



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 28, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Administrative Order NSL-5432 (SD)
(Administrative Reinstatement in Part of Division Order No. R-9073)

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your application on behalf of the operator, Petrohawk Operating Company ("Petrohawk") filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe on June 21, 2006 (*administrative application reference No. pTDS0-617258994*); (ii) your e-mail to Mr. Michael E. Stogner, Staff Engineer with the Division in Santa Fe, on Wednesday afternoon, July 26, 2006 checking on the status of this, and other Petrohawk applications; and (iii) the Division's records in Santa Fe, including the file in Division Case No. 9775: all concerning Petrohawk's request to reinstate the provisions of Division Order No. R-9073 [Paragraph No. (15) of Exhibit "A" on page 8 of said order], issued in Case No. 9775 on December 14, 1989, for the State "A" A/C-1 Well No. 1 (*API No. 30-025-09381*) as an unorthodox Jalmat gas well location under Rule 3 (A) (2) 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, within a non-standard 280-acre gas spacing unit comprising the NE/4 NW/4, S/2 NW/4, and SW/4 of Section 22, Township 23 South, Range 36 East, NMPM, Jalmat Gas Pool (79240), Lea County, New Mexico.

Your application for Petrohawk has been duly filed under the provisions of the "Special Pool Rules for the Jalmat Gas Pool."

Said Ordering Paragraph No. (15) of Exhibit "A" of Division Order No. R-9073 also provided for the following four wells to be simultaneously dedicated to this 280-acre gas spacing unit:

- (i) State "A" A/C-1 Well No. 19 (*API No. 30-025-09383*), located at a unorthodox gas well location 1650 feet from the North line and 330 feet from the West line (Unit E) of Section 22;
- (ii) State "A" A/C-1 Well No. 94 (*API No. 30-025-09384*), located in the NE/4 NW/4 (Unit C) of Section 22 at a location considered to be unorthodox at the time but is now considered "standard" under the current rules and regulations governing the Jalmat Gas Pool 660 feet from the North line and 1980 feet from the West line of Section 22;
- (iii) State "A" A/C-1 Well No. 97 (*API No. 30-025-09385*), located at a standard gas well location 1980 feet from the North and West lines (Unit F) of Section 22; and

(iv) the above-described State "A" A/C-1 Well No. 1.

From the Division's records and from the information provided in your application, it is the Division's understanding that both the aforementioned State "A" A/C-1 Wells No. 1 and 19 were plugged and abandoned in June, 1993, and that both the State "A" A/C-1 Wells No. 94 and 97 are currently producing.

At this time Petrohawk intends to re-enter the State "A" A/C-1 Well No. 1 and attempt a recompletion in the Jalmat interval as a gas well.

However, since the above-described State "A" A/C-1 Well No. 19 is plugged and abandoned and has no recorded Jalmat production; this well can therefore be omitted from: (i) this spacing unit; and (ii) any consideration in this order.

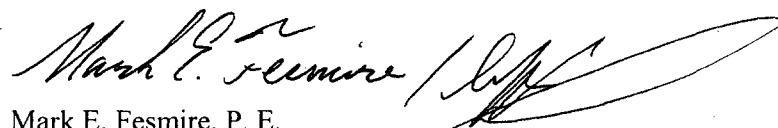
By the authority granted me under the provisions of Rules 4 (A), (B), and (D) of the special rules governing the Jalmat Gas Pool, Ordering Paragraph No. (15) of Exhibit "A" on page 8 of Division Order No. R-9073 is hereby reinstated as to the above-described unorthodox Jalmat infill gas well location for the re-entry by Petrohawk into the State "A" A/C-1 Well No. 1.

Further, Petrohawk is authorized to simultaneously dedicate Jalmat gas production from the three above-described State "A" A/C-1 Wells No. 1, 94, and 97.

All provisions applicable to the existing 280-acre non-standard Jalmat gas spacing unit in Ordering Paragraph No. (15) of Exhibit "A" of said order not in conflict with this administrative 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: Division Case No. 9775
