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Energy Research Services, Inc.

August 20, 2007

Mr. Scott Hoffman
Office of Conservation
PO Box 94275
Baton Rouge, LA 70804-9275
Attention: Mr. Tod Keating

Re: Second Revision to Application for Modification to Existing Surface Commingling Authority
E-5 Commingling Facility (915710)
Hilcorp Energy Company and Energy Partners
Burrwood, Burrwood Offshore, West Delta Block 83 Field, and South Pass Block 41 Field
Plaquemines Parish, Louisiana

Dear Scott,

On behalf of Hilcorp Energy Company (Hilcorp), this application has been prepared to supplant the pending applications previously submitted by Goodrich Petroleum Corporation (Goodrich) on April 5, 2005 and June 21, 2005. Hilcorp has taken over ownership and operatorship of these facilities, effective April 1, 2007.

Application is hereby made on behalf of Hilcorp Energy Company (Hilcorp) for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order approving the commingling in the West Delta Block 83 E-5 Commingling Facility (915710) of gas and liquid hydrocarbons produced from the commingled properties listed herein located in the South Pass Block 41, West Delta Block 83, Burrwood, and Burrwood Offshore Fields.

Hilcorp requests that it be authorized to commingle and allocate production based on monthly well tests as normally allowed in compliance with the provisions of Statewide Order No. 29-D-1. Diligent effort has been made by Goodrich and Hilcorp to obtain one hundred percent agreement of the interested parties in the leases affected.

This application requests the addition of several new units and leases listed on the attached exhibit to the leases and units previously approved for commingling by Order No. 529-1, 850-2, and respective Referenced 29-D commingling orders.

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The following is a summary of the historical commingling approvals relative to the referenced facilities:

- West Delta Block 83 Field; Order 529-1 granted authority to commingle and allocate gas and liquid hydrocarbon production based on monthly well tests at the Burrwood E-5 Commingling Facility (915710) from certain leases and units. WDB83 10100 C SU, WDB83 10500 RB SU, 9600 RC VUA, 10100 RB SUA, USA, CALCO-SHELL USA ET AL, S D'ASARO, L E FAGET, M W SNOW, SL 1922, SL 978, USA 5, GTA ET AL.
- West Delta Block 83 Field; Reference 29-D-27 granted authority to commingle at the E-5 Commingling Facility hydrocarbons from SL 17203.
- West Delta Block 83 Field; Reference 29-D-29 granted authority to commingle at the E-5 Commingling Facility hydrocarbons from the MF RA SUA.
- Burrwood Field; Order 850-2 granted authority to commingle and allocate gas and liquid hydrocarbon production based on monthly Burrwood E-8 Commingling Facility (915720) from certain leases and units. BURR T RA SU, BURR 6900 L2 RA NVU, BURR 6900 L2 RB NVU, 9100 RA VUA, BURR 9100 RA NVU, VUB, VUE, SL 1922, SL 2565, SL 2227, SL 2552, SL2566.
- South Pass Block 41 Field; Reference 29-D-9 granted authority to commingle at the E-8 Commingling Facility hydrocarbons from the 9000 ZONE VUA.
- Authority granted to consolidate Burrwood E-8, Burrwood E-5, South Pass Block 42 Onshore CF #1, and renamed the resulting facility the West Delta 83 E-5 Commingling Facility.

Attached are copies of the following:

- Schematic flow diagrams
- Description of operations
- List of interested owners, interested parties, and represented parties
- The processing fees were previously submitted by Goodrich Petroleum Corporation.

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 these actions be administratively approved at earliest possible date.

Furthermore, Hilcorp is requesting an administrative 90 day emergency commingling authority, with an effective date of April 1, 2007, to produce the subject leases and units while this formal application is being reviewed.

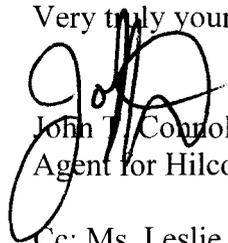
August 20, 2007

Page 3

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.

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.

Very truly yours,



John T. Connolly
Agent for Hilcorp Energy Company

Cc: Ms. Leslie Avioli
Hilcorp Energy Company
PO Box 61229
Houston, Texas 77208

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

DESCRIPTION OF OPERATIONS
BURRWOOD – WEST DELTA BLOCK 84 E-5 CONSOLIDATED COMMINGLING FACILITY
(CF 915710)

BURRWOOD, BURRWOOD OFFSHORE, WEST DELTA BLOCK 83 FIELD
PLAQUEMINES PARISH, LOUISIANA

Summary

Hilcorp Energy Company (Hilcorp) is the current operator of the Burrwood E-8 Remote Separation Facility and the West Delta Block 83 E-5 Commingling Facility (CF 915710) (E-5 CF), located in the Burrwood and West Delta Block 83 Fields.

Energy Partners, LTD is the operator of the Burrwood Offshore Field, which will deliver oil, gas, and saltwater from the SL 17194 #2 (SN 229868) to the E-5 CF.

Explanation of Flow

Hilcorp Energy Company - Burrwood Field Wells

Units and leases approved for commingling in the Hilcorp operated Burrwood Field produce via individual flow lines to the production header at the Burrwood E-8 Remote Separation Facility. The well streams are commingled at the production header for deliver to either a bulk separation system or test separation system. Both the bulk and the test separation systems contain the necessary equipment to separate and measure the volumes of liquid hydrocarbons, gaseous hydrocarbons, and saltwater production.

Bulk low pressure production from individual wells is routed a bulk two phase low pressure production separator where low pressure gas and fluids are separated. The low pressure gas is commingled with other low pressure gas off the three phase low pressure test separator and routed to compression, dehydration, and sales at the Tennessee Gas sales meter. Any scrubber liquids generated are minimal, not metered, and are dumped to the fixed roof oil/water storage tank. The oil and saltwater are recombined and routed to a fixed roof storage tank prior to being transferred to the Burrwood West Delta Block 83 E-5 Commingling Facility (E-5 CF). The produced water is commingled with other produced water, recombined with the oil, stored in the fixed roof storage tanks, and pumped to the bulk production separator at the E-5 CF. On a monthly basis, individual wells are directed, via the header manifold, to the three phase test separator. Gas off of the three phase low pressure test separator is metered and combined with gas from the three phase low pressure production separator, compressed, dehydrated, and delivered to the Tennessee Gas sales meter. Oil off of the three phase low pressure test separator is metered and combined with oil from the three phase low pressure production separator and produced water, and stored in fixed roof tanks. Saltwater off of the three phase low pressure test separator is metered and combined with saltwater from the three phase low pressure production separator, recombined with the produced oil, and stored in fixed roof tanks prior to being pumped to the E-5 CF. All wells entering the Burrwood E-8 Remote Separation Facility are low pressure. The oil and saltwater that is stored in the fixed roof tank(s) at the Burrwood E-8 Remote Separation Facility is transferred by pump to the bulk production separator (heater treater) at the E-5 CF.

Hilcorp Energy Company – West Delta Block 83 Field E-5 Commingling Facility

At the Hilcorp Energy Company – West Delta Block 83 Field E-5 Commingling Facility product can enter the facility from either individual well streams from the Hilcorp operated West Delta Block 83 Field wells, the Hilcorp operated well in the Burrwood Offshore Field, the Energy Partners, LTD (EPL) operated well in the Burrwood Offshore Field, and the Hilcorp operated Burrwood E-8 Remote Separator Facility.

Oil and saltwater will enter the E-5 CF from the Burrwood E-8 Remote Separator Facility by pipeline to a bulk heater treater at the W-5 CF. All gas should flash off at the Burrwood E-8 Remote Separator Facility low pressure separators. Any entrained gas from the bulk heater treater at the W-5 CF will flash in the tanks and be routed to the flare system. Oil processed from the E-8 Remote Separator Facility will be separated at the E-5 CF Bulk Treater, metered, and commingled with oil produced from the Hilcorp and EPL operated West Delta Block 83 Field and Burrwood Offshore Field wells prior to being metered by LACT and transfer to the Chevron pipeline.

Each Hilcorp operated wells in the West Delta Block 83 Field and the Burrwood Offshore Field (VUA;SL 17194 #1 well) flows full well stream to the common production header at the E-5 CF. At the E-5 CF common production header the well streams can either be combined for deliver to either a Bulk Separation System or individually dedicated to a Test Separation System. Both the Bulk and Test Separation Systems contain the necessary equipment to separate and meter the liquid hydrocarbons, gaseous hydrocarbons, and produced water.

In the Bulk Separation System, high pressure wells are delivered to a two phase high pressure separator where the gaseous hydrocarbons are separated from the fluids. The gas is commingled with compressed low pressure gas, dehydrated and metered for sales, gas lift, or fuel. The fluids from the two phase high pressure bulk production separator are delivered to the three phase low pressure bulk production separator where gas, oil, and saltwater are separated. Low pressure wells in the Bulk Separation System are routed directly to the three phase low pressure bulk production separator. The gas separated at the low pressure bulk production separator is compressed, commingled with high pressure gas from the high pressure two phase bulk and test separators, dehydrated, and metered for sales, gas lift, or fuel use. The oil from the three phase low pressure bulk production separator is metered and delivered to the fixed roof storage tank to be commingled with oil from the E-5 CF Test Separation System, the Burrwood E-8 Remote Separation Facility, and the EPL three phase Test/Production Separator. This oil is metered by LACT prior to delivery to the Chevron pipeline. Saltwater from the three phase low pressure bulk separator is metered, commingled with saltwater from the three phase low pressure test separator, the saltwater from the Bulk Heater Treater (processing total fluid from the E-8 Remote Separator Platform), and the EPL three phase Test/Production Separator, and delivered to fixed roof storage prior to disposal by deep well injection.

In the Test Separation System, high pressure wells are delivered to a two phase high pressure separator where the gaseous hydrocarbons are separated from the fluids. The gas is metered and commingled with compressed low pressure gas, dehydrated and metered for sales, gas lift, or fuel. The fluids from the two phase high pressure test separator are delivered to the three phase low pressure test separator where gas, oil, and saltwater are separated. Low pressure wells in the Test Separation System are routed directly to the three phase low pressure test separator. The gas separated at the low pressure test separator is metered, compressed, commingled with high pressure gas from the high pressure two

phase bulk and test separators, dehydrated, and metered for sales, gas lift, or fuel use. The oil from the three phase low pressure test separator is metered and delivered to the fixed roof storage tank to be commingled with oil from the E-5 CF Bulk Separation System, the Burrwood E-8 Remote Separation Facility, and the EPL three phase Test/Production Separator. This oil is metered by LACT prior to delivery to the Chevron pipeline. Saltwater from the three phase low pressure test separator is metered, commingled with saltwater from the three phase low pressure bulk production separator, the saltwater from the Bulk Heater Treater (processing total fluid from the E-8 Remote Separator Platform), and the EPL three phase Test/Production Separator and delivered to fixed roof storage prior to disposal by deep well injection.

The liquids generated in the scrubbers are minimal, piped to the fixed roof commingled saltwater storage, and not metered.

All gas lift gas is individually metered at each well head, for wells on gas lift.

Energy Partners LTD Field Wells

Energy Partners, LTD produces the SL 17194 #2 well in the Burrwood Offshore Field. The well flows full well stream to a three phase low pressure production/test separator at the Hilcorp operated E-5 Commingling Facility. The gas, oil, and saltwater are separated and individually metered at a dedicated three phase low pressure production/test separator. The oil is delivered to the commingled oil storage tank where the product is commingled with oil from the Hilcorp operated wells at the E-5 CF and the oil from the E-8 Remote Separator Platform. The low pressure gas is metered and commingled with other low pressure gas from the Hilcorp operated wells at the E-5 CF, compressed and dehydrated with other high pressure gas prior to delivery to sales or field use. Saltwater is measured and delivered to commingled storage prior to disposal by deep well injection. This well is individually metered on a monthly basis for well testing.

Explanation of Well Test

A wells' production will be determined by monthly well test conducted for a period of not less than twenty-four (24) hours, once per month. The individual well stream is diverted into a test header where it flows into a two phase high pressure and/or three phase low pressure test separator. From there the liquid hydrocarbons are directed to a calibrated turbine meter before going to commingled tankage where it is to be sold. Prior to delivery to the Chevron crude oil pipeline, the oil is measured by a LACT unit.

Gaseous hydrocarbons will be metered at the two phase high pressure and/or three phase low pressure test separators by orifice meters. Tests will be conducted for a minimum of twenty-four (24) hours once per month. Low pressure gas flows from the test separator compression. The compressed gas is scrubbed, dehydrated, and sold or used for fuel or gas lift. Gas sales will be apportioned from the Tennessee Gas sales meter. Gas meters will be calibrated on a quarterly basis.

Oil production will be metered at the three phase low pressure test separator by liquid turbine meter.

Each liquid meter will be calibrated monthly and a meter factor will be derived from the calibration test. All oil meters will be calibrated on a monthly basis by third party meter calibration services. The sales volume will be allocated to the wells based on the well tests described above.

Water production will be metered at the three phase low pressure test separator by liquid turbine meter.

For gas lift oil wells, input gas is measured and subtracted from output gas to arrive at a net or formation gas production volume for allocation purposes.

The EPL – Burrwood Offshore Field – SL 17194 #2 well will be separately metered at its dedicated three phase Test/Production Separator.

Explanation of Allocation

Oil: Total monthly oil sales are based on the volume of oil metered by LACT, sold and delivered to the Chevron crude oil pipeline at the E-5 CF, plus the closing inventory volumes less the opening inventory volumes at the E-5 CF consolidated oil storage tanks. Based on the volume of oil measured by the LACT unit at the E-5 CF, oil will be allocated back to the E-5 CF production header (Hilcorp – West Delta Block 83 Field wells and Burrwood Offshore Field well), the Energy Partners, LTD – Burrwood Offshore Field – SL 17194 #2 well, and the Burrwood E-8 Remote Separation Facility based on the total metered volumes of oil delivered from each well and/or facility. The liquid hydrocarbon test rates will be adjusted for both BS&W and a flash shrinkage factor to correct the rates to stock tank conditions. The shrinkage factors will be determined semi-annually. BS&W will be determined bi-monthly. These factors will be determined more frequently if dictated by changing well conditions.

The total theoretical oil production for a well during a calendar month will be determined by summing the products of the well test rates by the duration of flow to the corresponding well test rate. This calculation will include adjustments for shut in or down time periods.

Once the allocated oil volume is determined for the E-5 CCF, as described above, individual oil production will be allocated to each well producing to the production header, to the E-8 Remote Separation Facility, and to the EPL – Burrwood Offshore Field well, based on the following formula:

$$\frac{\text{Individual Oil Test Volume}}{\text{Sum of Individual Oil Test Volumes}} \times \text{Total Allocated Monthly Oil Volume}$$

Oil allocated to the E-8 Remote Separation Facility will be further allocated based on this formula for individual wells producing to this facility.

Gas: The total monthly gas is measured at the Tennessee Gas meter stations at the Burrwood E-8 Remote Separation Facility and the E-5 CCF.

At the Burrwood E-8 Remote Separation Facility, total gas to be allocated back to each well operated by Hilcorp and producing in the Burrwood Field, is the sum of gas sales, fuel gas, and any estimated volumes flared or vented.

At the E-5 CCF, total theoretical gas, to be allocated back to each well operated by Hilcorp and producing in the West Delta Block 83 Field and Burrwood Offshore Field, and the EPL – Burrwood

Offshore Field well, is the sum of gas sales, fuel gas, gas lift gas metered volumes, and any estimated volumes flared or vented. Gas lift gas is deducted from each well on gas lift by subtracting the gas lift

metered volumes at each well on lift, only for wells operated by Hilcorp in the West Delta Block 83 Field. The total gas volumes attributable to each well, and EPL's Burrwood Offshore Field, will be based on each well's, and EPL's well's, proportional fraction of the total theoretical gas production less the well's, and EPL's well's, proportional fraction of the gas volumes consumed as fuel, gas lift, and/or vented or flared.

Individual gas production will be allocated to each Hilcorp operated well in the West Delta Block 83 Field and Burrwood Offshore Field, and the EPL – Burrwood Offshore Field well based on the following formula:

$$\frac{\text{Individual Gas Test Volume}}{\text{Sum of Individual Gas Test Volumes}} \times \text{Total Gas Sales Volume} + \text{Fuel Gas} - \text{Metered Well Gas Lift Volume}^*$$

* for Hilcorp wells only at West Delta Block 83 Field

The total water production will be allocated to the individual Hilcorp – West Delta Block 83 Field and Burrwood Offshore Field wells, the E-8 Remote Separator Station, and the EPL – Burrwood Offshore Field well proportionately based on each well's/stream's fraction of the total water theoretical production.

Measurement

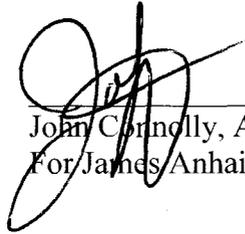
A third party representative will prove the gas and liquid hydrocarbons sales meters monthly in accordance with Statewide Order No. 29-D-1. The gas and liquid hydrocarbon allocation meters will be proven periodically in accordance with industry standards published in Chapter 20 – Allocation Measurement, Manual of Petroleum Measurement Standards, First Edition, September 1993, American Petroleum Institute.

Royalty

Royalty for gas production will be based on the total sales volume, as measured through the orifice meter prior to delivery to Tennessee Gas Pipeline Company's systems at the respective facilities.

Royalty for liquid hydrocarbon production will be based on the total liquid hydrocarbon sales as gauged by the L.A.C.T. meter located at the E-5 CCF.

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, statues 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.



John Connolly, Agent for Hilcorp Energy Company
For James Anhauser, Engineer for Hilcorp Energy Company

**LIST OF UNITS AND LEASE PROPOSED FOR COMMINGLING AT THE
BURRWOOD – WEST DELTA BLOCK 83 FIELD
CONSOLIDATED COMMINGLING FACILITY
(955710)**

Current leases and units approved for commingling at the Hilcorp Energy Company –
West Delta Block 83 Field E-5 Consolidated Commingling Facility (915710):

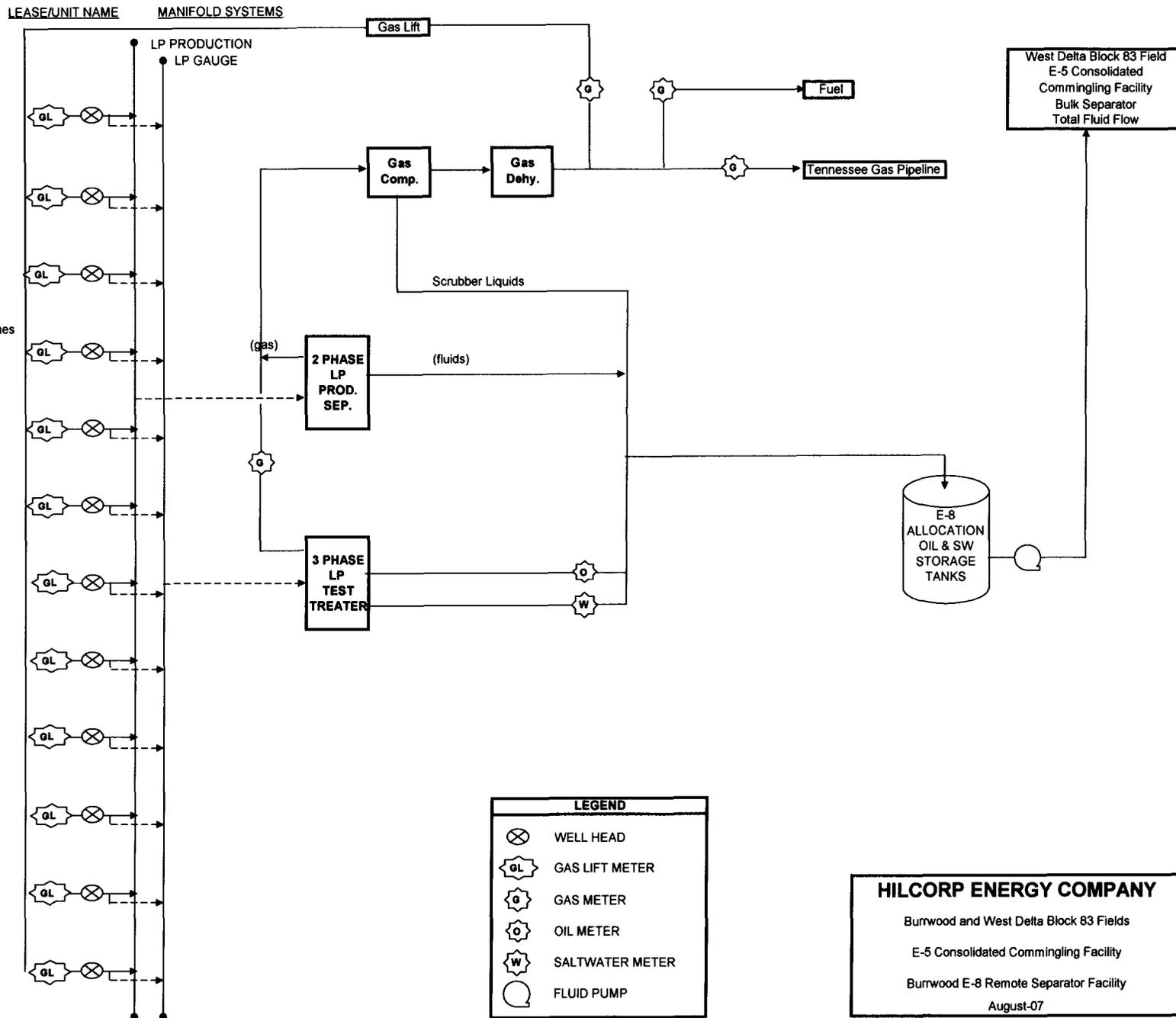
<u>LEASE/UNIT NAME</u>	<u>LUW/SN</u>	<u>ORDER NO.</u>	<u>FIELD</u>
WDB83 10100 C SU	118978	529-1	WDB 83
WDB83 10500 RB SU	604852	529-1	WDB 83
9600 RC VUA	600191	529-1	WDB 83
10100 RB SUA	600194	529-1	WDB 83
CALCO-SHELL USA ET AL	078052	529-1	WDB 83
S. D'ASARO LEASE	074319	529-1	WDB 83
L E FAGET LEASE	073586	529-1	WDB 83
M W SNOW LEASE	074408	529-1	WDB 83
SL 1922	304167	529-1	WDB 83
SL 978	071960	529-1	WDB 83
USA LEASE	303983	529-1	WDB 83
USA 5 LEASE	304384	529-1	WDB 83
GTA, ET AL LEASE	151556	529-1	WDB 83
MF RA SUA	613791	29-D-29	WDB 83
SL 17203		29-D-27	WDB 83

Current leases and units approved for commingling at the Hilcorp Energy Company –
West Delta Block 83 Field E-5 Consolidated Commingling Facility,
via the Burrwood Field E-8 Remote Separation Facility (formerly 915720):

<u>LEASE/UNIT NAME</u>	<u>LUW/SN</u>	<u>ORDER NO.</u>	<u>FIELD</u>
BURR T RA SU	528473	850-2	BURRWOOD
BURR 6900 L2 RA NVU	529879	850-2	BURRWOOD
BURR 6900 L2 RB NVU	036527	850-2	BURRWOOD
9100 RA VUA	074427	850-2	BURRWOOD
BURR 9100 RA NVU	533114	850-2	BURRWOOD
VUB	513642	850-2	BURRWOOD
VUE	511534	850-2	BURRWOOD
SL 1922	516195	850-2	BURRWOOD
SL 2565	512286	850-2	BURRWOOD
SL 2227	089865	850-2	BURRWOOD
SL 2552	502402	850-2	BURRWOOD
SL 2566	504173	850-2	BURRWOOD
9000 ZONE VUA	149687/613158	29-D-9	SOUTH PASS 41

Leases and units proposed for commingling at the Hilcorp Energy Company –
West Delta Block 83 Field E-5 Consolidated Commingling Facility (915710):

<u>LEASE/UNIT NAME</u>	<u>LUW/SN</u>	<u>FIELD</u>
10500 RA SUA	049712	BURRWOOD
VU3	049785	BURRWOOD
VU B-11	049772	BURRWOOD
MQ RA SUA	049745	WDB 83
MQ STRINGER RA SUA	049742	WDB 83
VUA;SL 17194 #1	305417	BURRWOOD OFFSHORE
SL 17194 #2 (EPL)	305412	BURRWOOD OFFSHORE
USA	065927	BURRWOOD
TRACT 15	077853	BURRWOOD
POD ET AL	049889	WDB 83



All units listed above with multiple wells have dedicated flow lines from each unit well.

LEASE/UNIT NAME MANIFOLD SYSTEMS

* wells w/individual flow lines
WDB83 10100 C SU
LUW:118978
USA #8
USA 5 #4

SL 1922
LUW:304167
Shut in

USA 5
LUW:304384

* wells w/individual flow lines
USA
LUW:303983
USA #2
USA #7

WDB83 10500 RB SU
LUW:604852
SL 1009 #1

9600 RC VUA
LUW:600191
Shut in

10100 RB SUA
LUW:600194
Shut in

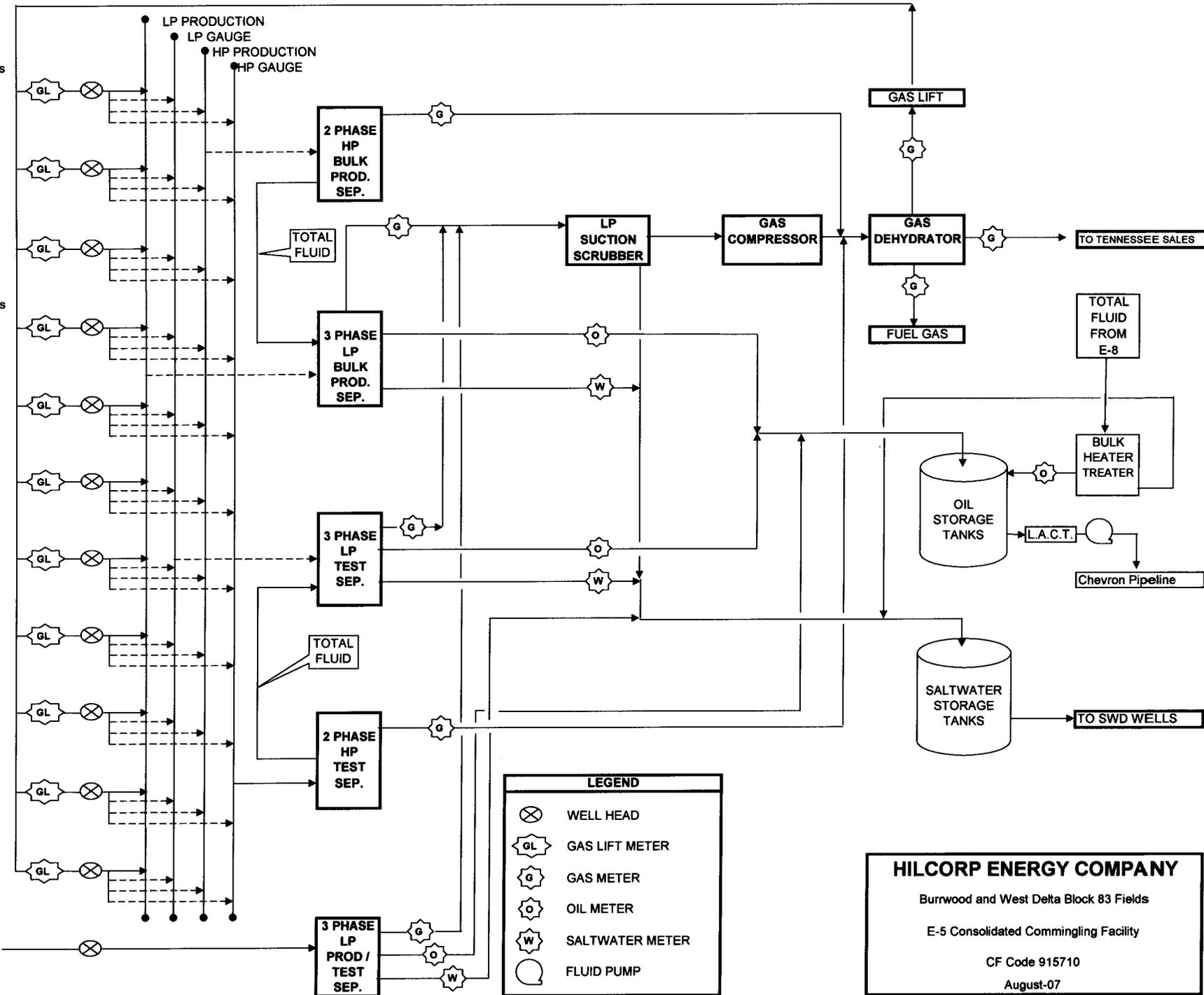
Proposed
VUA
LUW:305417
SL 17194 #1

MF RA SUA
LUW:613791
SL 2227 #1

Proposed
MQ RA SUA
LUW:049745
POD et al #1

Proposed
MQ STRINGER RA SUA
LUW:049742
POD et al #1D

Proposed
SL 17194 #2 (EPL)
SN 229868



LEGEND	
	WELL HEAD
	GAS LIFT METER
	GAS METER
	OIL METER
	SALTWATER METER
	FLUID PUMP

<p>HILCORP ENERGY COMPANY</p> <p>Burrwood and West Delta Block 83 Fields</p> <p>E-5 Consolidated Commingling Facility</p> <p>CF Code 915710</p> <p>August-07</p>

* All units listed above with multiple wells have dedicated flow lines from each unit well.