



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 29, 2008

Petrohawk Operating Company
Attn: Mr. Eddie Seay
601 W. Illinois
Hobbs, NM 88242

Administrative Order NSL-5943

Re: State A A/C 2 Well No. 98
API No. 30-025-39178
10 feet FSL and 1308 feet FEL
Unit P, Section 5-22S-36E
Lea County, New Mexico

Dear Mr. Seay:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-26032871**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 15, 2008, and

(b) the Division's records pertinent to this request.

Petrohawk Operating Company (Petrohawk) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The SE/4 SE/4 of Section 5 will be dedicated to this well in order to form a standard 40-acre spacing unit in the South Eunice-Seven Rivers/Queen Pool (24130). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern and western unit boundaries.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location because existing wells are not adequately draining the reserves underlying this tract.



It is also understood that notice of this application to offsetting operators or owners is unnecessary because of common ownership.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe