

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

July 22, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Hal J. Rasmussen Operating, Inc.
Six Desta Drive
Suite 2070
Midland, Texas 79705

Attention: Jay Cherski

Amended Administrative Order NSL-2727
Amended Administrative Order NSL-2729
Amended Administrative Order NSL-2731

Dear Mr. Cherski:

Reference is made to your applications dated December 6, 1989 and February 1, 1990 made pursuant to the provisions of Division Administrative Orders NSL-2727, NSL-2729, and NSL-2731, all dated December 7, 1989, which collectively authorized three unorthodox Jalmat Gas well locations for the State "A" A/C-1 Well Nos. 49, 88 and 89 located respectively in Units D, K, and N of Section 10, Township 23 South, Range 36 East, NMPM, Lea County New Mexico.

Administrative Order NSL-2727 provided that the State "A" A/C-1 Well No. 88, located 1980 feet from the South and West lines (Unit K) of said Section 10, be simultaneously dedicated with the State "A" A/C-1 Well Nos. 37 and 38, located, respectively in Units F and M of said Section 10 to a then existing 320-acre non-standard gas spacing and proration unit (approved by Division Order No. R-4116, dated March 10, 1971) comprising the N/2 SE/4 and SE/4 SE/4 of Section 9 and the S/2 NW/4, N/2 SW/4, and SW/4 SW/4 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.

Administrative Order NSL-2729 provided that the State "A" A/C-1 Well No. 49, located 660 feet from the North and West lines (Unit D) of said Section 10, be simultaneously dedicated with the State "A" A/C-1 Well No. 35, located 1650 feet from the South line and 990 feet from the West line (Unit L) of Section 3, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, to a then existing 240-acre non-standard gas spacing and proration unit (approved by Division Order No. R-3892, dated December 5, 1969) comprising the SW/4 of said Section 3 and the N/2 NW/4 of said Section 10.

Administrative Order NSL-2731 provided that the State "A" A/C-1 Well No. 89, located 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 10, be simultaneously dedicated with the State "A" A/C-1 Well Nos. 31 and 33, located, respec-

Hal J. Rasmussen Operating, Inc.
Amended Orders NSL-2727, NSL-2729, and NSL-2731
July 22, 1991
Page 2

tively in Unit H and F of Section 15, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, to a then existing 280-acre non-standard gas spacing and proration (approved by Division Order No. R-4361, as amended) comprising the SE/4 SW/4 of said Section 10 and the S/2 NE/4 and NW/4 of said Section 15.

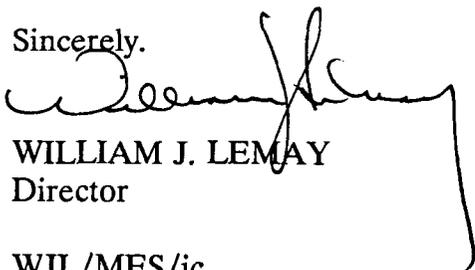
Subsequent to the issuance of said Administrative Orders NSL-2727, NSL-2729, and NSL-2731, the Division on December 14, 1989 issued Order No R-9073, as corrected by Order No. R-9073-B, which authorized, in part, a 520-acre non-standard gas spacing and proration unit (Paragraph No. (8) of Exhibit "A") comprising the S/2 NE/4, N/2 SE/4 and SE/4 SE/4 of Section 9 and the W/2 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, and had dedicated thereon, the State "A" A/C-1 Well Nos. 37 and 38 located, respectively, at standard gas well locations in Units F and M of said Section 10.

At this time, Division Administrative Orders NSL-2727, NSL-2729, and NSL-2731 should all be amended to include the State "A" A/C-1 Well Nos. 88, 49, and 89 in the current 520-acre non-standard gas spacing and proration unit.

The unorthodox location portions of said Orders NSL-2727, NSL-2729, and NSL-2731, all dated December 7, 1990 and those provisions applicable to the subject GPU in Division Order Nos. R-9073 and R-9073-B shall remain in full force and effect until further notice.

Also, you are hereby authorized to simultaneously dedicate Jalmat Gas production from the State "A" A/C-1 Well Nos. 37 and 38 with the State "A" A/C-1 Well Nos. 49, 88 and 89; furthermore, you are hereby permitted to produce the allowable assigned the GPU to all five wells in any proportion.

Sincerely,



WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs
NMOCD - Santa Fe
File: Case - 9775
NSL - 2727 ✓
NSL - 2729
NSL - 2731



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 25, 1999

Raptor Resources, Inc.
P. O. Box 160430
Austin, Texas 78716-0430
Attention: Bill R. Keathly

Administrative Order NSL-4371(SD)

Dear Mr. Keathly:

Reference is made to the following: (i) your initial application submitted to the New Mexico Oil Conservation Division ("Division") on August 20, 1999; (ii) the Division's records in Santa Fe; (iii) the Division's initial response from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer in Santa Fe, by letter dated September 17, 1999; and (iv) your resubmitted application dated September 24, 1999, which was received by the Division on October 4, 1999: all concerning Raptor Resources, Inc.'s ("Raptor") request for an unorthodox Jalmat infill gas well location within an existing non-standard 520-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising the S/2 NE/4, N/2 SE/4, and SE/4 SE/4 of Section 9 and the W/2 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico. This GPU was established by Division Order No. R-9073, dated December 14, 1989, as amended by Division Order No. R-9073-B [Paragraph No. (8) of Exhibit "A"] and had dedicated thereon the two following wells:

- (1) State "A" A/C-1 Well No. 37 (API No. 30-025-09290), located at a standard gas well location 1650 feet from the North and West lines (Unit F) of Section 10; and
- (2) State "A" A/C-1 Well No. 38 (API No. 30-025-09291), located at a standard gas well location 990 feet from the South and West lines (Unit M) of Section 10.

By Division Administrative Order NSL-2727, dated December 7, 1989, as amended by order dated July 22, 1991, another well for this GPU, the State "A" A/C-1 Well No. 88 (API No. 30-025-09297), located at an unorthodox gas well location 1980 feet from the South and West lines (Unit K) of Section 10 was also approved.

By Division Administrative Order NSL-2729, dated December 7, 1989, as amended by order dated July 22, 1991, another well for this GPU, the State "A" A/C-1 Well No. 49 (API No. 30-025-09292), located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 10 was also approved.

By Division Administrative Order NSL-2731, dated December 7, 1989, as amended by order dated July 22, 1991, another well for this GPU, the State "A" A/C-1 Well No. 89 (API No. 30-025-09298), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line

(Unit N) of Section 10 was also approved.

In August, 1990 an additional well was completed in this GPU, the State "A" A/C-1 Well No. 55 (API No. 30-025-09293), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 10.

It is our understanding that the subject well to be considered at this time is currently completed in the Langlie-Mattix-Seven Rivers-Queen-Grayburg Pool, however it is to be plugged back and recompleted up-hole into the Jalmat Gas Pool upon issuance of this order.

By authority granted me under the provisions of Rule 2(d) of the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, and Division Rule 104.F (2) the following well located at an unorthodox Jalmat gas well location in Section 10 is hereby approved:

**State "A" A/C-1 Well No. 81
660' FNL & 1980' FWL (Unit C)
(API No. 30-025-09295).**

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-1 Well No. 81 with the State "A" A/C-1 Wells No. 37, 38, 49, 55, 88, and 89. Furthermore, Raptor is hereby permitted to produce the allowable assigned the subject 520-acre GPU from all seven of the above-described wells in any proportion

All provisions applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Orders NSL-2727, as amended, NSL-2729, as amended, and NSL-2731, as amended, shall remain in full force and affect until further notice.

Sincerely,



Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-2727
NSL-2729
NSL-2731



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 19, 2001

Lori Wrotenberg
Director
Oil Conservation Division

Raptor Resources, Inc.
c/o William F. Carr
Holland & Hart L.L.P. and Campbell & Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Telefax No. (505) 983-6043

Administrative Order SD-01-09

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Raptor Resources, Inc. ("Raptor") dated November 28, 2001 (*application reference No. pKRV0-133340581*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Administrative Orders NSL-2727, NSL-2729, NSL-2731, and NSL-4371 (SD) and Division Cases No. 9775 (which resulted in the issuance of Division Orders No. R-9073 and R-9073-B) and No. 12623 (which resulted in the issuance of Division Order No. R-11591); all concerning Raptor's requests for an additional infill gas well within an existing non-standard 520-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool (79240) comprising the following described acreage in Lea County, New Mexico:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 9: S/2 NE/4, N/2 SE/4, and SE/4 SE/4
Section 10: W/2.

This 520-acre GPU was established by Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989, as amended by Division Order No. R-9073-B [Paragraph No. (8) of Exhibit "A"].

The rules and procedures governing the Jalmat Gas Pool at the time this application was submitted include but are not necessarily limited to:

- (i) the "*Special Rules and Regulations for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170, as amended;
- (ii) Division Rule 605.B;
- (iii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999;
- (iv) Rule 1207.A (2); and
- (v) the amended Stipulated Declaratory Judgement of the First Judicial District Court in Santa Fe County, New Mexico issued on July 11,

2001 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgement").

By the authority granted me under the provisions of these rules, regulations, and directives, Raptor is hereby authorized to simultaneously dedicate gas production from the Jalmat Gas Pool to the above-described 520-acre GPU from the following ten wells:

- (1) the existing State "A" A/C-1 Well No. 37 (**API No. 30-025-09290**), located at a standard gas well location 1650 feet from the North and West lines (Unit F) of Section 10, which was the subject of Division Orders No. R-9073 and R-9073-B;
- (2) the existing State "A" A/C-1 Well No. 38 (**API No. 30-025-09291**), located at a standard gas well location 990 feet from the South and West lines (Unit M) of Section 10, which also was the subject of Division Orders No. R-9073 and R-9073-B;
- (3) the existing State "A" A/C-1 Well No. 49 (**API No. 30-025-09292**), located at an unorthodox gas well location (approved by Division Administrative Order NSL-2729, dated December 7, 1989, as amended by order dated July 22, 1991) 660 feet from the North and West lines (Unit D) of Section 10;
- (4) the existing State "A" A/C-1 Well No. 55 (**API No. 30-025-09293**), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 10;
- (5) the existing State "A" A/C-1 Well No. 81 (**API No. 30-025-09295**), located at an unorthodox gas well location (approved by Division Administrative Order NSL-4371, dated October 25, 1999) 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 9;
- (6) the existing State "A" A/C-1 Well No. 88 (**API No. 30-025-09297**), located at an unorthodox gas well location (approved by Division Administrative Order NSL-2727, dated December 7, 1989, as amended by order dated July 22, 1991) 1980 feet from the South and West lines (Unit K) of Section 10;
- (7) the existing State "A" A/C-1 Well No. 89 (**API No. 30-025-09298**), located at an unorthodox gas well location (approved by Division Administrative Order NSL-2731, dated December 7, 1989, as amended by order dated July 22, 1991) 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 10;
- (8) the proposed State "A" A/C-1 Well No. 130 (**API No. 30-025-**

35552), yet to be drilled at an unorthodox gas well location (approved by Division Order No. R-11591, dated May 31, 2001) 660 feet from the South and East lines (Unit P) of Section 9;

(9) the proposed State "A" A/C-1 Well No. 131 (API No. 30-025-35556), yet to be drilled at an unorthodox gas well location (also approved by Division Order No. R-11591) 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 9; and

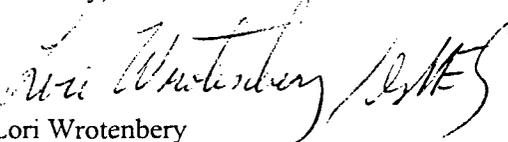
(10) the previously plugged and abandoned Clayton W. Williams, Jr., Inc. State "A" A/C-1 Well No. 56 (API No. 30-025-09294), to be re-entered and completed to the Jalmat Gas Pool at a standard infill gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 10.

Raptor is hereby permitted to produce the allowable assigned the subject 520-acre GPU from all ten of the aforementioned wells in any proportion.

All provisions applicable to the subject 520-acre GPU in Division Orders No. R-9073 and R9073-B and Division Administrative Orders NSL-2727, NSL-2729, NSL-2731, and NSL-4371, not in conflict with this order, shall remain in full force and affect until further notice

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-2727
NSL-2729
NSL-2731
NSL-4371 (SD)



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

January 8, 2003

Raptor Resources, Inc.
c/o Holland & Hart LLP
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSP-1862 (SD)

Dear Mr. Carr:

Reference is made to the following: (i) your application (*application reference No. pKRV0-235438380*) on behalf of the operator, Raptor Resources, Inc.'s ("Raptor"), dated December 19, 2002; and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Administrative Orders NSL-2727, NSL-2729, NSL-2731, NSL-4371 (SD), and SD-01-09 and Division Cases No. 9775 (which resulted in the issuance of Division Orders No. R-9073 and R-9073-B) and No. 12623 (which resulted in the issuance of Division Order No. R-11591): all concerning Raptor's requests to decrease the acreage of the existing 520-acre non-standard gas spacing unit for the Jalmat Gas Pool (79240), comprising the S/2 NE/4, N/2 SE/4, and SE/4 SE/4 of Section 9 and the W/2 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, by deleting therefrom the 40-acre tract comprising the SE/4 SE/4 (Unit P) of Section 9.

This 520-acre non-standard gas spacing unit was initially established by Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989, as amended by Division Order No. R-9073-B [Paragraph No. (8) of Exhibit "A"].

Your application submitted on behalf of Raptor 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.

It is our understanding from this application and the Division's records that the following ten wells are shown to be currently dedicated to the aforementioned 520-acre non-standard gas spacing unit:

- (1) the existing State "A" A/C-1 Well No. 37 (API No. 30-025-09290), located 1650 feet from the North and West lines (Unit F) of Section 10, which well was the subject of Division Orders No. R-9073 and R-9073-B;

(2) the existing State "A" A/C-1 Well No. 38 (API No. 30-025-09291), located 990 feet from the South and West lines (Unit M) of Section 10, which well was also the subject of Division Orders No. R-9073 and R-9073-B;

(3) the existing State "A" A/C-1 Well No. 49 (API No. 30-025-09292), located 660 feet from the North and West lines (Unit D) of Section 10, which well was the subject of Division Administrative Order NSL-2729, dated December 7, 1989, as amended by order dated July 22, 1991;

(4) the existing State "A" A/C-1 Well No. 55 (API No. 30-025-09293), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 10;

(5) the existing State "A" A/C-1 Well No. 81 (API No. 30-025-09295), located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 10, which well was the subject of Division Administrative Order NSL-4371, dated October 25, 1999;

(6) the existing State "A" A/C-1 Well No. 88 (API No. 30-025-09297), located 1980 feet from the South and West lines (Unit K) of Section 10, which well was the subject of Division Administrative Order NSL-2727, dated December 7, 1989, as amended by order dated July 22, 1991;

(7) the existing State "A" A/C-1 Well No. 89 (API No. 30-025-09298), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 10, which well was the subject of Division Administrative Order NSL-2731, dated December 7, 1989, as amended by order dated July 22, 1991;

(8) the recently drilled State "A" A/C-1 Well No. 130 (API No. 30-025-35552), located 660 feet from the South and East lines (Unit P) of Section 9, which well was the subject of Division Order No. R-11591, issued in Case No. 12623 on May 31, 2001;

(9) the recently drilled State "A" A/C-1 Well No. 131 (API No. 30-025-35556), located 1980 feet from the South line and 660 feet

from the East line (Unit I) of Section 9, which well was also the subject of Division Order No. R-11591); and

(10) the previously plugged and abandoned Clayton W. Williams, Jr., Inc. State "A" A/C-1 Well No. 56 (API No. 30-025-09294), located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 10 is to be re-entered and completed to the Jalmat Gas Pool.

IT SHALL BE NOTED AT THIS TIME THAT the locations of all the above described State "A" A/C-1 Wells No. 37, 38, 49, 55, 56, 81, 88, 89, 130, and 131 are now considered to be standard for this 520-acre non-standard unit pursuant to Rule 3 (A) (2) of the special rules currently governing the Jalmat Gas Pool.

It our understanding that the above described State "A" A/C-1 Well No. 130 in Unit "P" of Section 9 was recently completed as a Jalmat "oil" well and its corresponding 40-acre standard oil spacing and proration unit comprising the SE/4 SE/4 (Unit P) of Section 9 is to be omitted from the 520-acre non-standard gas unit at this time.

By the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules governing the Jalmat Gas Pool, the following described 480-acre non-standard gas spacing unit is hereby approved:

LEA COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 9: S/2 NE/4 and N/2 SE/4

Section 10: W/2.

Also, pursuant to Rule 6 (B) of the Jalmat special pool rules, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-1 Wells No. 37, 38, 49, 55, 56, 81, 88, 89, and 131.

All provisions applicable to this newly formed 480-acre non-standard gas spacing unit in Division Orders No. R-9073 and R-9073-B and Division Administrative Order SD-01-09 not in conflict with this order shall remain in full force and affect until further notice. At this time Division Administrative Orders NSL-2727, as amended, NSL-2729, as amended, NSL-2731, as amended, and NSL-4371 (SD) and Division Order No. R-11591 are hereby placed in abeyance until further notice.

Administrative Order NSP-1862 (SD)

Raptor Resources, Inc.

January 8, 2003

Page 4

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenbery

Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs

New Mexico State Land Office - Santa Fe

File: NSL-2727 /

NSL-2729

NSL-2731

NSL-4371 (SD)

SD-01-09



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 14, 2006

Petrohawk Operating Company

c/o **Holland & Hart LLP**

Attention: Ms. Ocean Munds-Dry (omundsdry@hollandhart.com)

P. O. Box 2208

Santa Fe, New Mexico 87504-2208

AMENDED Administrative Order NSP-1862 (SD)

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your original application filed on behalf of the operator, Petrohawk Operating Company ("Petrohawk"), and submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 22, 2006 (*administrative application reference No. pTDS0-617438230*); (ii) the Division's initial response by letter from Mr. Michael E. Stogner, Staff Engineer in Santa Fe, denying this application, wrongfully so as it turns out; (iii) your re-submittal of this application on August 10, 2006; and (iv) the Division's records in Hobbs and Santa Fe, including the files on Division Administrative Orders NSL-2727, NSL-2729, NSL-2731, NSL-4371 (SD), SD-01-09, and NSP-1862 (SD), and Division Cases No. 9775 (which resulted in the issuance of Division Orders No. R-9073 and R-9073-B) and No. 12623 (which resulted in the issuance of Division Order No. R-11591); all concerning Petrohawk's plans for the continued development of the Jalmat Gas Pool (**79240**) within the existing non-standard 480-acre gas spacing unit comprising the S/2 NE/4 and N/2 SE/4 of Section 9 and the W/2 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.

Your 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.

Division Administrative Order NSP-1862 (SD), dated January 8, 2003, established the subject 480-acre unit for the following nine wells, all at locations considered to be standard for this 480-acre non-standard unit pursuant to Rule 3 (A) (2) of the special rules currently governing the Jalmat Gas Pool.

- (1) State "A" A/C-1 Well No. 37 (**API No. 30-025-09290**), located 1650 feet from the North and West lines (Unit F) of Section 10, which well was the subject of Division Orders No. R-9073 and R-9073-B;
- (2) State "A" A/C-1 Well No. 38 (**API No. 30-025-09291**), located 990 feet from the South and West lines (Unit M) of Section 10, which well was also the subject of Division Orders No. R-9073 and R-9073-B;

- (3) State "A" A/C-1 Well No. 49 (API No. 30-025-09292), located 660 feet from the North and West lines (Unit D) of Section 10, which well was the subject of Division Administrative Order NSL-2729, dated December 7, 1989, as amended by order dated July 22, 1991;
- (4) State "A" A/C-1 Well No. 55 (API No. 30-025-09293), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 10;
- (5) the plugged and abandoned Clayton W. Williams, Jr., Inc. State "A" A/C-1 Well No. 56 (API No. 30-025-09294), located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 10;
- (6) State "A" A/C-1 Well No. 81 (API No. 30-025-09295), located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 10, which well was the subject of Division Administrative Order NSL-4371, dated October 25, 1999;
- (7) State "A" A/C-1 Well No. 88 (API No. 30-025-09297), located 1980 feet from the South and West lines (Unit K) of Section 10, which well was the subject of Division Administrative Order NSL-2727, dated December 7, 1989, as amended by order dated July 22, 1991;
- (8) State "A" A/C-1 Well No. 89 (API No. 30-025-09298), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 10, which well was the subject of Division Administrative Order NSL-2731, dated December 7, 1989, as amended by order dated July 22, 1991; and
- (9) State "A" A/C-1 Well No. 131 (API No. 30-025-35556), located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 9, which well was also the subject of Division Order No. R-11591).

It is the Division's understanding that Petrohawk as the operator of this 480-acre Jalmat gas spacing unit intends to replace its above-described State "A" A/C-1 Well No. 37 (API No. 30-025-09290) in Unit "F" of Section 10 with its State "A" A/C-1 Well No. 86 (API No. 30-025-09296), located at a standard Jalmat gas well location 1980 feet from the North and West lines of Section 10. The No. 86 well was drilled in March 20, 1960 by Texas Pacific Coal & Oil of Fort Worth, Texas and completed in the Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool (37240) at a standard oil well location within a standard 40-acre oil spacing and proration unit comprising the SE/4 NW/4 of Section 10. This well has been TA'ed (temporarily abandoned) since 1968.

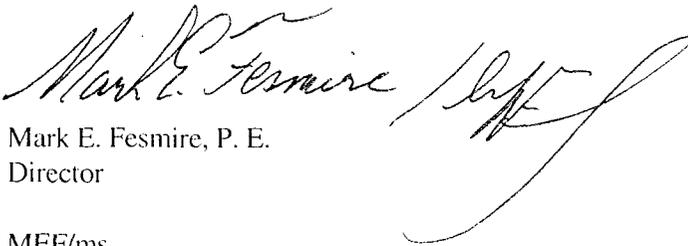
Once Jalmat gas production is established in the State "A" A/C-1 Well No. 86, Petrohawk shall cease producing from the Jalmat Gas Pool from the State "A" A/C-1 Well No. 37 and abandon this interval.

Further, by the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules governing the Jalmat Gas Pool, Petrohawk shall at that time be authorized to simultaneously dedicate Jalmat gas production to the aforementioned 480-acre non-standard gas spacing unit from the nine above-described State "A" A/C-1 Wells No. 38, 49, 55, 56, 81, 86, 88, 89, and 131.

All provisions applicable to the subject 480-acre non-standard Jalmat gas spacing unit in Division Administrative Order NSP-1862 (SD), not in conflict with this order, shall remain in full force and affect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-2727
NSL-2729
NSL-2731
NSL-4371 (SD)
SD-01-09
NSP-1862 (SD)
