

9/15/08 DATE IN	SUSPENSE	Brooks ENGINEER	9/16/08 LOGGED IN	NSL TYPE	PKUR0826033499 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



Petrohawk Operating Company

State: A A/C. 2 #96

**ADMINISTRATIVE APPLICATION CHECKLIST** NSL-5935

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]

194849 06R10

- [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 \_\_\_\_\_

2008 SEP 15 PM 2 45 RECEIVED

- [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.

Eddie W Seay		Agent	9/9/08
Print or Type Name	Signature	Title	Date
		seay04@leaco.net	
		e-mail Address	

**PETROHAWK OPERATING CO**  
**STATE A A/C 2 # 96**

Petrohawk respectfully requests ~~administrative approval~~ of an ~~unorthodox oil well~~ location for the following well:

~~State A A/C 2 # 96~~  
2650 FNL 1310 FEL, NE/4 SE/4 of  
Section 5, T22S, R36E, Unit Letter I  
Lea County, New Mexico

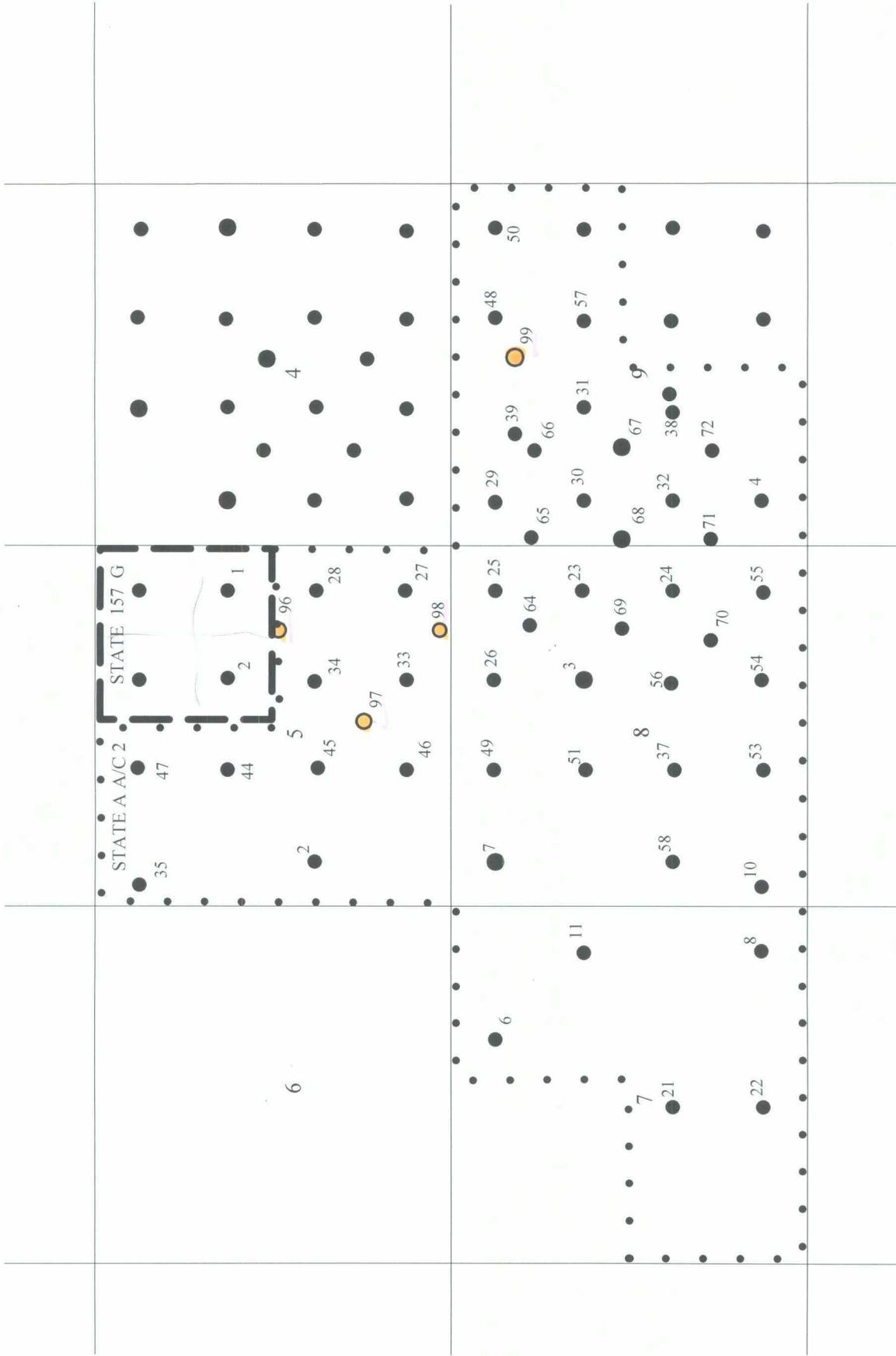
The proposed well will be an ~~infill producer~~ in the Eunice;Seven Rivers-Queen, South oil pool {Pool Code: 24130}, which is an oil pool spaced on ~~40 acres~~. Order number R-3200, dated March 14, 1967, found the wells in the project area were in an advanced state of depletion and should be classified as "stripper" wells and authorized the institution of the ~~State Waterflood Project~~ in the ~~South Eunice Pool~~ in Sections ~~5,8 and 9~~ of T22S, R36E. In 1983, ~~NSL-1729-O~~ approved the drilling of 6 non-standard location infill oil wells in Sections 8 and 9 of T22S, R36E. Since the late 1980's, 46 of the 56 wells on the State A A/C 2 lease have either been ~~plugged back to the Jalmat Pool~~ or have been ~~plugged and abandoned~~. Of the 10 wells remaining in the ~~South Eunice Pool~~ only 2 oil wells remain active in Section 8 T22S, R 36E and 8 wells are TA'd.

**Supporting Data**

1. Petrohawk Operating Company (Petrohawk) is the operator of the ~~proposed State A A/C 2 # 96~~. The proposed total depth is 4000' in the ~~lower Queen formation~~.
2. The ~~completion~~ will be in the ~~Eunice;Seven Rivers-Queen, South oil pool~~ and the proposed location will not encroach on any wells. The following adjacent Petrohawk wells in the South Eunice pool, State A A/C 2 # 28 and 34, and State 157 G # 1 and 2 have been plugged back to the Jalmat Gas Pool.
3. The cumulative production in the adjacent wells indicates a tight reservoir that where the wells are not usually capable of draining a ~~40 acre proration unit~~.
  - State A A/C 2 # 28 I-5-T22S-R36E Cum Oil 322654 Bls
  - State A A/C 2 # 34 J-5-T22S-R36E Cum Oil 169781 Bls
  - State 157 G # 1 H-5-T22S-R36E Cum Oil 80522 Bls
  - State 157 G # 2 G-5-T22S-R36E Cum Oil 146433 Bls
4. The Section 5 is covered by a two state lease which has common royalty and working interest ownership. The ~~NE/4~~ of Section 5 is covered by the State 157 G lease. The NW/4 and S/2 of Section 5 is covered by the State A A/C 2

lease. Petrohawk is the operator and 100% working interest of wells on the State A A/C 2 lease and the State 157 G lease.

5. Approval of this application will allow for the recovery of oil and gas reserves which would not otherwise be recovered.



PETROHAWK OPERATING

STATE A A/C 2 AND STATE 157 G LEASE  
T 22 S R 36 E

EUNICE; SEVEN RIVERS-QUEEN, SOUTH

STATE A A/C 2  
PETROHAWK OP  
WI 100%

STATE 157 G  
PETROHAWK OP  
WI 100%

2  
STATUS: ZA  
CUM 146,433 BO

1  
STATUS: ZA  
CUM 80,522 BO

34  
STATUS: ZA  
CUM 169,781 BO

28  
STATUS: ZA  
CUM 322,654 BO

96

40 Acre Unit

Sec 5 T 22 S R 36 E  
PETROHAWK OPERATING COMPANY  
EUNICE;SEVEN RIVERS-QUEEN, SOUTH OIL POOL

State of New Mexico

DISTRICT I  
2650 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210

**OIL CONSERVATION DIVISION**  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Revised October 12, 2005  
Submit to Appropriate District Office  
State LEase - 4 Copies  
Fee LEase - 3 Copies

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

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

AMENDED REPORT

API Number	Pool Code <b>24130</b>	Pool Name <b>EUNICE; SEVEN RIVERS - QUEEN, SOUTH</b>
Property Code <b>302433</b>	Property Name <b>STATE A A/C 2</b>	Well Number <b>96</b>
OGRID No. <b>194849</b>	Operator Name <b>PETROHAWK OPERATING</b>	Elevation <b>3599'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	5	22-S	36-E		2650	NORTH	1310	EAST	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

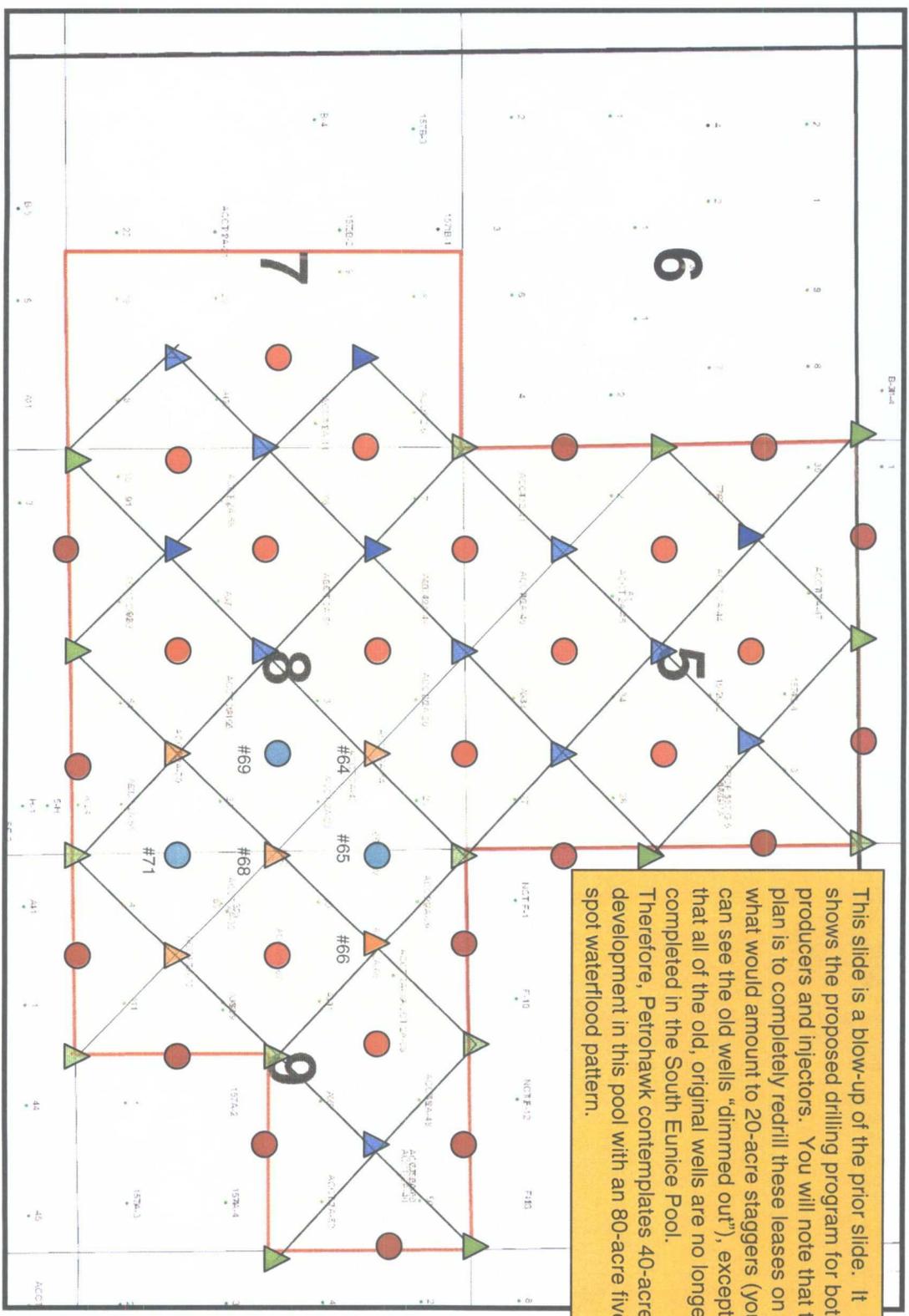
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

**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**

LOT 4  GEODETIC COORDINATES NAD 27 NME. SURFACE LOCATION  Y=518344.9 N X=824217.3 E  LAT.=32.420662° N LONG.=103.282653° W	LOT 3	LOT 2	LOT 1  2650' 1310' H I NE/4 SE/4	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Eddie W Sean</i> 9/9/08                  Signature Date                  Eddie W Sean                  Printed Name</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>RONALD J. EIDSON                  JUNE 30, 2008                  Date Surveyed DSS                  Signature &amp; Seal of Professional Surveyor  <i>Ronald J. Eidson</i> 9/7/08/08                  08.11.1039</p> <p>Certificate No. GARY G. EIDSON 12641                  RONALD J. EIDSON 3239</p>
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# Proposed South Eunice State Waterflood Unit

This slide is a blow-up of the prior slide. It shows the proposed drilling program for both producers and injectors. You will note that the plan is to completely redrill these leases on what would amount to 20-acre stagers (you can see the old wells "dimmed out"), except that all of the old, original wells are no longer completed in the South Eunice Pool. Therefore, Petrohawk contemplates 40-acre development in this pool with an 80-acre five-spot waterflood pattern.



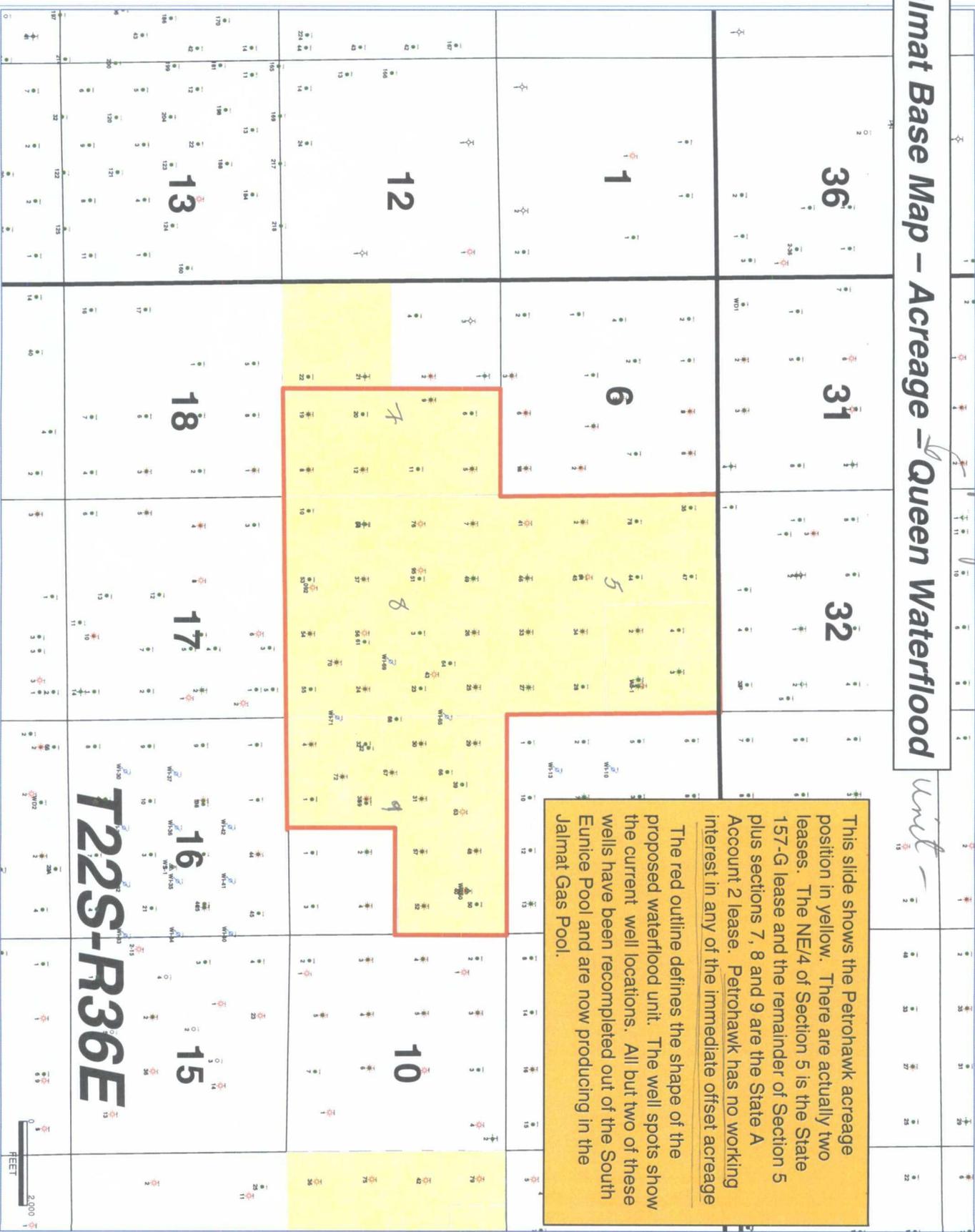
- Proposed lease line producer (14)
- Proposed unit producers (14)
- ▲ Reactivate Queen Injection Wells (5)
- ▲ Proposed lease line injectors (15)
- ▲ Proposed unit injectors (13)
- Convert Injectors to Producers (3)

Eddie Seay - 575-392-2236

# Jalmat Base Map - Acreage - Queen Waterflood

*Proposed*

*Unit -*



This slide shows the Petrohawk acreage position in yellow. There are actually two leases. The NE/4 of Section 5 is the State 157-G lease and the remainder of Section 5 plus sections 7, 8 and 9 are the State A Account 2 lease. Petrohawk has no working interest in any of the immediate offset acreage

The red outline defines the shape of the proposed waterflood unit. The well spots show the current well locations. All but two of these wells have been recompleted out of the South Eunice Pool and are now producing in the Jalmat Gas Pool.

**T22S-R36E**

0 2,000 FEET

# Proposed South Eunice State Waterflood Unit

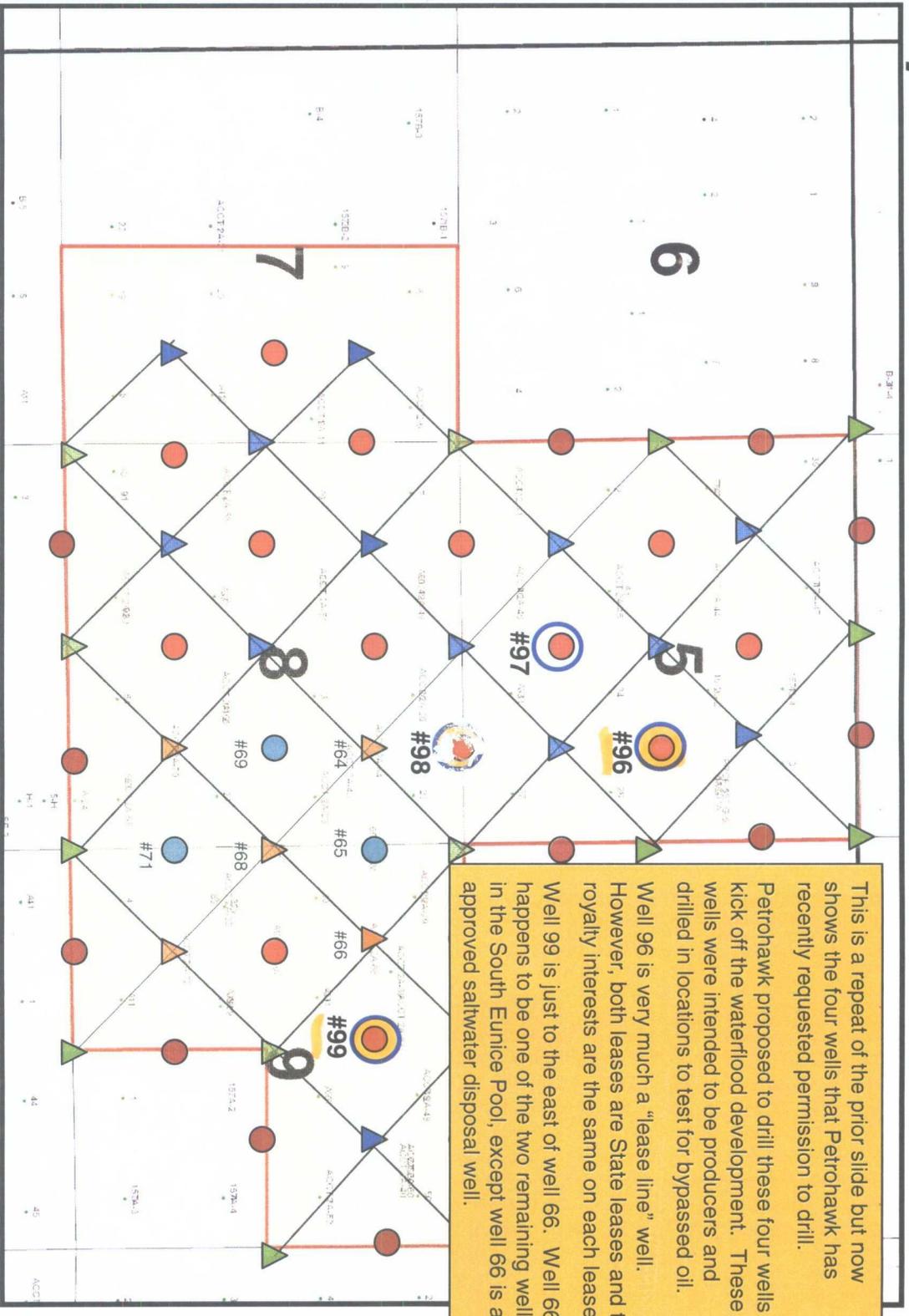
Oct 29  
#92  
6-944-  
5943-

This is a repeat of the prior slide but now shows the four wells that Petrohawk has recently requested permission to drill.

Petrohawk proposed to drill these four wells to kick off the waterflood development. These wells were intended to be producers and drilled in locations to test for bypassed oil.

Well 96 is very much a "lease line" well. However, both leases are State leases and the royalty interests are the same on each lease.

Well 99 is just to the east of well 66. Well 66 happens to be one of the two remaining wells in the South Eunice Pool, except well 66 is an approved saltwater disposal well.



- Proposed lease line producer (14)
- Proposed unit producers (14)
- ▲ Reactivate Queen Injection Wells (5)
- ▲ Proposed lease line injectors (15)
- ▲ Proposed unit injectors (13)
- Convert Injectors to Producers (3)