

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 _____

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Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505

- [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.

Sheila Vaughn
 Print or Type Name

Sheila Vaughn
 Signature

Production Analyst 5-1-07
 Title Date

slaughn@petrohawk.com
 e-mail Address

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W Grand Avenue Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd. Aztec, NM 87410
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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-107A
Revised June 10, 2003

Oil Conservation Division

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator: PETROHAWK OPERATING COMPANY Address: 1000 LOUISIAN, SUITE 5600 HOUSTON, TEXAS 77002
Lease: STATE A A/C - 2 Well No: 44 Unit Letter-Section-Township-Range: F 5 22S 36E LEA County: LEA

OGRID No: 194849 Property Code: _____ API No: 30-025-08797 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Jalmit, Tan, Yates, 7-rvrs (No Gas)</u>		<u>South Eunice; Seven Rvrs-Queen</u>
Pool Code	<u>79240</u>		<u>24130</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>3200 - 3680</u>		<u>3690 - 3875</u>
Method of Production (Flowing or Artificial Lift)	<u>Artificial Lift</u>		<u>Artificial Lift</u>
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	<u>n/a</u>		<u>n/a</u>
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<u>n/a</u>		<u>n/a</u>
Producing, Shut-In or New Zone	<u>shut - in</u>		<u>shut - in</u>
Date and Oil/Gas/Water Rates of Last Production (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data)	Date: <u>July 2003</u> Rates: <u>6.8 mcfpd</u>	Date: Rates:	Date: <u>April 2003</u> Rates: <u>2.8 mcfpd - 0.2 bopd</u>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required)	Oil: <u>0</u> % Gas: <u>71</u> %	Oil: % Gas: %	Oil: <u>100</u> % Gas: <u>29</u> %

Are all working, overriding, and royalty interests identical in all commingled zones? Yes No _____
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes _____ No _____
Are all produced fluids from all commingled zones compatible with each other? Yes No _____
Will commingling decrease the value of production? Yes _____ No
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes _____ No
NMOCD Reference Case No. applicable to this well. _____

- ATTACHMENTS
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - Production curve for each zone for at least one year. (If not available, attach explanation)
 - For zones with no production history, estimated production rates and supporting data.
 - Data to support allocation method or formula
 - Notification list of all offset operators
 - Notification list of working, overriding, and royalty interests for uncommon interest cases.
 - Any additional statements, data, or documents required to support commingling.

If application is to establish Pre-Approved Pools, the following additional information will be required:
List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Sheila Vaughn TITLE: Production Analyst DATE: 5/1/2007
TYPE OR PRINT NAME: Sheila Vaughn TELEPHONE NO.: (832) 369-2109
E-MAIL: svaughn@petrohawk.com



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May 01, 2007

JUN 13 2007

State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Attn: Mr. William Jones

**RE: Filing C-107A for Petrohawk Operating Company
Application for Downhole Commingling
State A A/C 2 #44 and #16
Lea County, NM**

Dear Mr. Jones,

Attached please find C-107A Form for Petrohawk Operating Company. The State A A/C 2 #44 is a existing well in Lea County, New Mexico, and we are requesting downhole commingling. The well name, its location, and all attachments included are listed below:

Well Name	Attachments
State A A/C 2 #44 F-Sec 5, T22S, R36E Lea County, NM	C-107A, C-102 for Jalmat, C-102 Eunice Notes on well history, allocation method and estimated production.

A copy of this application has been forwarded to the NMOCD in Hobbs, NM. Should you have any question or need additional information, please feel free to call Sheila Vaughn at (832) 369-2109 or email at svaughn@petrhawk.com. Thank you for your attention to this matter.

Best regards.

Sheila Vaughn
Production Analyst

Cc: Chris Williams/ Donna Mull
1625 N. French Drive
Hobbs, New Mexico 88240

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State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
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

¹ API Number 30-025-08797		² Pool Code 24130		³ Pool Name Eumice; Seven Rvrs-Queen, South	
⁴ Property Code 302433		⁵ Property Name State A A/C 2			⁶ Well Number 44
⁷ OGRID No 194849		⁸ Operator Name Petrohawk Operating Company			⁹ Elevation 3618' Gr

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	5	22S	36E		1980	NORTH	1980	WEST	LEA

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 40	¹³ Joint or Infill /	¹⁴ Consolidation Code /	¹⁵ Order No /
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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>16</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Sheila Vaughn</i></p> <p>Signature</p>
	<p>Sheila Vaughn</p> <p>Printed Name</p> <p>Production Analyst</p> <p>svaughn@petrohawk.com</p> <p>Title and E-mail Address</p>
	<p>5/1/2007</p> <p>Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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</i></p>
	<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyer</p>
	<p>Certificate Number</p>

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State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-102
 Revised October 12, 2005
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-08797		² Pool Code 79240		³ Pool Name JALMAT;TAN-Y-7R (GAS)	
⁴ Property Code 302433		⁵ Property Name STATE A A/C 2			⁶ Well Number 44
⁷ OGRID No. 194849		⁸ Operator Name PETROHAWK OPERATING COMPANY			⁹ Elevation 3618 Gr

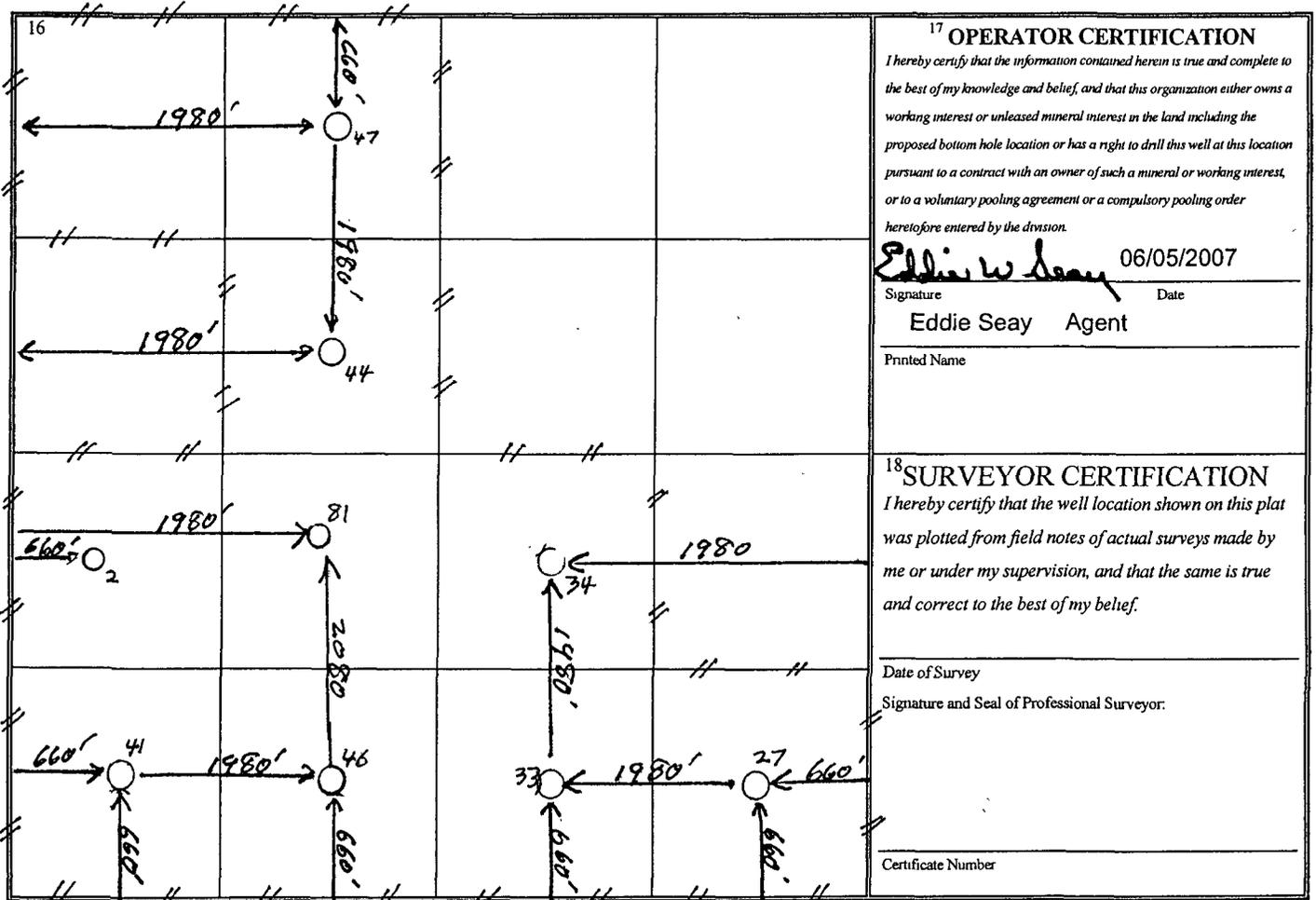
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	5	22S	36E	.	1980	NORTH	1980	WEST	LEA

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 400.5		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No. NSP-1636-B [L] [SD]			

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, 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.
 Signature: *Eddie W Seay* Date: 06/05/2007
 Printed Name: Eddie Seay Agent

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:
 Signature and Seal of Professional Surveyor:
 Certificate Number:

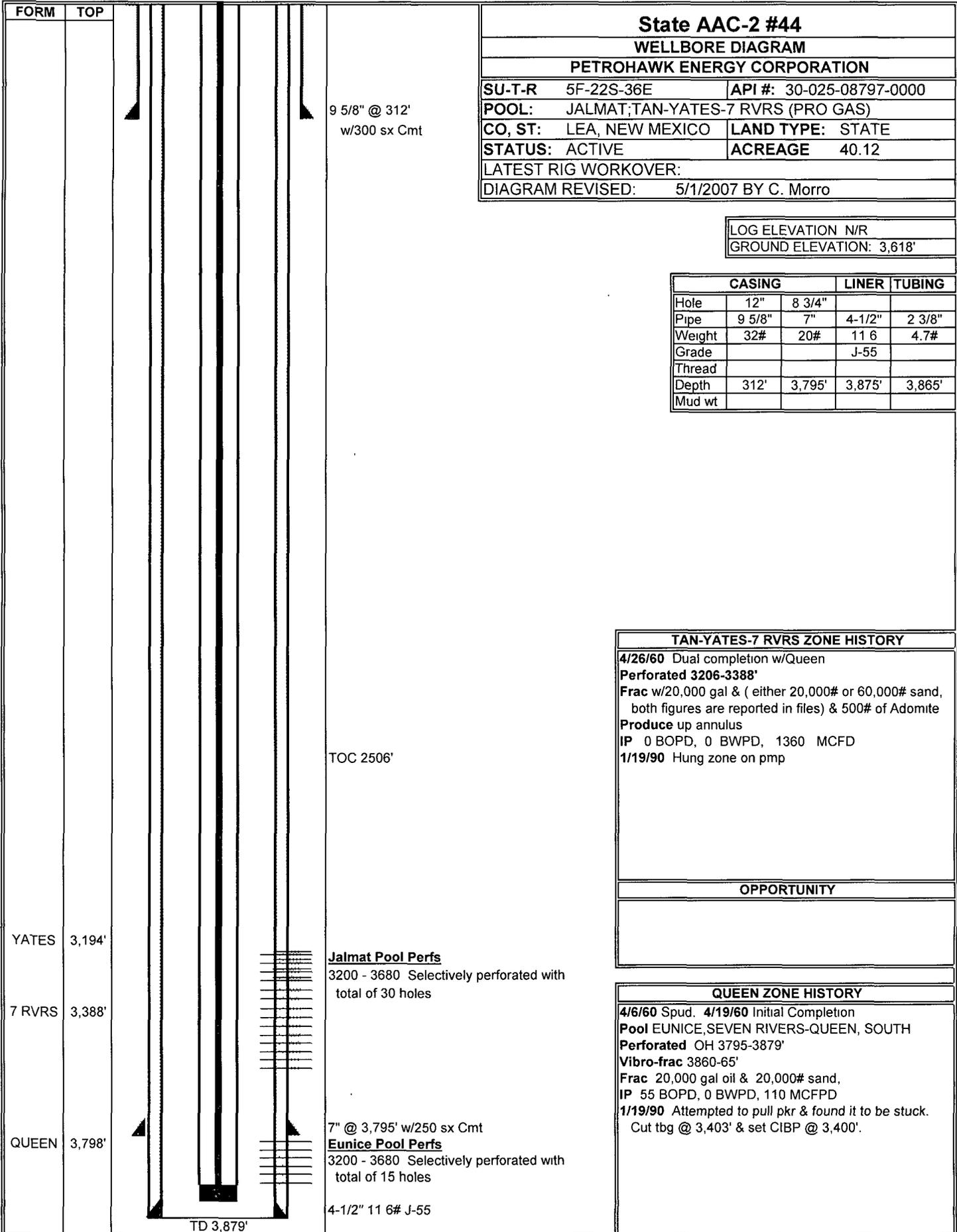
Notes on Commingling Permit for State A A/C-2 #44

The State A A/C-2 #44 was originally dually completed in the Eunice; Seven Rivers – Queen, South (open hole) and Jalmat; Tan – Yates – 7 Rvrs Pools in 1960. In 1990 an attempt was made to pull the packer separating the two completions. The effort was unsuccessful and resulted in leaving a fish (packer and stub of 2-3/8” tubing) in the well. A cast iron bridge plug was set over the fish and the well only produced from the Jalmat Pool. Currently the well is shut in. The last steady, significant production was in 2003. Average production that year was 6.8 MCFPD.

Petrohawk proposes to clean out the well through the open hole section to the original depth of 3879’, run and cement a 4-1/2” casing to surface, selectively perforate both pools, frac stimulate all zones in one stage and downhole commingle the production.

The Fixed Allocation Method was calculated by using the average Jalmat Pool production described above and production rates from offset wells completed in the Eunice Pool. The State A A/C-2 #23 and #59 are completed in the Eunice Pool though both are currently shut in. The last steady, significant production from both of these wells occurred in 2003. The #23 averaged 2.8 MCF and 0.2 BOPD while the #59 averaged 2.9 MCF and 0.1 BOPD. Based on these figures, 71 % of gas production should come from the Jalmat with 100% of the oil and remaining 29% of the gas coming from the Eunice Pool.

Post workover production is anticipated to be 200 MCF and 3 BOPD.



FORM TOP

YATES 3,194'

7 RVRS 3,388'

QUEEN 3,798'

TD 3,879'

9 5/8" @ 312'
w/300 sx Cmt

TOC 2506'

Jalmat Pool Perfs
3200 - 3680 Selectively perforated with
total of 30 holes

7" @ 3,795' w/250 sx Cmt
Eunice Pool Perfs
3200 - 3680 Selectively perforated with
total of 15 holes

4-1/2" 11 6# J-55

State AAC-2 #44	
WELLBORE DIAGRAM	
PETROHAWK ENERGY CORPORATION	
SU-T-R 5F-22S-36E	API #: 30-025-08797-0000
POOL: JALMAT; TAN-YATES-7 RVRS (PRO GAS)	
CO, ST: LEA, NEW MEXICO	LAND TYPE: STATE
STATUS: ACTIVE	ACREAGE 40.12
LATEST RIG WORKOVER:	
DIAGRAM REVISED: 5/1/2007 BY C. Morro	

LOG ELEVATION N/R
GROUND ELEVATION: 3,618'

	CASING	LINER	TUBING
Hole	12"	8 3/4"	
Pipe	9 5/8"	7"	4-1/2" 2 3/8"
Weight	32#	20#	11 6 4.7#
Grade			J-55
Thread			
Depth	312'	3,795'	3,875' 3,865'
Mud wt			

TAN-YATES-7 RVRS ZONE HISTORY

4/26/60 Dual completion w/Queen
Perforated 3206-3388'
Frac w/20,000 gal & (either 20,000# or 60,000# sand,
both figures are reported in files) & 500# of Adomite
Produce up annulus
IP 0 BOPD, 0 BWPD, 1360 MCFD
1/19/90 Hung zone on pmp

OPPORTUNITY

QUEEN ZONE HISTORY

4/6/60 Spud. 4/19/60 Initial Completion
Pool EUNICE, SEVEN RIVERS-QUEEN, SOUTH
Perforated OH 3795-3879'
Vibro-frac 3860-65'
Frac 20,000 gal oil & 20,000# sand,
IP 55 BOPD, 0 BWPD, 110 MCFPD
1/19/90 Attempted to pull pkr & found it to be stuck.
Cut tbg @ 3,403' & set CIBP @ 3,400'.