



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 31, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Petrohawk Operating Company
c/o **Holland & Hart LLP**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: Ms. Ocean Munds-Dry

Re: *Administrative application (Division reference No. pTDS0-617438230) on behalf of Petrohawk Operating Company ("Petrohawk") filed with the Division on June 22, 2006 for an exception to the well density requirements, Rule 3 (C) of the "Special Pool Rules for the Jalmat Gas Pool (79240)," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001, within an existing non-standard 520-acre Jalmat gas spacing unit comprising the S/2 NE/4 and N/2 SE/4 of Section 9 and the W/2 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico [see Ordering Paragraph No. (8) of Exhibit "A" in Division Order No. R-9073, issued in Case No. 9775 on December 14, 1989.]*

Dear Ms. Munds-Dry:

Petrohawk's proposed re-entry into and re-completion of the State "A" A/C-1 Well No. 86 (API No. 30-025-09296) as a Jalmat gas well in Unit "F" of Section 10 would be in violation of Rule 3 (D) of the Jalmat special pool rules where Petrohawk all ready operates its State "A" A/C-1 Well No. 37 (API No. 30-025-09290) as a Jalmat gas well within the same quarter-quarter section.

Your application is therefore **denied** and is being returned to you.

Sincerely,

Michael E. Stogner
Engineer

MES/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe
File: SD-01-09