



SUSPENSE

2/14/02

ENGINEER

MS

LOGGED IN

RV

TYPE

NSL

APP NO.

202827521

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

1-23-02

e-mail Address

brian@permitswest.com

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NONSTANDARD LOCATION FOR
MARKWEST RESOURCES, INC.

SCOTT FEDERAL 27-11 #36 WELL

1700' FNL & 1350' FWL SEC. 36, T. 27 N., R. 11 W., SAN JUAN COUNTY, NM

I. The well head and east most three-fourths of the well site is on private surface owned by Steve Murphy. The remainder of the well site is on BLM surface. All of the project is on 2,560 acre BLM oil and gas lease NMSF-078089. The proposed location is nonstandard (NSL) for the Basin Fruitland Coal. A standard location must be in the southwest or northeast quarter. This well will be in the northwest quarter because the southwest quarter is almost drained. The southwest quarter well (MarkWest's Scott E Federal #18) will be plugged and abandoned before the #36 well produces gas. The #18 well penetrates $\approx 10'$ of coal. The #36 well will penetrate $\approx 40'$ of coal. The APD (Exhibit A) is attached.

II. A C-102 (Exhibit B) showing the well location and proration unit (west half Sec. 36) is attached. All of the proration unit is on the same lease. The lease (2,560 acres) is shown on the attached East Fork Kutz Canyon USGS topo map (Exhibit C). Closest lease boundary is 1,290' east. Note that a similar (i.e., SE4 instead of NE4) NSL for Burlington's Huerfano Unit #84 was approved in NMOCD NSL-2827.

III. According to NM Oil Conservation Division records in Santa Fe reviewed on January 14 there are 4 Fruitland coal gas wells within a mile radius (Exhibit D). The closest Fruitland coal gas well is MarkWest's Scott E Federal #18 well which is 2,595' south at 990' FSL & 1520' FWL 36-27n-11w. However, it will be P&A. The closest Fruitland coal gas well after the #18 is P&A will be Burlington's Douthit Federal #351 well which is 2,632' west at 1110' FNL & 1215' FEL 35-27n-11w. A copy of the East Fork Kutz Canyon 7.5' USGS map is attached showing the proposed well site, Fruitland spacing units (dashed lines), and lease (solid line). There is only one lease within a minimum 1,290' radius. Registered letters were sent on January 23, 2002 to all of the offset interest owners. A copy of the postal receipts and letters is attached.

FILED
JAN 25 2002

IV. A copy of the East Fork Kutz Canyon USGS map is attached showing Fruitland proration units (Exhibit E). The proposed well site is marked. Proration unit for the Fruitland is the 320.00 acre west half of Section 36, Township 27 North, Range 11 West, NMPM, San Juan County, NM.

V. Topography is not an issue. MarkWest selected its location due to geology. The proposed well will penetrate four times as much coal as the well it replaces.

VI. Archaeology sites are not an issue.

VII. Surface use conditions are not an issue.

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

IX. I hereby certify notice 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
BLM
Burlington Resources Oil and Gas Company
Conoco Inc.
Louis Dreyfus Natural Gas Corp.
Marathon Oil Company
Steve Murphy
Questar Exploration & Production Company
Taurus Exploration USA Inc.

Brian Wood

Consultant

1-23-02

Signature, Title, & Date

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

The foregoing instrument was acknowledged before me this 23rd day of

January, 2002 by Brian Wood. Witness my hand and official seal.

Adam Gratz



Notary Public

My Commission Expires: June 9, 2003

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

cc: Aztec OCD, Stowe

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL ☒ DEEPEN ☐

b. TYPE OF WELL
OIL WELL ☐ GAS WELL ☒ OTHER ☐

2. NAME OF OPERATOR
MarkWest Resources, Inc. (303) 290-8700

3. ADDRESS AND TELEPHONE NO.
155 Inverness Dr. W, Suite 200, Englewood, Co. 80112

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface 1700' FNL & 1350' FWL

At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
12 air miles SSE of Bloomfield

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drlg. unit line, if any)
1,290'

16. NO. OF ACRES IN LEASE
2,560

17. NO. OF ACRES ASSIGNED TO THIS WELL
320

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
665'

19. PROPOSED DEPTH
2,150'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6,515' ungraded

22. APPROX. DATE WORK WILL START*
Feb. 20, 2002

5. LEASE DESIGNATION AND SERIAL NO.
NMSF-078089

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO.
Scott Fed. 27-11 #36

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT
Basin Fruit. Coal

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
36-27n-11w NMPM

12. COUNTY OR PARISH
San Juan

13. STATE
NM

PROPOSED CASING AND CEMENTING PROGRAM					
SIZE OF HOLE	GRADE SIZE OF CASING		WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	K-55	8-5/8"	24	160'	≈118 cu. ft. & to surface
7-7/8"	K-55	4-1/2"	10.5	2,150'	≈887 cu. ft. & to surface

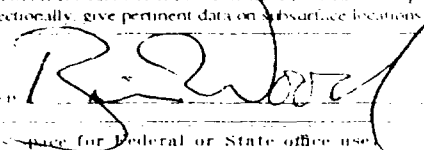
Will file NSL. Once NSL approved and this well is completed, will then P&A Scott E Federal #18 before producing #36.

On sited with Bill Liess. Archaeology report #: CASA 01-113.

EXHIBIT A

cc: BLM, OCD (via BLM), Pippin, Stowe

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM. If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.  Consultant (505) 466-8120 12-27-01

SIGNED: _____ TITLE: _____ DATE: _____

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE: _____

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

CONDITIONS OF APPROVAL, IF ANY:

DISTRICT I
1626 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
811 South First, Artesia, N.M. 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code	⁵ Property Name SCOTT FEDERAL 27-11	⁶ Well Number 36
⁷ GRID No. 193195	⁸ Operator Name MARKWEST RESOURCES, INC.	⁹ Elevation 6515'

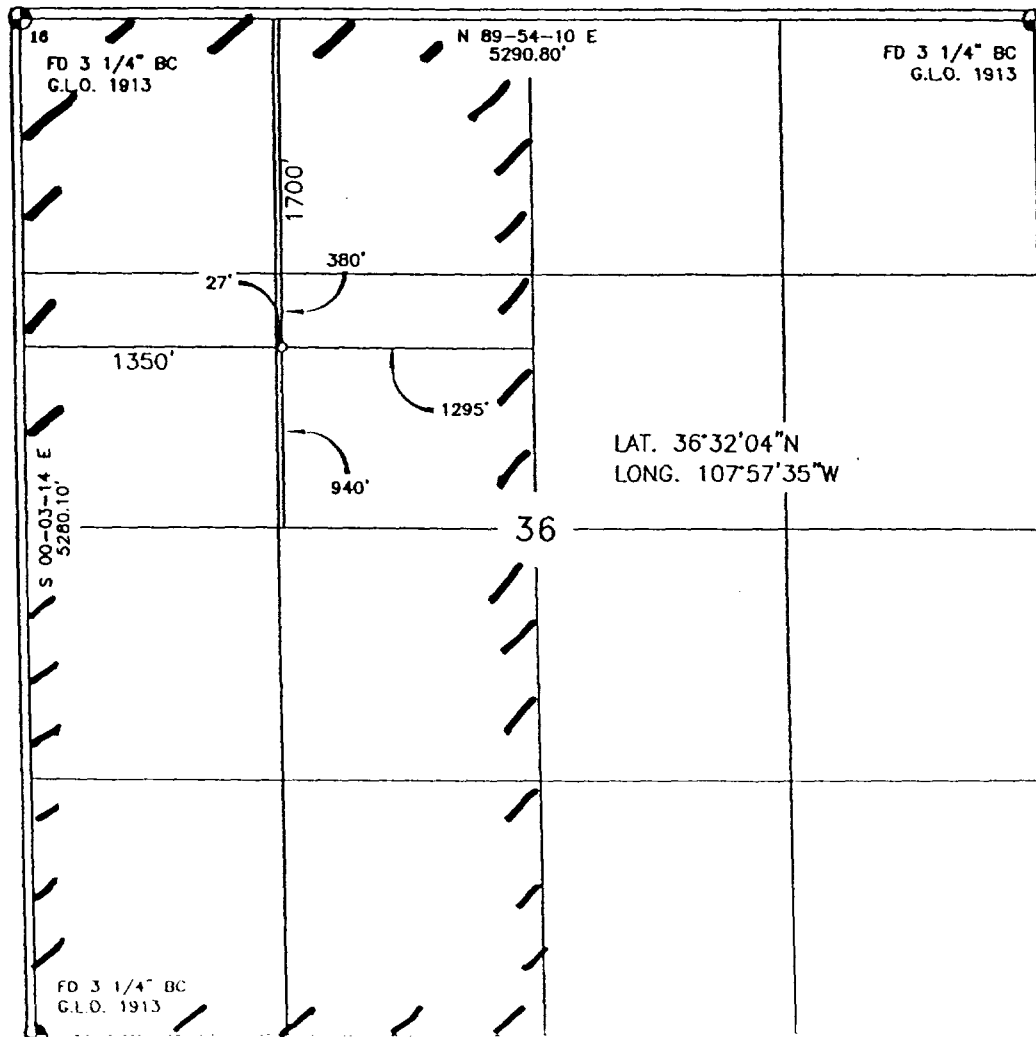
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	36	27-N	11-W		1700'	NORTH	1350'	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres			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: DEC. 27, 2001

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: 7-2001
Signature and Seal of Professional Surveyor: *[Signature]*
Certificate Number: 8894

MarkWest Resources, Inc.
Scott Federal 27-11 36
1700' FNL & 1350' FWL
Sec. 36, T. 27 N., R. 11 W.
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Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea Elevation</u>
Nacimiento Fm	000'	5'	+6,515'
Ojo Alamo Ss	1,052'	1,057'	+5,463'
Kirtland Sh	1,156'	1,161'	+5,359'
Fruitland Coal	1,613'	1,618'	+4,902'
Pictured Cliffs Ss	2,083'	2,088'	+4,432'
Total Depth (TD)*	2,150'	2,155'	+4,365'

* all elevations reflect the ungraded ground level of 6,515'

2. NOTABLE ZONES

Gas & Oil Zones

Fruitland
Pictured Cliffs

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.

3. PRESSURE CONTROL

Maximum expected pressure is ≈ 200 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.

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BOP equipment and all accessories will meet or exceed BLM requirements in 43 CFR Part 3160 for a 2000 psi system. A 2000 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, 3000# choke manifold with 2" adjustable and 2" positive chokes, and pressure gauge. BOPs will be tested every 24 hours. Tests will be recorded on IADC log.

4. CASING & CEMENT

Hole Size	O.D.	Weight (lb/ft)	Grade	Age	Connection	GL Setting Depth
12-1/4"	8-5/8"	24	K-55	New	ST&C	160'
7-7/8"	4-1/2"	10.5	K-55	Used	ST&C	2,150'

Surface casing will be cemented to the surface with ≈ 118 cubic feet (≈ 100 sacks) Class B + 1/4 lb/sack cello-flake + 2% CaCl_2 . Yield = 1.18 cubic feet per sack. Weight = 15.2 lb/gal. Volume = 100% excess. A guide shoe and insert float will be used. WOC = 12 hours. Surface casing will be tested to 1500 psi for 30 minutes.

Production casing will be cemented to the surface. Total cement = 887 cubic feet. Volumes are calculated at 81% excess. If cement does not circulate to surface, then a temperature survey will be run to determine the actual cement top as needed. WOC 12 hours. Test to 2000 psi.

Lead cement will be ≈ 318 sacks Class B light cement (65% cement/35% POZ with 6% gel) with 5 #/sack gilsonite + 1/4 #/sack Flocele. Yield = 1.99 cubic feet per sack. Weight = 12.4 #/gal.

Tail cement will be ≈ 184 sacks 50/50 Class B POZ with 2% gel + 1/4 #/sack Flocele + 0.5% Halad-9. Yield = 1.38 cubic feet per sack. Weight = 13.5 #/gal.

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Cementing equipment will include guide shoe, float collar and ten centralizers (one each on the first five joints above the float and five at 160' intervals, starting at 960').

5. MUD PROGRAM

<u>RANGE</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>
0' - 160'	Fresh-Spud	8.4
160' - TD	LSND	8.6

Lost circulation and absorption material will be on location.

6. CORING, TESTING, & LOGGING

No cores or DSTs are planned. Open hole logs will include GR, Neutron-Density, and Induction. The Neuron Density will be run from TD to 1,500'. The other logs will be run from TD to the base of the surface casing.

7. DOWNHOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be \approx 200 psi.

8. OTHER INFORMATION

The anticipated spud date is February 15, 2002. It is expected it will take about six days to drill and eight days to complete the well. Completion will start about one month after the spud and will include hydraulic fracturing.

MarkWest Resources, Inc.
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Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See Pages 9 & 10)

From Bloomfield ...

Go SE 14-1/2 mi. on US 550/NM 44 to the equivalent of Milepost 138.2

Then turn left and go NE through a cattleguard

Once across the fence, turn left and go NW 100' on the dirt frontage road

Then turn right and go E 300' on flagged route 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 10 & 12)

About 300' of new crowned and ditched road will be built with a 14' wide running surface. Maximum grade is 2%. Maximum disturbed width will be 25'. No culvert, cattleguard, or turn out is needed. A locked gate will be installed.

3. EXISTING WELLS (See Page 10)

There are 19 oil or gas wells and 2 plugged and abandoned wells within a mile radius according to NM Oil Conservation Division records in Santa Fe reviewed on August 23, 2001. There are no water or injection wells within a mile.

4. PROPOSED PRODUCTION FACILITIES

A ≈60 barrel fiberglass open top tank, ≈50 horsepower compressor, meter run, and separator will be installed on the pad. All surface equipment will be

MarkWest Resources, Inc.
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painted a flat Carlsbad tan color. Williams Field Services will file its application and lay its pipeline.

5. WATER SUPPLY

Water will be trucked from Bloomfield.

6. CONSTRUCTION MATERIALS & METHODS

Before construction starts, MarkWest will call New Mexico One Call at 1-800-321-ALERT. The top 6" of soil will be stripped and piled on the south side. Brush will be "walked down" on fill slopes. Slopes will be 2 to 1.

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.

9. WELL SITE LAYOUT

See Pages 11 and 12 for depictions of the well pad, cross section, cut and

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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 backfilled. The pad and backfilled pit will be recontoured to a natural appearance. Soil and brush will be evenly spread over disturbed areas. Disturbed areas will be ripped or harrowed. A BLM approved seed mix will be drilled between July 1 and September 15. If broadcast, the rate will be doubled. 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 workovers will be reclaimed as previously described.

11. SURFACE OWNER

The west quarter of the well site and all road construction are on BLM. The remainder of the well site is on land owned by Steve Murphy (P.O. Box 5400, Farmington, NM 87499; (505) 326-6503)). A copy of the surface use agreement is attached.

12. OTHER INFORMATION

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

13. REPRESENTATION

MarkWest Resources, Inc.
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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

Cellular: (505) 330-0495

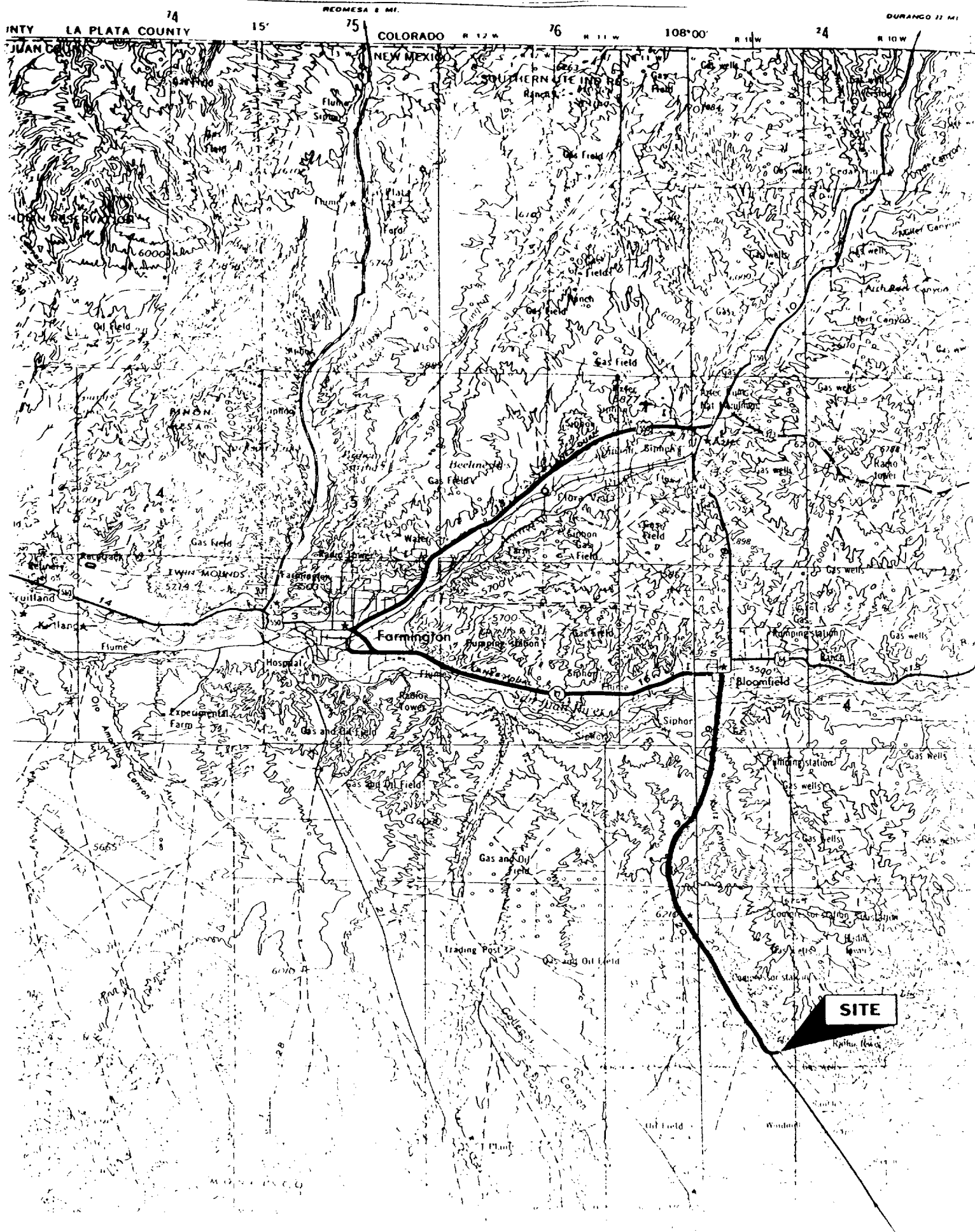
MarkWest Resources, Inc. has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Bond coverage pursuant to 43 CFR 3104 for lease activities and operations is being provided by MarkWest Resources, Inc.

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



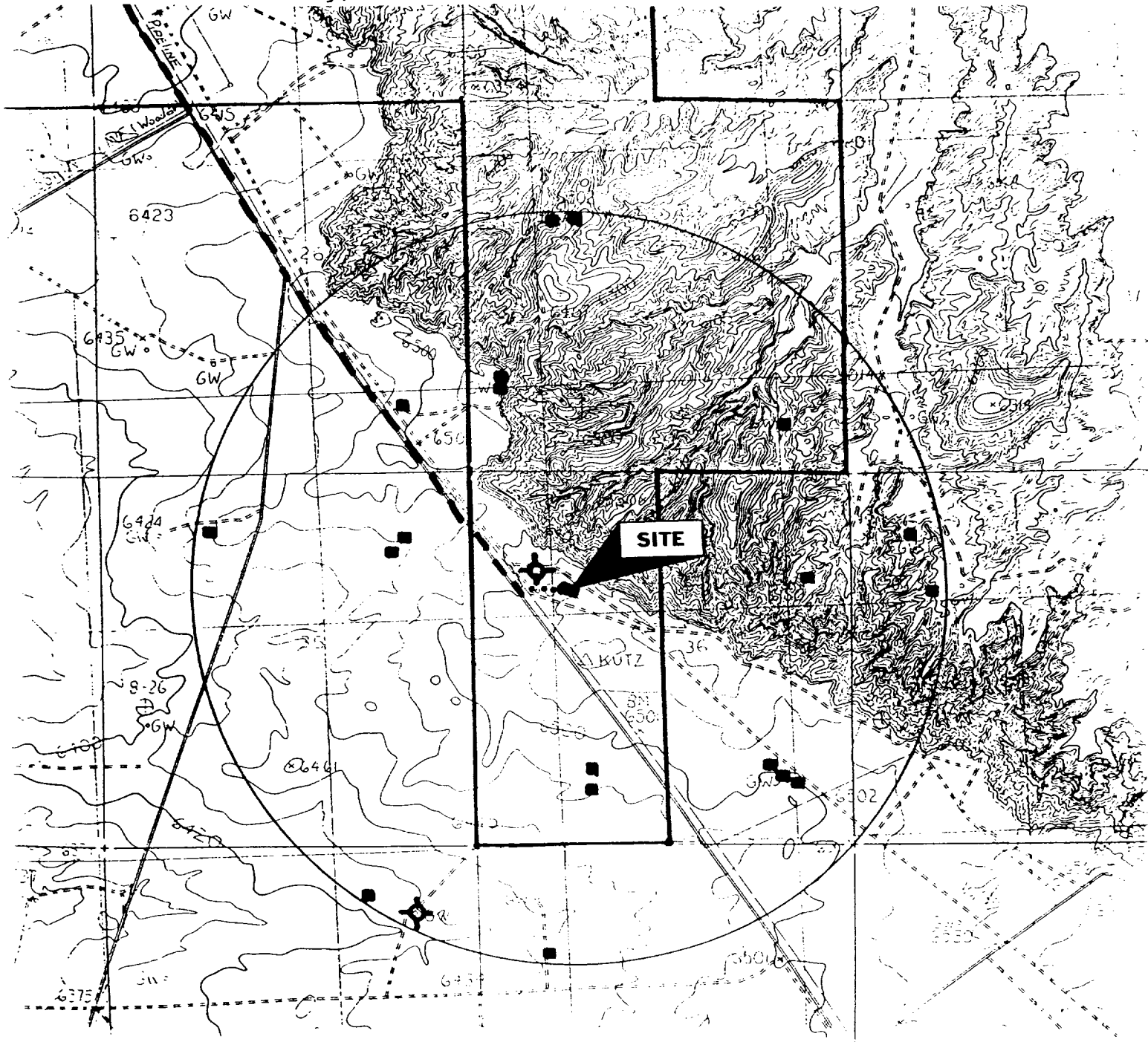
Brian Wood, Consultant




December 27, 2001
Date






MarkWest Resources, Inc.
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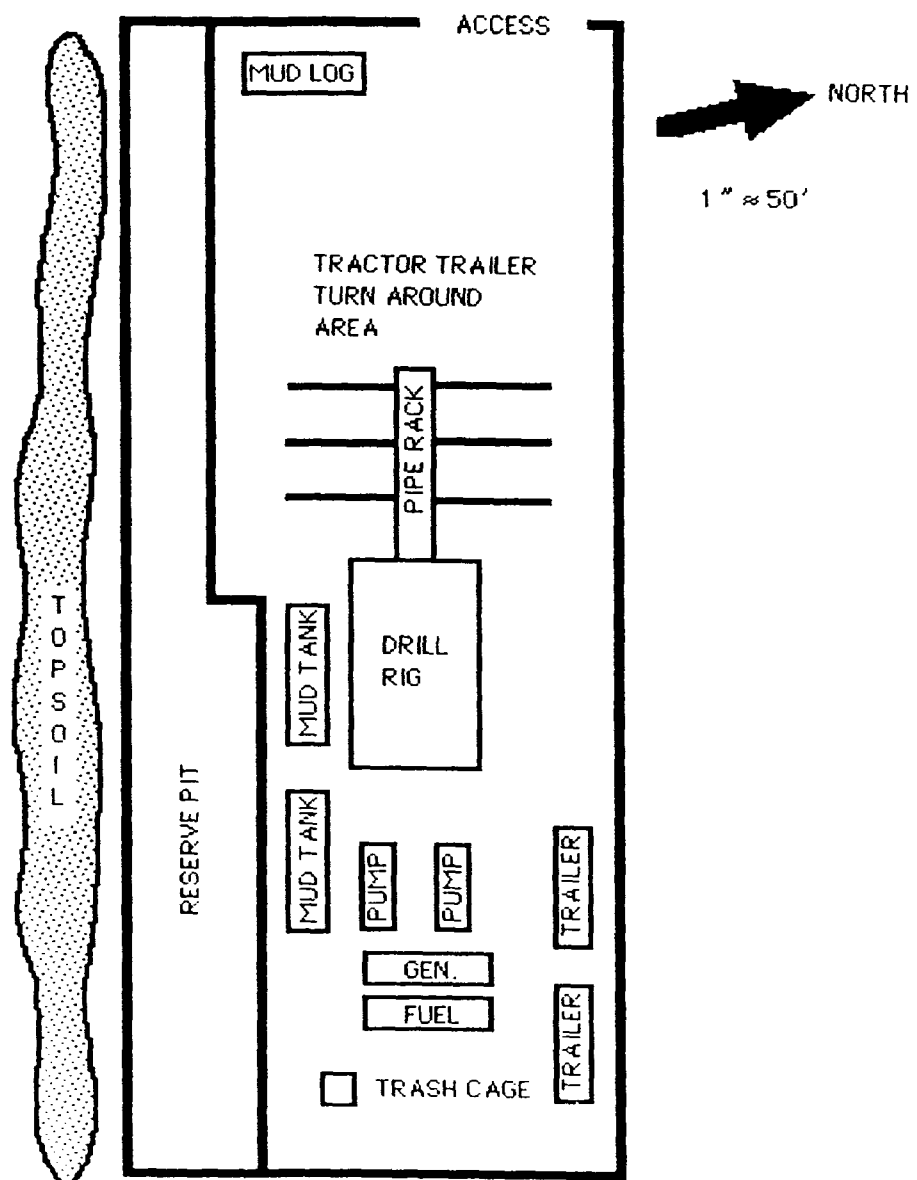
PROPOSED WELL: 
 EXISTING WELL: 
 P & A WELL: 

PROPOSED ROAD: 
 EXISTING ROAD: 
 LEASE 

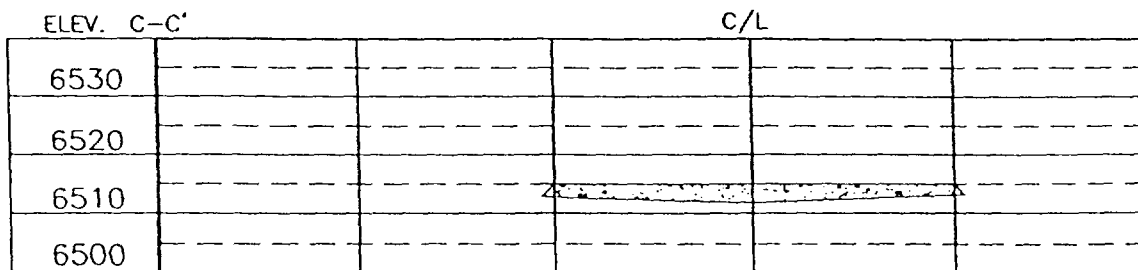
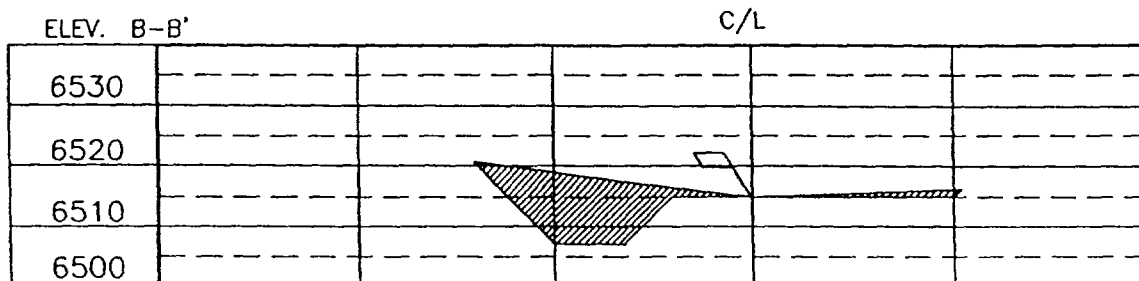
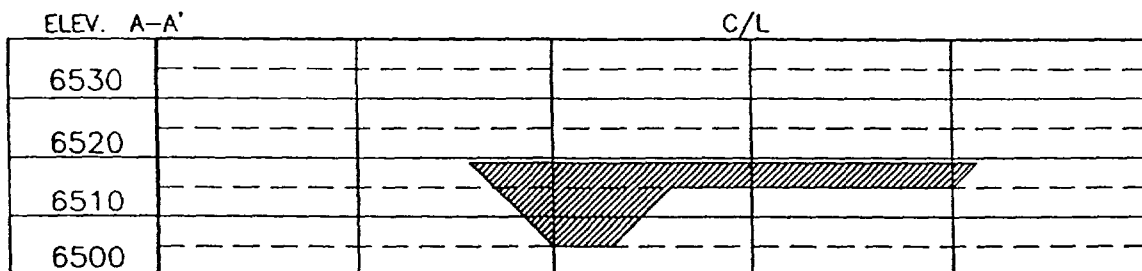
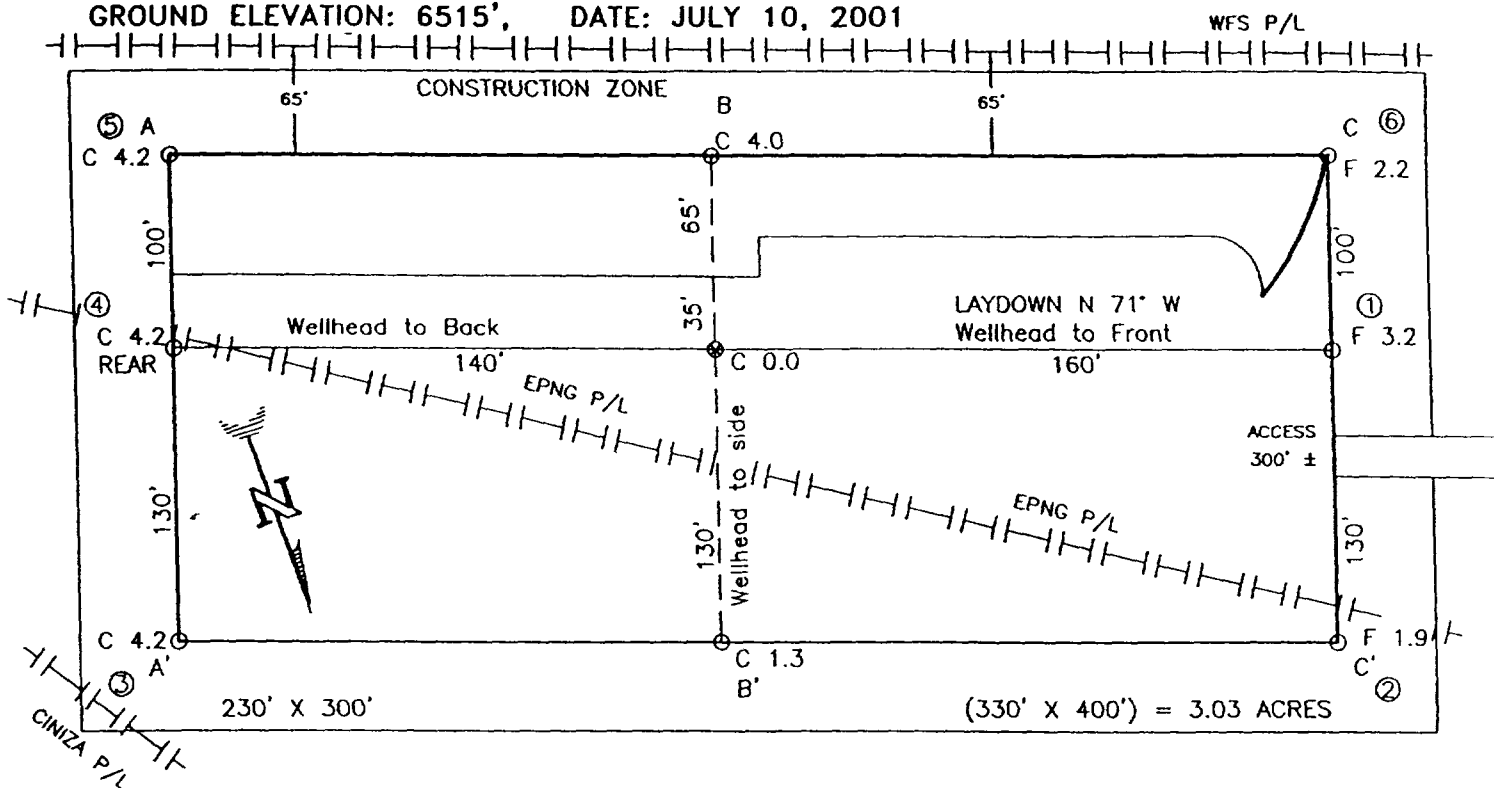
PERMITS WEST INC.
 10000 N. 100th Ave. Suite 100
 Denver, CO 80231

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MARKWEST RESOURCES, INC.
 SCOTT FEDERAL 27-11 #36, 1700' FNL 1350' FWL
 SECTION 36, T-27-N, R-11-W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 6515', DATE: JULY 10, 2001



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.

SURFACE USE AGREEMENT AND RELEASE - Scott Federal 27-11 #36

This AGREEMENT, made and entered into this ____ day of _____, 200__, by and between H. Steven Murphy (whether one or more), whose address is 2021 E. 20th Farmington NM, hereinafter referred to as Grantor, and MarkWest Resources, Inc., a Colorado corporation, its successors and assigns, hereinafter referred to as MarkWest

That for and in consideration of the sum of Ten and More Dollars (\$10.00+), this day paid to the undersigned by MarkWest Resources, Inc., receipt of which is hereby acknowledged, the undersigned and their heirs, successors, and assigns, as the owners of the hereinafter described lands, do hereby release MarkWest, its successors, agents and employees from any and all claims for damages to the surface of the hereinafter described lands resulting directly or indirectly from the building of the location of the following well(s):

Scott Federal 27-11 #36

situated upon and under the hereinafter described lands.

The "well" shall include the following facilities and equipment which may be placed on the wellpad by Grantee

One (1) of each of the following: wellhead, dehydrator meter, pipeline control valves, pump jack, up to two 400 bbl. water storage tanks, separator, a water transfer pump and a compressor (less than 200 hp). All such equipment shall be used with respect to operation of the: *no greater than 50 hp*

Scott Federal 27-11 #36 well only.

The undersigned further releases MarkWest Resources, Inc., its successors, agents and employees from any and all claims for damages for loss of growing crops resulting from construction and normal use of the hereinafter described wellpad and access road

The consideration paid hereunder shall also compensate the undersigned for damages sustained or which may be sustained, as a direct or indirect result of the construction, maintenance and subsequent normal use of the access road and wellpad by MarkWest Resources, Inc., its successors, agents, and employees. MarkWest Resources, Inc. shall maintain the wellpad in good condition in accordance with all County, State and Federal laws and regulations. The wellpad shall be fenced appropriately to keep out livestock and all equipment which is not then required to produce or service the subject well shall be removed from the well site

Grantor shall install and maintain a locked gate at access road.

The lands to which this Agreement shall apply are described as follows: See Exhibit A - Survey Plat

The well bore will be located approximately 1700' FNL and 1350' FWL. The wellpad will not be more than 1.58 acres in size

The access road may be used or improved by the Grantor and Grantor's assigns, and MarkWest Resources, Inc. shall not assign the use of the road or wellpad to any party who is not the owner of an interest in or operator of the subject well, without expressed written consent of Grantor

MarkWest Resources, Inc. shall hereby indemnify, defend and hold Grantor harmless for any and all damages, claims, losses, liabilities, or expenses of every nature arising out of or in any way related to MarkWest Resources, Inc.'s operations on said lands, including without limitation, contamination of Grantor's property, except to the extent caused by the negligence of the Grantor.

It is understood that Grantor may choose to develop his adjacent property for residential or business use in the future. At that time, Grantee and Grantor shall mutually agree on any well site noise abatement measures that may be needed. Such well site noise abatement measures shall take into account the existing ambient noise from nearby roads, highways, and other businesses. In the event that Grantee and Grantor cannot mutually agree on noise abatement measures, Grantee agrees to abide by all regulatory requirements then in effect for noise abatement on the well site. *the dispute shall be settled*

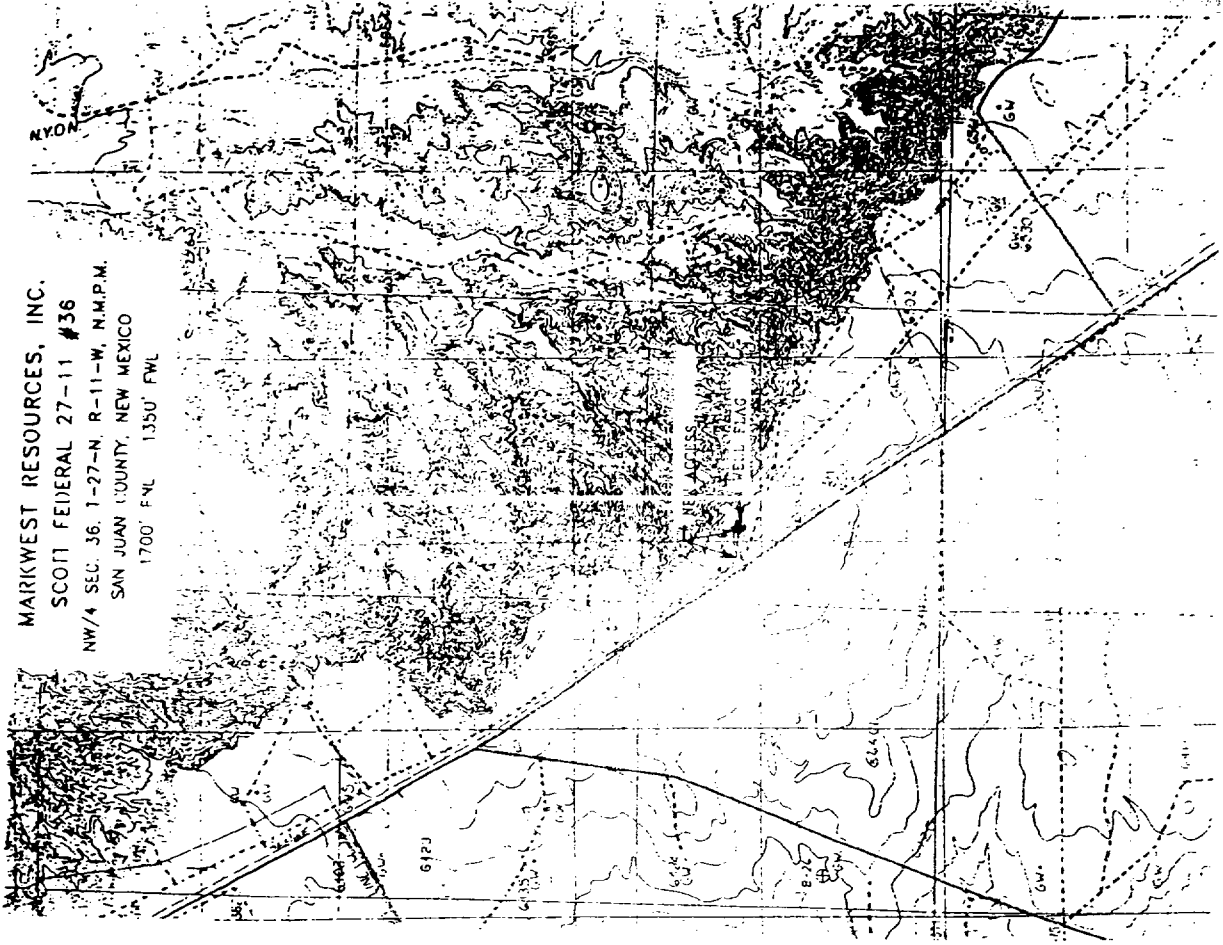
This Surface Use Agreement shall terminate when the subject well is plugged and abandoned, or the subject well is abandoned by Grantee, and upon termination hereof a release of this Surface Lease in a form acceptable to the Grantor shall record in the records of San Juan County. Upon termination Grantor shall remove all equipment from Grantor's property and shall reclaim the road and wellpad by restoring the disturbed area to its original contours by removing gravel, by replacing topsoil and reseeding the disturbed area with plants compatible with Grantor's use of such area and acceptable to Grantor. Upon termination, Grantee shall give Grantor written notice within 30 days following which the Grantor may elect to retain the subject wellpad and road in their then present condition, in whole or in part. Such an election by Grantor shall relieve Grantee of its duty to reclaim that portion of the subject property which the Grantor elects to have unreclaimed

The terms of this written Agreement shall constitute the full agreement between the parties hereto and no modification or amendment of this Agreement shall be effective unless made in writing and signed by the parties

This Agreement shall be binding upon the parties hereto, and shall inure to the benefit of and bind their heirs, executors, successors and assigns.

Granting and releasing the above described lands to MarkWest Resources, Inc.

MARKWEST RESOURCES, INC.
SCOTT FEDERAL 27-11 #36
NW/4 SEC. 36, T-27-N, R-11-W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO
1700' FNL 1350' FNL



IN WITNESS WHEREOF, this Release is voluntarily entered into and executed
this 12th day of September, 2001

GRANTOR

By _____
Title _____

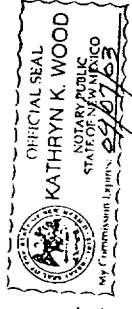
GRANTEE MARKWEST RESOURCES, INC.

By _____
Kevin L. Stowe, Attorney-in-Fact

ACKNOWLEDGEMENT

STATE OF NEW MEXICO)
COUNTY OF SAN JUAN) ss.

I, The foregoing instrument was acknowledged before me this 12th day
of September, 2001, by H. Steven Murphy
Witness my hand and official seal.



My Commission Expires: 09/07/03
Kathryn K. Wood
Notary Public

ACKNOWLEDGEMENT

STATE OF COLORADO)
COUNTY OF ARAPAHOE) ss.

DISTRICT I
1626 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
611 South First, Artesia, N.M. 88210

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

*API Number		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name SCOTT FEDERAL 27-11		*Well Number 36
*OGRID No. 193195	*Operator Name MARKWEST RESOURCES, INC.		*Elevation 6515'

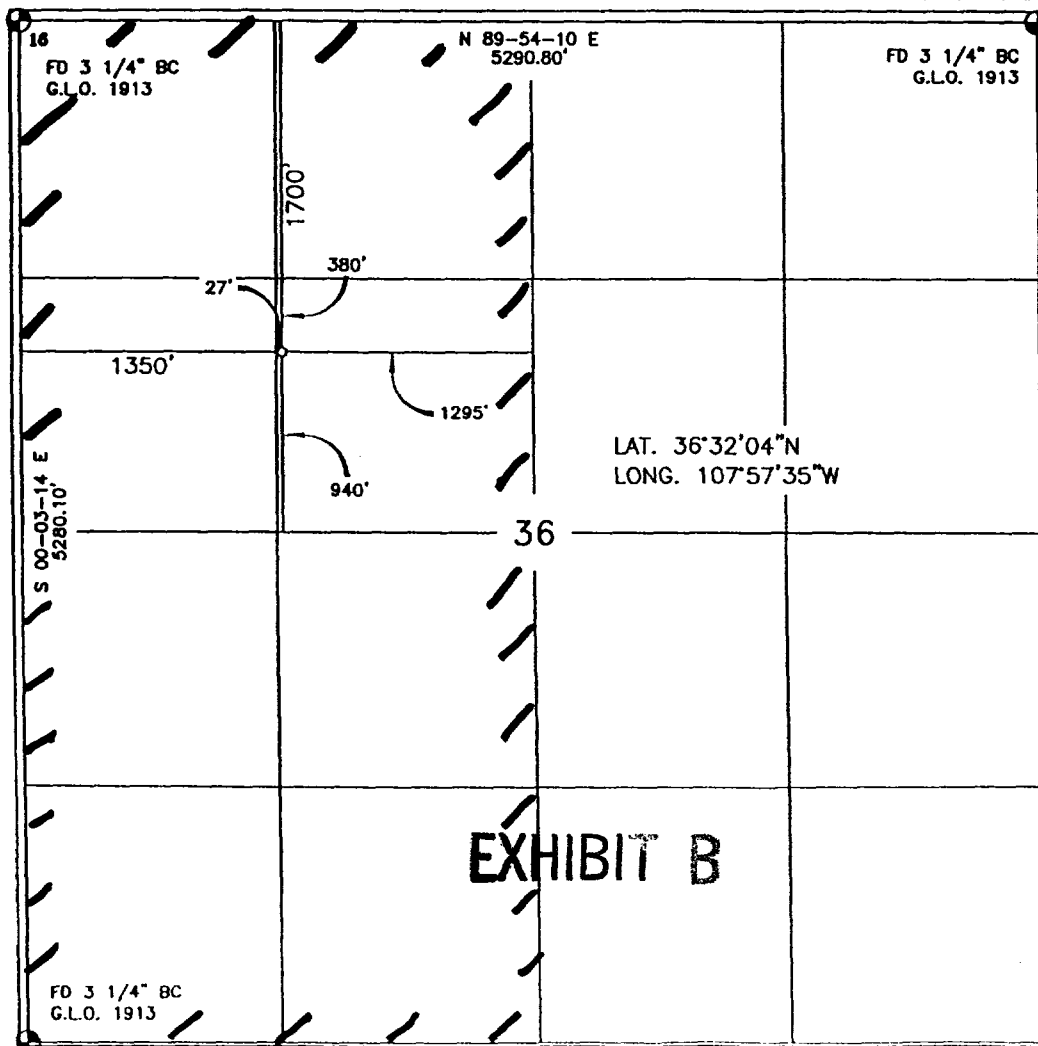
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	36	27-N	11-W		1700'	NORTH	1350'	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
**Dedicated Acres			**Joint or Infill		**Consolidation Code		**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.

Brian Wood
Signature

Printed Name
BRIAN WOOD

Title
CONSULTANT

Date
DEC. 27, 2001

18 SURVEYOR CERTIFICATION

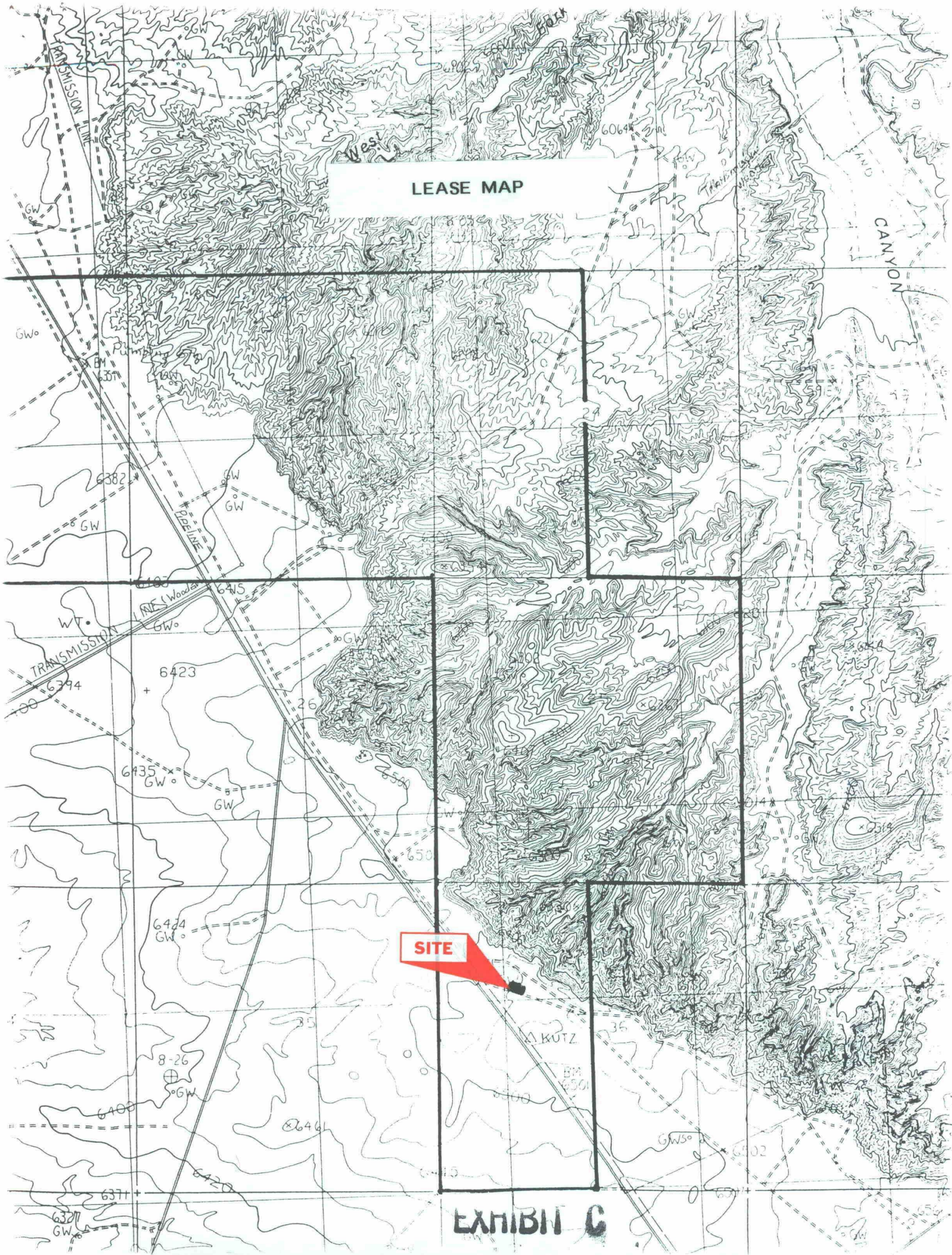
I hereby certify that the well location shown on this plat
was plotted from field notes of actual surveys made by
me or under my supervision, and that the same is true
and correct to the best of my belief.

7-
Date of Survey
Signature and Seal of Professional Surveyor:
8894
Certificate Number

LEASE MAP

SITE

EXHIBIT C



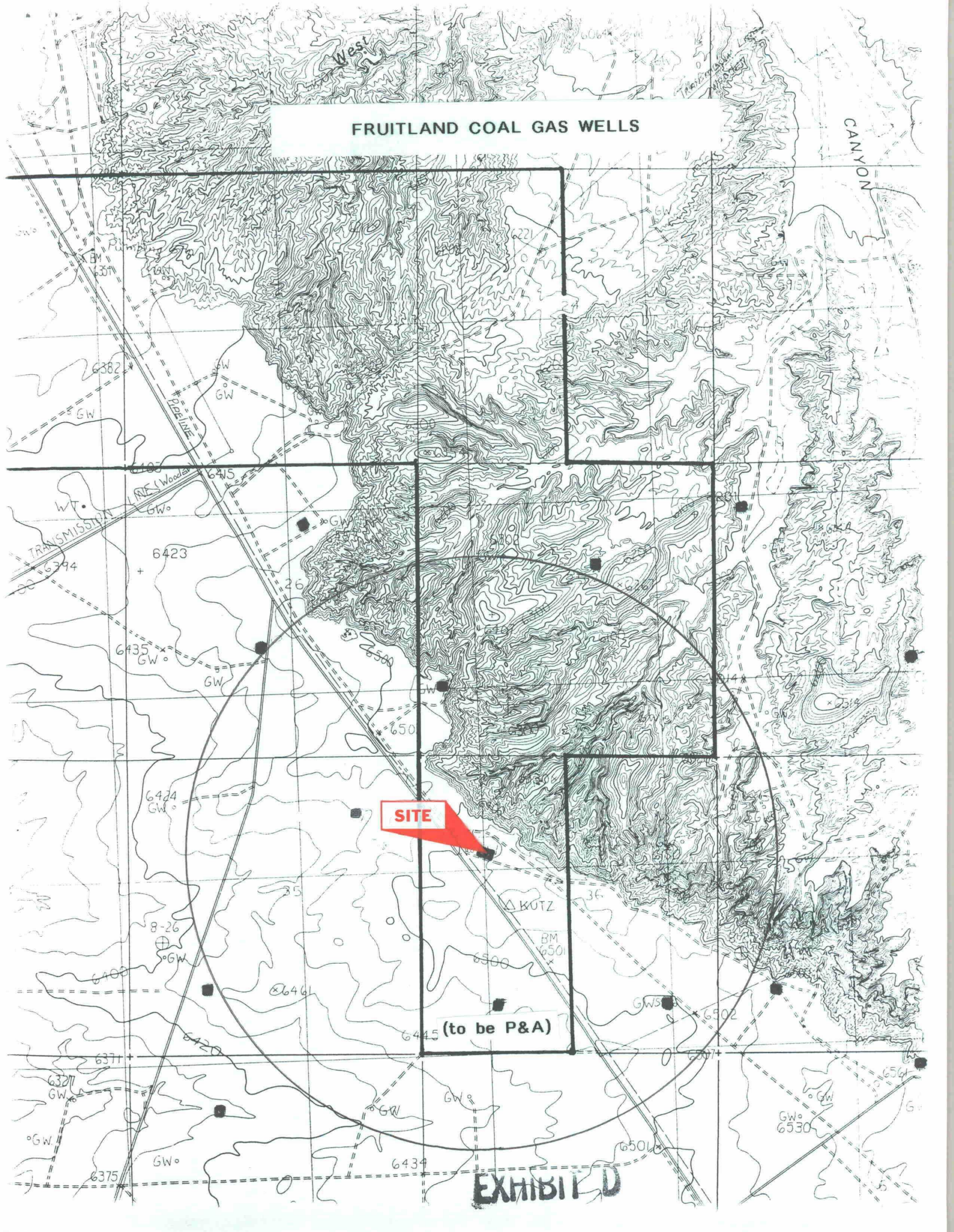
FRUITLAND COAL GAS WELLS

CANYON

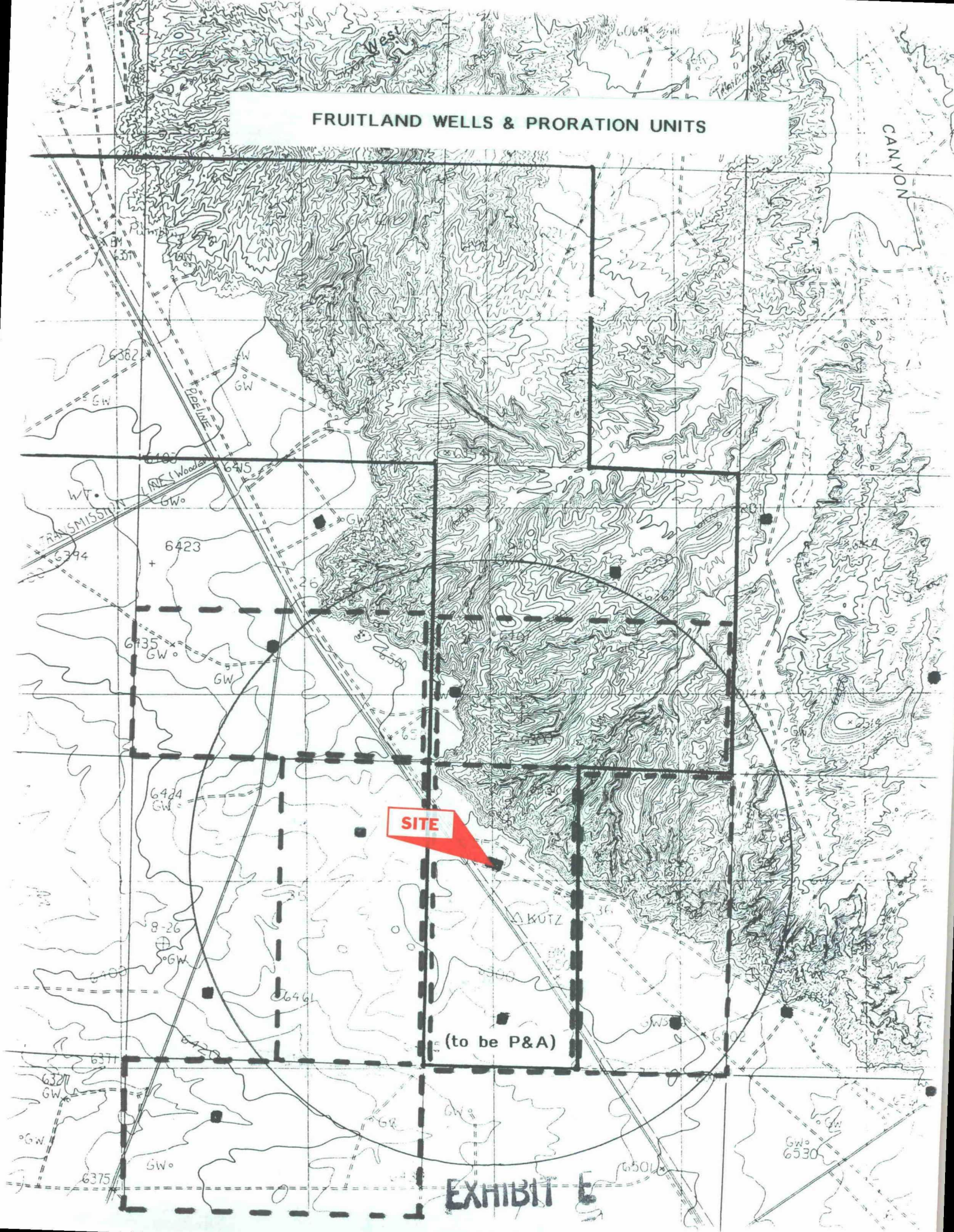
SITE

(to be P&A)

EXHIBIT D



FRUITLAND WELLS & PRORATION UNITS



SITE

(to be P&A)

EXHIBIT E

CMD :
OGSSECT

ONGARD
INQUIRE LAND BY SECTION

01/28/02 08:59:
OGOMES -TQ
PAGE NO:

Sec : 36 Twp : 27N Rng : 11W Section Type : NORMAL

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

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

01/28/02 08:59:
OGOMES -TQ
PAGE NO:

Sec : 36 Twp : 27N Rng : 11W Section Type : NORMAL

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

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

01/28/02 08:59:
OGOMES -TQ

API Well No : ~~38~~ 45 24569 Eff Date : 01-01-2001 ~~WC~~ Status : A
Pool Idn : ~~71529~~ BASIN FRUITLAND COAL (GAS)
OGRID Idn : ~~193195~~ MARKWEST RESOURCES INC
Prop Idn : ~~27398~~ SCOTT E FEDERAL

Well No : ~~018~~
GL Elevation: ~~99999~~

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/
B.H. Locn	= N	36	27N	11W	FTG 990 F S	FTG 1520 F W	P
Lot Identifier:							
Dedicated Acre:							
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

01/28/02 08:59:
OGOMES -TQ
Page No :

API Well No : 30 45 24569 Eff Date : 04-30-1991
Pool Idn : 71629 BASIN FRUITLAND COAL (GAS)
Prop Idn : 27398 SCOTT E FEDERAL
Spacing Unit : 4529 OCD Order :
Sect/Twp/Rng : Acreage : 320.00
Dedicated Land:

Well No : 01
Simultaneous Dedication:
Revised C102? (Y/N) :

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
	C	36		27N	11W	40.00	N	FD		
	D	36		27N	11W	40.00	N	FD		
	E	36		27N	11W	40.00	N	FD		
	F	36		27N	11W	40.00	N	FD		
	K	36		27N	11W	40.00	N	FD		
	L	36		27N	11W	40.00	N	FD		
	M	36		27N	11W	40.00	N	FD		
	N	36		27N	11W	40.00	N	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

CMD :
OG6IPRDONGARD
INQUIRE PRODUCTION BY POOL/WELL01/28/02 08:59:
OGOMES -TQ
Page No:

OGRID Identifier : 2678 BONNEVILLE FUELS CORP

Pool Identifier : 71629 BASIN FRUITLAND COAL (GAS)

API Well No : 30 45 24569 Report Period - From: 01 2000 To : 12 2001

API Well No	Property Name	Prod.	Days	Production Volumes	We		
		MM/YY	Prod	Gas	Oil	Water	St
30 45 24569	SCOTT E FEDERAL	01 00	30	221		7	F
30 45 24569	SCOTT E FEDERAL	02 00	29	238		7	F
30 45 24569	SCOTT E FEDERAL	03 00	31	225		6	F
30 45 24569	SCOTT E FEDERAL	04 00	30	209		7	F
30 45 24569	SCOTT E FEDERAL	05 00	31	460		16	F
30 45 24569	SCOTT E FEDERAL	06 00	28	820		13	F
30 45 24569	SCOTT E FEDERAL	07 00	31	892		12	F

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

CMD : ONGARD 01/28/02 08:59:
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TQ
 Page No:

OGRID Identifier : 2678 BONNEVILLE FUELS CORP
 Pool Identifier : 71629 BASIN FRUITLAND COAL (GAS)
 API Well No : 30 45 24569 Report Period - From : 01 2000 To : 12 2001

API Well No	Property Name	Prodn. Days		Production Volumes			We
		MM/YY	Prod	Gas	Oil	Water	
30 45 24569	SCOTT E FEDERAL	08 00	31	695			17 F
30 45 24569	SCOTT E FEDERAL	09 00	28	584			15 F
30 45 24569	SCOTT E FEDERAL	10 00	31	648			13 F
30 45 24569	SCOTT E FEDERAL	11 00	29	567			10 F
30 45 24569	SCOTT E FEDERAL	12 00	31	535			7 F

Reporting Period Total (Gas, Oil) : 6094 130

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

CMD :
OG6IPRD

ONGARD
INQUIRE PRODUCTION BY POOL/WELL

01/28/02 09:00:
OGOMES -TQ
Page No:

OGRID Identifier : 193195 MARKWEST RESOURCES INC
Pool Identifier : 71629 BASIN FRUITLAND COAL (GAS)
API Well No : 30 45 24569 Report Period - From : 01 2000 To : 12 2001

API Well No	Property Name	Prod. Days MM/YY Prod	Production Volumes Gas Oil Water	We St
30 45 24569	SCOTT E FEDERAL	01 01 29	113	5 F
30 45 24569	SCOTT E FEDERAL	02 01 28	228	7 F
30 45 24569	SCOTT E FEDERAL	03 01 31	268	7 F
30 45 24569	SCOTT E FEDERAL	04 01 30	256	7 F
30 45 24569	SCOTT E FEDERAL	05 01 31	205	7 F
30 45 24569	SCOTT E FEDERAL	06 01 30	261	7 F
30 45 24569	SCOTT E FEDERAL	07 01 31	225	7 F

Reporting Period Total (Gas, Oil) :

M0002: This is the first page

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



CMD :
OG6IPRDONGARD
INQUIRE PRODUCTION BY POOL/WELL

01/28/02 09:00:00

OGOMES TO

Page No:

OGRID Identifier : 193195 MARKWEST RESOURCES INC

Pool Identifier : 71629 BASIN FRUITLAND COAL (GAS)

API Well No : 30 45 24569 Report Period: From : 01 2000 To : 12 2001

API Well No	Property Name	Prod. Days MM/YY Prod	Production Volumes Gas Oil Water St	We
30 45 24569	SCOTT E FEDERAL	08 01 31	240	8 F
30 45 24569	SCOTT E FEDERAL	09 01 26	185	6 F
30 45 24569	SCOTT E FEDERAL	10 01 31	228	8 F
30 45 24569	SCOTT E FEDERAL	11 01 30	221	7 F
30 45 24569	SCOTT E FEDERAL	12 01 31	149	8 F

Reporting Period Total (Gas, Oil) : 2579

84

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