

Pitohawk

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|-----------------|----------|-----------------------|-------------------|---------|------------------------|
| DATE IN 6/21/06 | SUSPENSE | ENGINEER MIKE STAGNER | LOGGED IN 6/21/06 | TYPE SD | APP NO. PTDSD617258994 |
|-----------------|----------|-----------------------|-------------------|---------|------------------------|

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 _____
- [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

2008 JUN 21 PM 2 49

[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.

Ocean Munds-Dry Ocean Munds-Dry Author key 6-21-06
 Print or Type Name Signature Title Date
 omundsdry@hollandhart.com
 e-mail Address



June 21, 2006

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Petrohawk Operating Company for administrative approval of an infill gas well and simultaneous dedication of State "A" A/C 1 Well No. 1, 330' FSL and 2310' FWL, S22-T23S-R36E, Jalmat Gas Pool, Lea County, New Mexico.

Dear Mr. Fesmire:

Pursuant to the provisions of Rule 4(B) of the Special Pool Rules for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170-P dated December 14, 2001, Petrohawk Operating Company ("Petrohawk") hereby seeks an administrative exception to the gas well density provisions of Rule 3(C) and authorization to simultaneously dedicate said well to the 280-acre non-standard spacing and proration unit originally approved by Order No. R-9073, dated December 14, 1989.

Petrohawk seeks approval of the following well in Section 22, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico:

The State "A" A/C 1 Well No. 1 to be re-entered at a non-standard location 330 feet from the South line and 2310 feet from the West line (Unit N).

The proposed well would be re-entered within an existing 280-acre gas spacing unit comprised of Section 22. Therefore, Petrohawk also seeks approval to simultaneously dedicate this well to this spacing unit.

Division Order R-9073 authorized the simultaneous dedication and unorthodox gas well locations for all existing wells in the spacing unit for the following wells:



State "A" A/C 1 Well No. 94 (API No. 30-025-09384) located 660 feet from the North line and 1980 feet from the West line (Unit C);

State "A" A/C 1 Well No. 97 (API No. 30-025-09385) located 1980 feet from the North and West lines (Unit F);

State "A" A/C 1 Well No. 19 (API No. 30-025-09383) located 1650 feet from the North line and 330 feet from the West line (Unit E); and

State "A" A/C 1 Well No. 1 (API No. 30-025-09381) located 330 feet from the South and 2310 from the West line (Unit N).

The State "A" A/C Well No. 1, according to Division records, was plugged and abandoned in 1993. Therefore, Petrohawk seeks to re-dedicate this well to the existing spacing unit.

The proposed well is necessary to facilitate the recovery of Jalmat gas reserves. Based on the geological discontinuity in the Jalmat, the tighter spacing is anticipated to recover reserves, which cannot be recovered from existing wells. The well will be completed with modern completion and fracture stimulation techniques which will ensure optimal recovery from the discontinuous Yates/Seven Rivers sands. **Exhibit 1** is a Base Map showing recent Jalmat activity and the proposed well location in Section 22. **Exhibit 2** is a Top of Structure Map with Petrohawk's acreage position in Section 22 outlined.

Exhibits 3 through 7 are cross-sections showing the Yates and Seven Rivers sands vary substantially from well to well in thickness and reservoir quality. Given the variability of the sands, net pay isopach maps have not proven to be useful and are not included. Detailed correlations with newer generation Density-Neutron logs in the Yates and Seven Rivers interval reveal the sands "come and go" and are not blanket reservoirs. Sands that have not adequately produced in the area are expected in each new well bore.

Jalmat producers have been down-spaced on the Petrohawk acreage from 160 acres to 80 acres to 40-acre spacing in several phases since 1989. New gas production and reserves have always been encountered from these efforts, as shown on **Exhibit 8**. Petrohawk concludes that this area of Jalmat Field has such discontinuous sand reservoirs that infill drilling on 40-acre spacing is required to adequately drain the existing reserves.

The work of Raptor Resources, Inc. ("Raptor"), Mission Resources Corporation ("Mission") and Petrohawk was reviewed from April of 1999 through 2005. All of the new drills and re-completions (32) in Township 22 South, Range 36 East were studied to develop a type curve for the area. The monthly production data for each of these



completions was normalized. The data was then averaged to produce a normalized production curve as shown on Exhibit 9. Detailed information for all the Mission/Petrohawk completion since Mission took over as operator in March 2004 are listed on Exhibit 10. The first month average initial rate for these projects is 149 mcf/d. Anticipated reserves per location were determined by using the average initial rate with the decline scenario developed from the type curve. The result of this analysis yields an Estimated Ultimate Recovery of 704 MMCFG.

Economic analysis was performed based on the average initial rates realized (See Exhibit 10) in the Mission/Petrohawk wells completed and using a normalized type curve (See Exhibit 9) designed by studying all completions from 1999 through 2005 on the Petrohawk acreage for the decline rate and hyperbolic exponent. Exhibit 12 lists the details of the input and the results of the economics. The gas is extremely rich with an NGL yield of 136 bbls/mmcf. The processing plant takes 13% of the residue gas and NGL's. Gas shrinkage was based on plant statements. The gas price used in the analysis was \$6.00/mcf flat. No condensate was included in the run. The NGL price was 71% of the oil price (\$60/stb) and thus was \$42.60/bbl flat. This percentage was determined by comparing the actual prices received to NYMEX oil prices. The operating cost is the average per producing well cost in the field. Our operations group provided the CWC for both new drills and re-completes. The results of the analysis show a EUR of 704 MMCF. The new drill wells have an NPV @ 10% - 821 M\$, Rate of Return = 36%, payout in 40 months, and a return on investment ratio of 6.1. The re-completes have an NPV @ 10% = 1,039 M\$, Rate of Return = 65%, payout in 26 months, and a return on investment ratio of 9.3. In summary, either drilling or re-completing wells on 40-acres with the discontinuous nature of the sands is extremely economic.

Exhibit 11 is the completion data and estimated EUR for the 40-acre locations around the proposed wells. In Unit Letter N of Section 22, the surrounding 40-acre wells have produced 6,382 MMCF and will make another 217 MMCF. The two offsetting wells that have produced out of the Yates (Lynn A No. 2 and El Paso State No. 10) completed only a portion of the productive sands and were not frac'd. The proposed well was completed in both the Yates and Seven Rivers, but was never fracture stimulated. The mechanical condition of the well should allow re-entry of the plugged wellbore.

Many of the older wells had only small or no frac treatment and were not perforated or treated in a way to adequately contact every gas-bearing sand. In many cases, the Seven Rivers gas zones were not perforated at all. The older wells, if they were frac'd, had fracs of only 20,000 to 60,000 # of sand. Petrohawk is using a combination of limited entry perforating and pumping much larger frac jobs (300K#) to ensure that the entire Jalmat interval is stimulated. The designed fracture half length is approximately 300 feet. Careful engineering of the frac job can then assure all potential sands are effectively drained.



Approval of this application will result in the efficient recovery of hydrocarbons, prevent waste and will not violate correlative rights.

Exhibit 13 lists the parties affected by this application as defined by Rule 1210. **Exhibit 14** is a map displaying the offset operators around the spacing unit in Section 22. **Exhibit 15** is an affidavit confirming that notice of this application has been provided in accordance with the provisions of Rule 4(D) and Rule 1210(B) by providing a copy of this application, including all attachments, to the affected parties by certified mail-return receipt requested advising them that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty (20) days after the filing of this application and proof of notice with the Division.

Exhibit 16 is OCD Form C-102 depicting the proposed surface location of the referenced well.

Also enclosed is a proposed administrative order of the Division.

Sincerely,

A handwritten signature in cursive script that reads "Ocean Munds-Dry".

Ocean Munds-Dry
Attorney for Petrohawk Operating Company

Enclosures

Attention: Ms. Nancy Gatti

Administrative Order - _____

Dear Ms. Gatti:

Reference is made to your application dated June 20, 2006 for infill gas wells and simultaneous dedication for its proposed State "A" A/C 2 Well No. 91, 660 FSL and 660' FWL, State "A" A/C 2 Well No. 92, 660' FSL and 2180' FWL, and State "A" A/C 2 Well No. 49, 660' FNL and 1980' FWL, S8-T22S-R36E, Jalmat Gas Pool, Lea County, New Mexico.

The proposed wells will be simultaneously dedicated to an existing 600-acre gas spacing unit comprising Section 8 which is currently dedicated to the State "A" A/C 2 Well No. 3 (Unit G); the State "A" A/C 2 Well No. 24 (Unit I); State "A" A/C 2 Well No. 25 (Unit A); State "A" A/C 2 Well No. 26 (Unit B); State "A" A/C 2 Well No. 43 (Unit H); State "A" A/C 2 Well No. 54 (Unit O); State "A" A/C 2 Well No. 70 (Unit P); State "A" A/C 2 Well No. 76 (Unit E); the State "A" A/C 2 Well No. 94 (Unit L); and the State "A" A/C 2 Well No. 95 (Unit F).

This application has been duly filed under the provisions of the "Special Pool Rules for the Jalmat Gas Pool," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

By authority granted me under the provisions of Rules 4(A), (B), and (D) of the special rules governing the Jalmat Gas Pool, the following described wells within this 600-acre spacing unit is hereby approved:

The State "A" A/C 2 Well No. 91 to be drilled at a standard location 660 feet from the South line and 660 feet from the West line (Unit M);

The State "A" A/C 2 Well No. 92 to be drilled 660 feet from the South line and 2180 feet from the West line (Unit N); and

The State "A" A/C 2 Well No. 49 to be re-entered 660 feet from the North line and 1980 feet from the West line (Unit C).

Further, Petrohawk is hereby authorized to simultaneously dedicate Jalmat gas production from the above-described wells.

Sincerely,

Mark E. Fesmire, P.E.
Director

cc: Oil Conservation Division - Hobbs/Artesia



June 21, 2006

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

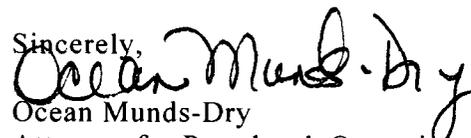
Re: Application of Petrohawk Operating Co. for administrative approval of infill gas wells and simultaneous dedication of State "A" A/C 1 Well No. 1, 330' FSL and 2310' FWL, S22-T23S-R36E, Jalmat Gas Pool, Lea County, New Mexico.

Dear Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by Petrohawk Operating Company for administrative approval of an infill gas well and simultaneous dedication for its State "A" A/C 1 Well No. 1, 330 feet from the South line and 2310 feet from the West line, Section 22, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

Petrohawk seeks to dedicate this well to an existing 280-acre gas non-standard spacing unit in Section 22 which is currently dedicated to the State "A" A/C 1 Well No. 94 (Unit C), State "A" A/C 1 Well No. 97 (Unit F), State "A" A/C 1 Well No. 19 (Unit E).

As an owner of an interest that may be affected by these proposed wells, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. If no objection is received within this twenty-day period, this application may be approved.

Sincerely,

Ocean Munds-Dry
Attorney for Petrohawk Operating Co.

Enclosures

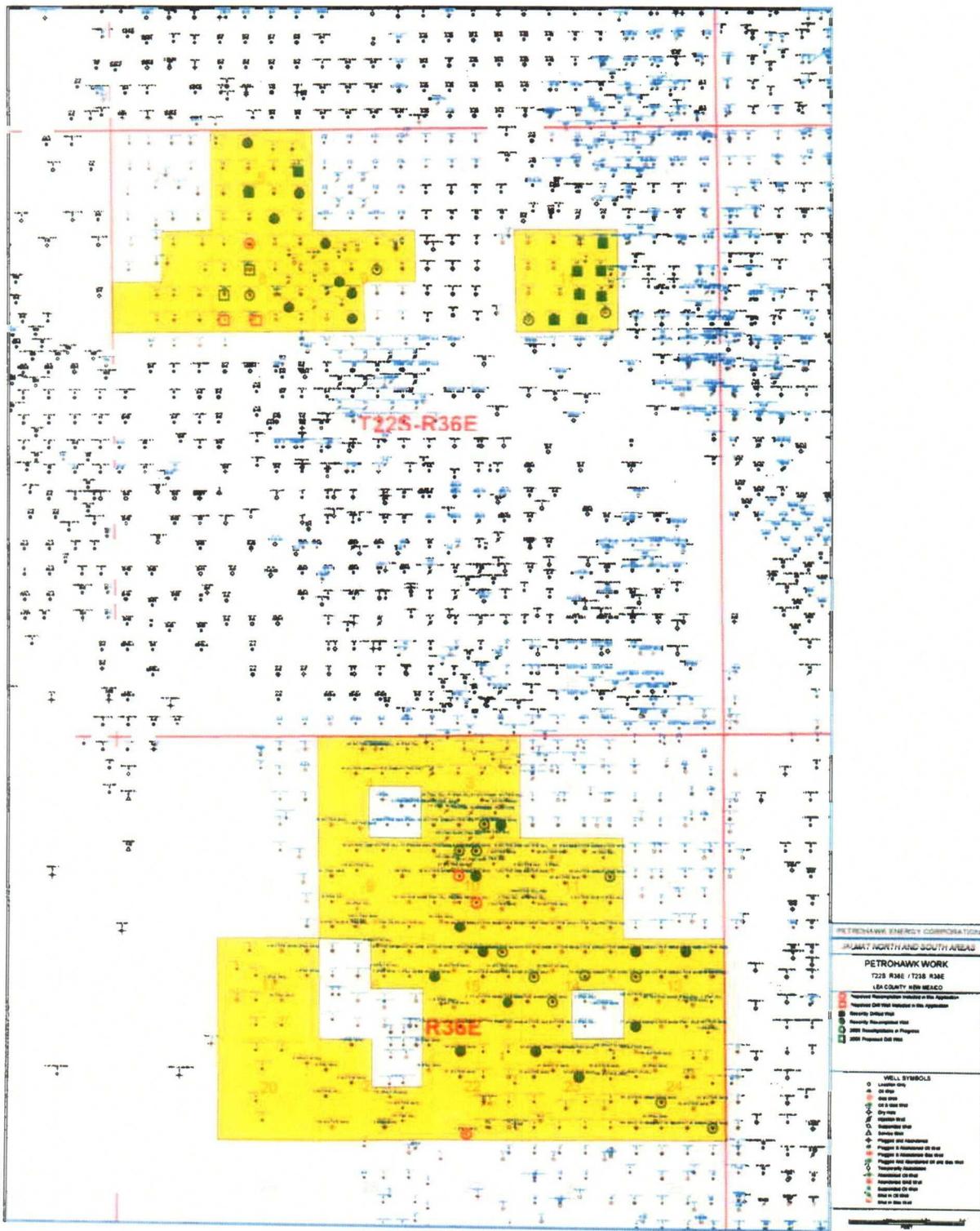


EXHIBIT 1

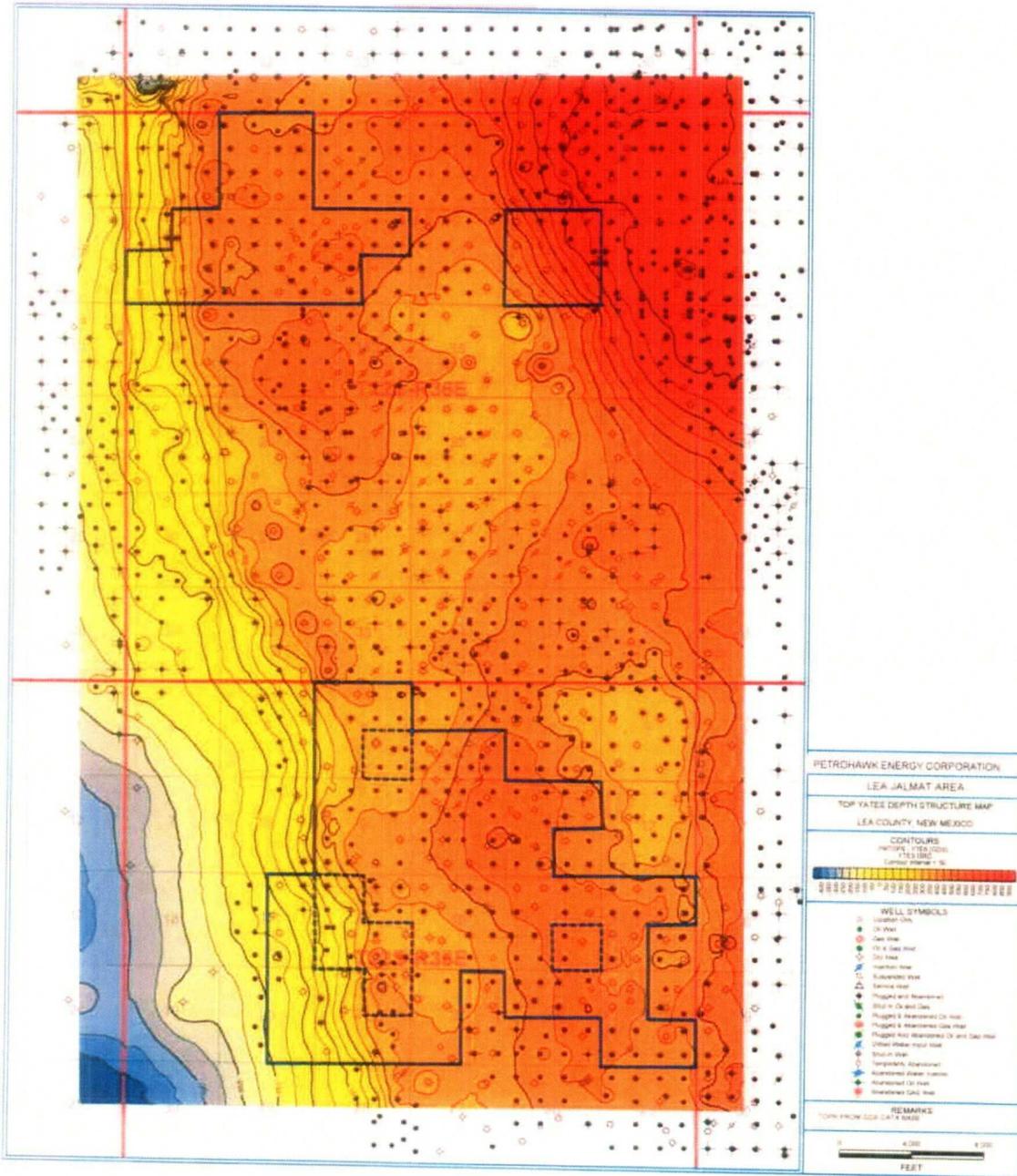


EXHIBIT 2

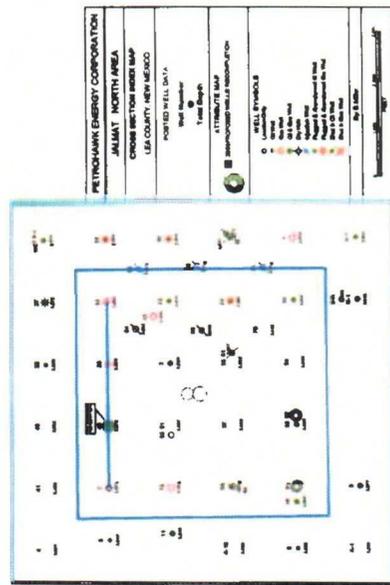
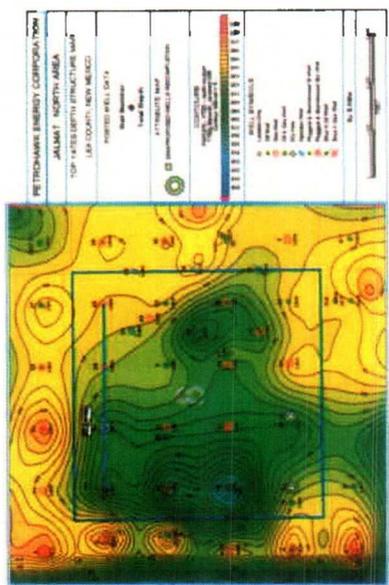
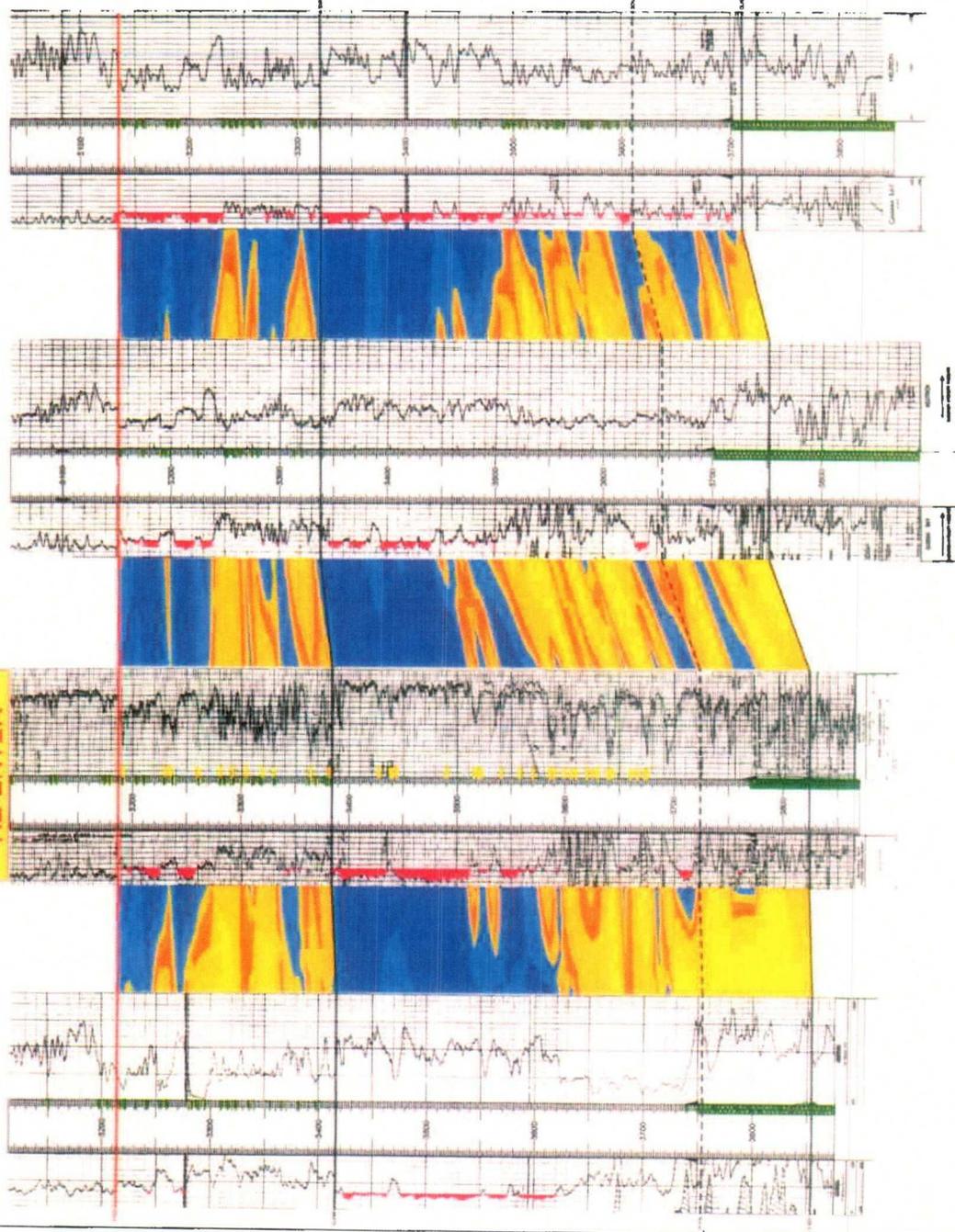
A' 30025008300000 STATE A AC-2 PETROMARK ENERGY CORP 7228 R3ME SA 060 PHL 060 PHL
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ELEV_KB : 0
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 TD : 3.675

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 ELEV_OR : 3.560
 TD : 3.650

ELEV_KB : 0
 ELEV_OF : 3.540
 ELEV_OR : 3.540
 TD : 3.680

ELEV_KB : 0
 ELEV_OF : 3.540
 ELEV_OR : 3.540
 TD : 3.670



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| PETROMARK ENERGY CORPORATION LEA JARAMAT NORTH AREA STATIONING CROSS SECTION A-A' |
| FILE NAME: SECTION_A-A' JOB NUMBER: 30025008300000 |
| Well Number Well Name Well Type Well Status Well Depth (ft) Well Completion Date Well Location |
| DATE PLOTTED: 02/08/2006 10:45 |
| By: David Miller |

EXHIBIT 3

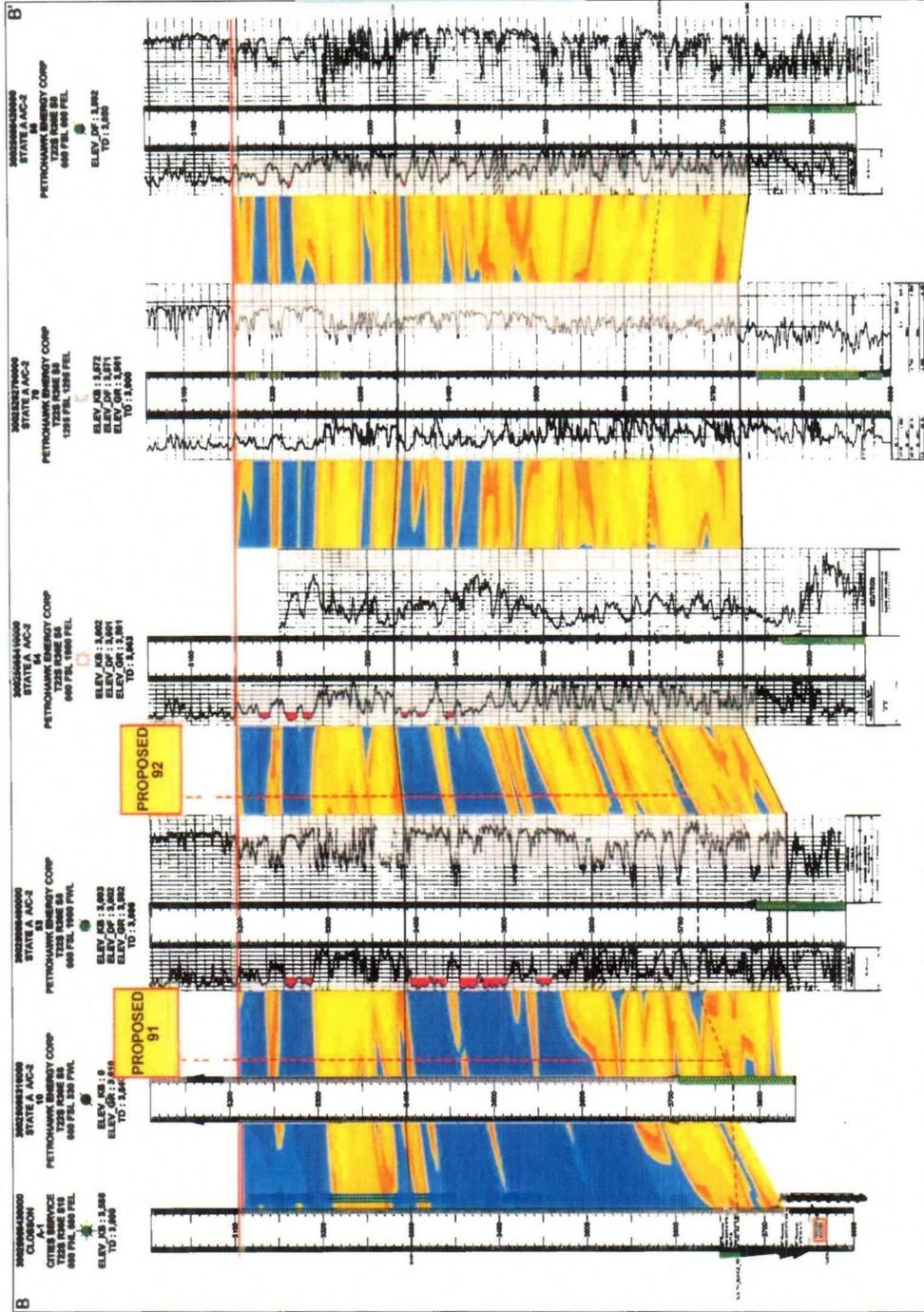
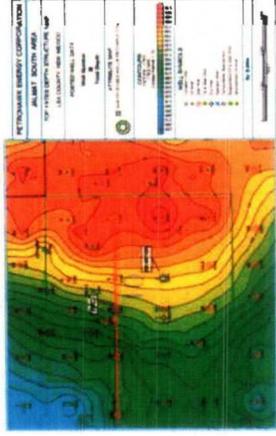
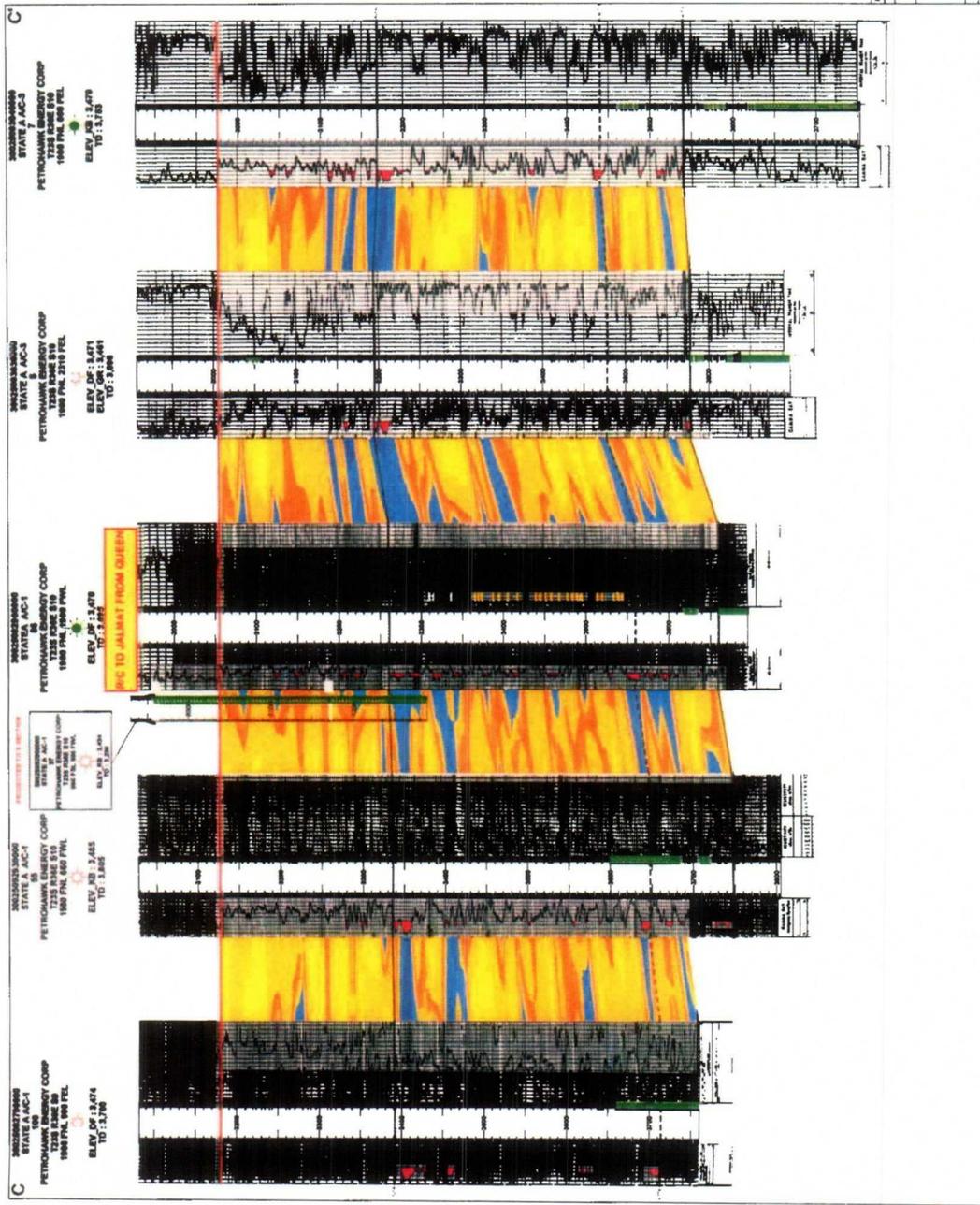


EXHIBIT 4

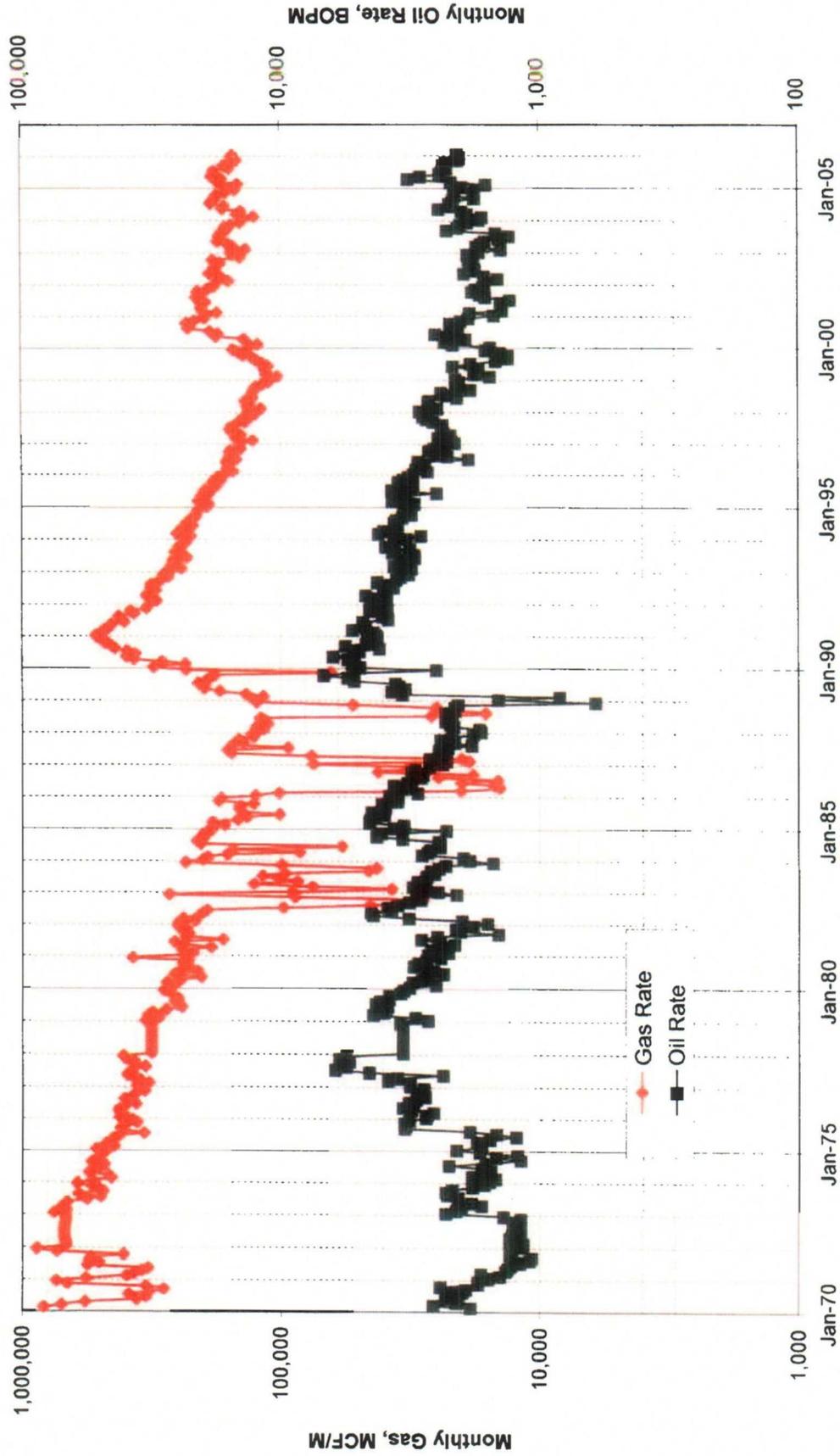
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| PETROMARK ENERGY CORP | |
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| TO: 13,706 | |
| DATE: 10/1/2010 | |
| DRAWN BY: [Name] | |
| CHECKED BY: [Name] | |

EXHIBIT 5

**Petrohawk Leases
Jalmat Field
Lea County, New Mexico**

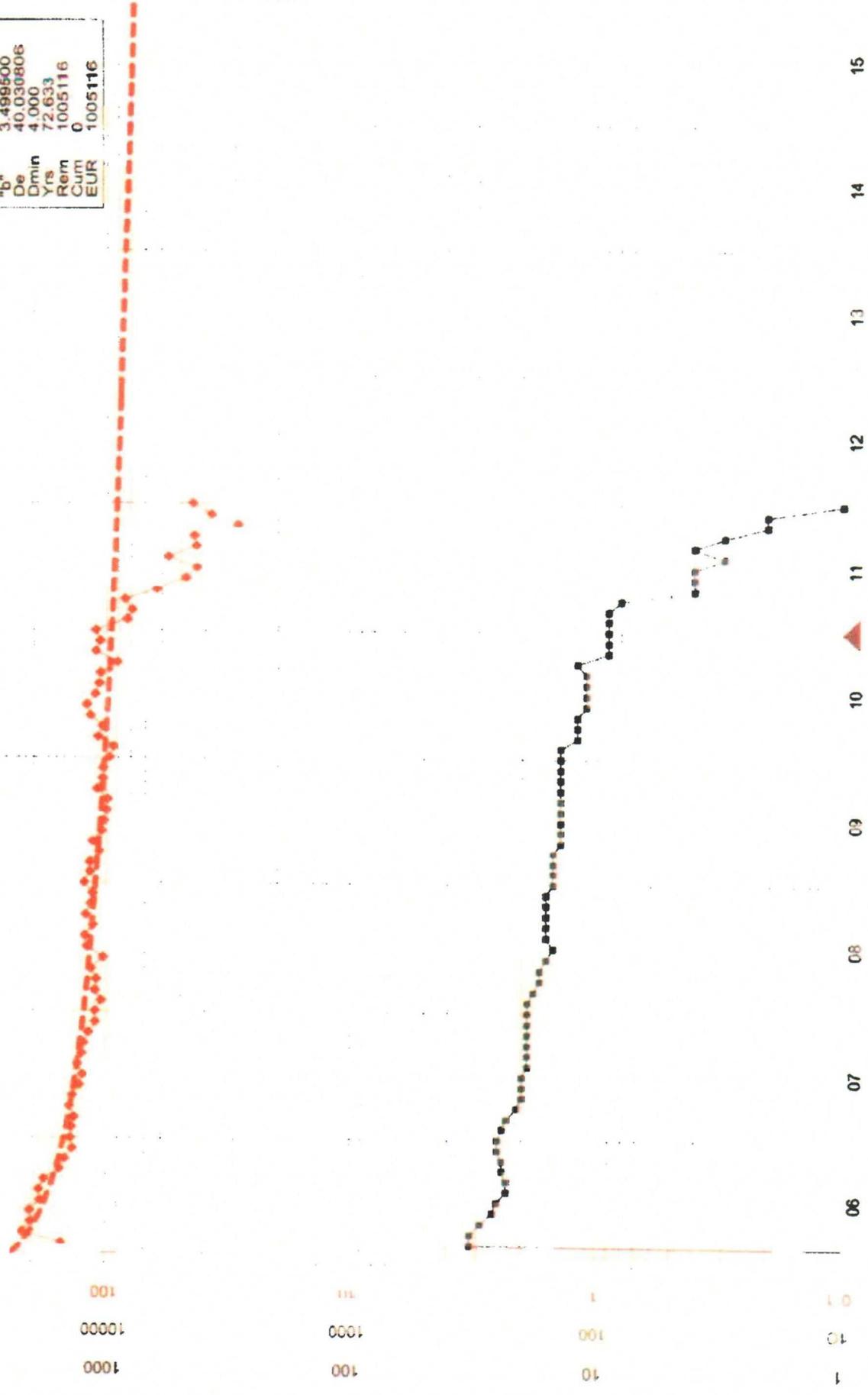


002450 | Jalmat Normalized Type Curve Case | 58BKFS7BKA

Gas_30Days

WELL COUNT
Daily Oil - stbd
Daily Gas - mctd

| Results | |
|---------|-----------|
| Qual | OC/D2005 |
| Ref | 2/1/2006 |
| Act | 0.000 |
| Est | 230.155 |
| Qref | 242.486 |
| Qab | 6.000 |
| "b" | 3.499500 |
| De | 40.030806 |
| Dmin | 4.000 |
| Yrs | 72.633 |
| Rem | 1005116 |
| Cum | 0 |
| EUR | 1005116 |



Year

Jalmat Field - New Compls since Mission / Petrohawk became operator in 3/2004

| Lease Name | Well | Location | API | Type | Oil or Gas | Field Name | Status | First Prod Date | Prod Zone Name | 8/8ths Initial Rate | | | Wtr (stb/d) |
|---------------|------|-------------|--------------|----------------|------------|------------|-----------|-----------------|----------------------------|------------------------|--------------|-------------|-------------|
| | | | | | | | | | | Oil (stb/d) | Gas (mcsf/d) | Wtr (stb/d) | |
| MATKINS | 2 | 151 23S 36E | 30-025-10720 | Add pay & Frac | Gas | JALMAT | Producing | 2005/03 | TANSILL-YATES-SEVEN RIVERS | 0 | 34 | 2 | |
| STATE A A C 1 | 57 | 198 23S 36E | 30-025-09344 | Add pay & Frac | Gas | JALMAT | Producing | 2005/03 | TANSILL-YATES-SEVEN RIVERS | 0 | 81 | 0 | |
| STATE A A C 1 | 59 | 195 23S 36E | 30-025-10725 | Add pay & Frac | Gas | JALMAT | Producing | 2005/03 | TANSILL-YATES-SEVEN RIVERS | 0 | 39 | 2 | |
| STATE A A C 1 | 65 | 23D 23S 36E | 30-025-09394 | Add pay & Frac | Gas | JALMAT | Producing | 2005/02 | TANSILL-YATES-SEVEN RIVERS | 0 | 172 | 6 | |
| STATE A A C 1 | 66 | 13D 23S 36E | 30-025-09346 | Add pay & Frac | Gas | JALMAT | Producing | 2005/04 | TANSILL-YATES-SEVEN RIVERS | 0 | 94 | 0 | |
| STATE A A C 1 | 69 | 3P 23S 36E | 30-025-09229 | Add pay & Frac | Gas | JALMAT | Producing | 2005/03 | TANSILL-YATES-SEVEN RIVERS | 0 | 158 | 0 | |
| STATE A A C 1 | 71 | 13M 23S 36E | 30-025-09347 | Add pay & Frac | Gas | JALMAT | Producing | 2005/01 | TANSILL-YATES-SEVEN RIVERS | 0 | 205 | 1 | |
| STATE A A C 1 | 82 | 198 23S 36E | 30-025-10723 | Add pay & Frac | Gas | JALMAT | Producing | 2005/01 | TANSILL-YATES-SEVEN RIVERS | 0 | 305 | 0 | |
| STATE A A C 1 | 84 | 23G 23S 36E | 30-025-09397 | Add pay & Frac | Gas | JALMAT | Producing | 2005/04 | TANSILL-YATES-SEVEN RIVERS | 0 | 176 | 0 | |
| STATE A A C 1 | 89 | 10N 23S 36E | 30-025-09298 | Add pay & Frac | Gas | JALMAT | Shut In | 2005/03 | TANSILL-YATES-SEVEN RIVERS | 0 | 8 | 35 | |
| STATE A A C 1 | 94 | 22C 23S 36E | 30-025-09384 | Add pay & Frac | Gas | JALMAT | Producing | 2005/01 | TANSILL-YATES-SEVEN RIVERS | 1 | 132 | 36 | |
| STATE A A C 2 | 1 | 9N 22S 36E | 30-025-08849 | Add pay & Frac | Gas | JALMAT | Producing | 2005/03 | TANSILL-YATES-SEVEN RIVERS | 0 | 68 | 0 | |
| STATE A A C 2 | 28 | 5I 22S 36E | 30-025-08792 | Add pay & Frac | Oil | JALMAT | Producing | 2004/06 | TANSILL-YATES-SEVEN RIVERS | 1 | 324 | 1 | |
| STATE A A C 2 | 29 | 9D 22S 36E | 30-025-08854 | Add pay & Frac | Gas | JALMAT | Producing | 2005/05 | TANSILL-YATES-SEVEN RIVERS | 0 | 162 | 0 | |
| STATE A A C 2 | 33 | 5O 22S 36E | 30-025-08793 | Add pay & Frac | Gas | JALMAT | Producing | 2004/05 | TANSILL-YATES-SEVEN RIVERS | 1 | 266 | 6 | |
| STATE A A C 2 | 38 | 9K 22S 36E | 30-025-08847 | Add pay & Frac | Gas | JALMAT | Producing | 2004/07 | TANSILL-YATES-SEVEN RIVERS | 0 | 119 | 0 | |
| STATE A A C 2 | 47 | 5C 22S 36E | 30-025-08798 | Add pay & Frac | Oil | JALMAT | Producing | 2005/04 | TANSILL-YATES-SEVEN RIVERS | 28 | 137 | 0 | |
| STATE A A C 2 | 67 | 9P 22S 36E | 30-025-28276 | Add pay & Frac | Gas | JALMAT | Producing | 2005/03 | TANSILL-YATES-SEVEN RIVERS | 0 | 70 | 0 | |
| STATE A A C 2 | 70 | 8P 22S 36E | 30-025-28279 | Add pay & Frac | Gas | JALMAT | Producing | 2004/08 | TANSILL-YATES-SEVEN RIVERS | 0 | 223 | 85 | |
| STATE A A C 2 | 81 | 5K 22S 36E | 30-025-35868 | New Drill | Gas | JALMAT | Producing | 2004/04 | TANSILL-YATES-SEVEN RIVERS | 2 | 247 | 4 | |
| STATE A A C 2 | 82 | 11J 22S 36E | 30-025-36936 | New Drill | Gas | JALMAT | Producing | 2005/05 | TANSILL-YATES-SEVEN RIVERS | 0 | 136 | 0 | |
| STATE A A C 2 | 83 | 11N 22S 36E | 30-025-36910 | New Drill | Gas | JALMAT | Producing | 2005/05 | TANSILL-YATES-SEVEN RIVERS | 0 | 70 | 0 | |
| STATE A A C 3 | 84 | 11O 22S 36E | 30-025-36935 | New Drill | Gas | JALMAT | Producing | 2005/04 | TANSILL-YATES-SEVEN RIVERS | 0 | 100 | 0 | |
| STATE A A C 2 | 85 | 11A 22S 36E | 30-025-37563 | New Drill | Gas | JALMAT | WO Compl | WO Compl | TANSILL-YATES-SEVEN RIVERS | 0 | WO Compl | 0 | |
| STATE A A C 2 | 86 | 11G 22S 36E | 30-025-37564 | New Drill | Gas | JALMAT | Producing | 2006/04 | TANSILL-YATES-SEVEN RIVERS | 0 | 243 | 0 | |
| STATE A A C 2 | 87 | 11H 22S 36E | 30-025-37565 | New Drill | Gas | JALMAT | WO Compl | 2006/05 | TANSILL-YATES-SEVEN RIVERS | Cleaning up after frac | 0 | 0 | |
| STATE A A C 2 | 88 | 11I 22S 36E | 30-025-37566 | New Drill | Gas | JALMAT | Producing | 2006/04 | TANSILL-YATES-SEVEN RIVERS | 0 | 316 | 0 | |
| STATE A A C 3 | 5 | 10G 23S 36E | 30-025-09303 | Add pay & Frac | Gas | JALMAT | Shut In | 2005/03 | TANSILL-YATES-SEVEN RIVERS | 0 | 0 | 25 | |
| STATE 157 G | 5 | 5H 22S 36E | 30-025-37801 | New Drill | Gas | JALMAT | WO Compl | WO Compl | TANSILL-YATES-SEVEN RIVERS | 0 | WO Compl | 0 | |

Avg Initial Rate:

149

| OFFSET JALMAT WELLS FOR PROPOSED NEW WELL (RE-ENTRY OF ACC 1 #1) | | | | | | | | | | |
|--|----------|-----------|-------|------------------|---------------|---------------|--------------------|----------|----------|--|
| SECTION: 22 SPOT:N T23S R36E | | | | | | | | | | |
| JALMAT FIELD, LEA CO, NM | | | | | | | | | | |
| Well # | Sec/spot | Comp date | Zones | Pay interval | Treatment | Y-7R Cum MMCF | Y-7R Cur rate MCFD | Status | Y-7R EUR | |
| 40-acre offsets, Sec 22: | | | | | | | | | | |
| LLQU #1 | 22J | Sep-60 | Queen | 3628-3740 | 54K# SD | 0 | 0 | P&A 1/00 | 0 | |
| LLQU #23 | 22J | Jul-00 | Queen | 3574-3798 | 3500 gal acid | 0 | 0 | OIL | 0 | |
| El Paso St #1 | 22J | Jun-79 | Y-7R | 3045-3538 | Natural | 1250 | 119 | GAS | 1467 | |
| AAC1 #1 | 22N | Aug-30 | Y-7R | 3115-3560 | Natural | 3182 | 0 | P&A 6/93 | 3182 | |
| | | | Y-7R | To be re-entered | | 0 | 0 | | 704 | |
| LLQU #10 | 22O | Jun-63 | Queen | 3659-3739 | 45K# SD | 0 | 0 | P&A 7/86 | 0 | |
| LLQU #20 | 22O | Apr-00 | Queen | 3577-3802 | 2500 gal acid | 0 | 0 | OIL | 0 | |
| 40-acre offsets, Sec 27: | | | | | | | | | | |
| Lynn A-2 | 27D | May-50 | Y-7R | 3024-3353 | Natural | 1950 | 0 | P&A 7/87 | 1950 | |

Jalmat - New Drill & Recomplete - Economics Summary Table

Input:

WI = 100 % **RI = 82.5%**
Prod Start Date = Drill Date + 1 mth
Initial Rate = 149 mcf/d + 0 bopd
di = 40%
n = 3.5
NGL Yield = 136 bbls/mcf
1-Gas Shrinkage = 59%
Plant Takes = 13% of residue gas & ngl's
Gas Price = \$6.00/mcf flat
Oil Price = \$60/stb flat
NGL Price = \$42.60/stb flat
OP Cost = \$1264/well/mth
CWC = 650 M\$ (New Drill) CWC = 425 M\$ (Recomplete)

(from avg of Mission/Petrohawk activity)
(from normalized type curve)
(from normalized type curve)
(from plant statements)
(from plant statements)
(contract with plant)
(no oil in economics)
(71% of Oil)
(actuals from los statement)

Results:

| | | |
|------------------|------------------|----------------|
| | <u>New Drill</u> | <u>Recompl</u> |
| 8/8ths Reserves: | 704 MMCFG | 704 MMCFG |
| NPV @ 10%: | 821 M\$ | 1039 M\$ |
| ROR: | 36% | 65% |
| Payout: | 40 mths | 26 mths |
| ROI: | 6.1 | 9.3 |

EXHIBIT 13

Affected Parties

**State A A/C 1 Well No. 1
Section 22, Township 23 South, Range 36 East, NMPM
Lea County, New Mexico.**

ConocoPhillips
Post Office Box 2197
Houston, TX 77079

Plantation Operating LLC
2203 Timberwolf Suite 229
The Woodlands, TX 77380

Cimarex Energy Co.
Post Office Box 140907 (75014-0907)
600 East Las Colinas Boulevard
Suite 1200
Irving, TX 75039

Lanexco Inc.
1105 W. Kansas
Jal, New Mexico 88252

Burgundy Oil & Gas of NM Inc.
401 W. Texas
Suite 1003
Midland, TX 79701-4413

Pogo Producing (San Juan) Co.
P.O. Box 10340
Midland, TX 79702

Energen Resources Corp.
2198 Bloomfield Hwy
Farmington, New Mexico 87401

PROPOSED WELLS IN SECTION 22-23S-36E
15

16

21

28



PH = Petrohawk
 Plant = Plantation
 Burg = Burgundy Oil
 McCas = McCasland
 CP = ConocoPhillips

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

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

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

OIL CONSERVATION DIVISION
1220 South St. Frances Dr.
Santa Fe, NM 87505

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|--|---|
| API Number 30-025-09381 | Pool Code 79240 | Pool Name JALMAT; TANSILL-YATES-7 RIVERS (GAS) |
| Property Code 33493 | Property Name STATE A A/C1 | Well Number 001 |
| OGRD No. 148381 | Operator Name PETROHAWK OPERATING COMPANY | Elevation 3413 |

Surface Location

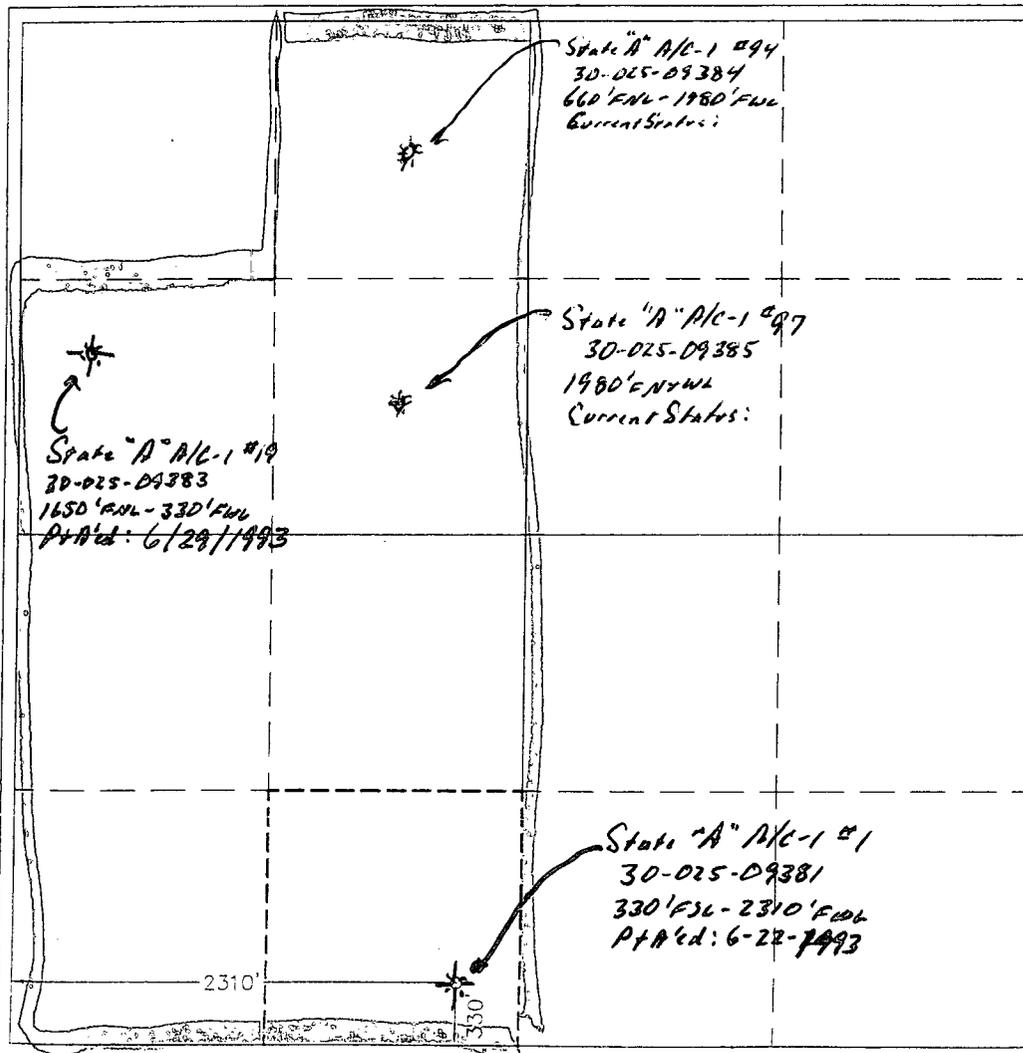
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 22 | 23 S | 36 E | | 330 | SOUTH | 2310 | WEST | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| SAME | | | | | | | | | |

| | | | |
|------------------------|---------------------------|--------------------|-----------|
| Dedicated Acres 640 | Joint or Infill 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



OPERATOR CERTIFICATION
I hereby certify 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.

Nancy K. Gatti
Signature Date
NANCY K. GATTI
Printed Name
REGULATORY MANAGER

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 & Seal of Professional Surveyor

EXHIBIT 16

Certificate No.