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September 10, 2008

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

Re: Lower Cotton Valley Formation, Reservoir A
Vernon Field, Jackson Parish, Louisiana
Alternate unit well designation

Dear Commissioner Welsh:

Application is hereby made on behalf of **EXCO OPERATING COMPANY, LP**, for the calling of a public hearing, after ten (10) days legal notice, to consider evidence relative to the issuance of an Order pertaining to the following matters:

1. To permit the applicant to drill, designate and utilize its **Watson 11 No. 2 Well** as an additional alternate unit well for the **LCV RA SUP**, at the location shown on the plat attached hereto and made a part hereof, in exception to the spacing provisions of the 798-B Series of Office of Conservation Orders.
2. To find that the proposed alternate unit well is necessary to efficiently and economically drain that portion of the reservoir covered by the LCV RA SUP.
3. To continue in effect the existing designation and use of the present unit and alternate unit wells for the LCV RA SUP.
4. To permit the operator to produce the unit allowable for said unit at a rate equal to the combined rate at which the unit well and the alternate unit well or wells located on such unit are capable of efficiently producing, in accordance with the provisions of Office of Conservation Order No. 798-B-4, effective June 14, 1994.
5. Except to the extent herein set forth, to continue in full force and effect the provisions of Office of Conservation Order No. 798-B-1, effective August 18, 1982, as amended and supplemented by the 798-B Series of Office of Conservation Orders, the units created thereby, and applicable statewide orders.
6. To consider such other matters as may be pertinent.

September 10, 2008

The Lower Cotton Valley Formation, Reservoir A, in the Vernon Field, Jackson Parish, Louisiana, was redefined in Office of Conservation Order No. 798-B-23, effective January 22, 2002.

The applicant is requesting permission to drill, designate and utilize its Watson 11 No. 2 Well as an additional alternate unit well for the LCV RA SUP at the location shown on the attached plat. This well will permit efficient and economic recovery of hydrocarbons underlying such unit, will not adversely affect the adjacent offsetting units, and is needed to satisfy the market demand for gas and condensate from the field.

Attached hereto and made a part hereof is a plat outlining the applicant's proposal along with a list of the names and addresses of the Interested Owners, Represented Parties and Interested Parties to whom a copy of 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 Shreveport District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy of it. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Interested Parties and Represented Parties.

Finally, enclosed herewith is our check on behalf of the applicant in the amount of \$755.00 **made payable to the Office of Conservation** and representing the required hearing application fee.

Very truly yours,

LISKOW & LEWIS

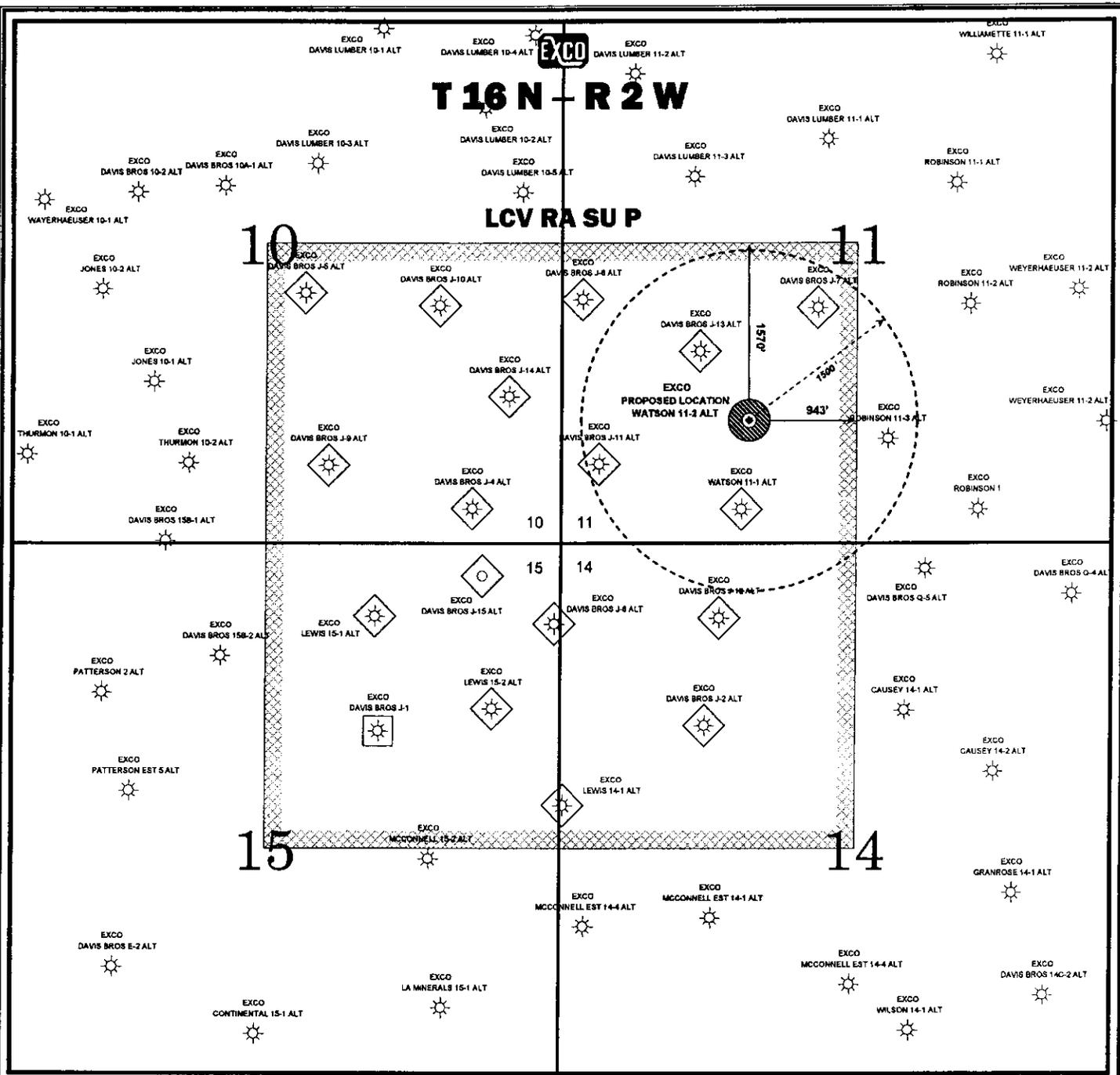


Richard W. Revels, Jr.

RWRjr/dbf
Enclosures

cc: Mr. James Broussard, Shreveport District Office of Conservation
cc: Interested Owners, Represented Parties and Interested Parties

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-  PROPOSED LCV ALTERNATE UNIT WELL
-  APPROVED LCV UNIT WELL
-  APPROVED LCV ALTERNATE UNIT WELL
-  APPROVED LCV ALTERNATE UNIT LOCATION



EOC
EXCO Operating Company, LP

VERNON FIELD
Jackson Parish, Louisiana
PROPOSED ALTERNATE UNIT WELL
AT AN EXCEPTIONAL LOCATION
LCV RA SU P
WATSON 11-2 ALT