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February 21, 2005

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Smackover B Formation, Reservoir A, ANTIOCH
FIELD, Claiborne Parish, Louisiana.

Dear Sir:

TELLUS OPERATING GROUP, L.L.C. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of an Order pertaining to the following matters relating to the Smackover B Formation, Reservoir A, in the Antioch Field, Claiborne Parish, Louisiana:

1. To create ten (10) additional drilling and production units for the exploration for and production of gas and condensate from the Smackover B Formation, Reservoir A, such units being shown on the attached plat and being designated SMK B RA SUH through SMK B RA SUQ.
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed additional units in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each tract sharing in unit production on a surface acreage basis of participation.
3. To designate a unit operator of, and unit wells for, the proposed additional units as may be appropriate.
4. To redefine the Smackover B Formation, Reservoir A, in the Antioch Field as being that gas and condensate bearing zone encountered between the measured depths of 10,397 feet and 11,231 feet in the Tellus Operating Group, LLC--Washington B-2 Alt. Well, located in the Southwest Quarter (SW 1/4) of Section 28, Township 22 North, Range 5 West, Claiborne Parish, Louisiana.
5. To confirm and continue in force and effect all drilling and production units previously created for the exploration for and production of gas and condensate from the Smackover B Formation, Reservoir A, as redefined herein.
6. To extend, except as in conflict herewith, the provisions of the Office of Conservation Order No. 344-E series of Orders, and all applicable Statewide Orders, to the proposed additional units for the Smackover B Formation, Reservoir A.
7. To discuss such other matters as may be pertinent.

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The Smackover B Formation, Reservoir A, in the Antioch Field, Claiborne Parish, Louisiana, was initially defined in Office of Conservation Order No. 344-E, effective March 28, 2000.

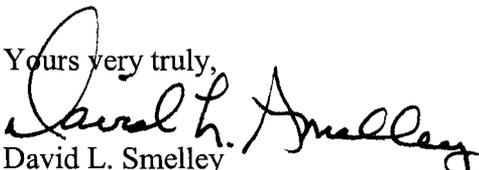
Pertinent data concerning this application is available for inspection at the offices of Tellus Operating Group, L.L.C., 602 Crescent Place, Suite 100, Ridgeland, Mississippi 39157. Any person wishing to inspect such data should call Mr. Mike Liebert at (601) 898-7444 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated February 8, 2005, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and set March 2, 2005, as the tentative date for the pre-application conference. No request for the pre-application conference was received; accordingly, no pre-application conference was held.

Pursuant to the Revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of the unit plat (which is identical to the plat attached to the pre-application notice) is enclosed herewith, and a copy of this letter and of the attached plat is being sent to the District Manager of the Shreveport District of the Office of Conservation and to each of the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plat, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Antioch Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

Yours very truly,

David L. Smelley
Attorney for Tellus Operating Group, L.L.C.

DLS:dp
Enclosures
cc: Mr. Jim Broussard (w/encls.)
Mr. Chris Jones (w/encls.)
Mr. Mike Liebert (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/plat only)

