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December 4, 2007

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When calling relative to this
matter, refer to file No. 1582

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

Re: Gray Sand,
Reservoir A
Terryville Field
Lincoln Parish, Louisiana

APPLICATION FOR PUBLIC HEARING

Dear Sir:

KCS Resources, Inc. hereby makes application pursuant to the revised rules of procedure for a public hearing to consider evidence relating to the following matters pertaining to the Gray Sand, Reservoir A, in the Terryville Field, Lincoln Parish, Louisiana:

1. To establish a single additional drilling and production unit for the exploration for and production of gas and condensate from the Gray Sand, Reservoir A, in the Terryville Field, Lincoln Parish, Louisiana, to be designated GRAY RA SURR, as shown outlined on the plat attached hereto and made a part hereof;
2. To force pool and integrate all of the separately owned tracts, mineral leases and other property interests located within the proposed unit in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each tract sharing in unit production on a surface acreage basis of participation;
3. To designate the KCS Resources, Inc. - T. L McCrary 14 No. 2 Well as the unit well for GRAY RA SURR at the location shown on the plat attached hereto and to designate KCS Resources, Inc. as operator of said unit;
4. To extend the well spacing rules applicable the Gray Sand, Reservoir A, established by Office of Conservation Order No. 370-E-1 to proposed unit, except to the extent inconsistent herewith; and
5. To consider and cover such other matters as the Commissioner of Conservation may deem appropriate and necessary under the circumstances.

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The Gray Sand, Reservoir A, in the Terryville Field, Lincoln Parish, Louisiana, was initially defined in Office of Conservation Order No. 370-E, effective May 23, 1979; and was redefined in Order No. 370-E-2, effective November 6, 1980.

A pre-application notice letter dated November 13, 2007, was sent in connection with this matter. There was no request for a conference and, accordingly, none was held.

Any pertinent data relating to this matter can be obtained at the cost of the requesting party, from Mr. Craig Barclay, 522 Dumbarton Drive, Shreveport, Louisiana 71106, at telephone number (318) 869-2223.

The list of parties attached to the copies of this application being sent to the Office of Conservation includes the names of all Interested Owners, Represented Parties and Interested Parties known to Applicant after a diligent search. A copy of this application, with plat attached, is being sent to each such party. Pursuant to Office of Conservation regulations, the 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 person requesting a copy of it. Enclosed with the copy of this application being sent to the Commissioner of Conservation is a check for the fee required for this application.

Yours very truly,

COOK, YANCEY, KING & GALLOWAY



J. William Fleming

jwf:s

Enclosures

cc: James C. Broussard, District Manager
Interested Owners, Represented
Parties and Interested Parties
Mr. Craig Barclay
Mr. Tom Lindley

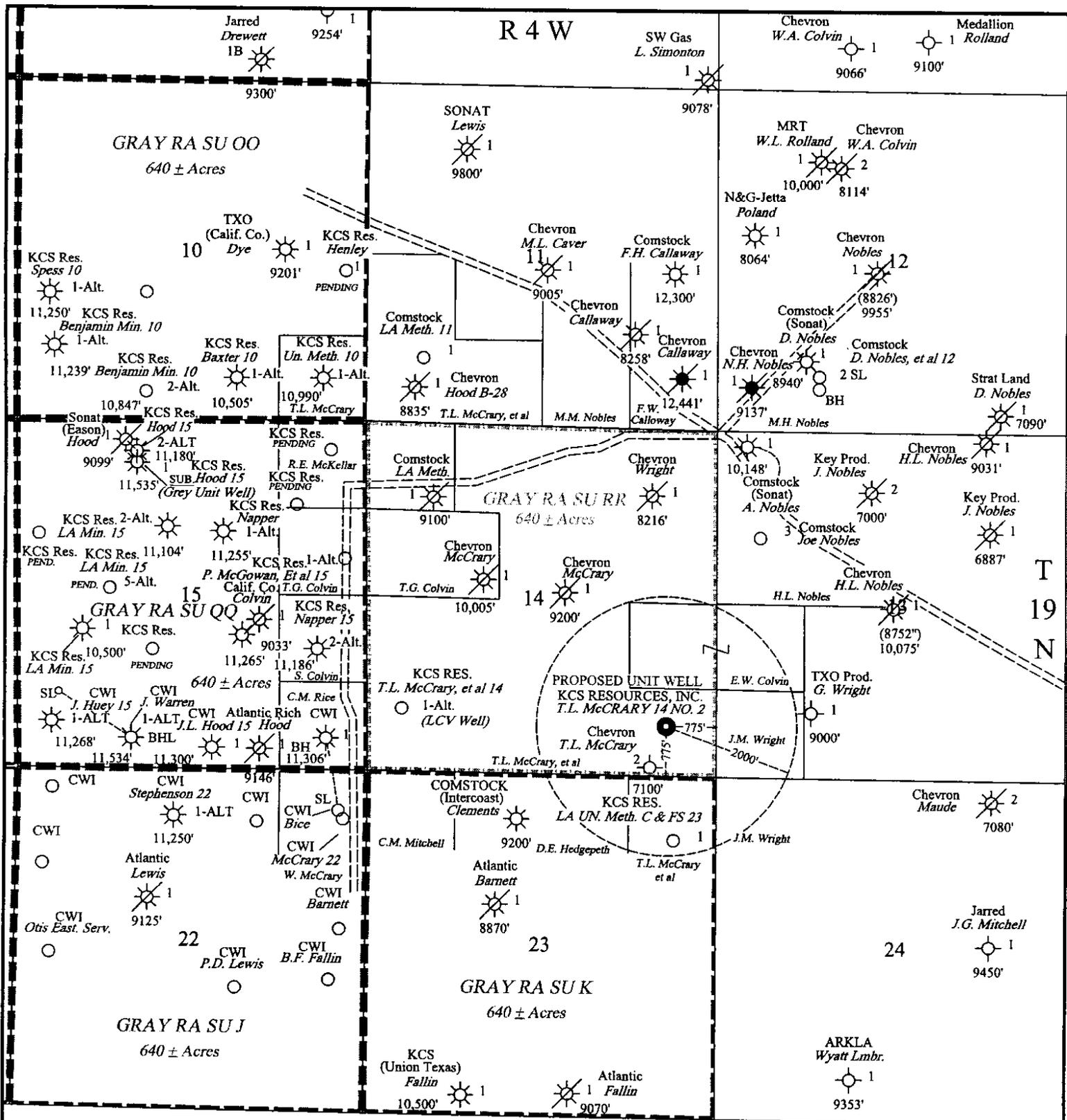


EXHIBIT No. 1

DOCKET NO. 07-

KCS RESOURCES, INC.
Tulsa, Oklahoma

TERRYVILLE FIELD
Lincoln Parish, Louisiana

PROPOSED GRAY RESERVOIR A SAND UNIT RR
PROPOSED UNIT WELL FOR GRAY RESERVOIR A SAND UNIT RR

--- :PROP. TERRYVILLE GRAY
RESERVOIR A SAND UNIT

--- :EXIST. TERRYVILLE GRAY
RESERVOIR A SAND UNITS

● :PROPOSED GRAY RESERVOIR A SAND UNIT WELL



GRAPHIC SCALE