

9/15/08 DATE IN	SUSPENSE	Brooks ENGINEER	9/16/08 LOGGED IN	NSL TYPE	PKUR0826033499 APP NO.
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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



Petrohawk Operating Company

State: A A/C. 2 #96

ADMINISTRATIVE APPLICATION CHECKLIST

NSL-5935

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.

Eddie W Seay

Print or Type Name

Eddie W Seay
 Signature

Agent

Title

seay04@leaco.net

e-mail Address

9/9/08

Date

2008 SEP 15 PM 2 45

RECEIVED

PETROHAWK OPERATING CO
STATE A A/C 2 # 96

Petrohawk respectfully requests ~~administrative approval~~ of an ~~unorthodox oil well~~ location for the following well:

State A A/C 2 # 96

2650 FNL 1310 FEL, NE/4 SE/4 of
Section 5, T22S, R36E, Unit Letter I
Lea County, New Mexico

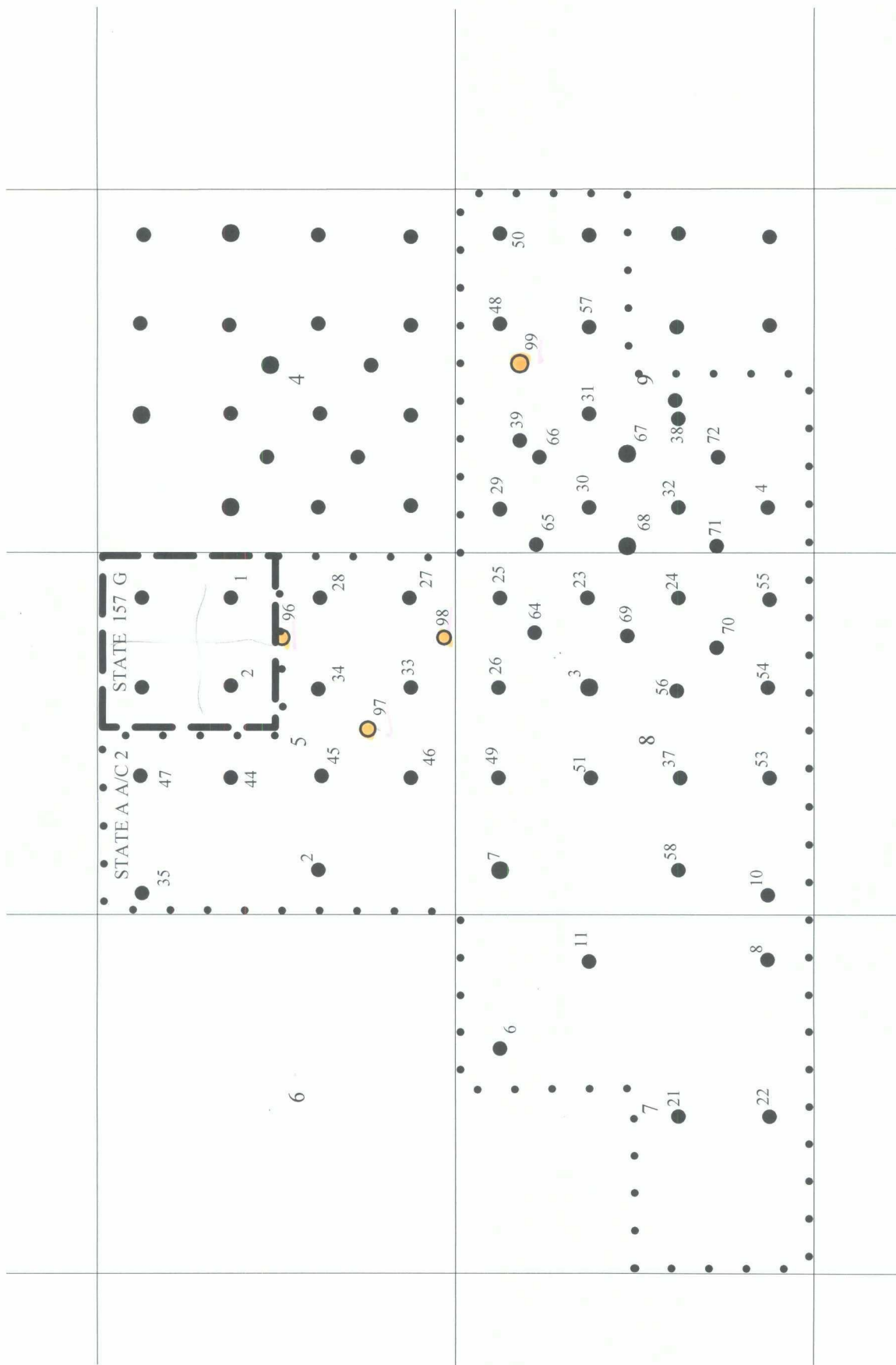
The proposed well will be an ~~infill producer~~ in the Eunice;Seven Rivers-Queen, South oil pool {Pool Code: 24130}, which is an oil pool spaced on ~~40 acres~~. Order number R-3200, dated March 14, 1967, found the wells in the project area were in an advanced state of depletion and should be classified as "stripper" wells and authorized the institution of the ~~State Waterflood Project~~ in the ~~South Eunice Pool~~ in ~~Sections 5,8 and 9 of T22S, R36E~~. In 1983, ~~NSL-1729-O~~ approved the drilling of 6 non-standard location infill oil wells in Sections 8 and 9 of T22S, R36E. Since the late 1980's, 46 of the 56 wells on the State A A/C 2 lease have either been ~~plugged back to the Jalmat Pool~~ or have been ~~plugged and abandoned~~. Of the 10 wells remaining in the ~~South Eunice Pool~~ only 2 oil wells remain active in Section 8 T22S, R 36E and 8 wells are TA'd.

Supporting Data

1. Petrohawk Operating Company (Petrohawk) is the operator of the ~~proposed State A A/C 2 # 96~~. The proposed ~~total depth is 4000'~~ in the ~~lower Queen formation~~.
2. The ~~completion~~ will be in the ~~Eunice;Seven Rivers-Queen, South oil pool~~ and the proposed location will not encroach on any wells. The following adjacent Petrohawk wells in the South Eunice pool, State A A/C 2 # 28 and 34, and State 157 G # 1 and 2 have been plugged back to the Jalmat Gas Pool.
3. The cumulative production in the adjacent wells indicates a tight reservoir that where the wells are not usually capable of draining a ~~40 acre proration unit~~.
 - State A A/C 2 # 28 I-5-T22S-R36E Cum Oil 322654 Bls
 - State A A/C 2 # 34 J-5-T22S-R36E Cum Oil 169781 Bls
 - State 157 G # 1 H-5-T22S-R36E Cum Oil 80522 Bls
 - State 157 G # 2 G-5-T22S-R36E Cum Oil 146433 Bls
4. The Section 5 is covered by a two state lease which has common royalty and working interest ownership. The ~~NE/4~~ of Section 5 is covered by the State 157 G lease. The NW/4 and S/2 of Section 5 is covered by the State A A/C 2

lease. Petrohawk is the operator and 100% working interest of wells on the State A A/C 2 lease and the State 157 G lease.

5. Approval of this application will allow for the recovery of oil and gas reserves which would not otherwise be recovered.



PETROHAWK OPERATING
 STATE A A/C 2 AND STATE 157 G LEASE
 T 22 S R 36 E
 EUNICE;SEVEN RIVERS-QUEEN, SOUTH

STATE A A/C 2
PETROHAWK OP
WI 100 %

STATE 157 G
PETROHAWK OP
WI 100%

2
STATUS: ZA
CUM 146,433 BO

1
STATUS: ZA
CUM 80,522 BO

96

34
STATUS: ZA
CUM 169,781 BO

28
STATUS: ZA
CUM 322,654 BO

40 Acre Unit

Sec 5 T 22 S R 36 E
PETROHAWK OPERATING COMPANY
EUNICE;SEVEN RIVERS-QUEEN, SOUTH OIL POOL

DISTRICT I

2650 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 and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State LEase - 4 Copies

Fee LEase - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 24130	Pool Name EUNICE; SEVEN RIVERS-QUEEN, SOUTH
Property Code 302433	Property Name STATE A A/C 2	Well Number 96
OGRID No. 194849	Operator Name PETROHAWK OPERATING	Elevation 3599'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	5	22-S	36-E		2650	NORTH	1310	EAST	LEA

Bottom Hole Location If Different From Surface

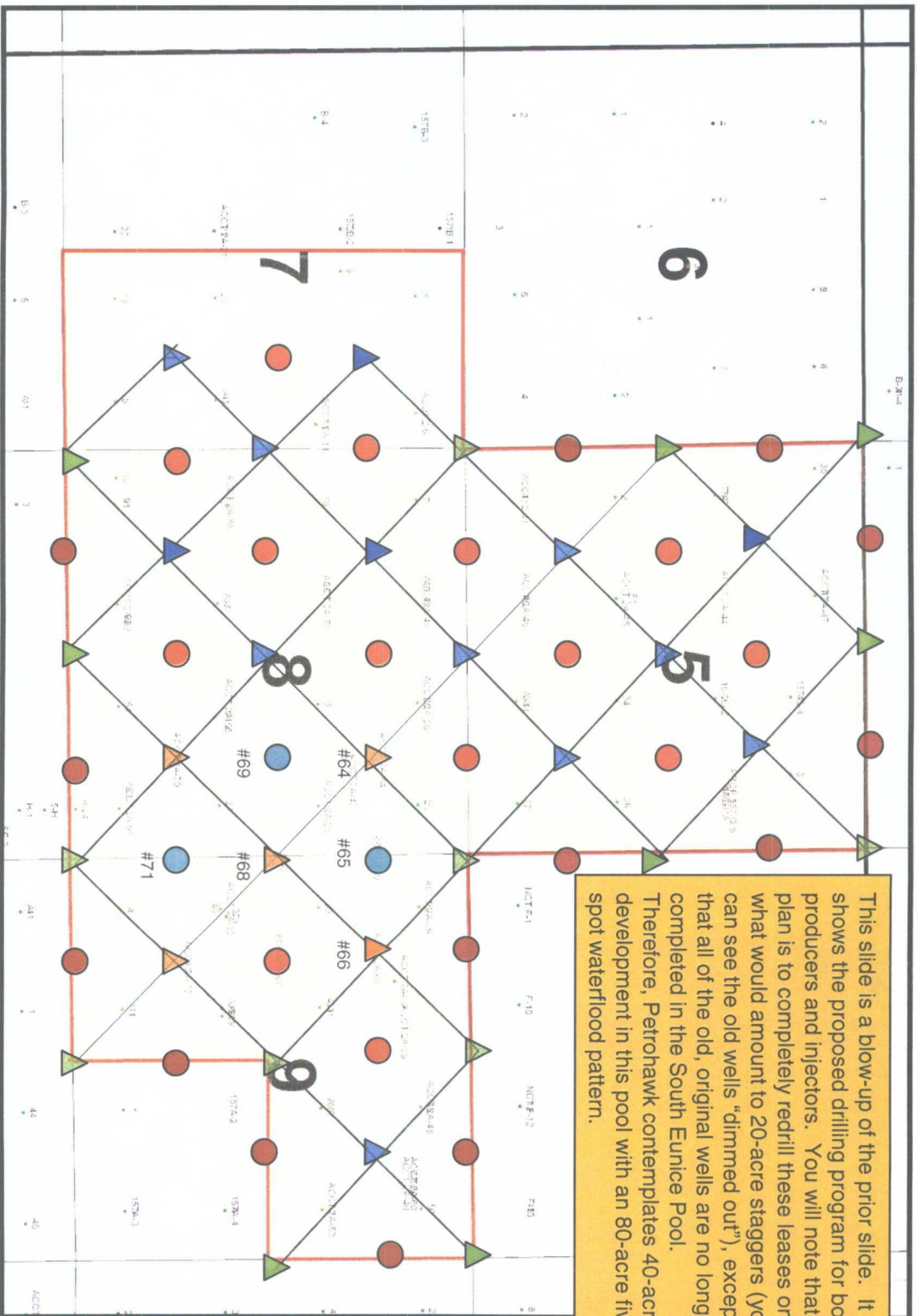
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

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

<p>LOT 4</p> <p>GEODETIC COORDINATES NAD 27 NME. SURFACE LOCATION</p> <p>Y=518344.9 N X=824217.3 E</p> <p>LAT.=32.420662° N LONG.=103.282653° W</p>	<p>LOT 3</p>	<p>LOT 2</p>	<p>LOT 1</p> <p>2650'</p> <p>1310'</p> <p>NE 1/4 SE 1/4</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Eddie W. Seay</i> 9/9/08 Signature Date</p> <p><i>Eddie W. Seay</i> Printed Name</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>RONALD J. EIDSON JUNE 30, 2008 Date Surveyed DSS</p> <p>Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 07/08/08 08.11.1039</p> <p>Certificate No. GARY G. EIDSON 12641 RONALD J. EIDSON 3239</p>
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Proposed South Eunice State Waterflood Unit



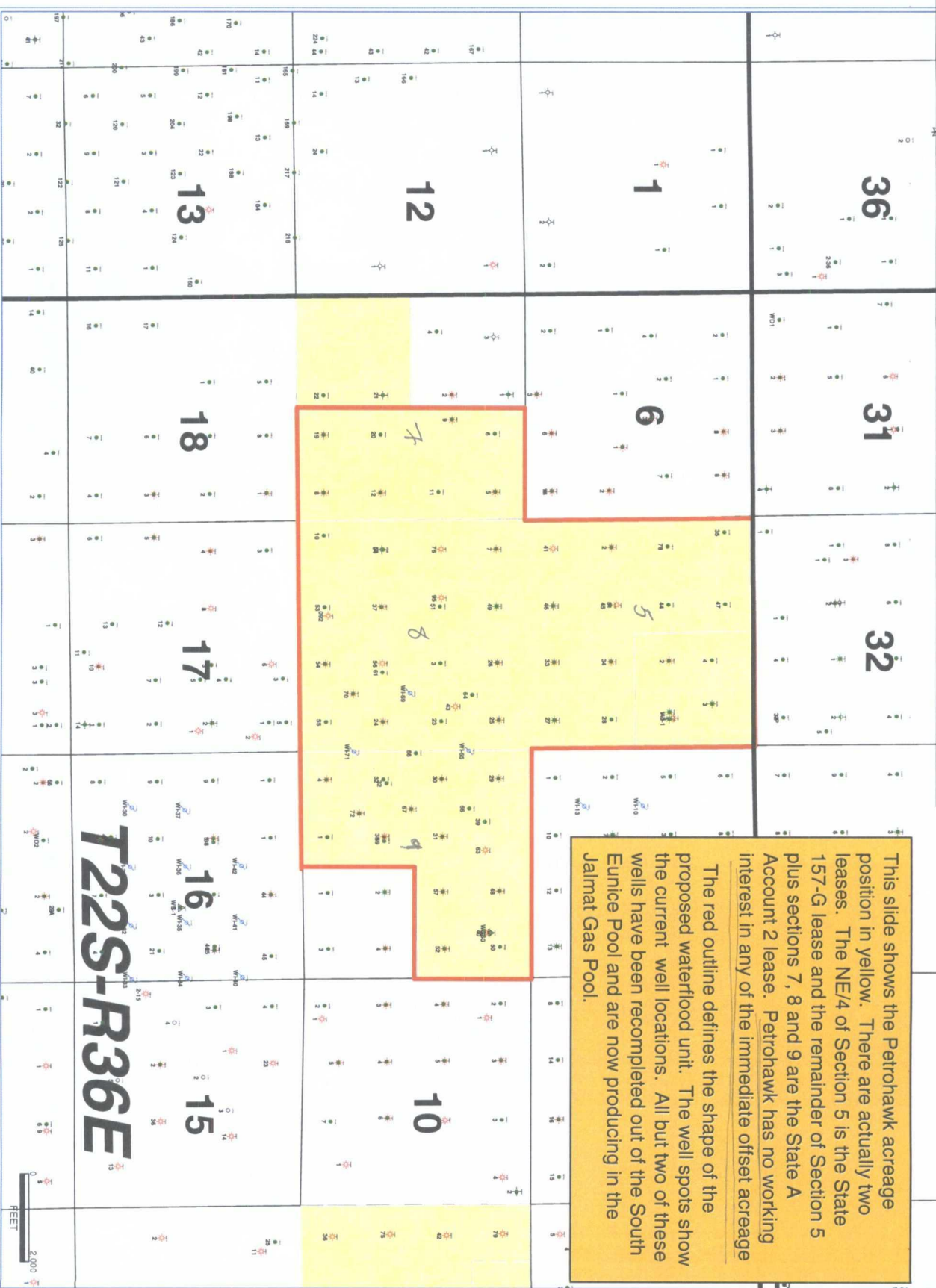
- Proposed lease line producer (14)
- Proposed unit producers (14)
- ▲ Reactivate Queen Injection Wells (5)
- ▲ Proposed lease line injectors (15)
- ▲ Proposed unit injectors (13)
- Convert Injectors to Producers (3)

Eddie Seay - 575-392-2236

Jalmat Base Map - Acreage - Queen Waterflood

Proposed

Unit -



Proposed South Eunice State Waterflood Unit

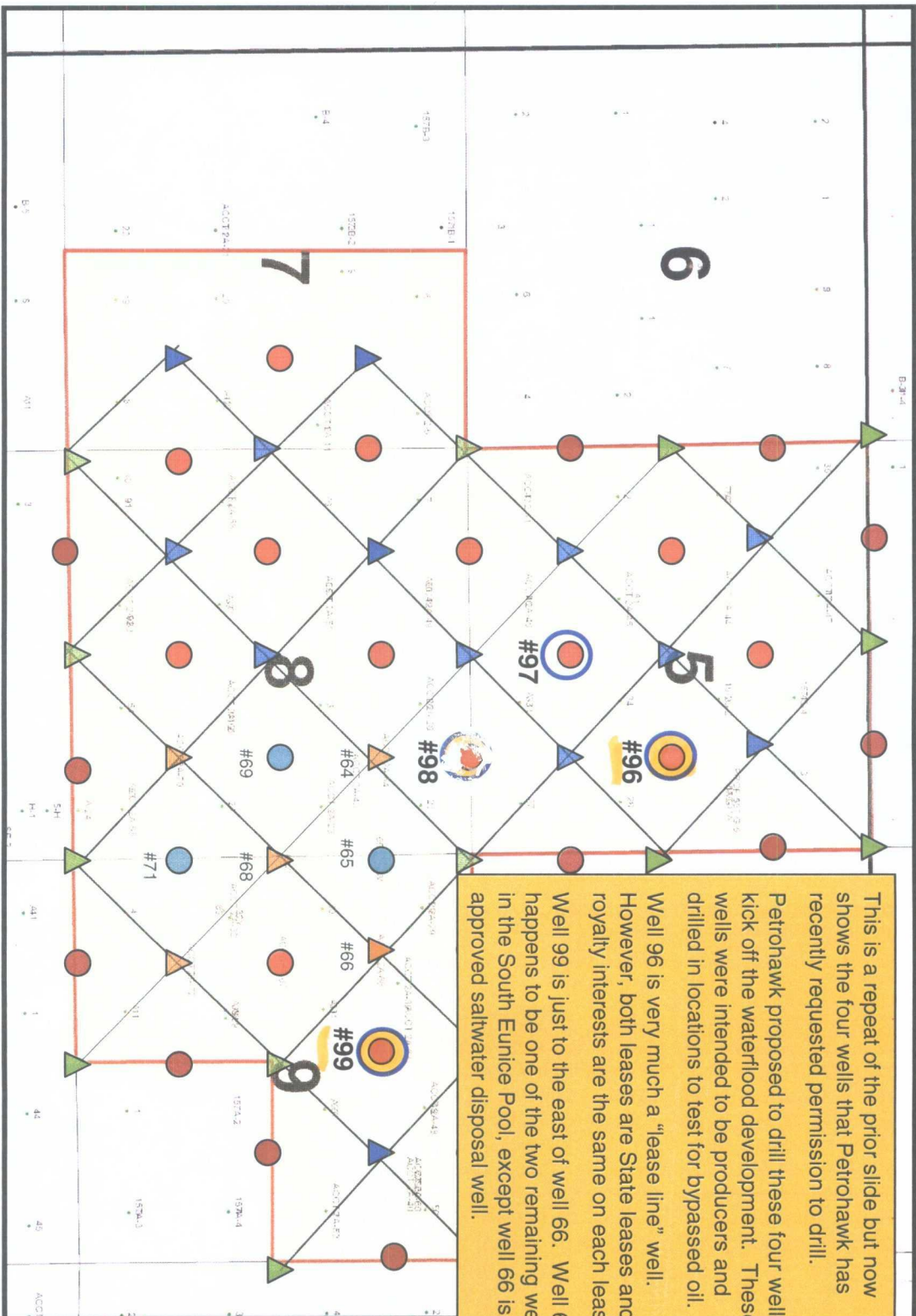
Oct 29
#42
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5943-

This is a repeat of the prior slide but now shows the four wells that Petrohawk has recently requested permission to drill.

Petrohawk proposed to drill these four wells to kick off the waterflood development. These wells were intended to be producers and drilled in locations to test for bypassed oil.

Well 96 is very much a "lease line" well. However, both leases are State leases and the royalty interests are the same on each lease.

Well 99 is just to the east of well 66. Well 66 happens to be one of the two remaining wells in the South Eunice Pool, except well 66 is an approved saltwater disposal well.



- Proposed lease line producer (14)
- Proposed unit producers (14)
- ▲ Reactivate Queen Injection Wells (5)
- ▲ Proposed lease line injectors (15)
- ▲ Proposed unit injectors (13)
- Convert Injectors to Producers (3)