

Pitohawk

DATE IN 6/21/06	SUSPENSE	ENGINEER MIKE STAGNER	LOGGED IN 6/21/06	TYPE SD	APP NO. PTDS0617258994
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



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.

Ocean Munds-Dry Ocean Munds-Dry Author Key 6-21-06
Print or Type Name Signature Title Date
omundsdry@hollandhart.com
e-mail Address

2006 JUN 21 PM 2 49



June 21, 2006

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Petrohawk Operating Company for administrative approval of an infill gas well and simultaneous dedication of State "A" A/C 1 Well No. 1, 330' FSL and 2310' FWL, S22-T23S-R36E, Jalmat Gas Pool, Lea County, New Mexico.

Dear Mr. Fesmire:

Pursuant to the provisions of Rule 4(B) of the Special Pool Rules for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170-P dated December 14, 2001, Petrohawk Operating Company ("Petrohawk") hereby seeks an administrative exception to the gas well density provisions of Rule 3(C) and authorization to simultaneously dedicate said well to the 280-acre non-standard spacing and proration unit originally approved by Order No. R-9073, dated December 14, 1989.

Petrohawk seeks approval of the following well in Section 22, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico:

The State "A" A/C 1 Well No. 1 to be re-entered at a non-standard location 330 feet from the South line and 2310 feet from the West line (Unit N).

The proposed well would be re-entered within an existing 280-acre gas spacing unit comprised of Section 22. Therefore, Petrohawk also seeks approval to simultaneously dedicate this well to this spacing unit.

Division Order R-9073 authorized the simultaneous dedication and unorthodox gas well locations for all existing wells in the spacing unit for the following wells:



State "A" A/C 1 Well No. 94 (API No. 30-025-09384) located 660 feet from the North line and 1980 feet from the West line (Unit C);

State "A" A/C 1 Well No. 97 (API No. 30-025-09385) located 1980 feet from the North and West lines (Unit F);

State "A" A/C 1 Well No. 19 (API No. 30-025-09383) located 1650 feet from the North line and 330 feet from the West line (Unit E); and

State "A" A/C 1 Well No. 1 (API No. 30-025-09381) located 330 feet from the South and 2310 from the West line (Unit N).

The State "A" A/C Well No. 1, according to Division records, was plugged and abandoned in 1993. Therefore, Petrohawk seeks to re-dedicate this well to the existing spacing unit.

The proposed well is necessary to facilitate the recovery of Jalmat gas reserves. Based on the geological discontinuity in the Jalmat, the tighter spacing is anticipated to recover reserves, which cannot be recovered from existing wells. The well will be completed with modern completion and fracture stimulation techniques which will ensure optimal recovery from the discontinuous Yates/Seven Rivers sands. **Exhibit 1** is a Base Map showing recent Jalmat activity and the proposed well location in Section 22. **Exhibit 2** is a Top of Structure Map with Petrohawk's acreage position in Section 22 outlined.

Exhibits 3 through 7 are cross-sections showing the Yates and Seven Rivers sands vary substantially from well to well in thickness and reservoir quality. Given the variability of the sands, net pay isopach maps have not proven to be useful and are not included. Detailed correlations with newer generation Density-Neutron logs in the Yates and Seven Rivers interval reveal the sands "come and go" and are not blanket reservoirs. Sands that have not adequately produced in the area are expected in each new well bore.

Jalmat producers have been down-spaced on the Petrohawk acreage from 160 acres to 80 acres to 40-acre spacing in several phases since 1989. New gas production and reserves have always been encountered from these efforts, as shown on **Exhibit 8**. Petrohawk concludes that this area of Jalmat Field has such discontinuous sand reservoirs that infill drilling on 40-acre spacing is required to adequately drain the existing reserves.

The work of Raptor Resources, Inc. ("Raptor"), Mission Resources Corporation ("Mission") and Petrohawk was reviewed from April of 1999 through 2005. All of the new drills and re-completions (32) in Township 22 South, Range 36 East were studied to develop a type curve for the area. The monthly production data for each of these



completions was normalized. The data was then averaged to produce a normalized production curve as shown on **Exhibit 9**. Detailed information for all the Mission/Petrohawk completion since Mission took over as operator in March 2004 are listed on **Exhibit 10**. The first month average initial rate for these projects is 149 mcf/d. Anticipated reserves per location were determined by using the average initial rate with the decline scenario developed from the type curve. The result of this analysis yields an Estimated Ultimate Recovery of 704 MMCFG.

Economic analysis was performed based on the average initial rates realized (See Exhibit 10) in the Mission/Petrohawk wells completed and using a normalized type curve (See Exhibit 9) designed by studying all completions from 1999 through 2005 on the Petrohawk acreage for the decline rate and hyperbolic exponent. **Exhibit 12** lists the details of the input and the results of the economics. The gas is extremely rich with an NGL yield of 136 bbls/mmcf. The processing plant takes 13% of the residue gas and NGL's. Gas shrinkage was based on plant statements. The gas price used in the analysis was \$6.00/mcf flat. No condensate was included in the run. The NGL price was 71% of the oil price (\$60/stb) and thus was \$42.60/bbl flat. This percentage was determined by comparing the actual prices received to NYMEX oil prices. The operating cost is the average per producing well cost in the field. Our operations group provided the CWC for both new drills and re-completes. The results of the analysis show a EUR of 704 MMCF. The new drill wells have an NPV @ 10% - 821 M\$, Rate of Return = 36%, payout in 40 months, and a return on investment ratio of 6.1. The re-completes have an NPV @ 10% = 1,039 M\$, Rate of Return = 65%, payout in 26 months, and a return on investment ratio of 9.3. In summary, either drilling or re-completing wells on 40-acres with the discontinuous nature of the sands is extremely economic.

Exhibit 11 is the completion data and estimated EUR for the 40-acre locations around the proposed wells. In Unit Letter N of Section 22, the surrounding 40-acre wells have produced 6,382 MMCF and will make another 217 MMCF. The two offsetting wells that have produced out of the Yates (Lynn A No. 2 and El Paso State No. 10) completed only a portion of the productive sands and were not frac'd. The proposed well was completed in both the Yates and Seven Rivers, but was never fracture stimulated. The mechanical condition of the well should allow re-entry of the plugged wellbore.

Many of the older wells had only small or no frac treatment and were not perforated or treated in a way to adequately contact every gas-bearing sand. In many cases, the Seven Rivers gas zones were not perforated at all. The older wells, if they were frac'd, had fracs of only 20,000 to 60,000 # of sand. Petrohawk is using a combination of limited entry perforating and pumping much larger frac jobs (300K#) to ensure that the entire Jalmat interval is stimulated. The designed fracture half length is approximately 300 feet. Careful engineering of the frac job can then assure all potential sands are effectively drained.

HOLLAND & HART 

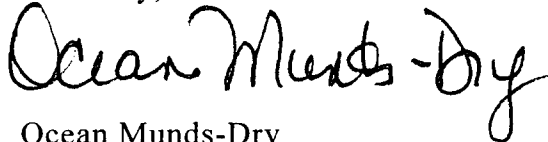
Approval of this application will result in the efficient recovery of hydrocarbons, prevent waste and will not violate correlative rights.

Exhibit 13 lists the parties affected by this application as defined by Rule 1210. **Exhibit 14** is a map displaying the offset operators around the spacing unit in Section 22. **Exhibit 15** is an affidavit confirming that notice of this application has been provided in accordance with the provisions of Rule 4(D) and Rule 1210(B) by providing a copy of this application, including all attachments, to the affected parties by certified mail-return receipt requested advising them that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty (20) days after the filing of this application and proof of notice with the Division.

Exhibit 16 is OCD Form C-102 depicting the proposed surface location of the referenced well.

Also enclosed is a proposed administrative order of the Division.

Sincerely,



Ocean Munds-Dry
Attorney for Petrohawk Operating Company

Enclosures

Attention: Ms. Nancy Gatti

Administrative Order - _____

Dear Ms. Gatti:

Reference is made to your application dated June 20, 2006 for infill gas wells and simultaneous dedication for its proposed State "A" A/C 2 Well No. 91, 660 FSL and 660' FWL, State "A" A/C 2 Well No. 92, 660' FSL and 2180' FWL, and State "A" A/C 2 Well No. 49, 660' FNL and 1980' FWL, S8-T22S-R36E, Jalmat Gas Pool, Lea County, New Mexico.

The proposed wells will be simultaneously dedicated to an existing 600-acre gas spacing unit comprising Section 8 which is currently dedicated to the State "A" A/C 2 Well No. 3 (Unit G); the State "A" A/C 2 Well No. 24 (Unit I); State "A" A/C 2 Well No. 25 (Unit A); State "A" A/C 2 Well No. 26 (Unit B); State "A" A/C 2 Well No. 43 (Unit H); State "A" A/C 2 Well No. 54 (Unit O); State "A" A/C 2 Well No. 70 (Unit P); State "A" A/C 2 Well No. 76 (Unit E); the State "A" A/C 2 Well No. 94 (Unit L); and the State "A" A/C 2 Well No. 95 (Unit F).

This application has been duly filed under the provisions of the "Special Pool Rules for the Jalmat Gas Pool," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

By authority granted me under the provisions of Rules 4(A), (B), and (D) of the special rules governing the Jalmat Gas Pool, the following described wells within this 600-acre spacing unit is hereby approved:

The State "A" A/C 2 Well No. 91 to be drilled at a standard location 660 feet from the South line and 660 feet from the West line (Unit M);

The State "A" A/C 2 Well No. 92 to be drilled 660 feet from the South line and 2180 feet from the West line (Unit N); and

The State "A" A/C 2 Well No. 49 to be re-entered 660 feet from the North line and 1980 feet from the West line (Unit C).

Further, Petrohawk is hereby authorized to simultaneously dedicate Jalmat gas production from the above-described wells.

Sincerely,

Mark E. Fesmire, P.E.
Director

cc: Oil Conservation Division - Hobbs/Artesia



June 21, 2006

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Application of Petrohawk Operating Co. for administrative approval of infill gas wells and simultaneous dedication of State "A" A/C 1 Well No. 1, 330' FSL and 2310' FWL, S22-T23S-R36E, Jalmat Gas Pool, Lea County, New Mexico.

Dear Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by Petrohawk Operating Company for administrative approval of an infill gas well and simultaneous dedication for its State "A" A/C 1 Well No. 1, 330 feet from the South line and 2310 feet from the West line, Section 22, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

Petrohawk seeks to dedicate this well to an existing 280-acre gas non-standard spacing unit in Section 22 which is currently dedicated to the State "A" A/C 1 Well No. 94 (Unit C), State "A" A/C 1 Well No. 97 (Unit F), State "A" A/C 1 Well No. 19 (Unit E).

As an owner of an interest that may be affected by these proposed wells, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. If no objection is received within this twenty-day period, this application may be approved.

Sincerely,

Ocean Munds-Dry
Attorney for Petrohawk Operating Co.

Enclosures

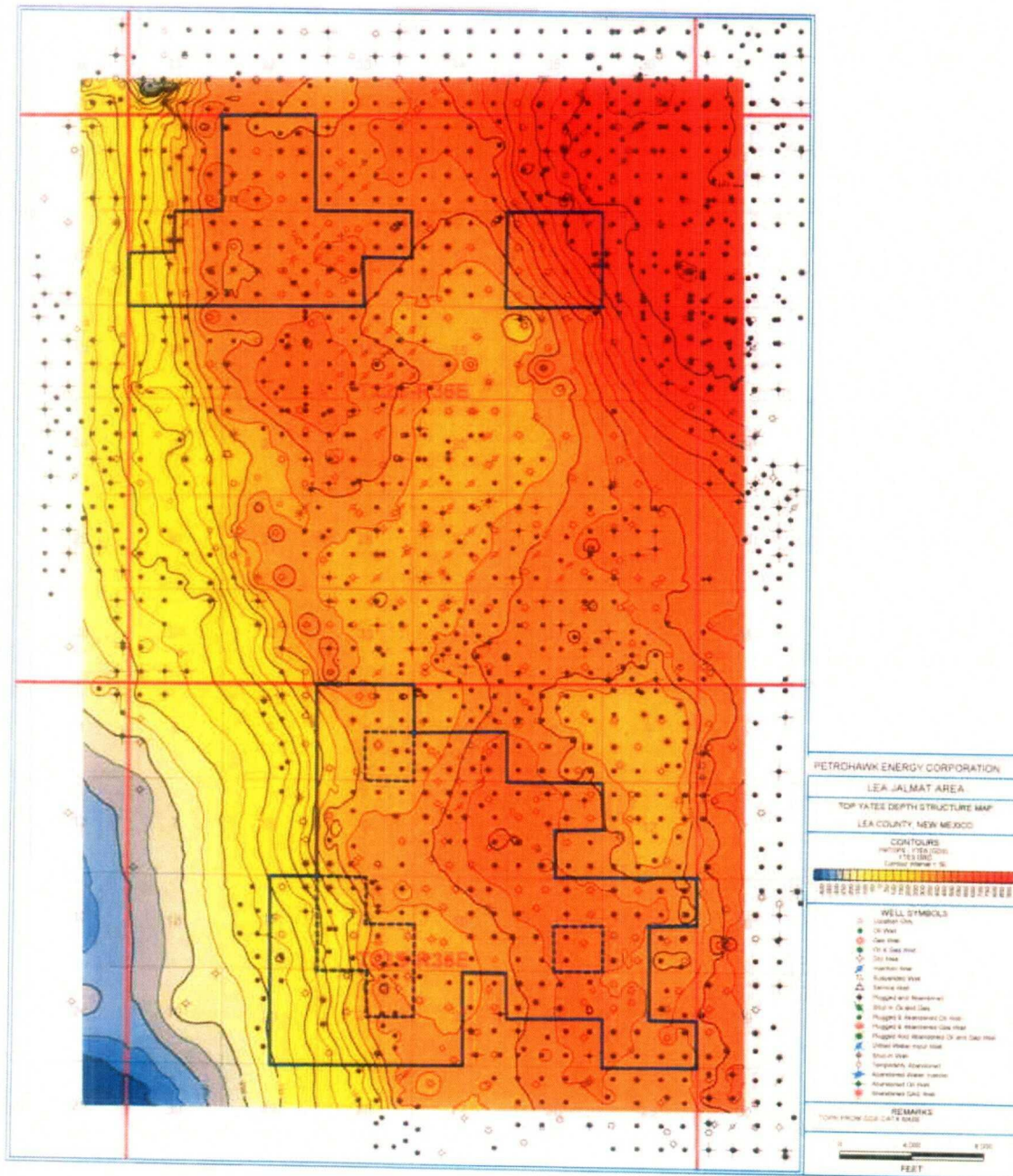
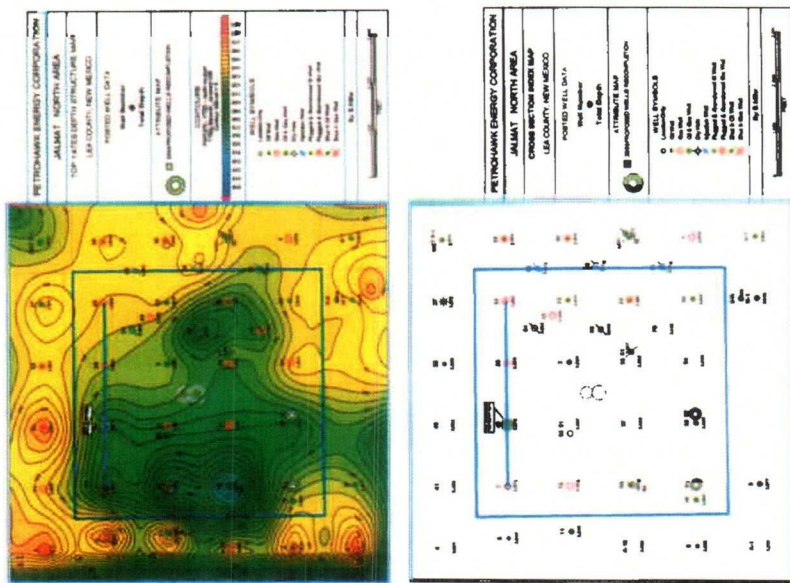
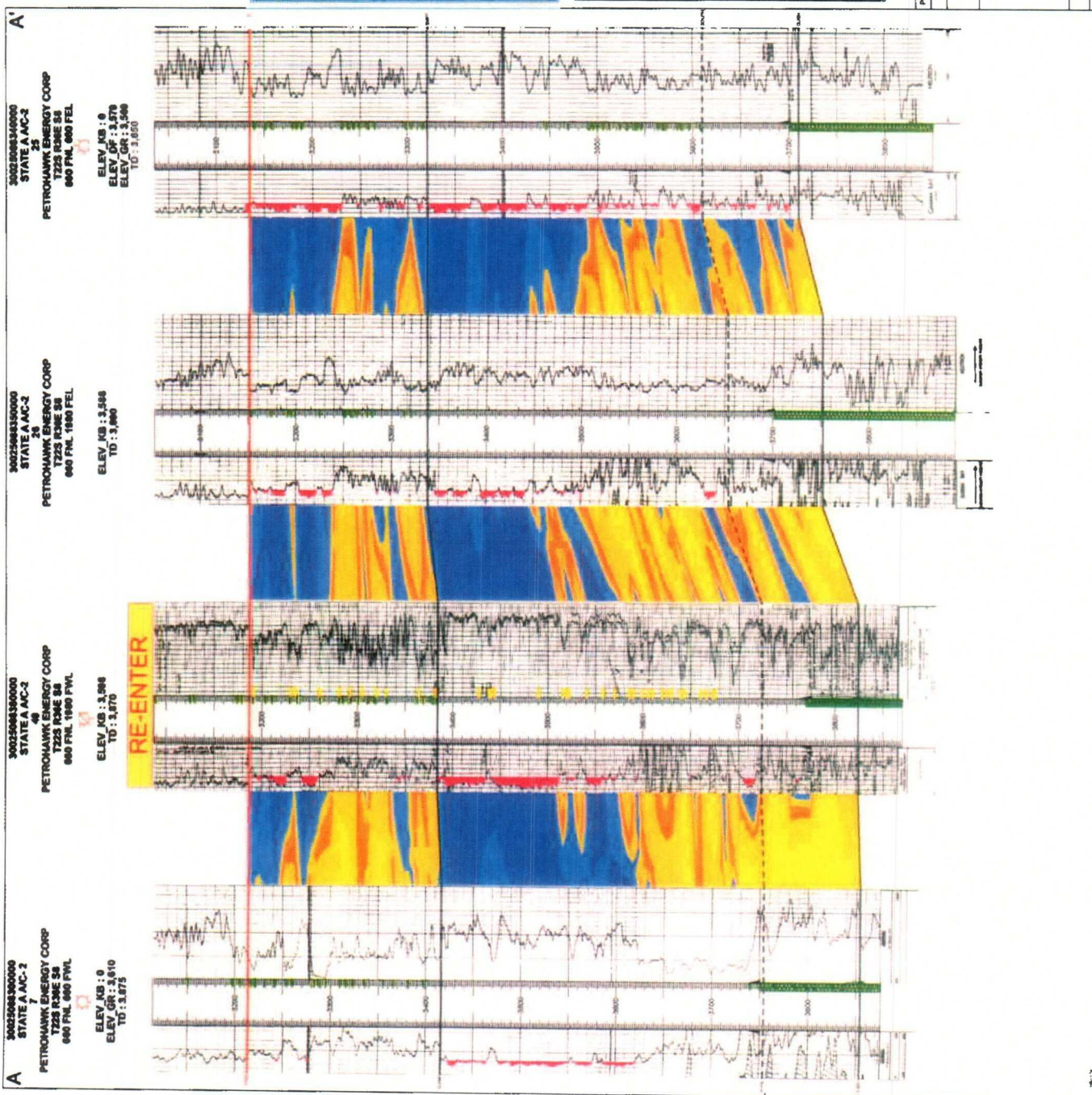


EXHIBIT 2



PETROMARK ENERGY CORPORATION	
LEA JALMAT NORTH AREA	
CROSS SECTION 0000 MAP	
LEA COUNTY NEW MEXICO	
WELL SYMBOLS	
WELL NUMBER	
WELL DEPTH	
WELL TYPE	
WELL STATUS	
WELL LOCATION	
WELL NAME	
WELL ID	

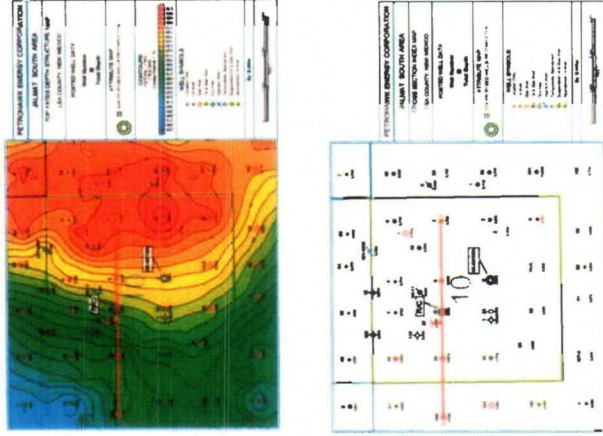
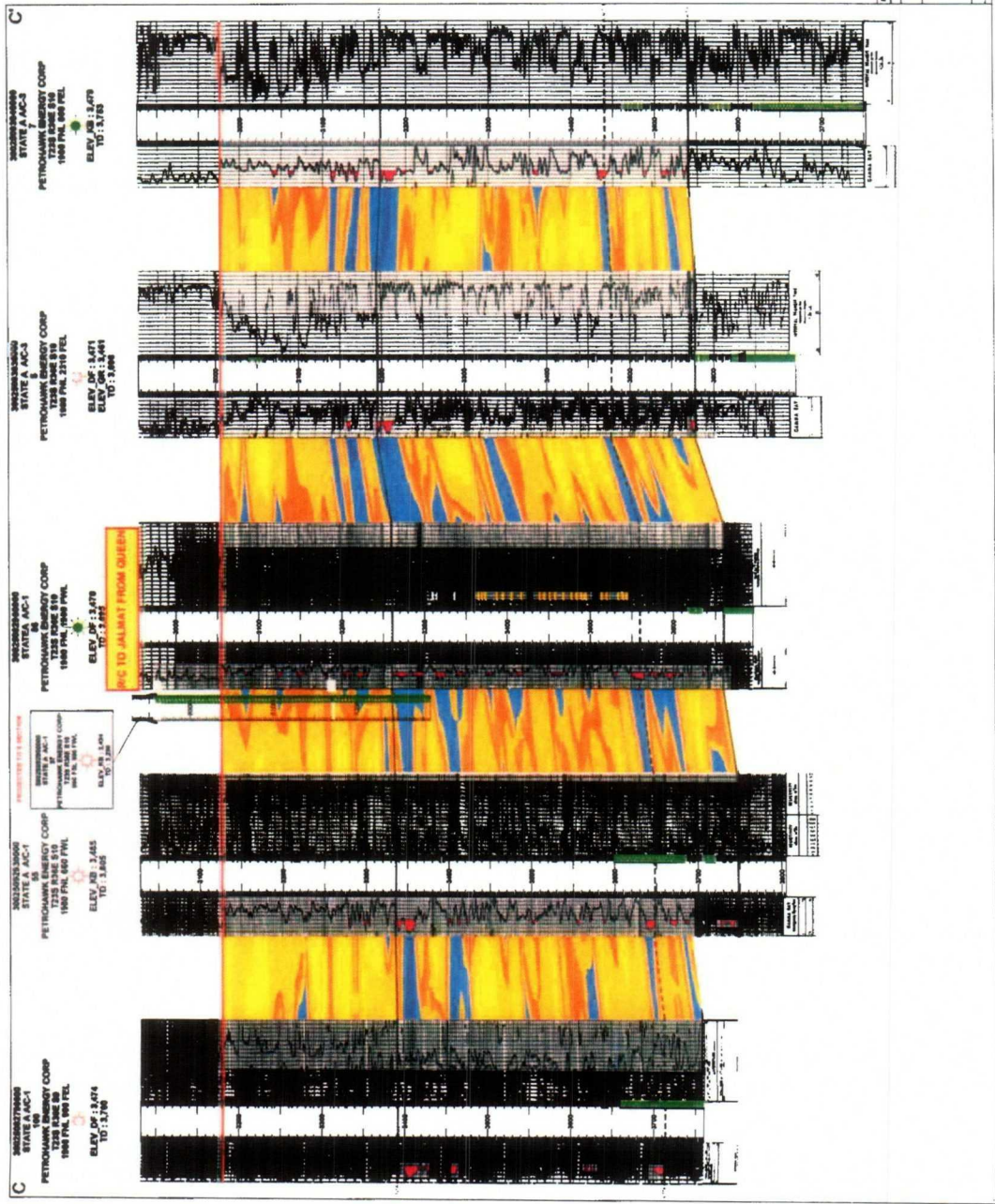
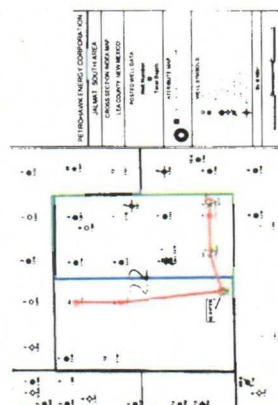
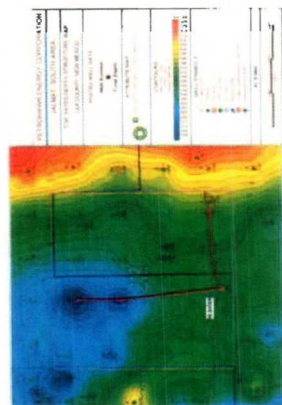
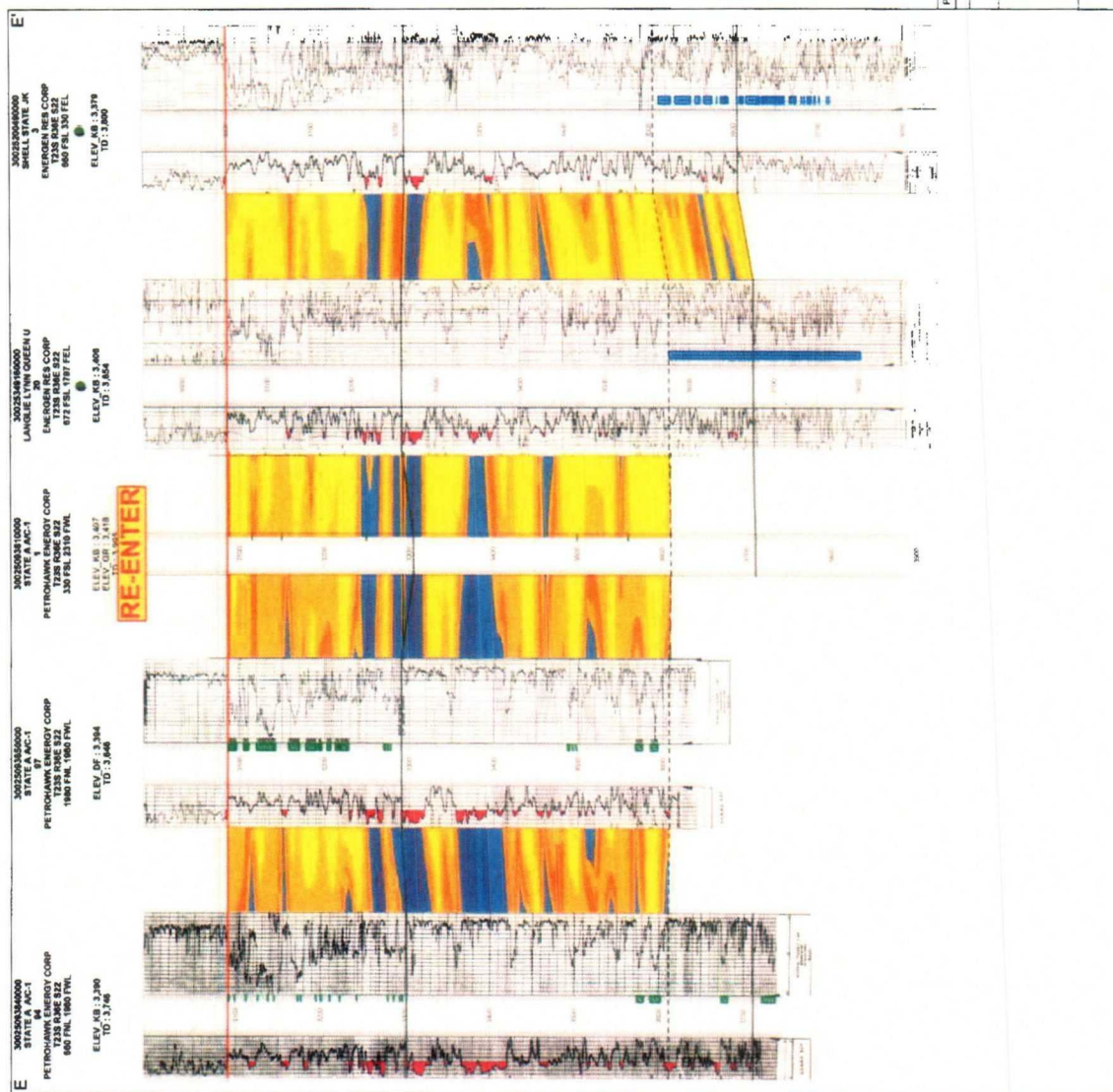


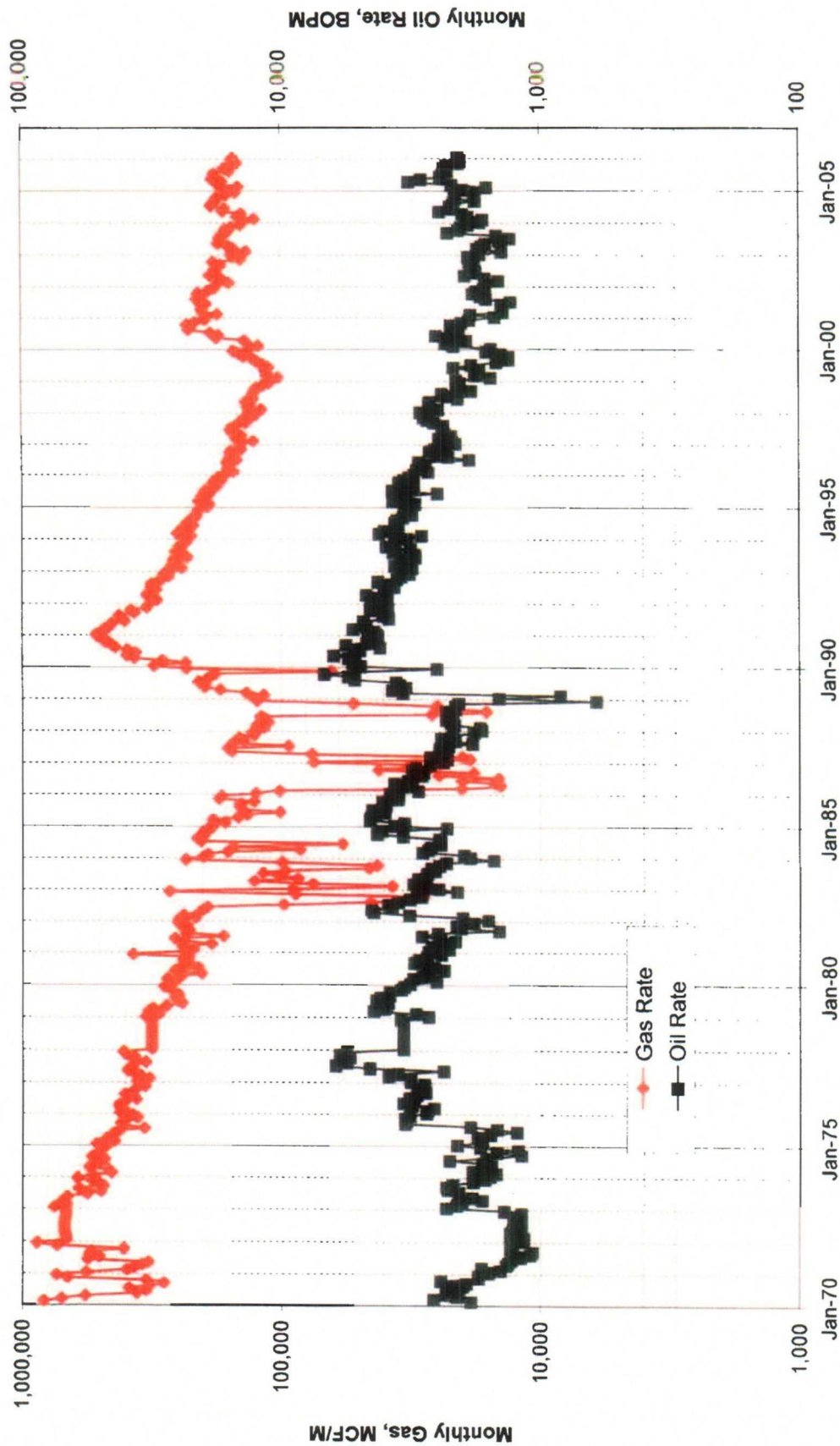
EXHIBIT 5



PETROHAWK ENERGY CORP.	SEA ALUMAT SOUTH-AMER.	S'WAT-GEARING CROSS M'CN 1.6	1748 1486 861 1486-21 1747 1748 1486 1486-22	1747 1748 1486 1486-23
1748 1486 861 1486-21	1747 1748 1486 1486-22	1747 1748 1486 1486-23	1747 1748 1486 1486-24	1747 1748 1486 1486-25
1747 1748 1486 1486-22	1747 1748 1486 1486-23	1747 1748 1486 1486-24	1747 1748 1486 1486-25	1747 1748 1486 1486-26
1747 1748 1486 1486-23	1747 1748 1486 1486-24	1747 1748 1486 1486-25	1747 1748 1486 1486-26	1747 1748 1486 1486-27
1747 1748 1486 1486-24	1747 1748 1486 1486-25	1747 1748 1486 1486-26	1747 1748 1486 1486-27	1747 1748 1486 1486-28
1747 1748 1486 1486-25	1747 1748 1486 1486-26	1747 1748 1486 1486-27	1747 1748 1486 1486-28	1747 1748 1486 1486-29
1747 1748 1486 1486-26	1747 1748 1486 1486-27	1747 1748 1486 1486-28	1747 1748 1486 1486-29	1747 1748 1486 1486-30
1747 1748 1486 1486-27	1747 1748 1486 1486-28	1747 1748 1486 1486-29	1747 1748 1486 1486-30	1747 1748 1486 1486-31
1747 1748 1486 1486-28	1747 1748 1486 1486-29	1747 1748 1486 1486-30	1747 1748 1486 1486-31	1747 1748 1486 1486-32



**Petrohawk Leases
Jalmat Field
Lea County, New Mexico**

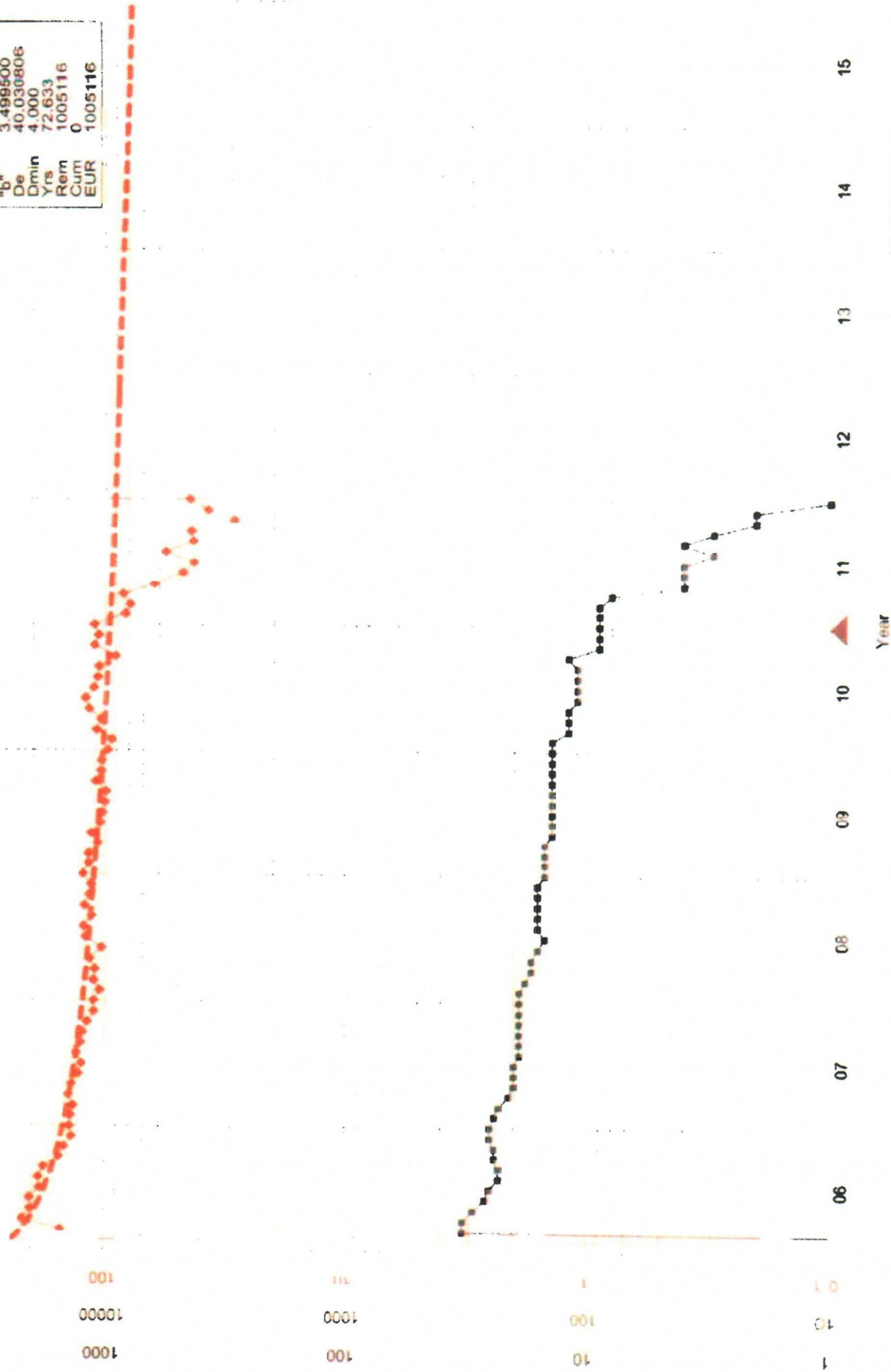


Gas 30Days

WELL COUNT
Daily Oil - stbd
Daily Gas - mcf

002450 | Jainat Normalized Type Curve Case | 58BKFS7BKA

Results	
Qual	OCD2005
Ref	2/1/2006
Act	0.000
Est	230.155
Qref	242.486
Qab	6.000
De	3.499500
Dmin	40.030806
Yrs	4.000
Rem	72.633
Cum	1005116
EUR	0
EUR	1005116



Jalmat Field - New Compls since Mission / Petrohawk became operator in 3/2004

Lease Name	Well	Location	API	Type	Oil or Gas	Field Name	Status	First Prod Date	Prod Zone Name	8/8ths Initial Rate		
										Oil (stb/d)	Gas (mcf/d)	Wtr (stb/d)
MATKINS	2	151 23S 36E	30-025-10720	Add pay & Frac	Gas	JALMAT	Producing	2005/03	TANSILL-YATES-SEVEN RIVERS	0	34	2
STATE A A C 1	57	138 23S 36E	30-025-09344	Add pay & Frac	Gas	JALMAT	Producing	2005/03	TANSILL-YATES-SEVEN RIVERS	0	81	0
STATE A A C 1	59	195 23S 36E	30-025-10725	Add pay & Frac	Gas	JALMAT	Producing	2005/03	TANSILL-YATES-SEVEN RIVERS	0	39	2
STATE A A C 1	65	230 23S 36E	30-025-09394	Add pay & Frac	Gas	JALMAT	Producing	2005/02	TANSILL-YATES-SEVEN RIVERS	0	172	6
STATE A A C 1	66	130 23S 36E	30-025-09346	Add pay & Frac	Gas	JALMAT	Producing	2005/04	TANSILL-YATES-SEVEN RIVERS	0	94	0
STATE A A C 1	69	3P 23S 36E	30-025-09229	Add pay & Frac	Gas	JALMAT	Producing	2005/03	TANSILL-YATES-SEVEN RIVERS	0	158	0
STATE A A C 1	71	13M 23S 36E	30-025-09347	Add pay & Frac	Gas	JALMAT	Producing	2005/01	TANSILL-YATES-SEVEN RIVERS	0	205	1
STATE A A C 1	82	198 23S 36E	30-025-10723	Add pay & Frac	Gas	JALMAT	Producing	2005/01	TANSILL-YATES-SEVEN RIVERS	0	305	0
STATE A A C 1	84	23G 23S 36E	30-025-09397	Add pay & Frac	Gas	JALMAT	Producing	2005/04	TANSILL-YATES-SEVEN RIVERS	0	176	0
STATE A A C 1	89	10N 23S 36E	30-025-09298	Add pay & Frac	Gas	JALMAT	Shut In	2005/03	TANSILL-YATES-SEVEN RIVERS	0	8	35
STATE A A C 1	94	22C 23S 36E	30-025-09384	Add pay & Frac	Gas	JALMAT	Producing	2005/01	TANSILL-YATES-SEVEN RIVERS	1	132	36
STATE A A C 2	1	9N 23S 36E	30-025-08849	Add pay & Frac	Gas	JALMAT	Producing	2005/03	TANSILL-YATES-SEVEN RIVERS	0	68	0
STATE A A C 2	28	51 22S 36E	30-025-08792	Add pay & Frac	Oil	JALMAT	Producing	2004/06	TANSILL-YATES-SEVEN RIVERS	1	324	1
STATE A A C 2	29	9D 22S 36E	30-025-08854	Add pay & Frac	Gas	JALMAT	Producing	2005/05	TANSILL-YATES-SEVEN RIVERS	0	162	0
STATE A A C 2	33	50 22S 36E	30-025-08793	Add pay & Frac	Gas	JALMAT	Producing	2004/05	TANSILL-YATES-SEVEN RIVERS	1	266	6
STATE A A C 2	38	9K 22S 36E	30-025-08847	Add pay & Frac	Gas	JALMAT	Producing	2004/07	TANSILL-YATES-SEVEN RIVERS	0	119	0
STATE A A C 2	47	5C 22S 36E	30-025-08798	Add pay & Frac	Oil	JALMAT	Producing	2005/04	TANSILL-YATES-SEVEN RIVERS	28	137	0
STATE A A C 2	67	9K 22S 36E	30-025-28276	Add pay & Frac	Gas	JALMAT	Producing	2005/03	TANSILL-YATES-SEVEN RIVERS	0	70	0
STATE A A C 2	70	8P 22S 36E	30-025-28279	Add pay & Frac	Gas	JALMAT	Producing	2004/08	TANSILL-YATES-SEVEN RIVERS	0	223	85
STATE A A C 2	81	5K 22S 36E	30-025-35868	New Drill	Gas	JALMAT	Producing	2004/04	TANSILL-YATES-SEVEN RIVERS	2	247	4
STATE A A C 2	82	11J 22S 36E	30-025-36936	New Drill	Gas	JALMAT	Producing	2005/05	TANSILL-YATES-SEVEN RIVERS	0	136	0
STATE A A C 2	83	11N 22S 36E	30-025-36910	New Drill	Gas	JALMAT	Producing	2005/05	TANSILL-YATES-SEVEN RIVERS	0	70	0
STATE A A C 2	84	11O 22S 36E	30-025-36935	New Drill	Gas	JALMAT	Producing	2005/04	TANSILL-YATES-SEVEN RIVERS	0	100	0
STATE A A C 2	85	11A 22S 36E	30-025-37563	New Drill	Gas	JALMAT	WO Compl	WO Compl	TANSILL-YATES-SEVEN RIVERS	0	WO Compl	0
STATE A A C 2	86	11G 22S 36E	30-025-37564	New Drill	Gas	JALMAT	Producing	2006/04	TANSILL-YATES-SEVEN RIVERS	0	243	0
STATE A A C 2	87	11H 22S 36E	30-025-37565	New Drill	Gas	JALMAT	WO Compl	2006/05	TANSILL-YATES-SEVEN RIVERS	Cleaning up after frac		
STATE A A C 2	88	11I 22S 36E	30-025-37566	New Drill	Gas	JALMAT	Producing	2006/04	TANSILL-YATES-SEVEN RIVERS	0	316	0
STATE A A C 3	5	10G 23S 36E	30-025-09303	Add pay & Frac	Gas	JALMAT	Shut In	2005/03	TANSILL-YATES-SEVEN RIVERS	0	0	25
STATE 157 G	5	5H 22S 36E	30-025-37801	New Drill	Gas	JALMAT	WO Compl	WO Compl	TANSILL-YATES-SEVEN RIVERS	0	WO Compl	

Avg Initial Rate:

149

OFFSET JALMAT WELLS FOR PROPOSED NEW WELL (RE-ENTRY OF ACC 1 #1)									
SECTION: 22		SPOT:N		T23S R36E					
JALMAT FIELD, LEA CO, NM									
Well #	Sec/spot	Comp date	Zones	Pay interval	Treatment	Y-7R Cum MMCF	Y-7R Cur rate MCFD	Status	Y-7R EUR
40-acre offsets, Sec 22:									
LLQU #1	22J	Sep-60	Queen	3628-3740	54K# SD	0	0	P&A 1/00	0
LLQU #23	22J	Jul-00	Queen	3574-3798	3500 gal acid	0	0	OIL	0
El Paso St #1	22J	Jun-79	Y-7R	3045-3538	Natural	1250	119	GAS	1467
AAC1 #1	22N	Aug-30	Y-7R	3115-3560	Natural	3182	0	P&A 6/93	3182
			Y-7R	To be re-entered		0	0		704
LLQU #10	22O	Jun-63	Queen	3659-3739	45K# SD	0	0	P&A 7/86	0
LLQU #20	22O	Apr-00	Queen	3577-3802	2500 gal acid	0	0	OIL	0
40-acre offsets, Sec 27:									
Lynn A-2	27D	May-50	Y-7R	3024-3353	Natural	1950	0	P&A 7/87	1950

Jalmat - New Drill & Recomplete - Economics Summary Table

Input:

WI = 100 % RI = 82.5%
 Prod Start Date = Drill Date + 1 mth
 Initial Rate = 149 mcf/d + 0 bopd
 di = 40%
 n = 3.5
 NGL Yield = 136 bbls/mcf
 1-Gas Shrinkage = 59%
 Plant Takes = 13% of residue gas & ngl
 Gas Price = \$6.00/mcf flat
 Oil Price = \$60/stb flat
 NGL Price = \$42.60/stb flat
 OP Cost = \$1264/well/mth
 CWC = 650 M\$ (New Drill) CWC = 425 M\$ (Recomplete)

(from avg of Mission/Petrohawk activity)
 (from normalized type curve)
 (from normalized type curve)
 (from plant statements)
 (from plant statements)
 (contract with plant)
 (no oil in economics)
 (71% of Oil)
 (actuals from los statement)

Results:

	<u>New Drill</u>	<u>Recompl</u>
8/8ths Reserves:	704 MMCFG	704 MMCFG
NPV @ 10%:	821 M\$	1039 M\$
ROR:	36%	65%
Payout:	40 mths	26 mths
ROI:	6.1	9.3

EXHIBIT 13

Affected Parties

**State A A/C 1 Well No. 1
Section 22, Township 23 South, Range 36 East, NMPM
Lea County, New Mexico.**

ConocoPhillips
Post Office Box 2197
Houston, TX 77079

Plantation Operating LLC
2203 Timberwolf Suite 229
The Woodlands, TX 77380

Cimarex Energy Co.
Post Office Box 140907 (75014-0907)
600 East Las Colinas Boulevard
Suite 1200
Irving, TX 75039

Lanexco Inc.
1105 W. Kansas
Jal, New Mexico 88252

Burgundy Oil & Gas of NM Inc.
401 W. Texas
Suite 1003
Midland, TX 79701-4413

Pogo Producing (San Juan) Co.
P.O. Box 10340
Midland, TX 79702

Energen Resources Corp.
2198 Bloomfield Hwy
Farmington, New Mexico 87401

PROPOSED WELLS IN SECTION 22-23S-36E
15

16

21

28



23

26

27

PH = Petrohawk
Plant = Plantation
Burg = Burgundy Oil
McCas = McCasland
CP = ConocoPhillips

EXHIBIT 15

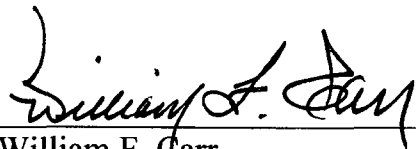
**BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT**

IN THE MATTER OF THE APPLICATION OF PETROHAWK OPERATING COMPANY
FOR ADMINISTRATIVE APPROVAL OF AN INFILL GAS WELL AND SIMULTANEOUS
DEDICATION OF STATE "A" A/C 1 WELL NO. 1, 330' FSL AND 2310' FWL, S22-T23S-
R36E, JALMAT GAS POOL, LEA COUNTY, NEW MEXICO.

AFFIDAVIT

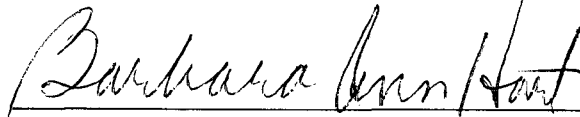
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of Petrohawk
Operating Company, the Applicant herein, being first duly sworn, upon oath, states that
notice of the above-referenced Application was mailed to the addresses shown on Exhibit
"13" attached hereto.



William F. Carr

SUBSCRIBED AND SWORN to before me this 21st day of June 2006 by
William F. Carr.



Notary Public

My Commission Expires:

3/28/08

DISTRICT I

1825 N. French Dr., Hobbs, NM 88240

DISTRICT II

1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals & Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

1220 South St. Frances Dr.

Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-09381	Pool Code 79240	Pool Name JALMAT;TANSILL-YATES-7 RIVERS (GAS)
Property Code 33493	Property Name STATE A A/C1	Well Number 001
OGRID No. 148381	Operator Name PETROHAWK OPERATING COMPANY	Elevation 3413

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	22	23 S	36 E		330	SOUTH	2310	WEST	LEA

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
SAME									
Dedicated Acres 640	Joint or Infill 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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Nancy K. Gatti</i> <i>6-15-06</i> Signature Date NANCY K. GATTI Printed Name REGULATORY MANAGER</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey Signature & Seal of Professional Surveyor EXHIBIT 16 Certificate No.</p>
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