

June 18, 2008

Honorable James H. Welsh
Commissioner of Conservation
Department of Natural Resources
Office of Conservation
P. O. Box 94275
Baton Rouge, Louisiana 70804-9275

RE: Hackberry Sand, Reservoir F
SOUTH LAKE CHARLES FIELD
Calcasieu Parish, Louisiana

Dear Sir:

Application is hereby made on behalf of Denali Oil & Gas Management, LLC, to the Commissioner of Conservation for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order pertaining to the following matters relating to the Hackberry Sand, Reservoir F, in the South Lake Charles Field, Calcasieu Parish, Louisiana.

1. To establish rules and regulations governing the exploration for and production of oil and gas from the Hackberry Sand, Reservoir F, in the South Lake Charles Field, Calcasieu Parish, Louisiana.
2. To create a single drilling and production unit for this sand and to force pool and integrate all separately owned tracts, mineral leases and other property interests within the unit so created.
3. To designate a unit operator and a unit well for the unit so created as may be appropriate.
4. To provide that any well drilled outside of the Hackberry Sand, Reservoir F, shall be in accordance with the spacing provisions of Statewide Order No. 29-E.
5. To provide that the Commissioner may reclassify the Reservoir by supplemental order and without the necessity of a public hearing should such reclassification be warranted, based on evidence furnished the Commissioner.
6. To discuss any other matters that may be pertinent to this application.

The Hackberry Sand, Reservoir F, in the South Lake Charles Field, Calcasieu Parish, Louisiana, is hereby defined as being that oil and gas bearing sand encountered between the depths of 13,766' and 13,992' electric log measured depths (13,667' to 13,893' true vertical depths) in the Denali Oil & Gas Mgmt. - Walker No. 1 Well, located in Section 8, Township 11 South, Range 8 West, Calcasieu Parish, Louisiana

In addition to furnishing the legal notice to all Interested Parties, the applicant will provide for POSTING of the legal notice of the hearing and unit plat in a prominent place in the area of the South Lake Charles Field, Calcasieu Parish, Louisiana, and will cause the legal notice of the hearing to be PUBLISHED in a newspaper of general circulation published in the vicinity of the South Lake Charles Field, Calcasieu Parish, Louisiana, at least fifteen (15) days before the hearing date.

Any pertinent data relating to the subject application can be obtained, **AT THE COST OF THE REQUESTING PARTY**, from Mr. Bill McAlister at Leon E. Comeaux & Associates, P. O. Box 53922, Lafayette, Louisiana 70505 (337-233-9839).

In compliance with the Rules of Procedure, a preapplication conference was held in Lafayette, Louisiana, on June 16, 2008 at which the parties named on the attached list were in attendance.

The conference was opened with a discussion by Mr. Bill McAlister, representing Denali Oil & Gas Management, LLC, concerning the nature and purpose of the conference and the bases for the applicant's proposed unit. Mr. McAlister noted that the Walker No. 1 Well has changed to indicate an oil and gas completion rather than gas and condensate in the Hackberry Sand and that the unit filing would, therefore, reflect same. Also, the reservoir nomenclature has changed from Reservoir B to Reservoir F.

Mr. Charles Smith, representing Bryant Domingue, presented a counterplan that added ± 32 more acres to the east than the applicant's plan resulting in a proposal of ± 468 Acres. Although no other counterplans were presented, several parties stated they may present counterplans larger than the applicant's.

There are attached hereto and made a part hereof a plat outlining the proposed unit, the conference attendance list, and a list of the names and addresses of the Interested Owners, Represented Parties, and Interested Parties to whom this application is being sent. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished **ONLY** to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, said list of parties will be provided to any party requesting a copy. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties.

Finally, there is enclosed our check on behalf of the applicant, Denali Oil & Gas Management, LLC, in the sum of \$755.00 payable to the Office of Conservation and representing the required hearing application fee.

Sincerely,

LEON E. COMEAUX & ASSOCIATES



Bill McAlister

BM/cu
Enclosures

cc: Mr. Richard Hudson
Office of Conservation
825 Kaliste Saloom Rd.
Brandywine III, Suite 220
Lafayette, Louisiana 70508

Interested Parties, Interested
Owners and Represented Parties

**HBV RF SUA
WALKER No.1
±436 ACRES**

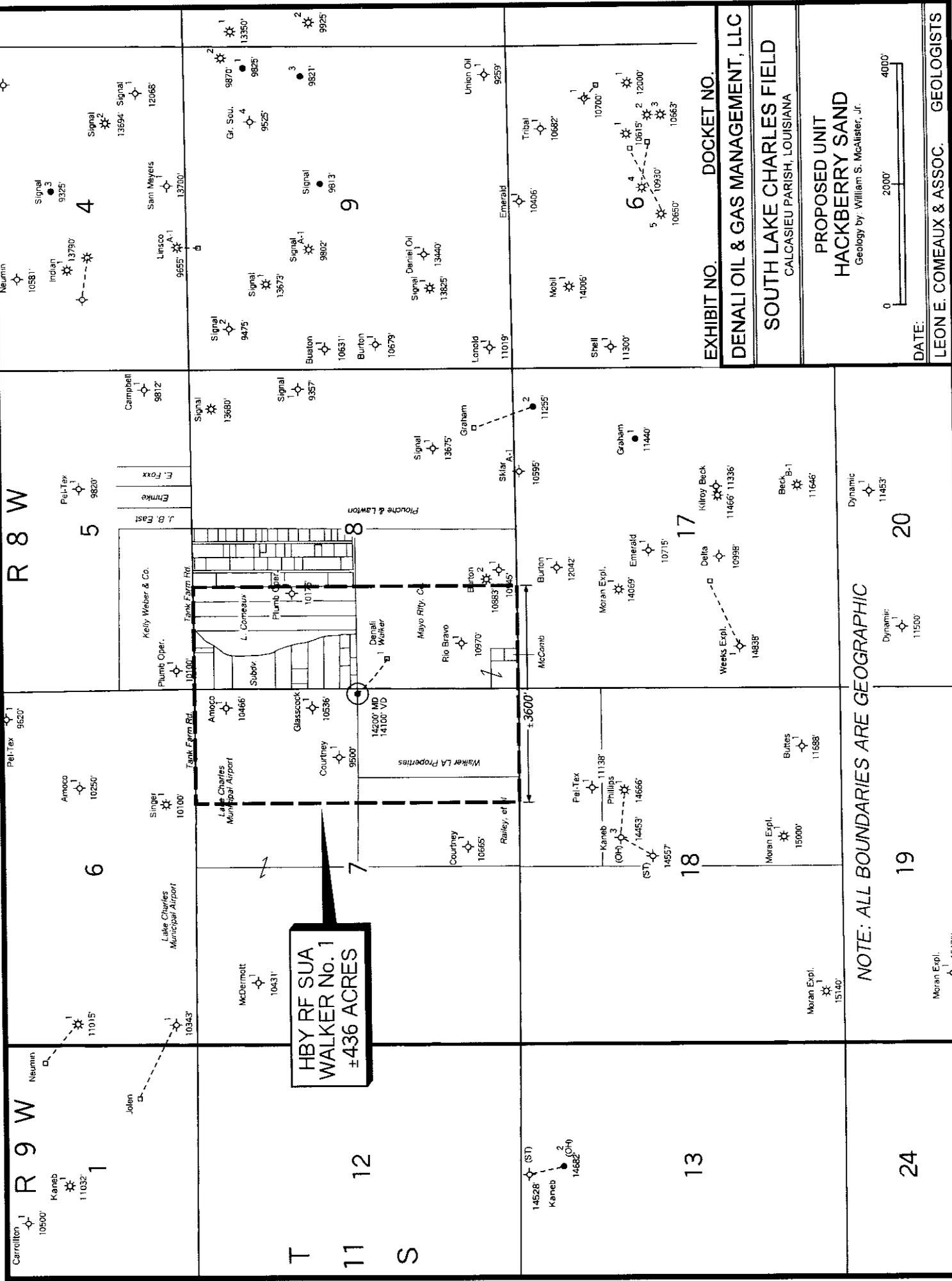


EXHIBIT NO. DOCKET NO.
DENALI OIL & GAS MANAGEMENT, LLC
SOUTH LAKE CHARLES FIELD
 CALCASIEU PARISH, LOUISIANA
PROPOSED UNIT
HACKBERRY SAND
 Geology by William S. McAlister, Jr.
 DATE: _____

NOTE: ALL BOUNDARIES ARE GEOGRAPHIC

LEON E. COMEAUX & ASSOC. GEOLOGISTS