

CK, AG

19345 Point O Woods Court
Baton Rouge, Louisiana 70809
225-753-4723
225-753-4661 (fax)

.....

Energy Research Services, Inc.

August 25, 2005

Commissioner James H. Welsh
Office of Conservation
PO Box 94275
Baton Rouge, LA 70804-9275
Attention: Mr. Tod Keating

Re: Request for Commingling Authority
9900 NAG RA SUM
Paradis Commingling Facility No. 7 (930430)
Hilcorp Energy Company
Paradis Field
St Charles Parish, Louisiana

Dear Commissioner Welsh,

Pursuant to the provisions of Title 30 of the Revised Statutes of 1950, application is made on behalf of Hilcorp Energy Company (Hilcorp) for the calling of a public hearing after ten-day legal notice, to consider evidence relative to the issuance of an order to commingle hydrocarbons from the 9900 NAG RA SUM (600837) with units and leases previously approved for commingling at the Paradis Commingling Facility No. 7 (930430) by means of well test. The subject facilities are located in the Paradis Field, St Charles Parish, Louisiana. The methods of measurement and allocation previously approved at Commingling Facility No. 7 will remain the same.

SN 26195

Historically, Hilcorp, has been unable to get one hundred percent of the Royalty and Working Interest Owners to execute the agreement necessary for this proposal. This application is being made, on behalf of Hilcorp, pursuant to Statewide Order 29-D-1. The method of measurement and allocation of production which Hilcorp is proposing is explained in the attached description of operations and schematic flow diagram for Commingling Facility No. 7. As indicated, the production will be allocated by monthly well test, using methods other than gauge tanks. Hilcorp requests that a hearing be called so that Hilcorp may present evidence to substantiate its proposal for the utilization of monthly well tests in lieu of gauge tanks for the allocation of said production.

After review of the commingling records on file at the Office of Conservation it appears that the following authority currently exists for the Paradis Commingling Facility No. 7:

Order: 37-32
Product: Hydrocarbons
Units/leases: LL&E Paradis (003387)
PAR PZ RAB SU (019492)
Method: Well test

.....

Attached are copies of the following:

- Schematic flow diagrams
- Description of operations
- List of interested owners, interested parties, and represented parties
- Hearing fee of \$755.00
- Order No. 37-32

The applicable authority will be covered pursuant to Title 43, Part XIX.Subpart 6, Statewide Order No. 29-D-1. 1505.2 (Well Test). The allocation meters will be tested and proven monthly for liquid hydrocarbon meters and quarterly for gaseous hydrocarbon meters. ✓

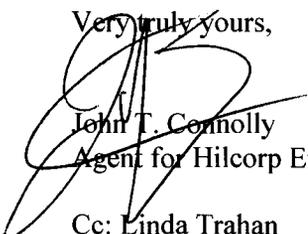
In Hilcorp's opinion, this authorization will promote conservation of the natural resources within the State of Louisiana, will prevent waste, will protect the rights of all parties at interest and will result in substantial economic savings without results that may be in any way inconsistent with conservation policies, statutes or regulations of the State of Louisiana. Further, in the opinion of the applicant, the commingling procedure proposed will provide reasonable, accurate measurement, will not create inequities and will insure that the owner of any interest will have the opportunity to recover his just and equitable share of the reservoir content. Hilcorp requests that this matter be set for hearing at the earliest possible time and date. ✓

A copy of this application and attachments, is being sent to Mr. Richard D. Hudson, District Manager, Office of Conservation, Lafayette, Louisiana. Hilcorp will provide for the advertisement of the legal notice in a newspaper of general circulation in the vicinity of the Paradis Field and also will post the legal notice in a prominent place in the area of the field. The Legal Notice will be mailed to each Interested Owner, Represented Parties, and Interested Parties having an interest in the various leases and units.

All inquiries concerning this proposal should be directed to John T. Connolly, Agent for Hilcorp Energy Company, 19345 Point O Wood Court, Baton Rouge, Louisiana 70809.

Should you have any questions, please call or email me at 753-4723 / ersses@cox.net.

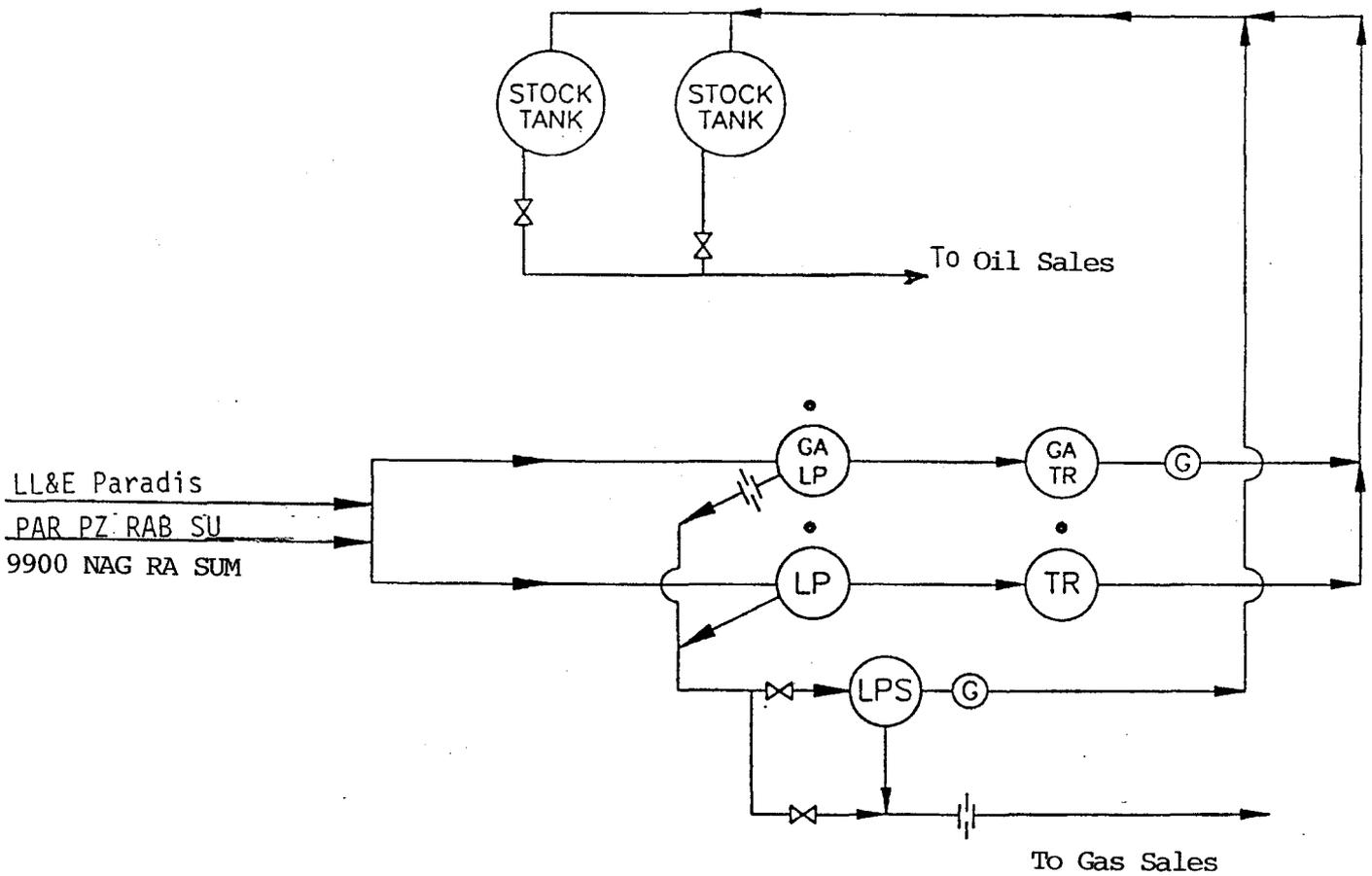
Very truly yours,



John T. Connolly
Agent for Hilcorp Energy Company

Cc: Linda Trahan
Michael Schoch
Hilcorp Energy Company

Richard Hudson
District Manager
Office of Conservation
825 Kaliste Saloom Road
Brandywine III, Suite 220
Lafayette, Louisiana 70508



LEGEND

- | | |
|---------------------------------------|------------------------------|
| (LP) LOW PRESSURE SEPARATOR | (HP) HIGH PRESSURE SEPARATOR |
| (TR) TREATER | (GA TR) GAUGE TREATER |
| (HPS) HIGH PRESSURE SCRUBBER | (G) GAUGE METER |
| (LPS) LOW PRESSURE SCRUBBER | (P) PUMP |
| (GA LP) GAUGE LOW PRESSURE SEPARATOR | ⊗ VALVE |
| (GA HP) GAUGE HIGH PRESSURE SEPARATOR | ⊥ ORIFICE METER |
| | • TYPICAL ONE OR MORE |

Docket 05- Exhibit No. 1

Hilcorp Energy Company	
COMMINGLING FACILITY NO. 7 TANK BATTERY NO. 1 PARADIS FIELD	
Parish:	ST. CHARLES
8/18/05	ERS

**DESCRIPTION OF OPERATION
COMMINGLING FACILITY NO. 7
TANK BATTERY NO. 1
PARADIS FIELD
ST. CHARLES PARISH, LOUISIANA**

Production from the subject wells and units flow to a low pressure separator, or a gauge low pressure separator. Liquids from the low pressure separator flow to an emulsion treater prior to entering commingled storage. Liquids from the gauge low pressure separator flow to a gauge treater and a liquid gauge meter prior to entering commingled storage. The low pressure gas from the low pressure separator is metered before it flows to sales. The gas from the gauge low pressure separator is metered before passing through a scrubber. Gas from the scrubber is metered prior to flowing to sales. The scrubber removes any remaining liquids. These liquids flow through a liquid gauge meter prior to entering commingled storage. Liquids removed by the scrubber are allocated back to each property based on its percentage of total gas volume produced.

Liquid and gas production is allocated back to each property on the basis of individual well tests conducted at least once per month. Total commingled crude oil to sales is measured by strapping the tanks before and after oil is unloaded from the storage tanks.

A portable master meter is used to calibrate the liquid meters once per month. The master meter is proved through a prove tank built in accordance with API Code 1101.

**The allocation meters will be tested and proven monthly
for liquid hydrocarbon meters and quarterly for gaseous hydrocarbon meters.**