



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 6, 2008

Petrohawk Operating Company
Attn: Mr. Eddie Seay
601 W. Illinois
Hobbs, NM 88242

Administrative Order NSP-1636-C
Administrative Order SD-200804

Re: Lot 4 (NW/4 NW/4), S/2 NW/4 and S/2
Section 5, Twsp 22S, Range 36E
Lea County

Dear Mr. Seay:

Reference is made to the following:

(a) your application (**administrative Non Standard Proration Unit application reference No. pKVR07-30436563 and administrative Simultaneous Dedication application reference number pKVR07-30437393**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 29, 2007, and

(b) the Division's records pertinent to your request, including, but not limited to, the Division's Records relating to Administrative Order NSP-1636-A (L)(SD) and Administrative Order NSP-1636-B (L)(SD).

Petrohawk Operating Company (Petrohawk) has requested the Division to amend Administrative Order NSP-1636-B (L)(SD) to reconfigure the 400.5-acre, more or less, non-standard proration gas spacing and proration unit thereby established in Section 5, Township 22 South, Range 36 East, in Lea County, New Mexico (the existing unit) by deleting therefrom Lot 3 (Unit C), and adding thereto the SW/4 NW/4 (Unit E) and the NE/4 SE/4 (Unit I) of said section. The result will be to create a 440.5-acre, more or less, non-standard gas spacing and proration unit (the proposed unit) in the Jalmat-Tansill/Yates/Seven Rivers Gas Pool (79240) comprising Lot 4 (NW/4 NW/4), the S/2 NW/4, and the S/2 of Section 5.

Petrohawk has further requested to simultaneously dedicate to the proposed unit the following existing gas wells:

State A A/C No. 2	API No. 30-025-08791	1980 FSL & 660 FWL (Unit L)
State A A/C No. 27	API No. 30-025-08789	660 FSL & 660 FEL (Unit P)
State A A/C No. 33	API No. 30-025-08793	660 FSL & 1980 FEL (Unit O)
State A A/C No. 34	API No. 30-025-08794	1980 FSL & 1980 FEL (Unit J)
State A A/C No. 44	API No. 30-025-08797	1980 FNL & 1980 FWL (Unit F)
State A A/C No. 46	API No. 30-025-08800	660 FSL & 1980 FWL (Unit N)
State A A/C No. 81	API No. 30-025-35868	2080 FSL & 1980 FWL (Unit K)
State A A/C No. 28	API No. 30-025-08792	1980 FSL & 660 FEL (Unit I)
State A A/C No. 78	API No. 30-025-34910	1980 FNL & 660 FWL (Unit E)

Administrative Order NSP-1636-B (L)(SD), issued on May 29, 2002, approved simultaneous dedication of the above-identified Wells Nos. 2, 27, 33, 34, 44, 46, 47 and 81 to the existing unit, along with the State A A/C Well No. 47 (API No. 30-025-08798), located 660 FNL & 1980 FWL (Unit C) of Section 5.

Your applications have been duly filed under the provisions of Division Rules 104.D(2)(b), 104.D(3) and 1210.A, and the Special Pool Rules for the Jalmat Gas Pool.

It is our understanding that you are seeking re-configuration of the existing unit and establishment of the proposed unit because the State A A/C Well No. 47 has been re-classified as a Jalmat oil well, and the State A A/C Wells Nos. 28 and 78, which were excluded from the existing unit because they were classified as Jalmat oil wells, have now been re-classified as Jalmat gas wells.

It is our understanding that you are seeking simultaneous dedication of this unit to the nine wells described for geological reasons, in order to prevent waste and maximize production from this unit. As required by Rule 4(B) of the applicable pool rules, you have furnished evidence to support your conclusion that the granting of this application will prevent waste and will not impair correlative rights.

We also understand that you have given due notice of this application to all "affected persons," as defined in Rule 1210.A(2)(a), in all spacing units in the Jalmat adjoining the proposed unit, and to all "affected persons" in those portions of Section 5 that will be excluded from the proposed unit.

Pursuant to the provisions of Division Rules 104.B(2)(b) and 104.D(3), and the Special Pool Rules for the Jalmat Gas Pool, the establishment of the proposed unit and the above-described simultaneous dedication are hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
United States Bureau of Land Management - Carlsbad