

**DENIED**

SEE ATTACHED

District I  
1625 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 & Natural Resources

Form C-104  
Revised June 10, 2003

RECEIVED  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
JUN 15 2009 Santa Fe, NM 87505  
HOBBSOCD

Submit to Appropriate District Office  
5 Copies

☒ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

1 Operator name and Address <b>PETROHAWK OPERATING COMPANY</b> <b>1000 LOUISIANA STE 5600</b> <b>HOUSTON TX 77002</b>		2 OGRID Number <b>194849</b>
		3 Reason for Filing Code/Effective Date <b>NW</b>
4 API Number <b>30-0</b> <b>25-38029</b>	5 Pool Name <b>JALMAT-TNSL-YTS-7R</b>	6 Pool Code <b>79240</b>
7 Property Code <b>302433</b>	8 Property Name <b>STATE A A/C 2</b>	9 Well Number <b>092</b>

II. Surface Location

UL or lot no. <b>N</b>	Section <b>08</b>	Township <b>22S</b>	Range <b>36E</b>	Lot. Idn	Feet from the <b>660</b>	North/South Line <b>SOUTH</b>	Feet from the <b>2180</b>	East/West line <b>WEST</b>	County <b>LEA</b>
---------------------------	----------------------	------------------------	---------------------	----------	-----------------------------	----------------------------------	------------------------------	-------------------------------	----------------------

Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
12 Lse Code <b>S</b>	13 Producing Method Code <b>P</b>	14 Gas Connection Date <b>12/02/2006</b>	15 C-129 Permit Number	16 C-129 Effective Date	17 C-129 Expiration Date				

III. Oil and Gas Transporters

18 Transporter OGRID	19 Transporter Name and Address	20 POD	21 O/G	22 POD ULSTR Location and Description
	<b>GREAT LAKES PETROLEUM TRANS LLC</b>	<b>2825235</b>	<b>O</b>	<b>08 22S 36E (N) BATTERY</b>
<b>20809</b>	<b>SID RICHARDSON GASOLINE CO.</b>	<b>2825236</b>	<b>G</b>	<b>08 22S 36E (N) BATTERY</b>

IV. Produced Water

23 POD <b>2825237</b>	24 POD ULSTR Location and Description <b>08 22S 36E (N) BATTERY</b>
--------------------------	--

V. Well Completion Data

25 Spud Date <b>09/12/2006</b>	26 Ready Date <b>12/02/2006</b>	27 TD <b>3812</b>	28 PBDT <b>3812</b>	29 Perforations <b>3044-3687</b>	30 DHC, MC
31 Hole Size <b>11</b>	32 Casing & Tubing Size <b>8-5/8</b>	33 Depth Set <b>602</b>	34 Sacks Cement <b>300</b>		
<b>7-7/8</b>	<b>4-1/2</b>	<b>3812</b>	<b>1050</b>		
<b>5-1/2</b>	<b>2-3/8</b>	<b>3685</b>	<b>NA</b>		

VI. Well Test Data

35 Date New Oil <b>na</b>	36 Gas Delivery Date <b>12/02/2006</b>	37 Test Date <b>01/30/2007</b>	38 Test Length <b>24</b>	39 Tbg. Pressure <b>0</b>	40 Csg Pressure <b>0</b>
41 Choke Size <b>0/64</b>	42 Oil <b>0</b>	43 Water <b>88</b>	44 Gas <b>46</b>	45 AOF	46 Test Method <b>P</b>

47 I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Corinne Illich*

Printed name:  
**CORINNE ILLICH**

Title:  
**OPERATIONS ANALYST**

Email  
**cillich@petrohawk.com**

Date:  
**06/12/2009**

Phone:  
**972-767-1291**

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

*9/16/09*

**Denied**

*KE*

*SEE ITEMS*

*MISSING ON CHECKOFF SHEET + LETTER*

API # 30 - 025 -- 38029

Operator Petrohawk Oper Co OGRID # 19 4849

Well name & # State A ACT#2 Lease Type (F) (S) (P)

Date C104 rec'd 7/15/09

Inactive Well List 204//8 Review Date 9/16/09

Additional Bonding Need Review Date 9/16/09

Pit Permit approved     /    /    

C103: Spud date 9/12/06

Surface casing      PT ✓ CMT Top 0 AMENDED     

Intermediate      PT ✓ CMT Top      AMENDED     

Production      PT      CMT Top      AMENDED     

TD Reached 9/20/09 TD Footage      Rig Rel'd     /    /    

Deviation Survey     @      Need

Directional Survey      TO PK     /    /     FROM PK     /    /    

MD      TVD     

Subsequent Plat      BH Location     

Completion Sundry      Need

Completion Report     

LOGS Rec 6/12/09

COMPLIANCE: NSL      NSP      SD - D6-13

DHC      DHC HOBBS     

OTHER REQUIREMENTS: PAPERWORK DEADLINE     /    /    

     Pending Status noted in RBDMS / Comments

Date C104 APPROVED     /    /    

**Denied**

*dm*



# 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



September 16, 2009

Corinne Illich  
Petrohawk Operating Co.  
1000 Louisiana, Suite 5600  
Houston, TX 77002

**DENIAL OF REQUEST(S) FOR ALLOWABLE & AUTHORIZATION TO  
TRANSPORT DUE TO NON-COMPLIANCE WITH FINANCIAL  
ASSURANCE REQUIREMENTS & INACTIVE WELL REQUIREMENTS**

**Re:**

Petrohawk Operating Company, OGRID No. 194849

- State of New Mexico 35 #2, Unit G of Section 35, Township 16 South Range 34 East; (1980' FNL & 1830' FEL) Lea County, New Mexico.
- State A A/c 2 #92, Unit N of Section 8, Township 22 South, Range 36 East; (660' FSL & 2180' FWL) Lea County, New Mexico.

Dear Operator:

**THE OIL CONSERVATION DIVISION HAS DENIED THE REQUEST(S) FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT IDENTIFIED ABOVE BECAUSE YOUR COMPANY IS OUT OF COMPLIANCE WITH FINANCIAL ASSURANCE REQUIREMENTS AND INACTIVE WELL REQUIREMENTS.**

The Oil Conservation Division (OCD) may assign an allowable and authorization to transport **only if** the operator is in compliance with 19.15.5.9(A) NMAC [Part 5.9(A)]. See 19.15.16.19(A)(4) NMAC. Your company is out of compliance with Part 5.9(A) as to inactive wells and as to financial assurances.

**Inactive well requirements:**

An operator is out of compliance with Part 5.9(A) if the operator has more than the following number of wells out of compliance with the inactive well rule (19.15.25.8 NMAC) that are not subject to an inactive well agreed compliance order:

1. Two wells or 50 percent of the wells the operator operates, whichever is less, if the operator operates 100 wells or less;
2. Five wells if the operator operates between 100 and 500 wells;
3. Seven wells if the operator operates between 501 and 1000 wells; and
4. Ten wells if the operator operates more than 1000 wells.

---

Oil Conservation Division \* 1220 South St. Francis Drive

\* Santa Fe, New Mexico 87505

\* Phone: (505) 476-3440 \* Fax (505) 476-3462\* <http://www.emnrd.state.nm.us>



Your company operates **204** wells, and **8** wells appear on the inactive well list kept pursuant to Part 5.9.<sup>1</sup> **Your company is therefore presumed to be out of compliance with Part 5.9(A) as to inactive wells.**

To come into compliance with Part 5.9(A) as to inactive wells your company must reduce the number of wells on its inactive well list or otherwise demonstrate that it has no more than the tolerated number of wells out of compliance with the inactive well rule. A well will be removed from the inactive well list when the operator takes one of the following actions:

1. plugs the wellbore and files an approved C-103 reporting the plugging;
2. places the well on approved temporary abandonment status;
3. returns the well to production or other beneficial use and files a C-115 reporting that production or use; or
4. enters into an Inactive Well Agreed Compliance Order (ACOI) with the OCD covering the well.

An ACOI sets a schedule for returning the operator's inactive wells to compliance and imposes a penalty if the schedule is not met. If you would like to discuss entering into an ACOI for your non-compliant inactive wells, please contact OCD attorney Sonny Swazo at (505) 476-3463 or [gail.macquesten@state.nm.us](mailto:gail.macquesten@state.nm.us).<sup>2</sup>

#### **Financial assurance requirements:**

An operator is out of compliance with Part 5.9(A) if it does not meet the OCD's financial assurance requirements for well plugging set out in 19.15.8.9 NMAC. Your company has not provided one or more of the single-well financial assurances required for state or fee wells inactive more than two years.<sup>3</sup> **Your company is therefore out of compliance with Part 5.9(A) as to financial assurances.**

To come into compliance with Part 5.9(A) as to financial assurances, your company must post the required single-well financial assurance(s). If you have questions about financial assurances, please contact Financial Assurance Administrator Dorothy Phillips at (505) 476-3461.

---

<sup>1</sup> To check an operator's compliance with the inactive well rule, go to the OCD's website at [www.emnrd.state.nm.us/oqd](http://www.emnrd.state.nm.us/oqd). At the main window, click on "OCD Online" and select "E-Permitting." Then click on "Inactive Well List." Leave the search terms as "Exclude Wells Under ACOI," "Exclude Wells in Approved TA Period," and "15" months from last production or injection. Enter the operator's name or OGRID and select "Get Report." The report will list wells operated by that operator that are presumed to be out of compliance with the division's inactive well rule, and that will be considered in determining if the operator is out of compliance with Part 5.9(A).

<sup>2</sup> Please note that ACOIs are offered at the discretion of the OCD, and that not all operators are eligible to enter into such agreements.

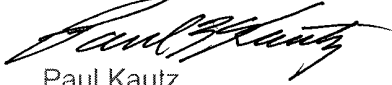
<sup>3</sup> To check an operator's compliance with the single-well financial assurance requirements, go to the OCD's website at [www.emnrd.state.nm.us/oqd](http://www.emnrd.state.nm.us/oqd). At the main window, click on "OCD Online" and select "E-Permitting." Then click on "Financial Assurance." Enter the operator's name or OGRID and select "Get Report." The report lists the operator's wells. A well out of compliance with the single-well financial assurance requirement will have a "Y" in the column titled "In Violation."

September 16, 2009

Page 3

Your company may re-submit its application(s) after it has returned to compliance with Part 5.9(A).

Respectfully yours,

A handwritten signature in black ink, appearing to read "Paul Kautz", written in a cursive style.

Paul Kautz  
District I, Geologist

EC: Mark Fesmire, Division Director-Santa Fe  
Daniel Sanchez, Enforcement and Compliance Manager-Santa Fe  
Mikal Altomare, Assistant General Counsel-Santa Fe  
Gail MacQuesten, Assistant General Counsel-Santa Fe  
Dorothy Phillips, Financial Assurance Administrator- Santa Fe  
Theresa Duran-Saenz, Legal Assistant-Santa Fe