

13. June 07 DATE IN	SUSPENSE	W. Jones ENGINEER	14. June 07 LOGGED IN	DHC TYPE	pCLP0716542680 APP NO
------------------------	----------	----------------------	--------------------------	-------------	--------------------------

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 _____

RECEIVED

JUN 13 2007

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

E-MAIL: svaughn@petrohawk.com



RECEIVED

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:

<u>Well Name</u>	<u>Attachments</u>
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.

A handwritten signature in black ink that reads "Sheila Vaughn". The signature is fluid and cursive, with the first name "Sheila" and last name "Vaughn" clearly distinguishable.

Sheila Vaughn
Production Analyst

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

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
District IV
1220 S St Francis Dr, Santa Fe, NM 87505

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 Emice; 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

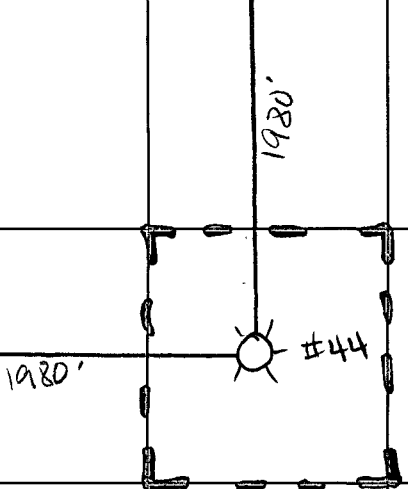
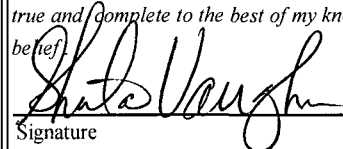
UL or lot no F	Section 5	Township 22S	Range 36E	Lot Idn	Feet from the 1980	North/South line NORTH	Feet from the 1980	East/West line WEST	County LEA
--------------------------	---------------------	------------------------	---------------------	---------	------------------------------	----------------------------------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

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 /
--------------------------------------------	------------------------------------	---------------------------------------	-----------------------------

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

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Sheila Vaughn Printed Name Production Analyst svaughn@petrohawk.com Title and E-mail Address 5/1/2007 Date
	¹⁸ SURVEYOR CERTIFICATION <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>
	Date of Survey Signature and Seal of Professional Surveyer
	Certificate Number

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

District IV

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

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. F	Section 5	Township 22S	Range 36E	Lot Idn	Feet from the 1980	North/South line NORTH	Feet from the 1980	East/West line WEST	County 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: <u>Eddie W. Seay</u> Date: <u>06/05/2007</u> Printed Name: <u>Eddie Seay Agent</u>
	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:

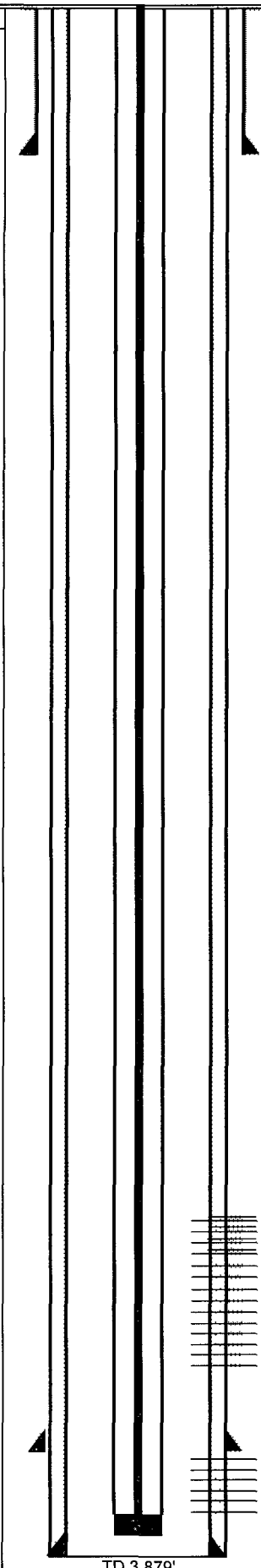
Notes on Commingling Permit for State A A/C-2 #44

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																																			
				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'																																
				<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>CASING</th> <th>LINER</th> <th>TUBING</th> </tr> </thead> <tbody> <tr> <td>Hole</td> <td>12"</td> <td>8 3/4"</td> <td></td> </tr> <tr> <td>Pipe</td> <td>9 5/8"</td> <td>7"</td> <td>4-1/2"</td> </tr> <tr> <td>Weight</td> <td>32#</td> <td>20#</td> <td>11 6</td> </tr> <tr> <td>Grade</td> <td></td> <td></td> <td>J-55</td> </tr> <tr> <td>Thread</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Depth</td> <td>312'</td> <td>3,795'</td> <td>3,875'</td> </tr> <tr> <td>Mud wt</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		CASING	LINER	TUBING	Hole	12"	8 3/4"		Pipe	9 5/8"	7"	4-1/2"	Weight	32#	20#	11 6	Grade			J-55	Thread				Depth	312'	3,795'	3,875'	Mud wt			
	CASING			LINER	TUBING																															
Hole	12"	8 3/4"																																		
Pipe	9 5/8"	7"	4-1/2"																																	
Weight	32#	20#	11 6																																	
Grade			J-55																																	
Thread																																				
Depth	312'	3,795'	3,875'																																	
Mud wt																																				
		9 5/8" @ 312' w/300 sx Cmt																																		
			TOC 2506'																																	
				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 MCFD 1/19/90 Attempted to pull pkr & found it to be stuck. Cut tbg @ 3,403' & set CIBP @ 3,400'.																																
YATES	3,194'		Jalmat Pool Perfs 3200 - 3680 Selectively perforated with total of 30 holes																																	
7 RVRS	3,388'																																			
QUEEN	3,798'		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																																	
		TD 3,879'																																		

PROPOSED