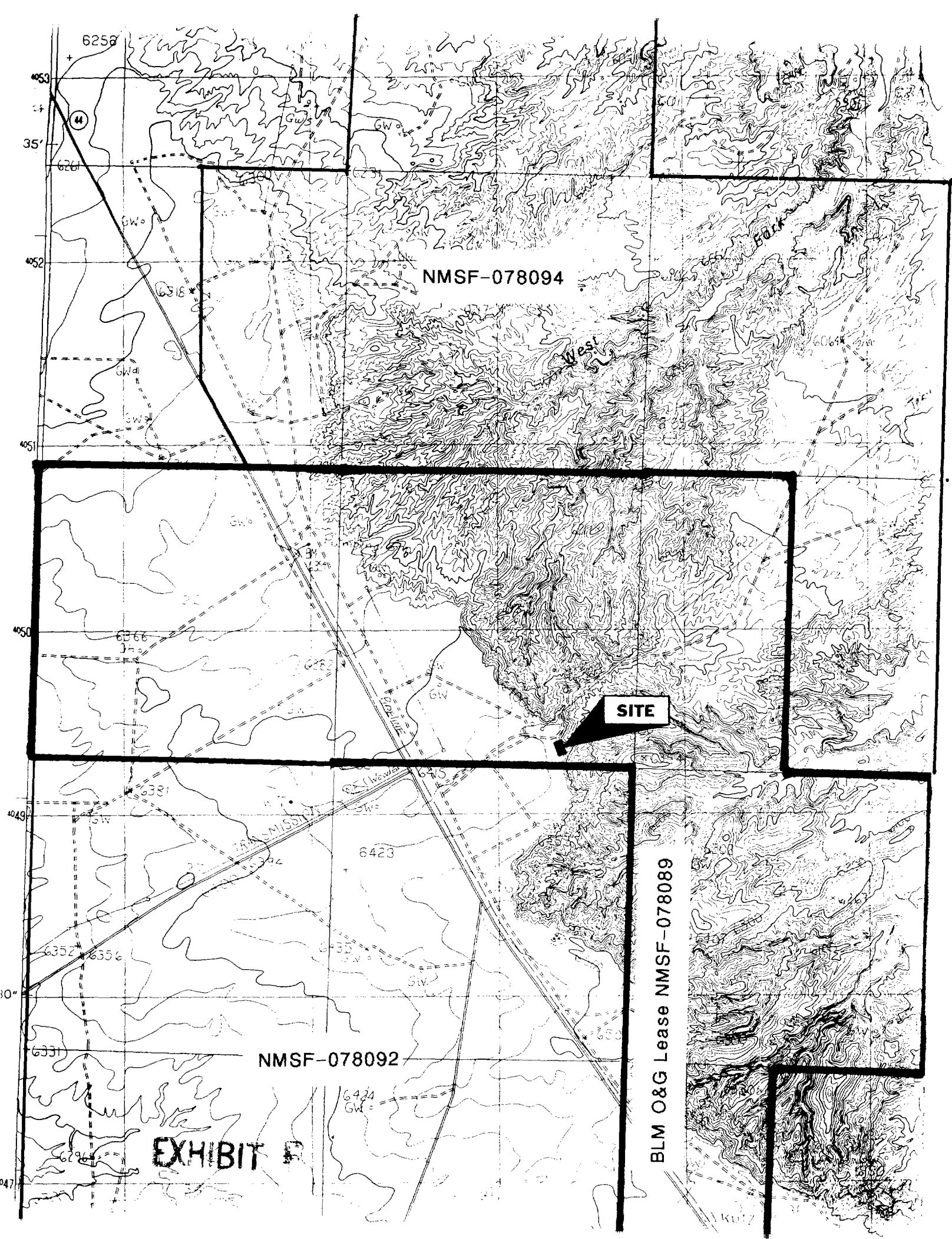




SITE

EXHIBIT

BLM O&G Lease NMSF-078089



CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

12/09/02 15:06:21
OGOMES -TQIF
PAGE NO: 1

Sec : 23 Twp : 27N Rng : 11W Section Type : NORMAL

D	C	B	A
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
E	F	G	H
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
A			A A

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

12/09/02 15:06:26
OGOMES -TQIF
PAGE NO: 2

Sec : 23 Twp : 27N Rng : 11W Section Type : NORMAL

L	K	J	I
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
	A		
M	N	O	P
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
		A	

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD : ONGARD 12/09/02 15:06:44
OG6IWCN INQUIRE WELL COMPLETIONS OGOMES -TQIF

API Well No : 30 45 30892 Eff Date : 03-08-2002 WC Status : A
Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)
OGRID Idn : 193195 MARKWEST RESOURCES INC
Prop Idn : 29140 SCOTT FEDERAL 27 11 23

Well No : 001
GL Elevation: 6133

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

B.H. Locn : H 23 27N 11W FTG 1645 F N FTG 360 F E P
Lot Identifier:
Dedicated Acre: 320.00
Lease Type : F
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll
PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD :
OG6ACRE
ONGARD
C102-DEDICATE ACREAGE

12/09/02 15:06:52
OGOMES -TQIF
Page No : 1

API Well No : 30 45 30892 Eff Date : 03-08-2002
Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)
Prop Idn : 29140 SCOTT FEDERAL 27 11 23
Spacing Unit : 55752 OCD Order :
Sect/Twp/Rng : 23 27N 11W Acreage : 320.00 Revised C102? (Y/N) :
Dedicated Land:

S	Base U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
A	23	27N	11W	40.00	N	FD			
B	23	27N	11W	40.00	N	FD			
G	23	27N	11W	40.00	N	FD			
H	23	27N	11W	40.00	N	FD			
I	23	27N	11W	40.00	N	FD			
J	23	27N	11W	40.00	N	FD			
O	23	27N	11W	40.00	N	FD			
P	23	27N	11W	40.00	N	FD			

E0005: Enter data to modify or PF keys to scroll
PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD :
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL

12/09/02 15:07:03
OGOMES -TQIF
Page No: 1

OGRID Identifier : 193195 MARKWEST RESOURCES INC

Pool Identifier : 71599 BASIN DAKOTA (PRORATED GAS)

API Well No : 30 45 30892 Report Period - From : 01 2000 To : 10 2002

API Well No	Property Name	Prodn. Days		Production Volumes			Well
		MM/YY	Prod	Gas	Oil	Water Stat	
30 45 30892		03 02	14	6315	151		F
30 45 30892	SCOTT FEDERAL 27 11	04 02	23	10372	197		F
30 45 30892	SCOTT FEDERAL 27 11	05 02	29	8907	173		F
30 45 30892	SCOTT FEDERAL 27 11	06 02	30	6754			F
30 45 30892	SCOTT FEDERAL 27 11	07 02	31	6516	192		F
30 45 30892	SCOTT FEDERAL 27 11	08 02	31	7398			F
30 45 30892	SCOTT FEDERAL 27 11	09 02	30	11274			F

Reporting Period Total (Gas, Oil) : 63186 713 95

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

CMD :
OG6IPRD

ONGARD
12/09/02 15:07:08
OGOMES -TQIF
Page No: 2

OGRID Identifier : 193195 MARKWEST RESOURCES INC
Pool Identifier : 71599 BASIN DAKOTA (PRORATED GAS)

API Well No : 30 45 30892 Report Period - From : 01 2000 To : 10 2002

API Well No		Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water Stat	Well
30	45	30892 SCOTT FEDERAL	27 11 10 02 31	5650	21 F

Reporting Period Total (Gas, Oil) : 63186 713 95

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



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