

July 12, 2006

**OIL AND GAS DOCKET NO. 03-0347730**

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**APPLICATION OF PETROHAWK OPERATING COMPANY TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE PROPOSED WOLFPACK (LOWER WILCOX CONS.) FIELD, COLORADO COUNTY, TEXAS**

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**HEARD BY:** Thomas H. Richter, P.E.

**DATE OF HEARING:** July 7, 2006

**APPEARANCES:**

**REPRESENTING:**

Dale Miller

Petrohawk Operating Company

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

This is the unopposed application of Petrohawk Operating Company for a new field designation and field rules for the proposed Wolfpack (Lower Wilcox Cons.) Field which provide for:

1. The entire combined correlative interval from 13,000' to 15,800' as shown on the Baker Hughes High Definition Induction log Compensated Z-Densilog Compensated Neutron Cross-Multiple Array Acoustic Digital Acoustic Gamma Ray log of the Petrohawk Energy Corp., W.D. Garrett Lease Well No. 1 (API No. 42-089-32415), ASA McClure Survey, A-411, Colorado County, Texas should be designated as the Wolfpack (Lower Wilcox Cons.) Field.
2. A two-factor allocation formula based on 95% deliverability and 5% per well.

It is also requested that any over production be canceled. The examiner recommends approval of the application.

**DISCUSSION OF THE EVIDENCE**

The proposed Wolfpack (Lower Wilcox Cons.) Field was discovered on December 30, 2005, by completion of the Petrohawk Energy Corp., W.D. Garrett Lease Well No. 1 through three sets of select perforations from 14,632' to 15,252' subsurface depth. The well potential at a highest rate of 32,161 MCFD. The calculated bottomhole pressure was 10,082 psig.

The proposed Wolfpack (Lower Wilcox Cons.) Field is a new field designation as the well is fault separated from other wells in the Wilcox Formation (the Hound Dog (Mid. Wilcox 1200); Provident City, N.E. (14000); Provident City, NE (15,200); Allen Ranch (14,800); Garwood, S.W. (14500); Garwood, S.W. (Lower Wilcox); Garwood, SW (Middle Wilcox) and Garwood, SW

(Upper Wilcox) 14500) Fields). Cross section well log analysis confirms that the Wilcox Formation in this area is highly and complexly faulted with numerous sealing faults.

The entire combined correlative interval from 13,000' to 15,800' as shown on the Baker Hughes High Definition Induction log Compensated Z-Densilog Compensated Neutron Cross-Multiple Array Acoustic Digital Acoustic Gamma Ray log of the Petrohawk Energy Corp., W.D. Garrett Lease Well No. 1 (API No. 42-089-32415), ASA McClure Survey, A-411, Colorado County, Texas should be designated as the Wolfpack (Lower Wilcox Cons.) Field. The proposed consolidated interval is comprised of several recognizable and correlative Lower Wilcox Sands known as the LW-1, LW-2, LW-3, LW-4, LW-5, LW-6, LW-8A, LW-8-B, LW-9, LW-10 and LW-11. The producing intervals are geo-pressured. The completion cost of the well was \$9.7 million. It is estimated that an additional 246 MMCF of gas will be recovered by completing in the zones at the same time because of lowering the economic producing limit of each.

Because the proposed new field is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes. The proposed two-factor allocation formula based on 95% deliverability and 5% per well satisfies this requirement. Cancellation of overproduction will not harm correlative rights as there are no other wells within the fault block.

#### **FINDINGS OF FACT**

1. Notice of this hearing was sent to all affected persons in the subject area field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The proposed Wolfpack (Lower Wilcox Cons.) Field was discovered on December 30, 2005, by completion of the Petrohawk Energy Corp., W.D. Garrett Lease Well No. 1 through three sets of select perforations from 14,632' to 15,252' subsurface depth.
4. The proposed Wolfpack (Lower Wilcox Cons.) Field is a new field designation as the well is fault separated from other wells in the Wilcox Formation. Cross section well log analysis confirms that the Wilcox Formation in this area is highly and complexly faulted with numerous sealing faults.
5. The entire combined correlative interval from 13,000' to 15,800' as shown on the Baker Hughes High Definition Induction log Compensated Z-Densilog Compensated Neutron Cross-Multiple Array Acoustic Digital Acoustic Gamma Ray log of the Petrohawk Energy Corp., W.D. Garrett Lease Well No. 1 (API No. 42-089-32415), ASA McClure Survey, A-411, Colorado County, Texas should be designated as the Wolfpack (Lower Wilcox Cons.) Field.

6. Because the proposed new field is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes.
  - a. The proposed two-factor allocation formula based on 95% deliverability and 5% per well satisfies this requirement.

**CONCLUSIONS OF LAW**

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Adoption of the proposed new field designation and field rules will prevent waste, foster conservation and protect correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed new field designation and field rules for the Wolfpack (Lower Wilcox Cons.) Field.

Respectfully submitted,

Thomas H. Richter, P.E.  
Technical Examiner  
Office of General Counsel