

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144 CLEZ  
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOC District Office.

**Closed-Loop System Permit or Closure Plan Application**

*(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)*

Type of action: ☒ Permit ☐ Closure

**Instructions:** Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

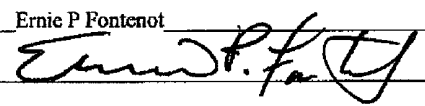
1.  
Operator: Petrohawk Operating Co. OGRID #: \_\_\_\_\_  
Address: 1000 Louisiana St, Suite 5600 Houston, TX 77002  
Facility or well name: State A A/C 2 #97  
API Number: 30-025-39177 OCD Permit Number: PI-00510  
U/L or Qtr/Qtr O Section 5 Township 22S Range 36E County: LEA  
Center of Proposed Design: Latitude 32.417035N Longitude 103.286926W NAD: ☐ 1927 ☐ 1983  
Surface Owner: ☐ Federal ☒ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.  
☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC  
Operation: ☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A  
☐ Above Ground Steel Tanks or ☒ Haul-off Bins

3.  
**Signs:** Subsection C of 19.15.17.11 NMAC  
☒ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers  
☐ Signed in compliance with 19.15.3.103 NMAC

4.  
**Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC  
**Instructions:** Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.  
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC  
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC  
☐ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC  
☐ Previously Approved Design (attach copy of design) API Number: \_\_\_\_\_  
☐ Previously Approved Operating and Maintenance Plan API Number: \_\_\_\_\_

5.  
**Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)  
**Instructions:** Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.  
Disposal Facility Name: Sundance Disposal Facility Permit Number: NM-01-0003  
Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_  
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?  
☐ Yes (If yes, please provide the information below) ☐ No  
**Required for impacted areas which will not be used for future service and operations:**  
☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC  
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC  
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6.  
**Operator Application Certification:**  
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.  
Name (Print): Ernie P Fontenot Title: Drilling Consultant  
Signature:  Date: 8/20/2008  
e-mail address: efontenot@petrohawk.com Telephone: 832-369-2198

7  
**OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only)  
**OCD Representative Signature:** \_\_\_\_\_ **Approval Date:** 9/25/08  
**Title:** Geologist **OCD Permit Number:** P1-00510

8  
**Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC  
*Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.*  
☐ **Closure Completion Date:** \_\_\_\_\_

9.  
**Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**  
*Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.*  
Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_  
Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_  
Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?  
☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No  
*Required for impacted areas which will not be used for future service and operations.*  
☐ Site Reclamation (Photo Documentation)  
☐ Soil Backfilling and Cover Installation  
☐ Re-vegetation Application Rates and Seeding Technique

10.  
**Operator Closure Certification:**  
I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.  
**Name (Print):** \_\_\_\_\_ **Title:** \_\_\_\_\_  
**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**e-mail address:** \_\_\_\_\_ **Telephone:** \_\_\_\_\_

# **CLOSED LOOP DESIGN PLAN**

## **PETROHAWK OPERATING**

### **LEA CO., NM**

#### **EQUIPMENT**

2-250 bbl tanks for holding fluids  
2-solids bins with track system  
3-500 bbl tanks for fresh water  
3-500 bbl tanks for brine water

#### **OPERATION AND MAINTENANCE**

System will be maintained 24 hours by solids control personnel that will stay on location.  
Any and all leaks will be repaired and/or contained immediately.  
OCD will be notified within 48 hours of remediation process started.  
Will adhere to Rule 116.

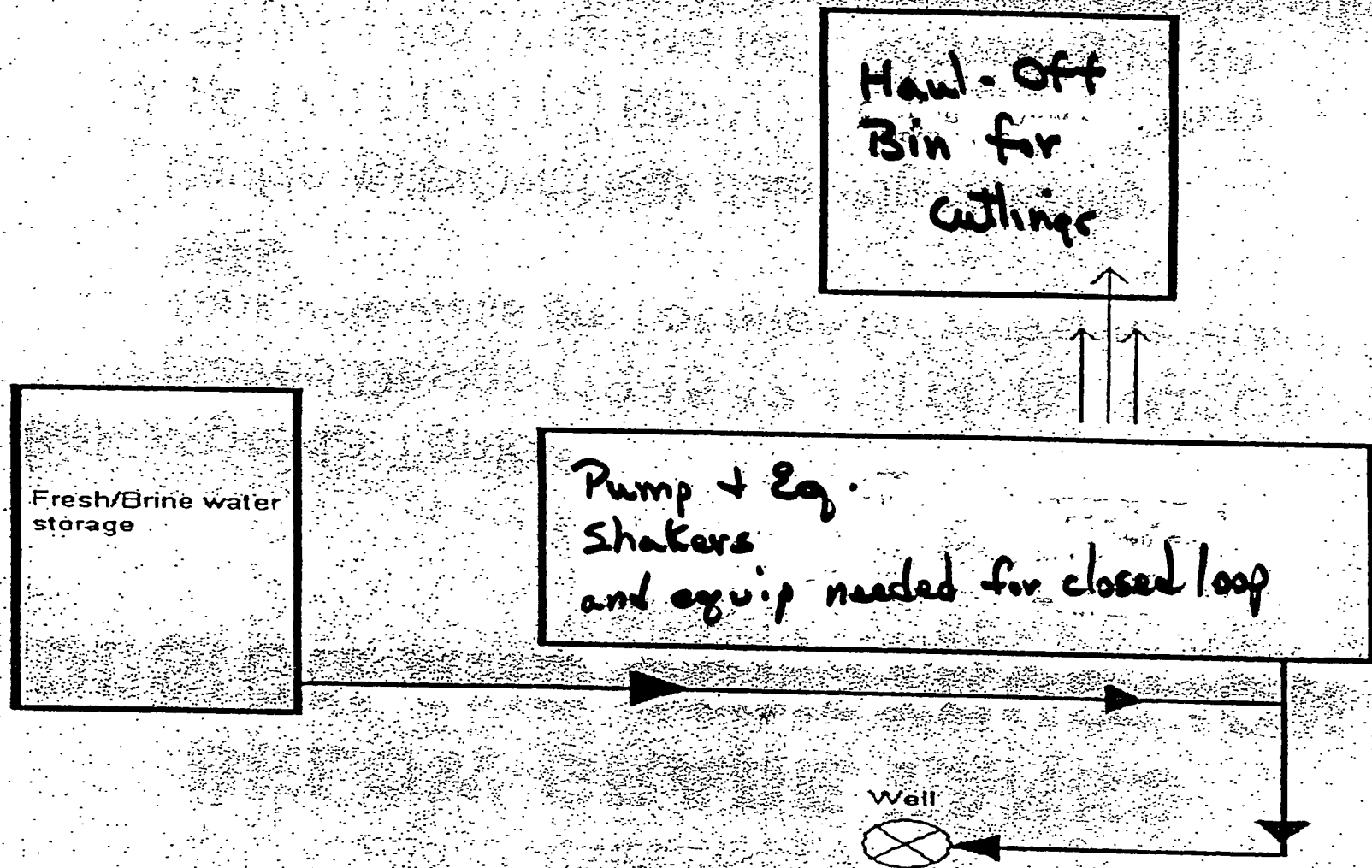
#### **CLOSURE PLAN**

During drilling operations, all cutting, drill solids, drill fluids and all liquids will be hauled off by Closed Loop Specialties to Sundance, Permit #NM 01-003.

#### **GROUNDWATER**

Per OCD information and State Engineer data, the groundwater occurs at a depth of 80' to 85'.

# CLOSED-LOOP SYSTEM DESIGN AND CONSTRUCTION



COPY  
OF  
NSL APPLICATION  
SUBMITTED

**PETROHAWK OPERATING CO**  
**STATE A A/C 2 # 97**

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

**State A A/C 2 # 97**

1304 FSL 2627 FEL, SW/4 SE/4 of  
Section 5, T22S, R36E, Unit Letter O  
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.

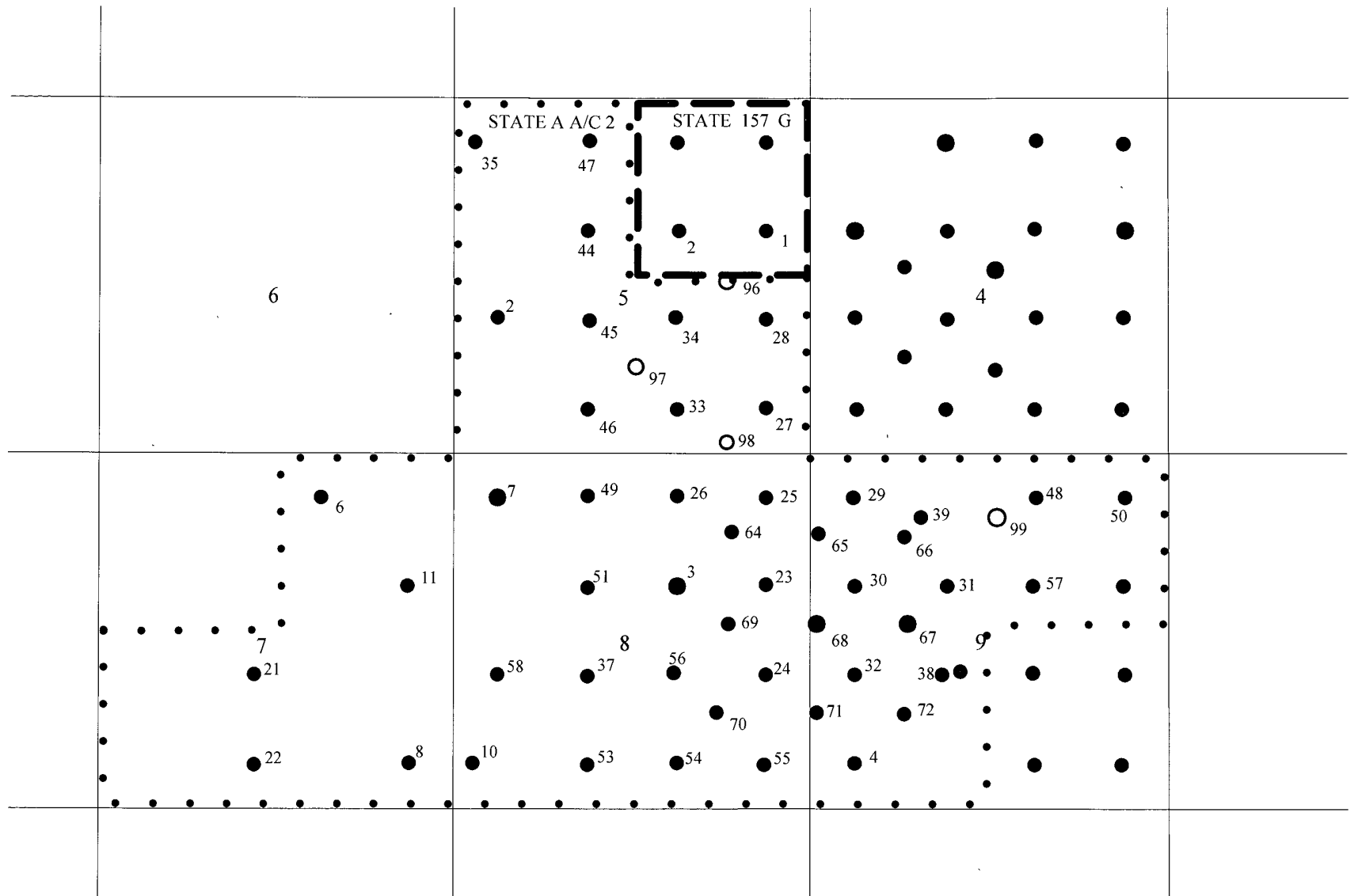
**Supporting Data**

1. Petrohawk Operating Company (Petrohawk) is the operator of the proposed State A A/C 2 # 97. 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 # 33, 34, 45 and 46 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 # 33 O-5-T22S-R36E Cum Oil 119554 Bls  
State A A/C 2 # 34 J-5-T22S-R36E Cum Oil 169781 Bls  
State A A/C 2 # 45 K-5-T22S-R36E Cum Oil 53104 Bls  
State A A/C 2 # 46 N-5-T22S-R36E Cum Oil 67945 Bls

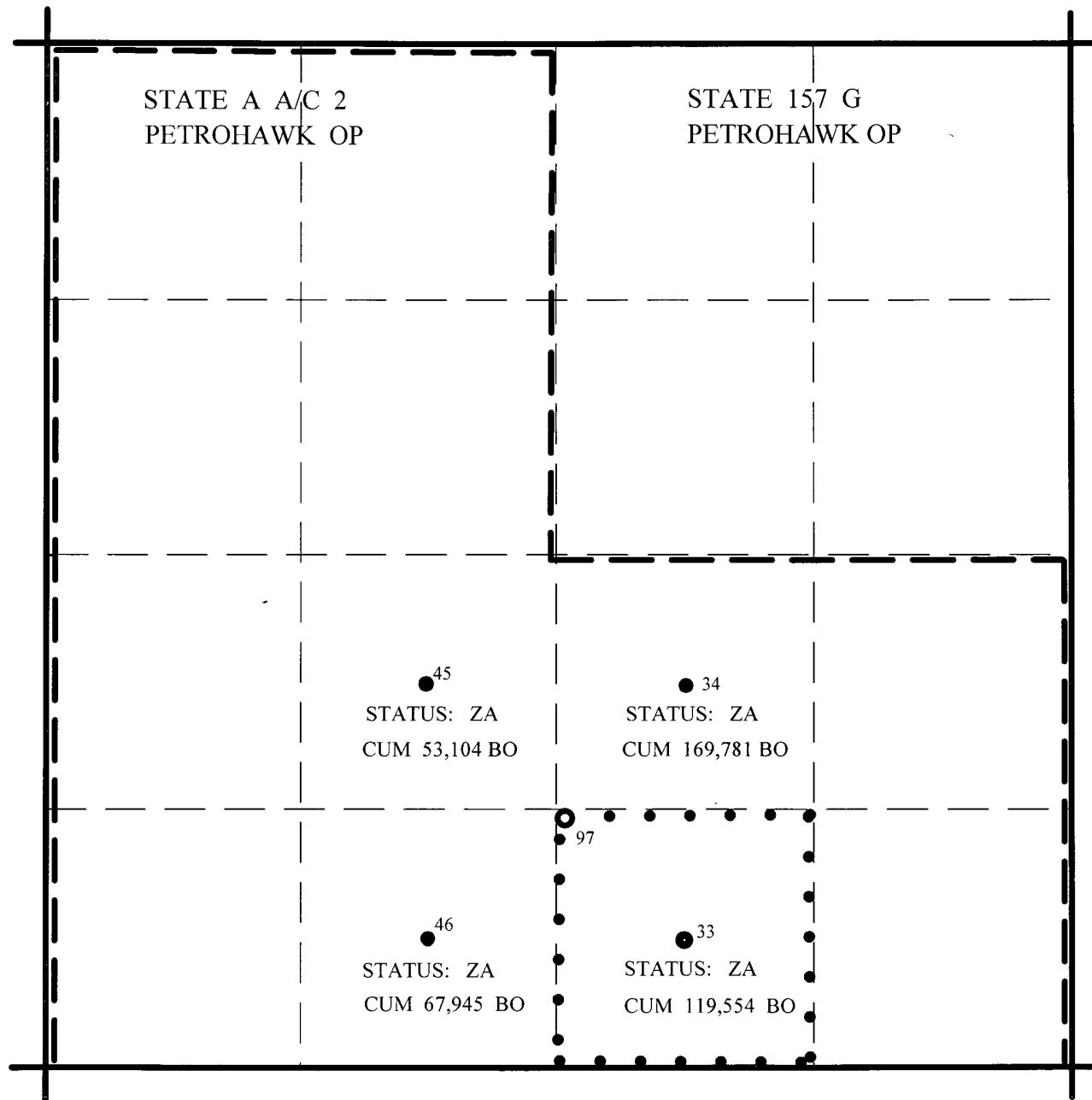
4. The NW/4 and the S/2 of Section 5 is covered by a single state lease which has common royalty and working interest ownership. Petrohawk is the operator and 100% working interest of wells on the State A A/C 2 lease.

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





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

## DISTRICT I

1304 N. FRENCH DR., HOBBS, NM 88240

## DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

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

## State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State LEase - 4 Copies

Fee LEase - 3 Copies

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 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>97</b>
OGRID No. <b>194849</b>	Operator Name <b>PETROHAWK OPERATING</b>	Elevation <b>3586'</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
0	5	22-S	36-E		1304	SOUTH	2627	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	LOT 3	LOT 2	LOT 1
<p>GEODETIC COORDINATES NAD 27 NME. SURFACE LOCATION</p> <p>Y=517012.5 N X=822911.7 E</p> <p>LAT.=32.417035° N LONG.=103.286926° W</p>			

**OPERATOR CERTIFICATION**

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.

Signature: Eddie W. Seay Date: 9/9/08

Printed Name: Eddie W Seay

**SURVEYOR CERTIFICATION**

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.

Date Surveyed: JUNE 30, 2008 DSS

Signature & Seal of Professional Surveyor: Ronald J. Eidson 08.11.1040

Certificate No. **GARY G. KIDSON 12041**  
**RONALD J. EIDSON 3239**