

PAUL BACA PROFESSIONAL COURT REPORTERS

OIL CONSERVATION DIVISION

CASE # 14248

EXHIBITS

ConocoPhillips Company
State Com AM # 37M Mesaverde / Dakota Well
Section 2-T30N-R8W



New Mexico Oil Conservation Division
Case # 14248
December 4, 2008

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
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TKELLAHIN@COMCAST.NET

October 17, 2008

HAND DELIVERED

Mr. Mark Fesmire, P.E., Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

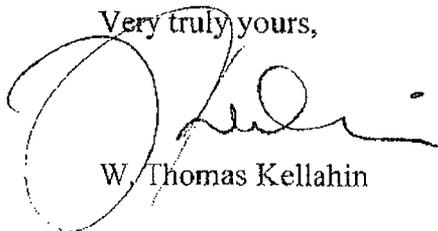
RECEIVED
2008 OCT 17 PM 12 56

Re: NMOCD Case _____:
ConocoPhillips Company for Compulsory Pooling,
San Juan County, New Mexico
Section 2, T30N, R8W to be dedicated as follows
S/2 Mesaverde and W/2 Dakota Production
State Com AM #37M (API #30-045-32884) Unit L

Dear Mr. Fesmire:

On behalf of ConocoPhillips Company, please find enclosed our
referenced Application to be set for hearing on the Examiner's docket now
scheduled for December 4, 2008.

Very truly yours,



W. Thomas Kellahin

cc: ConocoPhillips Company
Attn: Alan Alexander

CASE _____: Application of ConocoPhillips Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Dakota and Mesaverde formations underlying the S/2 and W/2 respectively of Section 2, T30N, R8W, NMPM, San Juan County, New Mexico, forming a standard 320-acre and 324.10 acre gas spacing and proration units for the Mesaverde and Dakota formations. These units are to be dedicated to its State Com AM #37M to be drilled and completed at a standard well location as a downhole commingled wellbore for production from the Dakota and Mesaverde formations in Unit L of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a 200% charge for the risk involved in this well. This unit is located approximately 3 miles northwest of the spillway of the Navajo Dam, New Mexico.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
CONOCOPHILLIPS COMPANY
FOR COMPULSORY POOLING
SAN JUAN COUNTY, NEW MEXICO.

CASE NO.

APPLICATION

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RECEIVED

ConocoPhillips Company ("ConocoPhillips") by its attorneys, Kellahin & Kellahin, seeks an order pooling all mineral interests in the Dakota and Mesaverde formations underlying the S/2 and W/2 respectively of Section 2, T30N, R8W, NMPM, San Juan County, New Mexico, forming standard 320-acre and 324.10 acre gas spacing and proration units for the Mesaverde and Dakota formation. These units are to be dedicated to its State Com AM #37M well (API # 30-045-32884) to be drilled and completed at a standard well location as a downhole commingled wellbore for production from Dakota and Mesaverde formations in Unit L of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a charge 200% charge for the risk involved in this well.

In support of its application ConocoPhillips states:

- (1) ConocoPhillips Company is a working interest owner and the proposed operator for the State Com AM 37M well to be dedicated to the S/2 Mesaverde and W/2 Dakota formations in Section 2, T30N, R8W, San Juan County, New Mexico.
- (2) ConocoPhillips has proposed to drill, complete and operate the State Com AM #37M well to be located in Unit letter L of this section and if productive to downhole commingling Dakota and Mesaverde production.

- (3) All of the interest owners in the Mesaverde formation have agreed to participate in this well, but one owner in the Dakota formation has declined.
- (4) The subject 320-acre spacing unit is located within the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool.
- (5) ConocoPhillips, despite reasonable effort, has been unable to obtain the voluntary agreement of this interest owner in this spacing unit. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, ConocoPhillips needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
- (6) In accordance with the Division's notice requirements, a copy of this application has been sent to the party whose interest is to be pooled as listed on Exhibit "A" notifying such owner of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for December 4, 2008.

WHEREFORE, ConocoPhillips, as applicant, requests that this application be set for hearing on December 4, 2008 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

- (1) ConocoPhillips Company be named operator.
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road
Santa Fe, New Mexico 87501
(505) 982-4285

Exhibit "A"

Petrohawk Energy Corp
D/B/A Petrohawk Properties LP
1000 Louisiana Suite 5600
Houston, TX 77002

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:**

**APPLICATION OF CONOCOPHILLIPS COMPANY
FOR COMPULSORY POOLING
SAN JUAN COUNTY, NEW MEXICO**

CASE NO. 14248

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by ConocoPhillips Company as required by the New Mexico Oil Conservation Division.

APPEARANCES OF THE PARTIES

APPLICANT

ConocoPhillips Company
3535 West 32nd Street
Farmington, NM 87501
Attn: Alan Alexander
Phone 505-326-9757

ATTORNEY

W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501
phone 505-982-4285
Fax 505-982-2047

OTHER PARTIES

None of record

ATTORNEY

STATEMENT OF THE CASE

APPLICANT:

ConocoPhillips is a working interest owner and the proposed operator for the State Com AM 37M well (API # 30-045-32884) to be drilled in Unit L and dedicated to the S/2 Mesaverde and W/2 Dakota formations in Section 2, T30N, R8W, San Juan County, New Mexico.

ConocoPhillips has proposed to drill, complete and operate the State Com AM #37M well to be located in Unit letter L of this section and if productive to downhole commingling Dakota and Mesaverde production.

ConocoPhillips seeks an order pooling all mineral interests in the Dakota and Mesaverde formations underlying the S/2 and W/2 respectively of Section 2, T30N, R8W, NMPM, San Juan County, New Mexico, forming standard 320-acre and 324.10 acre gas spacing and proration units for the Mesaverde and Dakota formation.

All of the interest owners in the Mesaverde formation have agreed to participate in this well, but one owner in the Dakota formation has declined.

The subject 320-acre spacing units are located within the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool.

ConocoPhillips, despite reasonable effort, has been unable to obtain the voluntary agreement of this interest owner in this spacing unit. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, ConocoPhillips needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
Bryan Dart (landman)	@ 20 -min.	@ 8

PROCEDURAL MATTERS

None

KELLAHIN & KELLAHIN

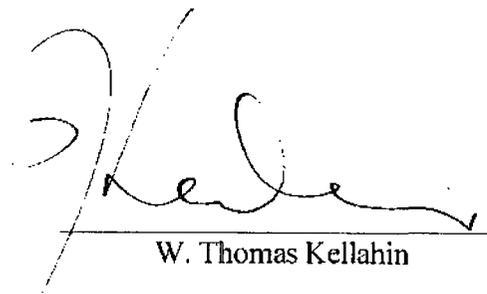


W. Thomas Kellahin

CERTIFICATION OF SERVICE

I hereby certify that a copy of this pleading was served upon the following parties and attorneys this 26th day of November 2008, by email

David K. Brooks, Esq.
Oil Conservation Division
1220 South St. Francis Drive
david.brooks@state.nm.us



W. Thomas Kellahin

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

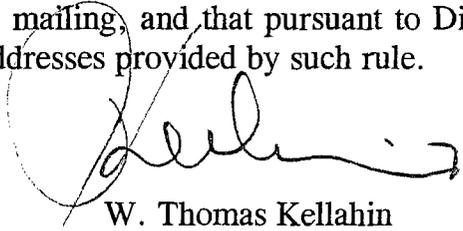
APPLICATION OF CONOCOPHILLIPS COMPANY
FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 14248

CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

W. Thomas Kellahin, being first duly sworn, hereby certifies that he is an attorney for the Applicant and is responsible for notification in this matter and that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on October 20, 2008 he caused to be send first by certified mail return-receipt requested the attached notice of this hearing and a copy of the application for the above referenced case, at least twenty days prior to the hearing of this case originally scheduled for December 4, 2008 to the party shown in said application, and as evidenced by the attached copies of return receipt cards and/or receipts of certified mailing, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.


W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 1st day of December 2008, by W. Thomas Kellahin.



Lynda Kellahin, Notary Public
My Commission Expires:



KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

October 20, 2008

TO: NOTICE OF THE HEARING OF THE FOLLOWING NEW
MEXICO OIL CONSERVATION DIVISION CASE:

Re: NMOCD CASE
Application of ConocoPhillips Company for
Compulsory Pooling,
San Juan County, New Mexico

On behalf of ConocoPhillips Company, please find enclosed our application for a compulsory pooling for the S/2 Mesaverde and W/2 Dakota in Section 2, T30N, R8W; to be dedicated to the State Com AM #37M (API # 30-045-32884) well that has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket at 8:15 a.m. on December 4, 2008. The hearing will be held at the Division hearing room located at 1220 South Saint Francis Drive, Santa Fe, New Mexico.

As an interest owner who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 5:00 PM on Thursday, November 27, 2008, with a copy delivered to the undersigned.

Very truly yours,

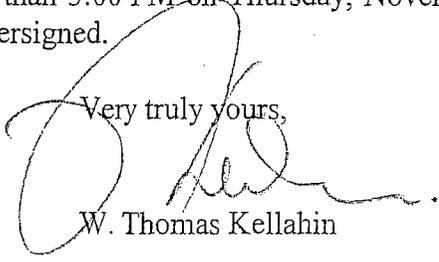

W. Thomas Kellahin

Exhibit "A"

Petrohawk Energy Corp
 D/B/A Petrohawk Properties LP
 1000 Louisiana Suite 5600
 Houston, TX 77002

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery J. JONET 10/23/08</p>
<p>1. Article Addressed to:</p> <p>Petrohawk Energy Corp D/B/A Petrohawk Properties LP 1000 Louisiana Suite 5600 Houston, TX 77002</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label)</p>	<p>7008 1140 0002 1503 5229</p>

PS Form 3811, February 2004

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Total P _r		

Sent To: Petrohawk Energy Corp
 D/B/A Petrohawk Properties LP
 1000 Louisiana Suite 5600
 Houston, TX 77002

Street, P.O. or F.D. No.
 City, State

5225 505T 2000 04TT 9002
 7008 1140 0002 1503 5229