

| | | | | | |
|--------------------|----------|--------------------|-----------|-------------|---------------------------|
| DATE IN 9/15/08 | SUSPENSE | ENGINEER Brooks | LOGGED IN | TYPE NSL | APP NO. PKVRO826032871 |
|--------------------|----------|--------------------|-----------|-------------|---------------------------|

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
 State A A/C 2 #98
 5943

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 _____

2008 OCT 9 AM 8 19
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[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

9/2/08

Date

PETROHAWK OPERATING CO
STATE A A/C 2 # 98

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

State A A/C 2 # 98

10 FSL 1308 FEL, SE/4 SE/4 of
Section 5, T22S, R36E, Unit Letter P
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.

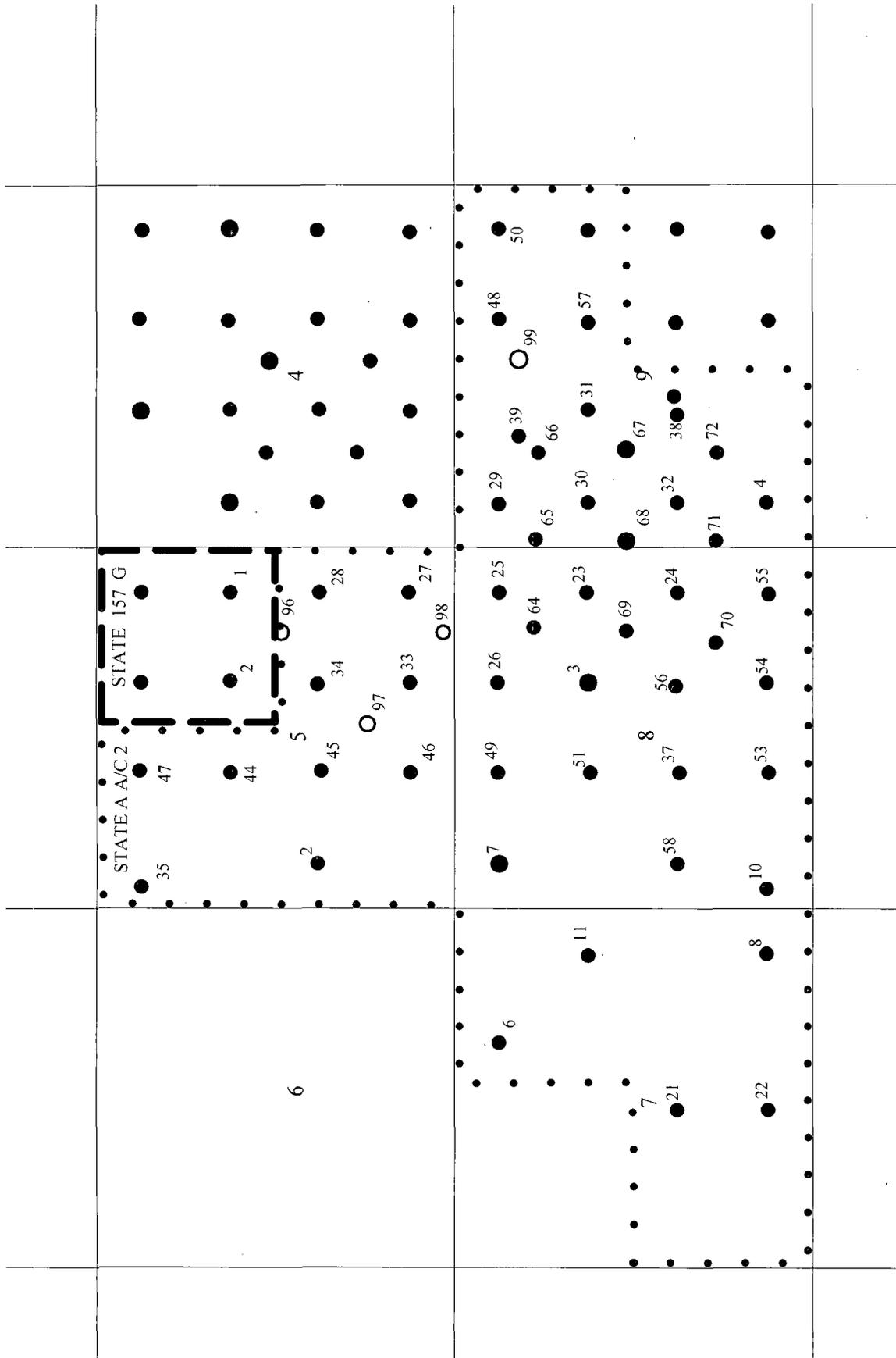
Supporting Data

1. Petrohawk Operating Company (Petrohawk) is the operator of the proposed State A A/C 2 # 98. 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 # 25, 26, 27 and 33 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 # 25 A-8-T22S-R36E Cum Oil 274204 Bls
State A A/C 2 # 26 B-8-T22S-R36E Cum Oil 154531 Bls
State A A/C 2 # 27 P-5-T22S-R36E Cum Oil 0 Bls
State A A/C 2 # 33 O-5-T22S-R36E Cum Oil 119554 Bls

4. The NW/4 and the S/2 of Section 5 and all of Section 8 is covered by a single state lease which has common royalty and working interest ownership. Petrohawk is the operator and 100% working interest of wells on the State A A/C 2 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

SEC 5 T22S R36E

●³³
STATUS: ZA
CUM 119,554 BO

●²⁷
STATUS: ZA
CUM 0 BO

●⁹⁸
40 ACRE UNIT

SEC 8 T22S R36E

●²⁶
STATUS: ZA
CUM 154,531 BO

●²⁵
STATUS: ZA
CUM 274,204 BO

T 22 S R 36 E

PETROHAWK OPERATING COMPANY

EUNICE;SEVEN RIVERS-QUEEN, SOUTH OIL POOL

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
10 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

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 98 |
| OGRID No. 194849 | Operator Name PETROHAWK OPERATING | Elevation 3568' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P | 5 | 22-S | 36-E | | 10 | SOUTH | 1308 | 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

| | | | | |
|--|-------|-------|-------|--|
| LOT 4 | LOT 3 | LOT 2 | LOT 1 | <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. Saary</i> 9/2/08 Signature Date Eddie W Saary 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>Date Surveyed: JUNE 30, 2008 OSS Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 7/09/08 08.11.1041</p> <p>Certificate No. GARY G. EIDSON 12641 RONALD J. EIDSON 3239</p> |
| <p>GEODETIC COORDINATES NAD 27 NME. SURFACE LOCATION</p> <p>Y=515735.5 N X=824241.3 E</p> <p>LAT.=32.413490° N LONG.=103.282658° W</p> | | | | |
| | | | | |
| <p>10' 1308'</p> | | | | |

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

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
June 16, 2008

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|--|--------------------------------|------------------------------|
| Operator Name and Address PETROHAWK OPERATING COMPANY 1000 LOUISIANA STE 5600, HOUSTON, TX 7702 | | OGRID Number 194849 |
| Property Code 302433 | Property Name STATE A A/C 2 | API Number 30 - 025-39178 |
| Proposed Pool 1 EUNICE;SEVEN RIVERS-QUEEN, SOUTH | | Well No. 98 |
| Proposed Pool 1 | | Proposed Pool 2 |

Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P | 5 | 22S | 36E | | 10 | S | 1308 | E | LEA |

Proposed 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

Additional Well Information

| | | | | |
|---------------------|------------------------|--------------------|----------------------|--------------------------------|
| Work Type Code N | Well Type Code O | Cable/Rotary R | Lease Type Code S | Ground Level Elevation 3568 |
| Multiple NO | Proposed Depth 4000 | Formation QUEEN | Contractor | Spud Date |

Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 12.25 | 8.625 | 24 | 1450 | 650 | 0 |
| 7.875 | 5.5 | 15.5 | 4000 | 725 | 0 |
| | | | | | |
| | | | | | |

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

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SEP 11 2008

HOBBS OCD

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Eddie W Seay

Printed name:

Eddie Seay

Title:

Agent

E-mail Address:

seay04@leaco.net

Date: 9/9/08

Phone: 575-390-2454

OIL CONSERVATION DIVISION

Approved by:

[Signature]

Title:

Geologist

Approval Date:

9/25/08

Expiration Date:

9/25/10

Permit Expires 2 Years From Approval Date Unless Drilling Underway

CONDITIONS OF APPROVAL for Non-Standard Location:
Intent to drill ONLY — CANNOT produce until the Non-Standard Location has been approved by OCD Santa Fe office.