**BOB F. ANDERSON, PE, INC.**
PETROLEUM ENGINEERS & CONSULTANTS
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November 6, 2007

Honorable James H. Welsh,
Commissioner of Conservation
Office of Conservation
P. O. Box 94275
Baton Rouge, LA 70804-4275

Re: APPLICATION FOR PUBLIC HEARING
James Lime Formation, Reservoir B
Trenton Field
DeSoto Parish, Louisiana

Dear Sir:

Application is hereby made on behalf of **SGS NATURAL GAS OPERATING, LLC**, (Applicant), to the Commissioner Conservation for a public hearing to consider evidence relative to the issuance of an Order pertaining to the following matters relating to the James Lime Formation, Reservoir B, Trenton Field, DeSoto Parish, Louisiana:

1. To establish rules and regulations and to create one (1) 640 +/- acre drilling and production unit for the exploration of and the production of gas and condensate for the James Lime Formation, Reservoir B, to be designated JA RB SUA, in the Trenton Field, DeSoto Parish, Louisiana, shown the attached plat and being made a part hereof.

2. To force pool and integrate all separately owned tracts, mineral leases and other property within the proposed units in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each tract to share in the unit production on a surface acreage bases of participation.

3. To authorize special field spacing for horizontal wells drilled to the James Lime Formation, Reservoir B, in the Trenton Field, which would provide: (a) that the penetration point of any lateral of any such horizontal lateral well should be located no closer than 330 feet to any unit boundary; (b) that the distance from any point along the productive portion of the any lateral and those unit boundaries which run generally parallel to the direction in which the laterals are drilled should be not less than 660 feet; and (3) that there be no well spacing limitations between wells other than that accomplished by application of the aforestated provisions.

4. To provide that the gas allowable provisions of Statewide Order No. 29-F. LAC 43:XIX.2101 et seq., should not apply to horizontal wells drilled to the James Lime Formation, Reservoir B., in the Trenton Field, but that all such wells should be given an allowable based on the maximum efficient rate (MER) of the well, being the maximum sustainable daily withdrawal rate from the reservoir which will permit economical development and reservoir depletion without causing waste.

5. To designate SGS Natural Gas Operating, LLC as the unit operator and their Rocking G. Farms 22 No. 1 Well as the unit well for the proposed JA RB SUA.

6. To provide that the Commissioner of Conservation should be authorized to reclassify the James Lime Formation, Reservoir B, by supplemental order without the necessity of a public hearing if the producing characteristics of the reservoir should change and evidence is submitted to and accepted by the Commissioner of Conservation.

7. To consider and cover such other matters as the Commissioner of Conservation may deem pertinent and appropriate.

The James Lime Formation, Reservoir B, was defined in Office of Conservation Order No. 1199-B, effective September 19, 2007, in the Trenton Field, DeSoto Parish, Louisiana.

The pertinent data pertaining to this application is available for inspection at the Offices of Bob F. Anderson, PE, Inc., 400 Travis Street, Suite 209, Shreveport, Louisiana 71101. Any person wishing to inspect such data should call Bob Anderson 318/425-4230 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data that is otherwise not available from the Office of Conservation can be obtained **at the expense of the requesting party**.

No request for a conference to discuss the proposed application was received, therefore no conference was held.

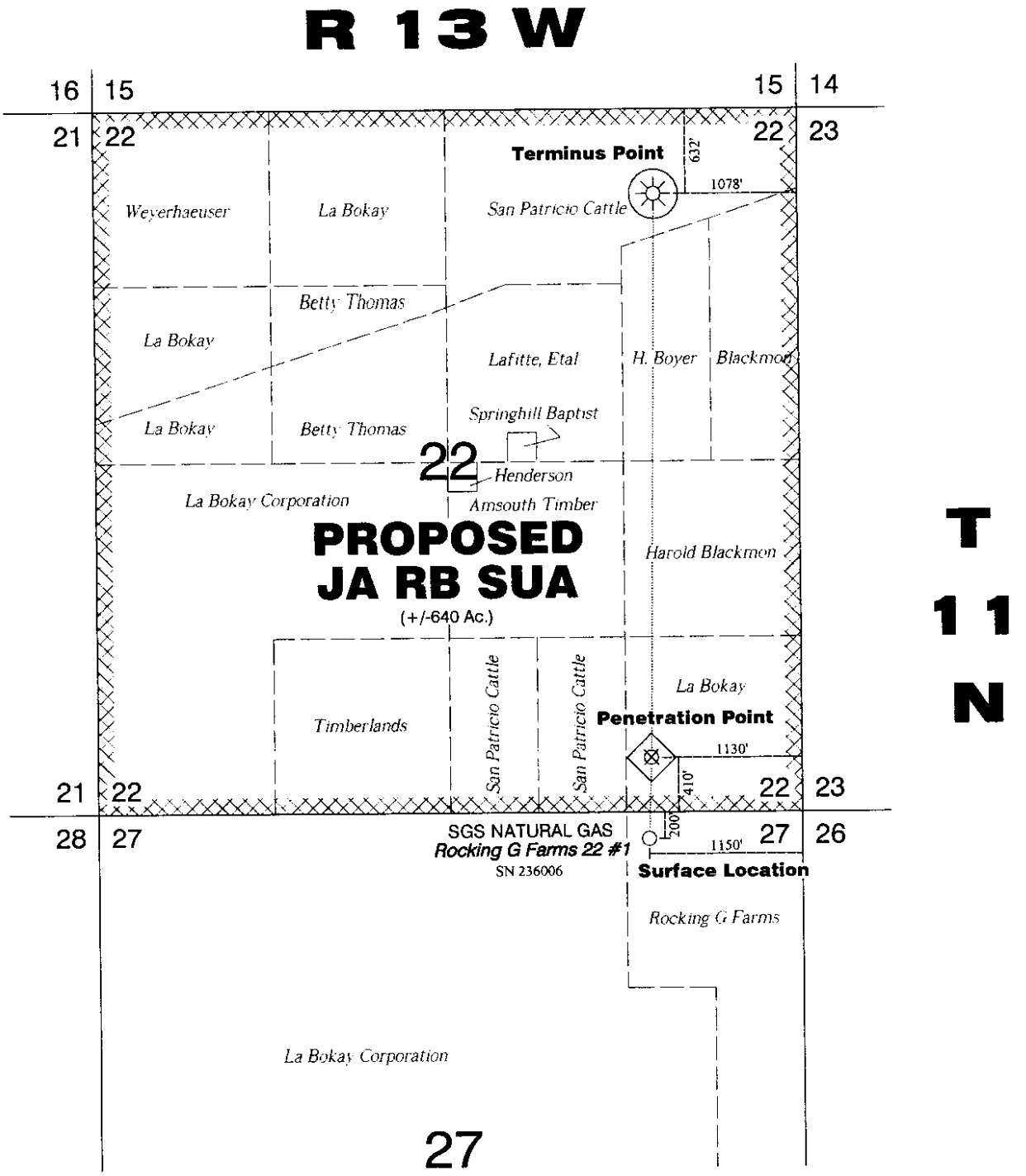
Pursuant to the revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Interested Parties and Represented Parties to whom this notice of this application is being sent. A copy of this letter, plat and list of parties is being sent to the District Manager of the Shreveport District Office of Conservation and the attached letter and plat is being sent to the Interested Owners, Represented Parties and the Interested Parties as shown on the attached list.

A check, made payable to the **Office of Conservation**, is attached to cover the applicable hearing fee.

Yours truly,

B. F. Anderson, PE, Consultant for
SGS NATURAL GAS OPERATING, LLC

cc: Mr. James Broussard, District Manager Shreveport District Office of Conservation
Interested Owners, Represented Parties and Interested Parties
SGS Natural Gas Operating, LLC




NOTE: ONLY WELLS PENETRATING THE JAMES ARE SHOWN

PROPOSED HORIZONTAL UNIT WELL
AS DRILLED LOCATION

- Terminus Point for SN 236006
  SGS/Rocking G Farms 22 #1
  1078' FEL & 632' FNL (22-11N-13W)
- Penetration Point for SN 236006
  SGS/Rocking G Farms 22 #1
  1130' FEL & 410' FSL (22-11N-13W)
- Surface Location for SN 236006
  SGS/Rocking G Farms 22 #1
  1150' FEL & 200' FNL (27-11N-13W)

0' 500' 2000' 4000'

**SGS Natural Gas Operating, LLC**

**TRENTON FIELD**
DESOTO PARISH, LOUISIANA

PROPOSED HORIZONTAL LATERAL UNIT WELL
FOR PROPOSED UNIT

JA RB SUA

DOCKET NO. 07- EXHIBIT NO.1