

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



November 5, 2008
Administrative Order NSL-5936

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

Dear Mr. Seay:

Petrohawk's NSL Application: State A A/C2 Well No. 99

API No. 30—25-39179
1160' FNL, 2629' FEL, Unit B, NW/4 NE/4 of
Section 9, T22S, R36E, NMPM, Lea County, New Mexico

Reference is made to the following:

- (a) your application (***administrative application reference No. pKVR0826033065***) for the subject well that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on September 15, 2008, and
- (b) the Division's records pertinent to your request.

Petrohawk Operating Company (Petrohawk) has requested authority to drill the above-referenced unorthodox oil well location, described above. The NW/4 NE/4 of Section 9 will be dedicated to this well in order to form a standard 40-acre spacing unit in the South Eunice-Seven Rivers/Queen Pool (24130). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located 330 feet from a unit outer boundary. This location is less than 330 feet from the southern and western unit boundaries.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is understood that this producer will penetrate the Queen formation at the optimal structural location, in order to recover more oil and prevent waste. This location is needed because existing wells are not adequately draining the reserves underlying this tract.



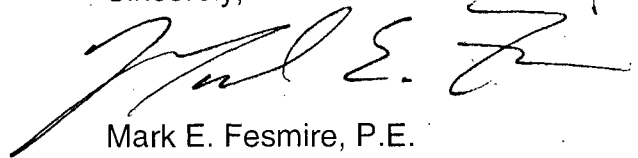
It is also understood that Petrohawk (OGRID 194849) is the operator and has 100% working interest. The SW/4 and N/2 of Section 9 is covered by a single state lease which has common royalty and working interest ownership. Therefore there are no affected parties as defined by Division rules and of this application is unnecessary.

Pursuant to the authority granted under the provisions of Division Rule 104, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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 stylized flourish at the end.

Mark E. Fesmire, P.E.
Division Director

MEF/tw

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe