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# Energy Research Services, Inc.

December 12, 2006

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

Re: Revised Application for Public Hearing  
Hilcorp Energy Company  
South Pass 24 Consolidated Commingling Facility (93423)  
South Pass Block 24 Field  
Plaquemines Parish, Louisiana

Dear Commissioner Welsh,

On behalf of Hilcorp Energy Company (Hilcorp), application is being made, pursuant to the provisions of Title 30 of the Revised Statutes of 1950, for the calling of a public hearing, after ten-day legal notice, to consider evidence relative to the issuance of an order giving permission to commingle and allocate production at the South Pass 24 Consolidated Commingling Facility, along with production previously approved at the South Pass 24 Commingling Facility No. 2, in the South Pass Block 24 Field by means of monthly well tests.

This action proposes to consolidate commingling facilities previously approved in the South Pass Block 24 Field that were destroyed by Hurricane Katrina in August 2005. A hearing is being requested because, in addition to rebuilding the South Pass Commingling Facility No. 2, an additional Central Facility is being constructed to replace former satellite platforms and commingling platforms that were previously approved, but will not be replaced as they were originally constructed.

Historically, Hilcorp and the previous operators of this facility have been unable to get one hundred percent of the Royalty and Working Interest Owners to execute the agreement necessary for this proposal. Therefore, Hilcorp Energy Company requests that a public hearing be granted.

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 the South Pass 24 Consolidated Commingling Facility. As indicated, the production will be allocated by monthly well test, using methods other than gauge tanks. Hilcorp is requesting that a hearing be called so that evidence may be submitted to substantiate its proposal for the utilization of monthly well tests in lieu of gauge tanks for the allocation of said production. The methods of measurement and allocation previously approved at the facility will remain the same.

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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 (submitted by check no. 6406)
- Relevant Commingling Orders
- Copy of application to consolidate commingling facilities, dated March 15, 2006
- List of leases and units currently operated by Hilcorp in South Pass Block 24 Field

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.

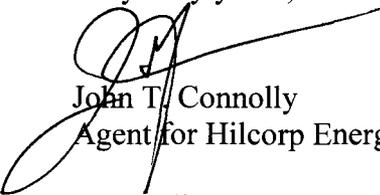
In Hilcorp's opinion, this authorization will promote conservation of the natural resources within the State of Louisiana, will prevent waste, will protect the rights of all parties at interest and will result in substantial economic savings without results that may be in any way inconsistent with conservation 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, except the check, is being sent to Mr. Richard D. Hudson, District Manager, Office of Conservation, Lafayette, Louisiana. A copy of the legal notice will be mailed to each Interested Owner, Represented Parties, and Interested Parties having an interest in the various leases and units. Hilcorp will also provide for the advertisement of the legal notice in a newspaper of general circulation in the vicinity of the South Pass 24 Field and also will post the legal notice in a prominent place in the area of the field.

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

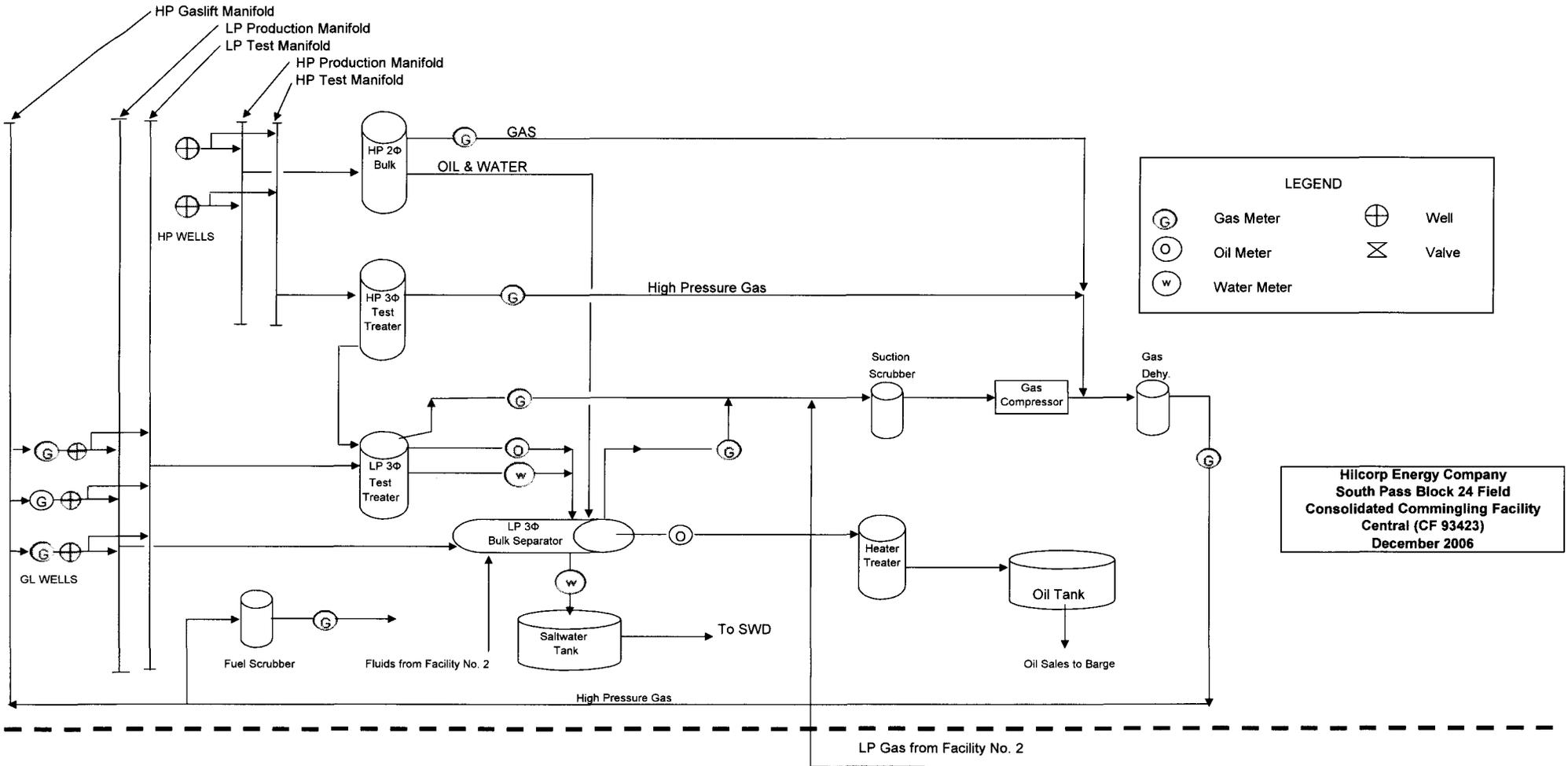
Should you have any questions, please call or email me at 753-4723 / [ersses@cox.net](mailto:ersses@cox.net).

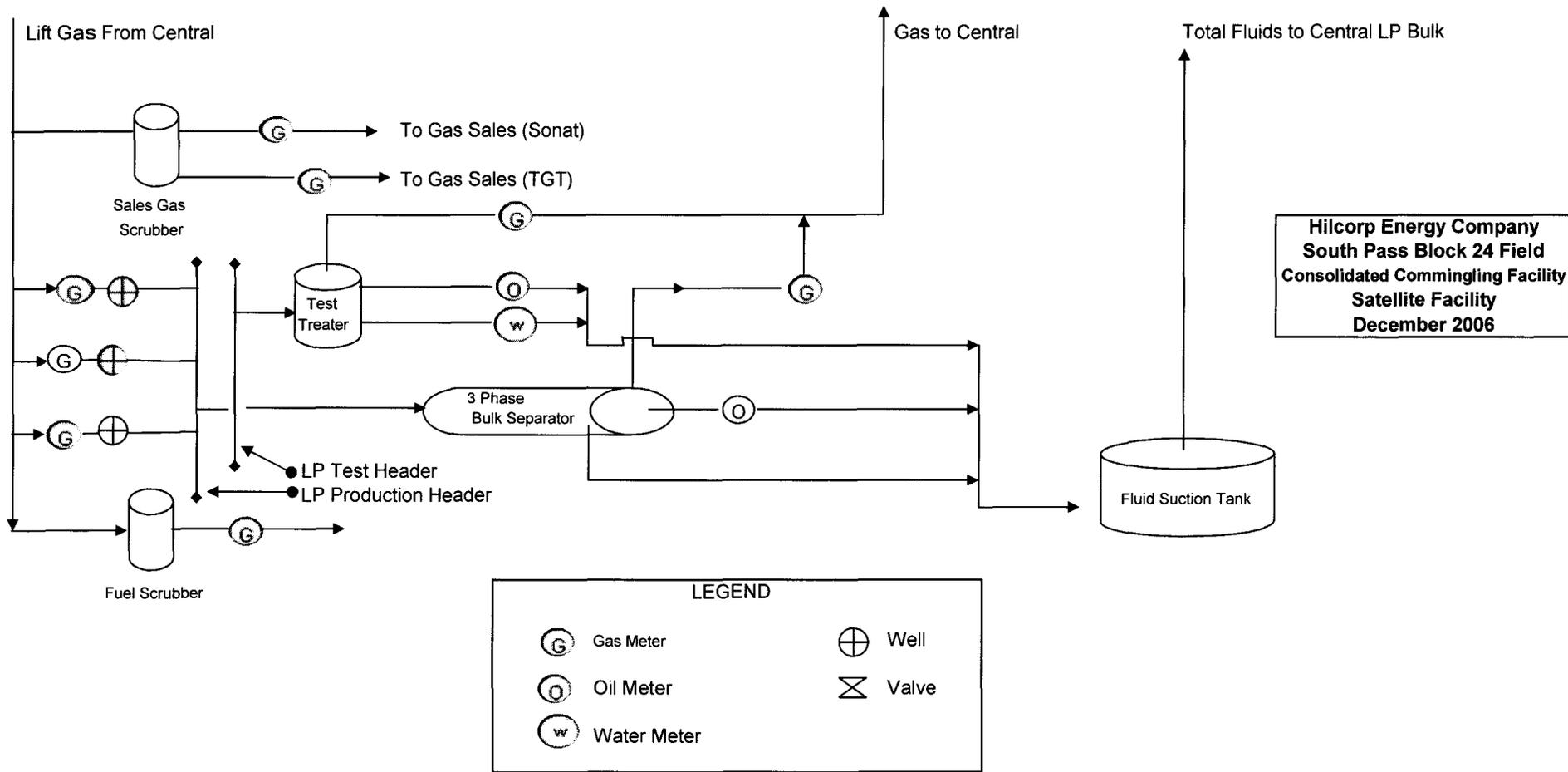
Very truly yours,



John T. Connolly  
Agent for Hilcorp Energy Company

Cc: Leslie Avioli  
Dave Hill  
Hilcorp Energy Company  
PO Box 61229  
Houston, Texas 77208





**Hilcorp Energy Company**  
**South Pass Block 24 Field**  
**Consolidated Commingling Facility**  
**Satellite Facility**  
**December 2006**

**LEGEND**

 Gas Meter	 Well
 Oil Meter	 Valve
 Water Meter	