

PETROHAWK ENERGY CORP  
Form DEF 14A  
April 17, 2008  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e) (2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Petrohawk Energy Corporation**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**Petrohawk Energy Corporation**

**1000 Louisiana, Suite 5600**

**Houston, Texas 77002**

**Telephone (832) 204-2700**

**Annual meeting of stockholders**

**to be held on May 20, 2008**

April 17, 2008

Dear Stockholder:

You are cordially invited to attend Petrohawk Energy Corporation's 2008 annual meeting of stockholders on Tuesday, May 20, 2008, at 10:00 a.m., Central Daylight Time, to be held at the Wells Fargo Plaza Auditorium at 1000 Louisiana, Houston, Texas 77002.

The enclosed notice of annual meeting and the proxy statement describe the various matters to be acted upon during the meeting. In addition, there will be a report on the state of Petrohawk's business and an opportunity for you to ask questions of Petrohawk's management.

You may vote your shares by submitting a proxy by Internet, by telephone, or by completing, signing, dating and returning the enclosed proxy card or by voting your shares in person at the meeting. The proxy card describes your voting options in more detail. If you need assistance, please contact Joan Dunlap, Vice President, Investor Relations, at (832) 204-2700. Our annual report to the stockholders including our annual report on Form 10-K for the fiscal year ended December 31, 2007 also accompanies the proxy statement.

The annual meeting gives us an opportunity to review Petrohawk's results and discuss the steps Petrohawk has taken to position itself for the future. We appreciate your ownership of Petrohawk common stock, and I hope you will be able to join us at the annual meeting.

Sincerely,

Floyd C. Wilson

*Chairman of the Board of Directors,*

*President and Chief Executive Officer*

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**Petrohawk Energy Corporation**

**1000 Louisiana, Suite 5600**

**Houston, Texas 77002**

**Telephone (832) 204-2700**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 20, 2008**

Notice is hereby given that the annual meeting of stockholders of Petrohawk Energy Corporation will be held on Tuesday, May 20, 2008 at 10:00 a.m., Central Daylight Time, at the Wells Fargo Plaza Auditorium at 1000 Louisiana, Houston, Texas 77002 for the following purposes:

1. To elect three directors to our board of directors to serve as Class I directors in accordance with our bylaws;
2. To ratify the appointment of Deloitte & Touche LLP, an independent registered public accounting firm, as our independent auditors for the fiscal year ending December 31, 2008; and
3. To transact such other business as may properly come before the annual meeting or any adjournment thereof.

The board of directors has fixed the close of business on March 28, 2008, as the record date for determining the stockholders of Petrohawk entitled to notice of, and to vote at, the annual meeting and any adjournment or postponement thereof. Only stockholders of record at the close of business on the record date are entitled to notice of, and to vote at, the meeting. A complete list of the stockholders will be available for examination at the offices of Petrohawk in Houston, Texas during ordinary business hours for a period of ten (10) days prior to the meeting.

**All stockholders are cordially invited to attend the meeting. Whether or not you expect to attend the annual meeting in person, please submit a proxy as soon as possible. In order to submit a proxy, please call the toll-free number listed on the enclosed proxy card, use the Internet as described on the enclosed proxy card, or complete, date and sign the enclosed proxy card and return it in the enclosed envelope, which requires no additional postage if mailed in the United States. If you attend the meeting, and if you so choose, you may withdraw your proxy and vote in person.** If your shares are held in street name by your broker or other nominee, only that holder can vote your shares and the vote cannot be cast unless you provide your instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Please review the proxy statement accompanying this notice for more complete information regarding the matters to be voted on at the meeting. You may revoke your proxy at any time before it is voted.

By order of the Board of Directors of

Petrohawk Energy Corporation:

Floyd C. Wilson

*Chairman of the Board of Directors,*

*President and Chief Executive Officer*

April 17, 2008

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR**

**THE 2008 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 20, 2008.**

Petrohawk's Proxy Statement for the 2008 Annual Meeting of Stockholders, the Annual Report to Stockholders for the fiscal year ended December 31, 2007 and the Company's Annual Report on Form 10-K for the year ended December 31, 2007 are available at <http://www.petrohawk.com/ir/ar/>.

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**Petrohawk Energy Corporation**

**1000 Louisiana, Suite 5600**

**Houston, Texas 77002**

**Telephone (832) 204-2700**

**PROXY STATEMENT**

**FOR ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 20, 2008**

**GENERAL INFORMATION**

These proxy materials are furnished to you in connection with the solicitation of proxies by the board of directors of Petrohawk Energy Corporation, a Delaware corporation (referred to in this proxy statement as Petrohawk, the Company, we, us, or our) for the annual meeting of our stockholders to be held on Tuesday, May 20, 2008, at 10:00 a.m., Central Daylight Time, at the Wells Fargo Plaza Auditorium at 1000 Louisiana, Houston, Texas 77002. The proxies also may be voted at any adjournments or postponements of the annual meeting.

This proxy statement, together with our annual report to the stockholders including our annual report on Form 10-K for the year ended December 31, 2007, are being mailed on or about April 17, 2008 to holders of record of our common stock as of March 28, 2008. The specific proposals to be considered and voted upon at the annual meeting are summarized in the notice of annual meeting of stockholders. Each proposal is described in more detail in this proxy statement.

***Voting and Revocation of Proxies***

If you provide specific voting instructions, your shares will be voted as you instruct. Whether you hold shares directly as a stockholder of record, or beneficially in street name, you may direct how your shares are voted at the annual meeting. If you are a stockholder of record, you may vote by submitting a proxy or by voting in person at the annual meeting, and if you hold your shares in street name, you may vote by submitting voting instructions to your broker or trustee or nominee. You may cast your vote by proxy as follows:

By Internet you may vote using the Internet and voting at the website listed on the enclosed proxy/voting instruction card, or the proxy card ;

By telephone you may vote by using the toll-free telephone number listed on the enclosed proxy card; or

By mailing the proxy card you may vote by completing, signing, dating and mailing the enclosed proxy card in the enclosed pre-addressed postage-paid envelope.

If you hold your shares in street name, please refer to the proxy card forwarded by your bank, broker, or other nominee to see which voting options are available to you and directions on how to vote. If you vote by Internet or by telephone, you need not return your proxy card. Proxies granted by telephone or over the Internet, in accordance with the procedures set forth on the proxy card, will be valid under Delaware law.

If you sign the proxy card of your broker, trustee or other nominee but do not provide instructions, your shares will not be voted unless your broker, trustee or other nominee has discretionary authority to vote. When a broker, trustee, or other nominee holding shares for a beneficial owner does not vote on a particular proposal





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because the broker does not have authority to vote in the absence of timely instructions from the beneficial owner, this is referred to as a broker non-vote. The New York Stock Exchange, or the NYSE, permits brokers to have discretionary authority to vote the shares of a beneficial owner in both the election of our directors and the ratification of Deloitte & Touche LLP ( Deloitte ) as our independent registered public accountants.

Unless you otherwise direct in your proxy, the individuals named in the proxy card will vote the shares represented by such proxy FOR the board nominees named herein (Proposal 1) and FOR Proposal 2.

The board of directors does not know of any business to be brought before the annual meeting other than as indicated in the notice of annual meeting of stockholders. If other matters do come before the meeting, the persons named in the proxy card will vote the shares represented by the proxy in his or her best judgment.

**Revocation of Proxy.** A proxy may be revoked by a stockholder at any time prior to it being voted by:

delivering a revised proxy (by one of the methods described above) bearing a later date;

voting in person at the annual meeting; or

notifying our Secretary in writing of the revocation at our address set forth above in time to be received before the annual meeting. Attendance at the meeting alone will not effectively revoke a previously executed and delivered proxy. If a proxy is properly executed and is not revoked by the stockholder, the shares it represents will be voted at the meeting in accordance with the instructions from the stockholder. If the proxy card is signed and returned without specifying choices, the shares will be voted in accordance with the recommendations of our board of directors.

If your shares are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

**Record Date and Vote Required for Approval.** The record date with respect to this solicitation is March 28, 2008. All holders of record of our common stock as of the close of business on March 28, 2008 are entitled to vote at the annual meeting and any adjournment or postponement thereof. As of March 28, 2008, we had 192,855,470 shares of common stock outstanding. Each share of common stock is entitled to one vote. Our stockholders do not have cumulative voting rights. In accordance with our bylaws, the holders of a majority of the outstanding shares of our common stock entitled to vote, represented in person or by proxy, shall constitute a quorum at the annual meeting. If a quorum is not present at the annual meeting, a vote for adjournment will be taken among the stockholders present or represented by proxy. If a majority of the stockholders present or represented by proxy vote for adjournment, it is our intention to adjourn the meeting until a later date and to vote proxies received at such adjourned meeting. The place and date to which the annual meeting would be adjourned would be announced at the meeting, but would in no event be expected to be more than 30 days after the date of the annual meeting.

Assuming that a quorum is present, the affirmative vote of a plurality of the votes cast is required for the election of directors at the annual meeting. This means that the director nominee with the most affirmative votes for a particular slot is elected for that slot. Any shares not voted (whether by withholding the vote, broker non-vote or otherwise) have no impact in the election of directors, except to the extent that the failure to vote for an individual results in another candidate receiving a larger number of votes in person and represented by proxy at the annual meeting.

Our bylaws provide that, on all other matters, except to the extent otherwise required by our certificate of incorporation, our bylaws or applicable law, the affirmative vote of a majority of the shares of common stock present in person or represented by proxy at the meeting and voting on the matter is required for approval. Therefore, the ratification of the appointment of Deloitte as our independent auditor requires the affirmative vote

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of a majority of the shares of common stock present in person or represented by proxy at the meeting and voting on the matter. Accordingly, assuming there is a quorum present and that the total votes cast at the annual meeting or our stockholders represent more than 50% of all our common stock entitled to vote at the meeting, the failure of a Petrohawk stockholder to vote will have no effect in determining whether this proposal is approved.

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute broker non-votes. Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. Brokers that have not received voting instructions from their clients cannot vote on their clients behalf on non-routine proposals, although they may vote their clients shares on the election of directors and the ratification of the appointment of Deloitte as our independent auditor. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered voting on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained. Abstentions are counted as shares present at the meeting for purposes of determining the presence of a quorum and with respect to any matters being voted upon at the meeting. Accordingly, abstentions will have no effect on the outcome of the election of directors but with respect to any other proposal, will operate to prevent the approval of such proposal to the same extent as a vote against such proposal. Proxies received but marked as abstentions and broker non-votes will be counted for quorum purposes.

**Proxy Solicitation.** We will bear all costs relating to the solicitation of proxies. Proxies may be solicited by officers, directors and employees personally, by mail, or by telephone, facsimile transmission or other electronic means. On request, we will pay brokers and other persons holding shares of stock in their names or in those of their nominees, which in each case are beneficially owned by others, for their reasonable expenses in sending soliciting material to, and seeking instructions from, their principals.

**Submission of Stockholder Proposals.** The deadline for submitting stockholder proposals for inclusion in our 2009 proxy statement and form of proxy for our annual meeting in 2009 is December 18, 2008. See Submission of Stockholder Proposals for Our 2009 Annual Meeting of Stockholders starting on page 46 below for additional information.

**We will provide to any stockholder, without charge and upon the written request of the stockholder, a copy (without exhibits, unless otherwise requested) of our annual report on Form 10-K as filed with the United States Securities and Exchange Commission (the SEC ) for our fiscal year ended December 31, 2007. Any such request should be directed to Joan Dunlap, Vice President, Investor Relations at 1000 Louisiana, Suite 5600, Houston, Texas 77002, telephone number: (832) 204-2700. The annual report to the stockholders enclosed herein including the annual report on Form 10-K for our fiscal year ended December 31, 2007 is not part of the proxy solicitation materials.**

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following sets forth beneficial ownership of our common stock by beneficial owners of more than five percent of our common stock as of December 31, 2007, based solely upon statements they have filed with the SEC pursuant to Sections 13(g) or 13(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"). Unless otherwise indicated, the named person below has the sole voting and dispositive powers with respect to the shares of our common stock set forth opposite such person's name.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
FMR LLC 82 Devonshire Boston, Massachusetts 02109	22,354,066 <sup>(1)</sup>	11.6%
Fidelity Management & Research Company 82 Devonshire Boston, Massachusetts 02109	21,518,066 <sup>(2)</sup> (part of the 22,354,066 shares disclosed with respect to FMR LLC above)	11.2%
Edward C. Johnson 3d 82 Devonshire Boston, Massachusetts 02109	21,518,066 <sup>(3)</sup> (part of the 22,354,066 shares disclosed with respect to FMR LLC and the same 21,518,066 shares disclosed with respect to Fidelity Management & Research Company above)	11.2%

- (1) According to Schedule 13G filed by FMR LLC (formerly known as FMR Corp.) with the SEC on February 14, 2008, FMR LLC has the sole power to vote or direct the vote with respect to 764,150 shares of Petrohawk common stock, and the sole power to direct the disposition of 22,354,066 shares of Petrohawk common stock. Various persons (other than FMR LLC) have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the 22,354,066 shares of Petrohawk common stock beneficially owned by FMR LLC. No one such person's interest in Petrohawk common stock is more than five percent of the total number of Petrohawk common stock outstanding. Also see footnotes 2 and 3.
- (2) According to Amendment No. 1 to Schedule 13G filed by FMR LLC (formerly known as FMR Corp.) with the SEC on February 14, 2008, Fidelity Management & Research Company ( "Fidelity"), a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 21,518,066 shares of Petrohawk common stock outstanding as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940 (the "funds"). The funds have the sole power to dispose of the 21,518,066 shares owned by them. Also see footnotes 1 and 3.
- (3) According to Schedule 13G filed by FMR LLC with the SEC on February 14, 2008, Edward C. Johnson 3d and FMR LLC, through its control of Fidelity, and the funds to which Fidelity acts as investment adviser, each has sole power to dispose of the 21,518,066 shares owned by these funds. Members of the family of Edward C. Johnson 3d, Chairman of FMR LLC, are the predominant owners, directly or through trusts, of Series B shares of common stock of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B shares will be voted in accordance with the majority vote of Series B shares. Accordingly, through their ownership of voting common stock and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Schedule 13G filed by FMR LLC with the SEC on February 14, 2008 indicates that neither FMR LLC nor Edward C. Johnson 3d has the sole power to vote or direct the voting of the shares owned directly by the Fidelity funds, which power resides with the funds' Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the funds' Boards of Trustees. Pyramid Global Advisors Trust Company ( "PGATC"), an indirect wholly-owned subsidiary of FMR LLC and a bank as defined in Section 3(a)(6) of



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the 1934 Act, is the beneficial owner of 828,700 shares or 0.43% of the outstanding common stock of Petrohawk as a result of its serving as investment manager of institutional accounts owning such shares. Edward C. Johnson 3d and FMR LLC, through its control of Pyramis Global Advisors Trust Company, each has sole dispositive power over 828,700 shares and sole power to vote or to direct the voting of 753,600 shares of common stock owned by the institutional accounts managed by PGATC as stated above. Fidelity International Limited ( FIL ) and various foreign-based subsidiaries provide investment advisory and management services to a number of non-U.S. investment companies and certain institutional investors. FIL, which is a qualified institution under Section 240.13d-1(b)(1) pursuant to an SEC No-Action letter dated October 5, 2000, is the beneficial owner of 7,300 shares of Petrohawk common stock. Partnerships controlled predominantly by members of the family of Edward C. Johnson 3d, Chairman of FMR LLC and FIL, or trusts for their benefit, own shares of FIL voting stock with the right to cast approximately 47% of the total votes which may be cast by all holders of FIL voting stock. FMR LLC and FIL are separate and independent corporate entities, and their Boards of Directors are generally composed of different individuals. FMR LLC and FIL are of the view that they are not acting as a group for purposes of Section 13(d) under the 1934 Act and that they are not otherwise required to attribute to each other the beneficial ownership of securities beneficially owned by the other corporation within the meaning of Rule 13d-3 promulgated under the 1934 Act. Therefore, they are of the view that the shares held by the other corporation need not be aggregated for purposes of Section 13(d). However, FMR LLC has made the Schedule 13G filing on a voluntary basis as if all of the shares are beneficially owned by FMR LLC and FIL on a joint basis. Also see footnotes 1 and 2.

**OUR BOARD OF DIRECTORS AND ITS COMMITTEES***The Board of Directors*

Our business and affairs are managed under the direction of our board of directors. Our bylaws specify that we shall not have less than one nor more than eleven directors. Our board currently has nine (9) members. Under our bylaws, each director holds office until the annual stockholders meeting at which such director's class is up for re-election and until the director's successor is duly elected and qualified, or until such director's earlier death, resignation or removal. Our certificate of incorporation provides that our board of directors is classified into three classes: Class I, Class II and Class III, each class being a three year term of office. As discussed more fully below under Proposal I Election of Directors, three of our current directors, Floyd C. Wilson, Tucker S. Bridwell and Gary A. Merriman have been nominated for reelection at our 2008 annual meeting because of the expiration of the term of their class, Class I, on our classified board of directors.

The following table sets forth the names and ages of all directors, the positions and offices with us held by such persons, the terms of their office and the length of their continuous service as a director:

<b>Name</b>	<b>Director Since</b>	<b>Age</b>	<b>Position</b>	<b>Expiration of Term</b>
Floyd C. Wilson	May 2004	61	Chairman of the Board, President and Chief Executive Officer	2008
James W. Christmas	July 2006	60	Vice Chairman of the Board	2009
Tucker S. Bridwell	May 2004	56	Director	2008
Thomas R. Fuller	March 2006	60	Director	2010
James L. Irish III	May 2004	63	Director	2009
Gary A. Merriman	July 2006	53	Director	2008
Robert G. Reynolds	July 2006	56	Director	2010
Robert C. Stone, Jr.	September 2000	59	Director	2009
Christopher A. Viggiano	July 2006	54	Director	2010

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**Floyd C. Wilson** has served as Chairman of the Board, President and Chief Executive Officer since May 25, 2004. Prior to joining us, Mr. Wilson was President of PHAWK, LLC from its formation in June 2003 until May 2004. Mr. Wilson was the Chairman and Chief Executive Officer of 3TEC Energy Corporation from August 1999 until its merger with Plains Exploration & Production Company in June 2003. Mr. Wilson founded W/E Energy Company L.L.C., formerly known as 3TEC Energy Company L.L.C. in 1998 and served as its President until August 1999. Prior to his involvement with 3TEC, Mr. Wilson founded Hugoton Energy Corporation in 1987, and served as its Chairman, President and Chief Executive Officer. In 1994, Hugoton completed an initial public offering and was merged into Chesapeake Energy Corporation in 1998. Mr. Wilson began his career in the energy business in Houston, Texas in 1970 as a completion engineer. He moved to Wichita, Kansas in 1976 to start an oil and gas operating company, one of several private energy ventures which preceded the formation of Hugoton Energy Corporation.

**James W. Christmas** became the Vice Chairman of the Board on July 12, 2006 in conjunction with our merger with KCS Energy, Inc. ( KCS ). Mr. Christmas served as Chairman of the Board and Chief Executive Officer of KCS from April 2003 until the merger and as a director of KCS since 1988. From 1988 until April 2003, Mr. Christmas served as President and Chief Executive Officer of KCS.

**Tucker S. Bridwell** has served as a director since May 25, 2004. Mr. Bridwell has been the President of Mansefeldt Investment Corporation and the Dian Graves Owen Foundation since September 1997 and manages investments in both entities. He has been in the energy business in various capacities for over 25 years. Mr. Bridwell served as chairman of First Permian, LLC from 2000 until its sale to Energen Corporation in April 2002. He is a certified public accountant and holds B.B.A. and M.B.A. degrees from Southern Methodist University. Mr. Bridwell is also a director of First Financial Bankshares, Inc. and Concho Resources, Inc.

**Thomas R. Fuller** has served as a director since March 6, 2006. Mr. Fuller is a principal with Diverse Energy Management Co., a private upstream acquisition, drilling and production company which also invests in other energy-related companies. He has been a principal with the Diverse group of companies since December 1988. Mr. Fuller has over 30 years of experience in the energy and financing industries and is a Registered Professional Engineer in Texas. Mr. Fuller received degrees from the University of Wyoming and the Louisiana State University School of Banking of the South.

**James L. Irish III** has served as a director since May 25, 2004. Mr. Irish served as a director of 3TEC Energy Corporation from 2002 until June 2003, and has served as an advisory director of EnCap Investments L.P. since October 2007. Mr. Irish is currently senior counsel with Thompson & Knight LLP, a Texas based law firm. Mr. Irish has been an attorney with Thompson & Knight LLP serving in various capacities, including Managing Partner, since 1969. His practice has primarily included the representation of insurance companies, pension plan managers, foundations, banks and other financial institutions and managers with respect to their equity and debt oil and gas investments. Mr. Irish has also represented energy companies in connection with project financings, joint ventures, public offerings and similar matters.

**Gary A. Merriman** became a director on July 12, 2006 in conjunction with our merger with KCS. Mr. Merriman served as a director of KCS since April 2005. Mr. Merriman retired from Conoco Inc. in 2002, where he had been employed since 1976. While at Conoco, Mr. Merriman held a number of positions including, from 1999 to 2002, President of Exploration and Production for Conoco in the Americas. Prior to that, he was General Manager for Conoco's Refining and Marketing Rocky Mountain Region from 1997 to 1999, President of Conoco Indonesia from 1995 to 1997 and General Manager of North Sea Operations for Conoco UK Limited from 1992 to 1995. Mr. Merriman has over 27 years of international and domestic experience in all aspects of the oil and gas business.

**Robert G. Raynolds** became a director on July 12, 2006 in conjunction with our merger with KCS. Mr. Raynolds served as a director of KCS since 1995 and was the lead outside director of KCS since 2003. He has been an independent consulting geologist for several major and independent oil and gas companies since 1992 and was a geologist with Amoco Production Company from 1983 until 1992.

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**Robert C. Stone, Jr.** has served as a director since September 2000. Mr. Stone formed ENG Energy Advisory, LLC in 2007 and serves as its managing member. ENG provides advisory and consulting services to independent E&P companies with emphasis on capital formation, corporate strategy and acquisition and divestiture of producing properties. Mr. Stone retired in June 2007 from his position as Senior Vice President/Manager of Energy Lending at Whitney National Bank in New Orleans, Louisiana, where he was employed since 2000. Prior to this position, Mr. Stone was Manager of Energy Technical Services, Energy/Maritime Division at Hibernia National Bank from 1998 to 2000 that included evaluation responsibilities for all syndicated and direct lending E&P segment clients. Mr. Stone has held senior management positions in energy banking for over 20 years, with emphasis on small-cap, public and private producers. His experience includes underwriting and managing senior debt, mezzanine and private equity to the independent sector. He began his banking career as an engineer with First National Bank of Commerce in New Orleans in 1983 after working in various engineering positions with Exxon Company, U.S.A. for seven years. He was also a Founding Governor of the City Energy Club of New Orleans and is involved with many civic organizations in New Orleans where he still resides. Mr. Stone holds both a B.S. and M.S. in Engineering from the University of Houston.

**Christopher A. Viggiano** became a director on July 12, 2006 in conjunction with our merger with KCS. Mr. Viggiano serves on the Company's Audit Committee and the Compensation Committee. Mr. Viggiano served as a director of KCS since 1988. He has been President, Chairman of the Board and majority owner of O Bryan Glass Corp., Queens, New York since December 1991. Mr. Viggiano is a Certified Public Accountant and worked in public accounting as an auditor for Arthur Anderson & Co. from 1975 to 1984.

*Committees of the Board*

Our board has four standing committees: audit, compensation, nominating and corporate governance, and reserves. Actions taken by our committees are reported to the full board. Each committee conducts an annual evaluation of its duties, except that our reserves committee is not required to conduct an annual evaluation of its duties under its charter, and each committee is expected to conduct a review of its charter, except that our nominating and corporate governance committee is not required to conduct a review of its charter under the nominating and corporate governance committee charter. Furthermore, each committee has authority to retain, set the compensation for, and terminate consultants, outside counsel and other advisers as that committee determines to be appropriate.

**Audit Committee.** The members of our audit committee are: James L. Irish III, Tucker S. Bridwell, Robert C. Stone, Jr., and Christopher A. Viggiano, with Mr. Irish serving as the chairman. The audit committee met on four occasions during 2007. Our board has determined that all members of our audit committee are financially literate within the meaning of SEC rules, under the current listing standards of the New York Stock Exchange, or NYSE, and in accordance with our audit committee charter. Our board has also determined that all members of the audit committee are independent, within the meaning of SEC and NYSE regulations for independence for audit committee members, under our corporate governance guidelines, and in accordance with our audit committee charter, and that Mr. Stone qualifies as an audit committee financial expert under the NYSE rules and Item 407(d)(5) of Regulation S-K, and in accordance with our audit committee charter. In addition, prior to our listing with the NYSE on March 13, 2007, each member of our audit committee who served in fiscal year 2007 met the independence standards required for audit committee members under the NASDAQ Stock Market (NASDAQ) rules. Our board of directors adopted an amended audit committee charter on February 27, 2007. Please see page 10 of this proxy statement under Board of Directors; Corporate Governance Matters Director Independence for more information on how we determine the independence of our directors.

The primary functions of our audit committee are to monitor internal accounting controls and financial reporting practices, review financial statements and related information, select and retain our independent auditors, review and evaluate the performance, services, and fees of the independent auditors, pre-approve all



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audit and permitted non-audit services to be provided by the independent auditors, monitor the independence of the independent auditors, and produce a report for inclusion in our proxy statement. Our independent auditors report directly to the audit committee. Additionally, the audit committee discusses with management our earnings releases, including the use of pro-forma financial information, and the information and earnings guidance provided to analysts and rating agencies. The audit committee also reviews and discusses quarterly reports from independent auditors regarding critical accounting policies and practices, alternative treatments of financial information within generally accepted accounting principles, and other material written communication between the independent auditors and management.

See page 41 of this proxy statement for a copy of our audit committee's report for the 2007 fiscal year.

**Compensation Committee.** The members of our compensation committee are Gary A. Merriman, Thomas R. Fuller, and Christopher A. Viggiano, with Mr. Merriman serving as the chairman. This committee met nine times and took action by unanimous written consent four times during 2007. Our board of directors has determined that each of the current members of the compensation committee is a non-employee director in accordance with Rule 16b-3 of the 1934 Act and an outside director in accordance with Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), as required in our compensation committee charter. Our board of directors has also determined that all members of the compensation committee who currently serve are independent pursuant to the NYSE rules and federal law and in accordance with our compensation committee charter. All directors who served on the compensation committee for fiscal year 2007 prior to our listing with the NYSE on March 13, 2007 had also been determined to be independent under NASDAQ rules. Our compensation committee is responsible for formulating and recommending to our board of directors the compensation to be paid to our executive officers, directors, and to produce an annual report for inclusion in our proxy statement. The compensation committee also administers our stock option plans, including our 1999 Incentive and Nonstatutory Stock Option Plan, 2004 Non-Employee Director Incentive Plan, and the 2004 Petrohawk Plan, and the Mission Resources Corporation 2004 Incentive Plan, the Mission Resources Corporation 1996 Stock Incentive Plan, as amended, the Mission Resources Corporation 1994 Stock Incentive Plan, the KCS Energy, Inc. 2001 Employees and Directors Stock Plan, and the KCS Energy, Inc. 2005 Employees and Directors Stock Plan (as amended, the 2005 KCS Plan). Our board of directors adopted an amended compensation committee charter on February 27, 2007. Please see page 20 of this proxy statement under Executive Compensation Compensation Discussion and Analysis Overview of the Compensation Committee for additional information on our compensation committee.

**Compensation Committee Interlocks and Insider Participation.** See Compensation Committee Interlocks and Insider Participation on page 39 of this proxy statement.

**Compensation Discussion and Analysis.** See Executive Compensation Compensation Discussion and Analysis starting on page 20 of this proxy statement.

**Nominating and Corporate Governance Committee.** The members of our nominating and corporate governance committee are Thomas R. Fuller, Robert C. Stone, Jr., and Gary A. Merriman, with Mr. Fuller serving as the chairman. The nominating committee met five times during 2007. Our board of directors has determined that all members of the nominating and corporate governance committee who currently serve are independent pursuant to the NYSE rules and federal law and in accordance with our nominating and corporate governance committee charter. In addition, prior to our listing with the NYSE on March 13, 2007, each member of the nominating and corporate governance committee who served in fiscal year 2007 (Messrs. Fuller, Stone, and Merriman) was independent pursuant to applicable NASDAQ rules when they served on the nominating committee. The primary functions of the nominating and corporate governance committee are to recommend candidates to the board of directors as nominees for election at the annual meeting of stockholders or to fill vacancies as they may occur, and to perform an annual performance evaluation of the board of directors. This committee also reviews candidates suggested for nomination by the stockholders. Our board of directors adopted

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an amended nominating and corporate governance committee charter on February 27, 2007. With respect to procedures for stockholders to suggest candidates for consideration by the committee for the 2009 annual meeting of stockholders, see Board of Directors; Corporate Governance Matters Nomination Process , Board of Directors; Corporate Governance Matters Stockholder Nomination Process and Submission of Stockholder Proposals for Our 2009 Annual Meeting of Stockholders .

**Reserves Committee.** The members of our reserves committee are Robert C. Stone, Jr., Robert G. Reynolds, and Thomas R. Fuller, with Mr. Stone serving as the chairman. The reserves committee met on three occasions during 2007. Our board has determined that all members of our reserves committee are independent in accordance with our reserves committee charter. Our reserves committee has been formed to assist our board with oversight in the preparation by independent petroleum engineers of annual and any special reserve reports and/or audits of the estimated amounts of our consolidated hydrocarbon reserves and related information. The reserves committee retains the independent petroleum engineers who evaluate our hydrocarbon reserves and determines their independence from Petrohawk. Our board of directors adopted an amended reserves committee charter on February 27, 2007.

**Membership and Meetings of the Board of Directors and its Committees.** During 2007, seven meetings of our board of directors were held. All directors who served on our board during 2007 attended at least 75% of the total meetings of the board (during the period in which he was a director) and each committee on which they served (during the period that he served on that committee). Our directors also took action by unanimous written consent on fourteen occasions.

Information relating to current committee membership and the number of meetings of the full board and committees held in 2007 is summarized in the following table:

Name of Director	Board of Directors	Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee	Reserves Committee
Floyd C. Wilson	Chairman				
James W. Christmas	Vice Chairman				
Tucker S. Bridwell	Member	Member			
Thomas R. Fuller	Member		Chairman	Member	Member
James L. Irish III	Member	Chairman			
Gary A. Merriman	Member		Member	Chairman	
Robert G. Reynolds	Member				Member
Robert C. Stone, Jr.	Member	Member	Member		Chairman
Christopher A. Viggiano	Member	Member		Member	
<b>Number of Meetings in 2007:</b>	7	4	5	9	3

*Corporate Governance Matters*

**Corporate Governance Web Page and Available Documents.** We maintain a corporate governance page on our website at [www.petrohawk.com](http://www.petrohawk.com) where you can find the following documents:

our corporate governance guidelines;

our code of ethics for CEO and senior financial officers;

our code of conduct; and

the charters of the audit, nominating and corporate governance, and compensation committees.

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We will also provide a printed copy of these documents, without charge, to those who request copies in writing from Joan Dunlap, Vice President, Investor Relations, Petrohawk Energy Corporation, 1000 Louisiana, Suite 5600, Houston, Texas 77002.

**Director Independence.** On February 28, 2007, we announced that we had applied to list our common stock on the NYSE under the new symbol **HK**. Our listing application was approved by the NYSE and our common stock began trading on the NYSE on March 13, 2007, and our common stock is no longer traded on NASDAQ effective at the closing of the market on March 12, 2007. Prior to March 13, 2007, we were subject to the rules of NASDAQ applicable to NASDAQ listed companies, including the NASDAQ corporate governance rules. As of March 13, 2007, we have become subject to the rules of NYSE applicable to NYSE listed companies, including the NYSE corporate governance rules.

The current listing standards of the NYSE require our board to affirmatively determine the independence of each director and to disclose such determination in the proxy statement for each annual meeting of our stockholders. The board, at its meeting held on February 26, 2008, affirmatively determined that each of Messrs. Bridwell, Fuller, Irish, Merriman, Reynolds, Stone and Viggiano is an independent director with respect to Petrohawk under the independence standards of our corporate governance guidelines, adopted as of February 27, 2008 and described below, and under the corporate governance rules of the NYSE codified in Section 303A of the NYSE Listed Company Manual.

Our board established the following standards for determining director independence in our corporate governance guidelines:

A majority of the directors on our board must be independent. No director qualifies as independent unless the board affirmatively determines that the director has no material relationship with Petrohawk, either directly, or as a partner, shareholder or officer of an organization that has a relationship with Petrohawk. A material relationship is a relationship that the board determines, after a consideration of all relevant facts and circumstances, compromises the director's independence from management. Our board's determination of independence must be consistent with all applicable requirements of the NYSE, the SEC, and any other applicable legal requirements. Our board may adopt specific standards or guidelines for independence in its discretion from time to time, consistent with those requirements. As set forth in the NYSE Listed Company Manual Section 303A.02, our board must consider the following factors that preclude a finding by the board of a member's or prospective member's independence from Petrohawk:

1. A director who is, or who has been within the last three years, an employee of Petrohawk (including in each case subsidiaries or parent entities in a consolidated group), or an immediate family member who is, or has been within the last three years, an executive officer, of Petrohawk;
2. A director who has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from Petrohawk, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); provided, that, compensation received by a director for former service as an interim Chairman or CEO or other executive officer need not be considered in determining independence under this test, and compensation received by an immediate family member for service as an employee of Petrohawk need not be considered in determining independence under this test;
3. (A) A director or an immediate family member who is a current partner of a firm that is Petrohawk's internal or external auditor; (B) a director who is a current employee of such a firm; (C) a director who has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) a director or an immediate family member who was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on Petrohawk's audit within that time;

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4. A director or an immediate family member who is, or who has been within the last three years, employed as an executive officer of another company where any of Petrohawk's present executive officers at the same time serves or served on that company's compensation committee; and
5. A director who is a current employee, or an immediate family member who is a current executive officer, of a company that has made payments to, or received payments from, Petrohawk for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

For purposes of determining independence of a director based on the tests set forth above, among other things, the following applies:

- A. In applying the test in section 5 above, both the payments and the consolidated gross revenues to be measured are those reported in the last completed fiscal year. The look-back provision for this test applies solely to the financial relationship between Petrohawk and the director or immediate family member's current employer; Petrohawk does not need to consider former employment of the director or the immediate family member.
- B. For purposes of section 5 above, contributions to the tax exempt organizations are not considered payments, although Petrohawk still considers the materiality of any such relationship in determining the independence of a director.
- C. For purposes of determining independence, an immediate family member includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than a domestic employee) who shares such person's home, and does not include individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.

Our corporate governance guidelines set forth our policy with respect to qualifications of the members of the board, the standards of director independence, director responsibilities, board meetings, director access to management and independent advisors, director orientation and continuing education, management evaluation and succession, annual performance evaluation of the board, and executive sessions.

As discussed on page 10 of this proxy statement, our board determined that Mr. Irish is an independent director under our corporate governance guidelines and under NYSE rules and federal law. In determining that Mr. Irish is an independent director, our board considered that Mr. Irish is of counsel to Thompson & Knight LLP which we have engaged for the purpose of obtaining legal advice. In concluding that this relationship did not result in a material relationship between Petrohawk and Mr. Irish, our board considered, among other things, that Mr. Irish is no longer actively engaged in the practice of law at Thompson & Knight LLP, and that the fees and expenses paid with respect to Thompson & Knight's engagement by Petrohawk were not material to Thompson & Knight.

**Nomination Process.** Our nominating and corporate governance committee reviews possible candidates for nomination to the board of directors and recommends candidates for nomination to the board for approval. The committee and the board have adopted guidelines that describe specific traits, abilities, and experience which the committee and the board consider in selecting candidates for nomination as directors. Among the standards and qualifications the committee and the board seek are individuals of high ethical character who share our values and who possess varied backgrounds. The board is expected to have some members with specialized skills in the oil and gas exploration and development industry, including individuals with strong technical backgrounds. Absent special circumstances, we are generally of the view that the continuing service of qualified incumbents promotes stability and continuity in the board room, giving us the benefit of the familiarity and insight into our affairs that directors have accumulated during their tenure, while contributing to our board's ability to work as a collective body. Accordingly, it is the general policy of the committee to nominate qualified incumbent directors who continue to satisfy the committee's membership criteria, whom the committee believes will continue to

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make important contributions to the board and who consent to stand for reelection and continue their service on the board. The nominating and corporate governance committee is responsible for assessing the appropriate mix of skills and characteristics required of directors in the context of perceived needs of the board at any given point in time and reviews and updates the criteria for nomination as they determine to be necessary.

**Stockholder Nomination Process.** Our nominating and corporate governance committee considers suggestions from many sources, including management, directors, and stockholders regarding possible candidates for nomination to the board of directors. Any such suggestion by a stockholder should be submitted to the nominating and corporate governance committee in writing, c/o David S. Elkouri, Executive Vice President, General Counsel and Secretary, at 1000 Louisiana, Suite 5600, Houston, Texas, 77002. The information should include the name and address of the stockholder suggesting the individual as they appear on our books, the number and class of shares owned beneficially and of record by the stockholder, the suggested individual's name and address, a description of all arrangements or understandings (if any) between the stockholder and the individual being suggested for the committee's consideration, the information about the individual being suggested that would be required to be included in a proxy statement filed with the SEC, and an indication of the individual's willingness to be named as a nominee and to serve as a director of Petrohawk if nominated by the committee and the board. The recommendation must be accompanied by the candidate's written consent to being named in our proxy statement as a nominee for election to the board of directors and to serving as a director, if elected. The recommendation and the director candidate's written consent must be provided to us for an annual meeting of stockholders in accordance with the provisions of Submission of Stockholder Proposals for Our 2009 Annual Meeting of Stockholders starting on page 46 below and must otherwise comply with all the provisions set forth in Rule 14a-8 under the 1934 Act, and any other requirements of state law. We may also require any proposed nominee to furnish such other information as we or the committee may reasonably require to determine the eligibility of the nominee to serve as a director. For the deadline for stockholder suggestions of individuals to be considered by the committee for nomination as a candidate to be elected at the 2009 annual meeting of stockholders, see Submission of Stockholder Proposals for Our 2009 Annual Meeting of Stockholders. Candidates who have been suggested by stockholders are evaluated by the nominating and corporate governance committee in the same manner as are other candidates. Our nominating and corporate governance committee has not previously retained a third-party search firm to identify candidates, but may do so in the future in its discretion.

The nominating and corporate governance committee did not receive any stockholder recommendations for nomination to our board of directors in connection with this year's annual meeting. The nominating and corporate governance committee has recommended Messrs. Wilson, Bridwell and Merriman, who are current Class I directors, for reelection as the term of their class, Class I, is expiring on our classified board of directors.

**Communications with the Board.** Our stockholders may communicate concerns to any specific director, board committee