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# GORDON

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October 29, 2007

Ref. 3022-25818

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

Re: Southwestern Energy Production Company  
Application for Authority to Commingle Gaseous  
Hydrocarbons  
Riverton Commingling Facility No. 1  
Riverton Field, Caldwell Parish, Louisiana

Dear Commissioner Welsh:

Enclosed please find application made on behalf of Southwestern Energy Production Company requesting a hearing for authority under the provisions of Statewide Order 29-D-1 for commingling of gaseous hydrocarbons in the Riverton Commingling Facility No. 1 by use of well tests. The production to be commingled is produced from three Coal Seam natural gas units (CSNG Unit 1, CSNG Unit 2 and CSNG Unit 3), established by Office of Conservation Order No. 1494 all located in the Riverton Field, Caldwell Parish, Louisiana.

Also included in Southwestern Energy Production Company's application please find the following:

1. Diagrammatic sketch of the mechanical installation to be used;
2. Detailed explanation of the flow of gaseous hydrocarbons;
3. List of the wells and respective units from which they produce that are to be commingled;

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201 St. Charles Avenue, 40th Floor · New Orleans, Louisiana 70170-4000 · (504) 582-1111 · Fax (504) 582-1121  
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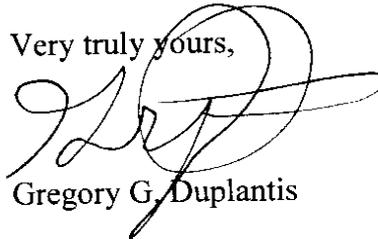
Hon. James H. Welsh  
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4. List of interested parties;
5. Signed equity and calibration statement; and
6. Check in the amount of \$755.00 to cover the cost for a hearing in this matter.

There is attached hereto a list of the names and addresses of interested parties, interested owners and represented parties to whom this application is being sent. Pursuant to the Rules of Procedure such list of parties is being furnished only to the Commissioner of Conservation and the District Manager of the Lafayette District of the Office of Conservation. However, this list of parties will be provided to any party upon request. A reasonable effort was made to ascertain the names and addresses of all interested parties, interested owners and represented parties.

If you have any questions or comments, please do not hesitate to contact me.

Very truly yours,



Gregory G. Duplantis

GGD:rb

Enclosure

Cc: Ms. Martha Howard  
Mr. Richard D. Hudson  
District Manager, Office of Conservation  
Mr. Todd Keating  
All Interested Parties, Interested Owners,  
Represented Parties



Southwestern Energy Production Company  
2350 N. Sam Houston Parkway East  
Suite 300  
Houston, Tx. 77032

October 29, 2007

Hon. James H. Welsh, Commissioner  
Office of Conservation  
Baton Rouge, LA

**Subject: Surface Commingling Request; CSNG1, CSNG2, and CSNG3**

Dear Commissioner:

Southwestern Energy Production Company respectfully requests a surface commingling permit for CSNG1, CSNG2, and CSNG3 unit production.

**I.) The benefits for surface commingling include:**

- Utilize one centrally located sales point complete with measurement, dehydration and compression facilities – lower equipment capital cost, smaller environmental foot print, less maintenance cost, lower manpower cost.
- Utilize a Bulk facility concept that can separate and measure several wells' gas and water – lower equipment capital cost, smaller environmental foot print, less maintenance cost, lower manpower cost, and less surface tankage.
- Reduced pipeline costs – in cases where fluids are sent to a Bulk facility prior to separation only one flow line is required from well to facility. Otherwise separation and measurement would take place at wellsite which would then require two flow lines, one for gas and one for water.
- Efficient and environmentally responsible considerations for working within the current culture in the area; roads, railroads, power lines, pipelines, houses, driveways, river, etc.
- The most cost effective and environmentally sound development of this important resource.

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## II.) Commingling allocation methodology:

The following definitions and schematic illustrate our surface commingling strategy. Some wells will still have a dedicated separator and gas meter depending on location and timing of well. However, whenever a test and bulk separator makes sense they will be employed to realize the benefits described above.

### Definitions:

**Facility:** Location where a separation and measurement of gas and water takes place.

**B:** Bulk Facility: Multiple wells are commingled before separation and measurement. (The wells will only be from a single unit)

**T:** Test Facility: Single well facility designed to accommodate several wells. (Only one well at a time and only from a single unit)

**W:** Well Facility: Single well facility designed for only one well.

**Subscript 1x:** CSNG1

**Subscript 2x:** CSNG2

**Subscript 3x:** CSNG3

**Subscript x1:** First Facility

**Subscript x2:** Second Facility

**Subscript x(etc):** More than second Facility.

**S:** Sales meter volume from pipeline sales meter (Crosstex)

### Notes:

\* The facilities will not all be physically located on the unit that all the wells are from, i.e. a B or T for unit 1 wells may be physically located in unit 3.

### Sales Allocation Formula:

CSNG1 total measured gas from facilities = B11 + B12 + B1(etc) + W11 + W12 + W1(etc)

CSNG2 total measured gas from facilities = B21 + B22 + B2(etc) + W21 + W22 + W2(etc)

CSNG3 total measured gas from facilities = B31 + B32 + B3(etc) + W31 + W32 + W3(etc)

CSNG1 allocation =  $S * (CSNG1 / (CSNG1 + CSNG2 + CSNG3))$

CSNG2 allocation =  $S * (CSNG2 / (CSNG1 + CSNG2 + CSNG3))$

CSNG3 allocation =  $S * (CSNG3 / (CSNG1 + CSNG2 + CSNG3))$

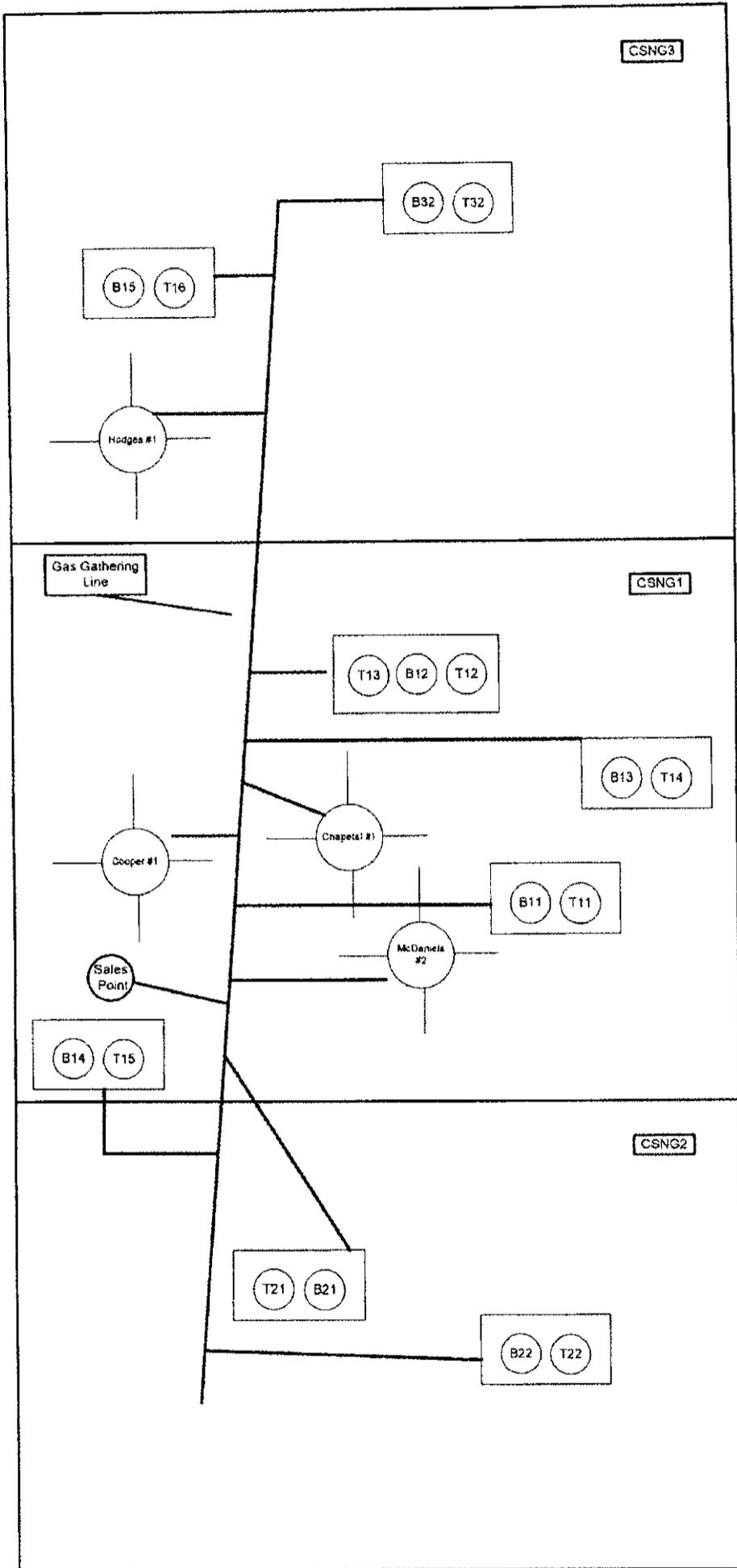
### Individual Well Reporting:

W wells will be available continuously.

All other wells will be placed periodically, once or twice a month into a T facility for measurement.

Allocated sales volumes for a well that goes to a B facility =  $B * T (\text{subject well}) / T (\text{All wells})$

Units' lay out.



**III.) Flow Description:**

The following definitions and schematic illustrate our surface commingling strategy. Some wells will still have a dedicated separator and gas meter depending on location and timing of well. However, whenever a test and bulk separator makes sense they will be employed to realize the benefits described above.

We are producing only water and gas, no condensate or oil.

Water Metering will be done by a turbine water meter.

Gas metering will be done through an orifice plate mounted on a meter run. Continuous recording of rate will be done with a chart recorder or electronic flow computer.

W: There will be a dedicated separator at the wellsite. Gas and water will be separated, gas metered and water metered before leaving location.

B: All wells going into a header that are not in test will be combined full stream, then separated by the bulk separator. Gas will then be combined with gas from the test separators coming from the same header and measured via an orifice plate mounted on a meter run. The water separated by the bulk separator will be measured via a turbine water meter. Continuous recording of rate will be done with a chart recorder or electronic flow computer.

T: Wells going into a header that have ball valves opened and closed as required to have only that well going into a test separator at a any given time. Gas metering will be done through an orifice plate mounted on a meter run. Water Metering will be done by a turbine water meter. Continuous recording of rate will be done with a chart recorder or electronic flow computer. The time when a test starts and when a test ends will be recorded.

**IV.) Commingling example data capture:**

The following table illustrates the data capture for test and bulk separator sites. This will be updated daily and will provide the flexibility to put wells in test whenever warranted. We will have the capacity to test wells at least twice a month for State reporting requirements.

<u>WELL TEST DATA SHEET</u>										
Date	10/15/2007									
Well Name on Test	Reynolds # 1									
Lease	Riverton CBM									
Unit Number	2									
Facility Name	Reynolds Test Separator # 2									
Test Separator I.D.	T2									
Production Method	PCP Pump									
Tubing Pressure	150		Casing Pressure	150						
Tubing Choke	48/64		Casing Choke	48/64						
Date of Test	10/14/2007		Stop Date of Test	10/15/2007						
Start Time of Test	9:00	AM X PM	Stop Time of Test	8:00	AM X PM	Test Duration	24	HRS.		
Beginning Gas Reading	0		Ending Gas Reading	37		24 Hour Flow Rate	37	MCF		
Beginning Water Reading	0		Ending Water Reading	858		24 Hour Rate	858	BWPD		
Test Separator Pressure	110		Test Separator Temp	90						

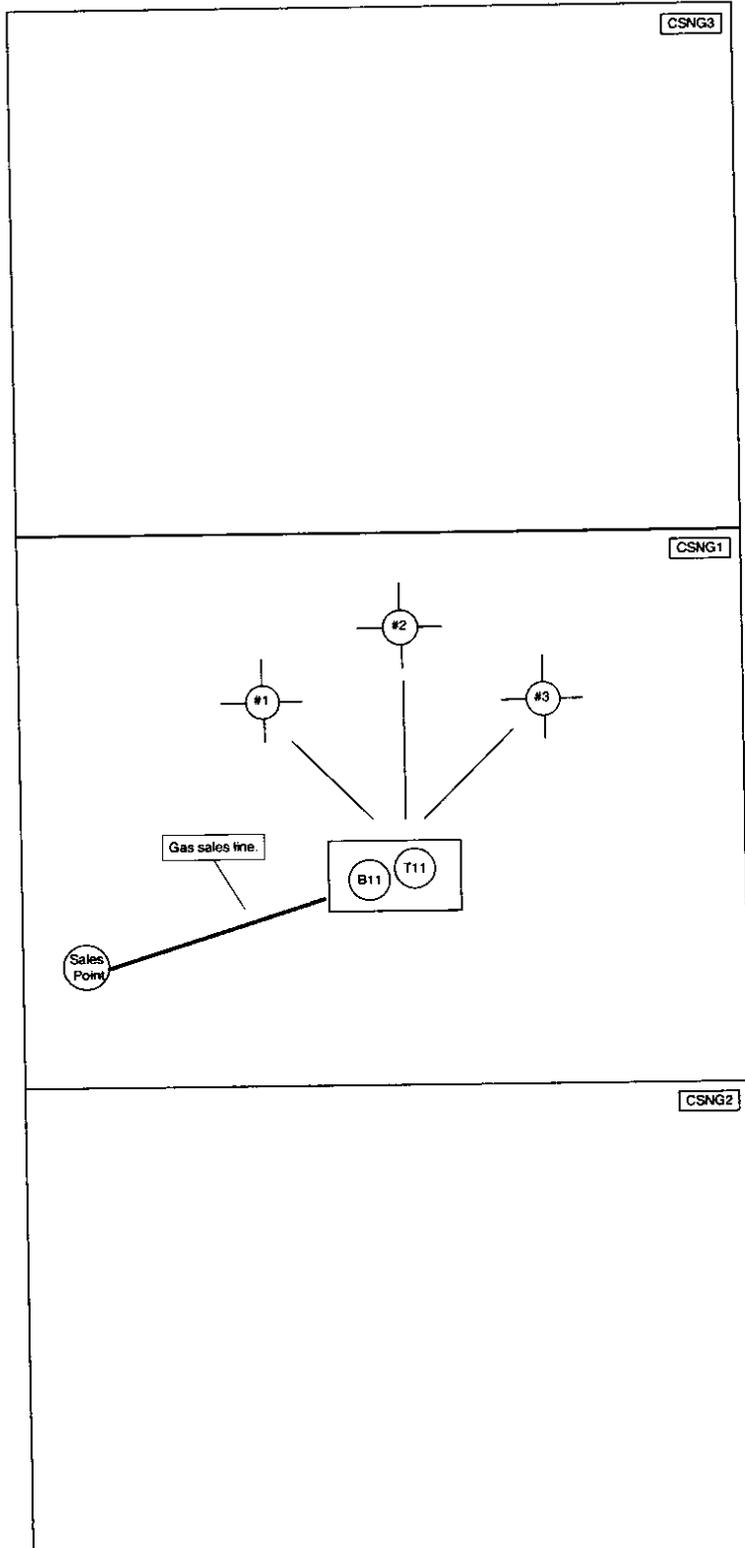
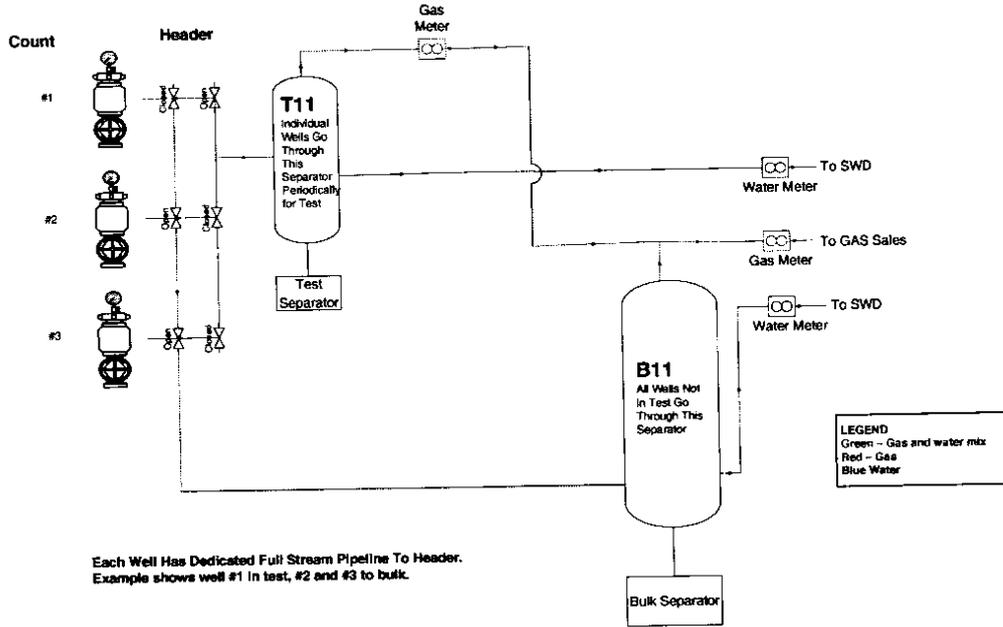
V.) Actual commingling defined for current and proposed wells:

The following table defines current wells' facility plan:

Field Id	Field Name	Organization Id	Organization Name			Sec	Twms	Rng
7729	RVERTON	S085	SOUTHWESTERN ENERGY PROD. CO.					
Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	229459	614477	11	RVRTN CSNG1;SMITH	1	T11 with B11	43 14N	04E
2	229458	614477	11	RVRTN CSNG1;MCDANIEL	1	T11 with B11	43 14N	04E
3	229443	614477	11	RVRTN CSNG1;YOUNGBLOOD	1	T11 with B11	43 14N	04E
Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	235492		11	RVRTN CSNG 1;REYNOLDS	1	T12 and T13 with B12	40 14N	04E
2	235525		11	RVRTN CSNG1;REYNOLDS	4	T12 and T13 with B12	17 14N	04E
3	235526		11	RVRTN CSNG 1;REYNOLDS	5	T12 and T13 with B12	20 14N	04E
4	235608		11	RVRTN CSNG1;REYNOLDS	6	T12 and T13 with B12	42 14N	04E
5	235527		11	RVRTN CSNG 1;REYNOLDS	7	T12 and T13 with B12	41 14N	04E
6	235609		11	RVRTN CSNG1;REYNOLDS	8	T12 and T13 with B12	41 14N	04E
7	235493	614477	11	RVRTN CSNG1;CPPJ	1	T12 and T13 with B12	20 14N	04E
8	235494		11	RVRTN CSNG 1;TATE	1	T12 and T13 with B12	42 14N	04E
9	235524		11	RVRTN CSNG 1;WELCH	1	T12 and T13 with B12	42 14N	04E
Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	234684	614477	11	RVRTN CSNG1;YOUNGBLOOD	2	T14 with B13	43 14N	04E
2	236377		11	RVRTN CSNG 1;COON	1	T14 with B13	20 14N	04E
3	236378		11	RVRTN CSNG 1;COON	2	T14 with B13	20 14N	04E
Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
30	235606		11	RVRTN CSNG1;HODGES	3	T15 with B14	45 14N	04E
20	235523		11	RVRTN CSNG1;WARNER	1	T15 with B14	43 14N	04E
Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	235495		11	RVRTN CSNG 1;MANN TRUST	2	T16 with B15	42 14N	03E
2	235607		11	RVRTN CSNG1;REYNOLDS	3	T16 with B15	43 14N	03E
3	235656		11	RVRTN CSNG 1;CPC	1	T16 with B15	41 14N	04E
4	235610		11	RVRTN CSNG1;HOLCEK	1	T16 with B15	48 14N	03E
Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	233628	614477	11	RVRTN CSNG1;CHAPETAL	1	W	44 14N	04E
Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	234683	614477	11	RVRTN CSNG1;COOPER	1	W	44 14N	04E
Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	234563	614477	11	RVRTN CSNG1;MCDANIEL	2	W	29 14N	04E
Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	236374		11	RVRTN CSNG 2;MARTIN GUERRERO	1	T21 with B21	45 14N	04E
2	234587	614632	11	RVRTN CSNG2;HODGES	2	T21 with B21	45 14N	04E
3	235605		11	RVRTN CSNG2;CDS MANAGEMENT	1	T21 with B21	45 14N	04E
Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	232843	614632	11	RVRTN CSNG2;LAFONT	1	T22 with B22	45 14N	04E
2	235496	614632	11	RVRTN CSNG 2;WEAR	1	T22 with B22	45 14N	04E
3	236363		11	RVRTN CSNG 2;WEAR	2	T22 with B22	32 14N	04E
Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	232883	614821	11	RVRTN CSNG3;HODGES	1	W	41 14N	03E
Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	235528		11	RVRTN CSNG3;ESPERANCE	1	T32 with B32	38 14N	04E
2	235497		11	RVRTN CSNG 3;ESPERANCE	2	T32 with B32	40 14N	04E
3	235531		11	RVRTN CSNG 3;REYNOLDS	2	T32 with B32	7 14N	04E
4	235529		11	RVRTN CSNG3;COREY	1	T32 with B32	7 14N	04E
5	235530		11	RVRTN CSNG 3;MANN TRUST	1	T32 with B32	39 14N	04E

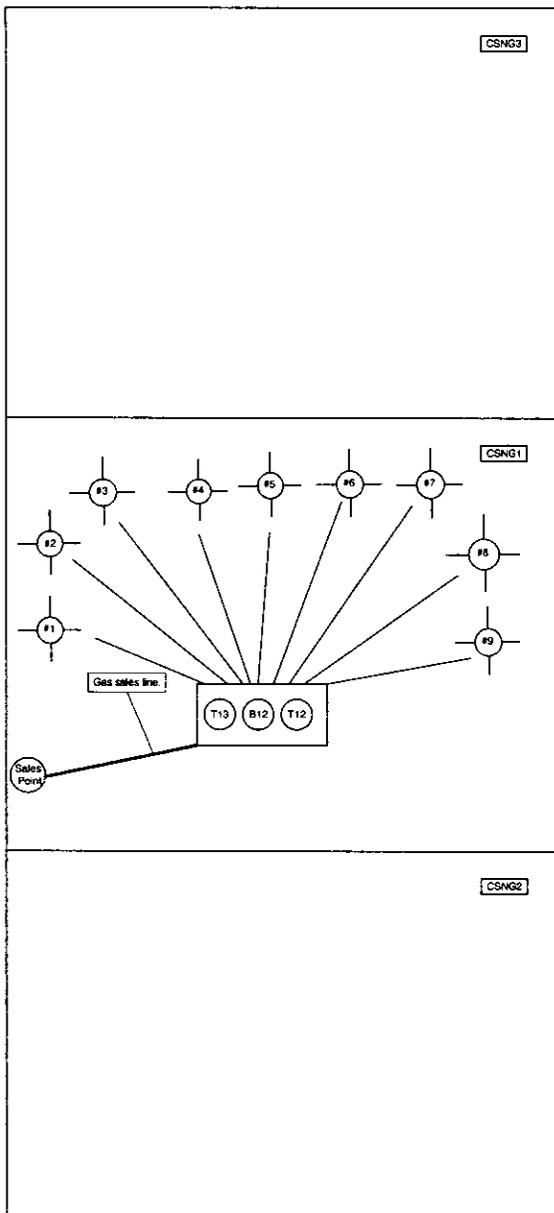
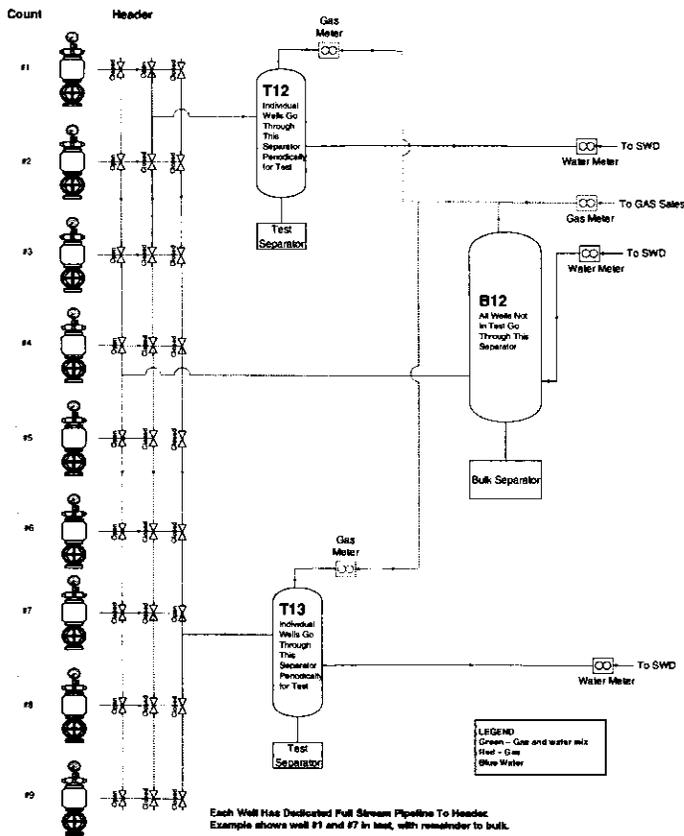
HEADER with T11 and B11

Cnt	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twns	Rng
1	229459	614477	11	RVRTN CSNG1;SMITH	1	T11 with B11	43 14N	04E
2	229458	614477	11	RVRTN CSNG1;MCDANIEL	1	T11 with B11	43 14N	04E
2	229443	614477	11	RVRTN CSNG1;YOUNGBLOOD	1	T11 with B11	43 14N	04E



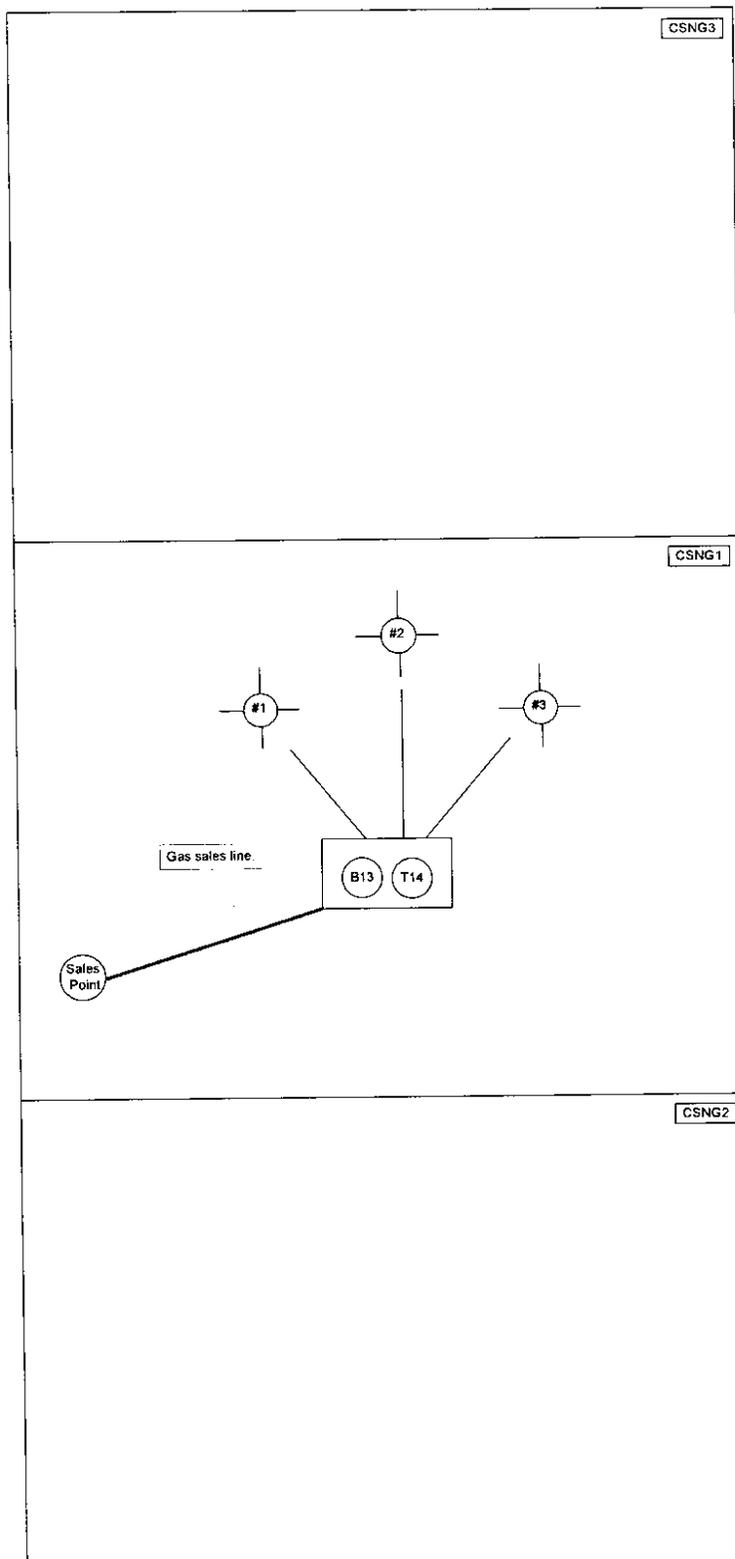
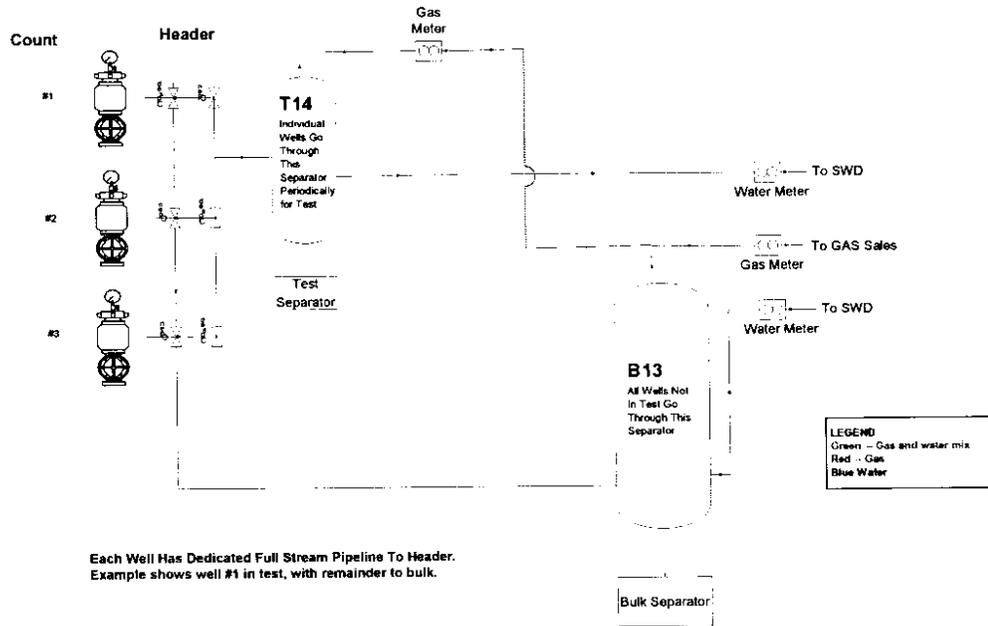
HEADER with T12 and T13 with B12

Count	Well Serial	Low Code	Pub Code	Well Name	Well Name	Sec	Turns	Ring
1	235492			RVRTN CSNG	11 T12 and T13 with B12	40	14N	04E
2	235525			RVRTN CSNG1:REYNOLDS	4 T12 and T13 with B12	17	14N	04E
3	235536			RVRTN CSNG	5 T12 and T13 with B12	20	14N	04E
4	235600			RVRTN CSNG1:REYNOLDS	6 T12 and T13 with B12	42	14N	04E
5	235627			RVRTN CSNG	7 T12 and T13 with B12	41	14N	04E
6	235638			RVRTN CSNG1:REYNOLDS	8 T12 and T13 with B12	41	14N	04E
7	235493	614477		RVRTN CSNG1:OPPU	1 T12 and T13 with B12	20	14N	04E
8	235494			RVRTN CSNG1:ATE	1 T12 and T13 with B12	42	14N	04E
9	235524			RVRTN CSNG1:WELCH	1 T12 and T13 with B12	42	14N	04E



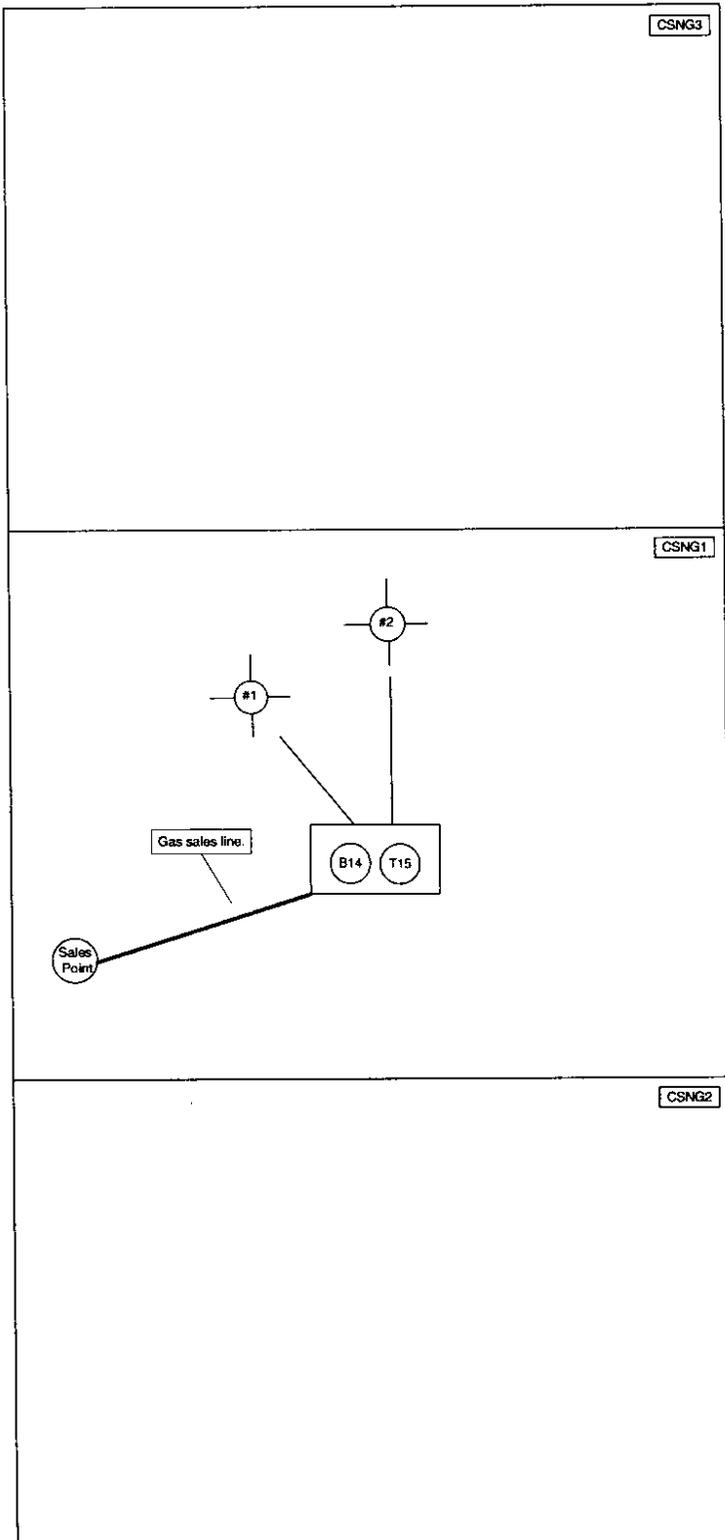
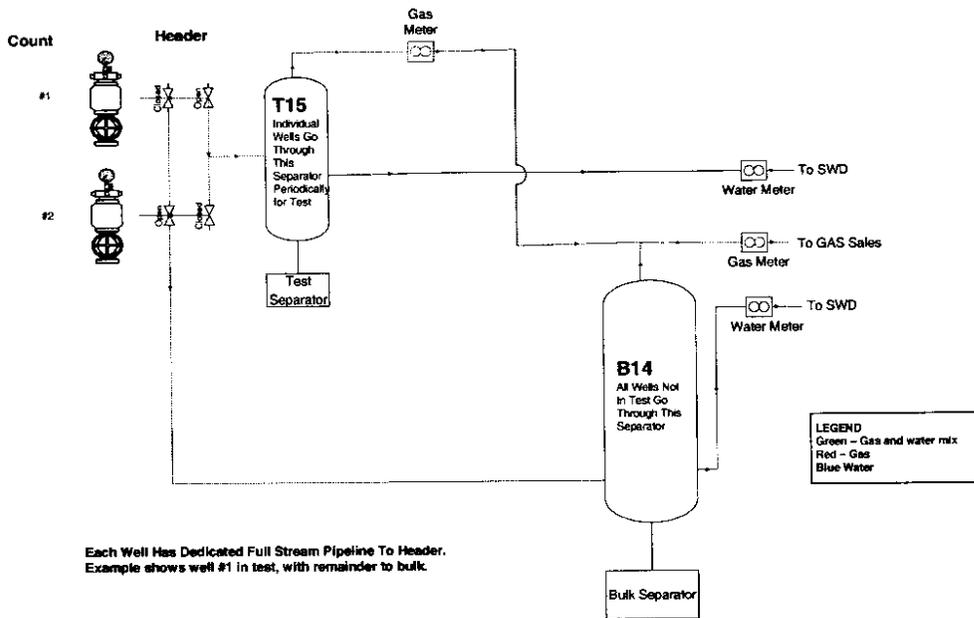
HEADER with T 14 and B 13

Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	234684	614477	11	RVRTN CSNG1;YOUNGBLOOD	2:T14 with B13	43	14N	04E
2	236377		11	RVRTN CSNG 1;COON	1:T14 with B13	20	14N	04E
3	236378		11	RVRTN CSNG 1;COON	2:T14 with B13	20	14N	04E



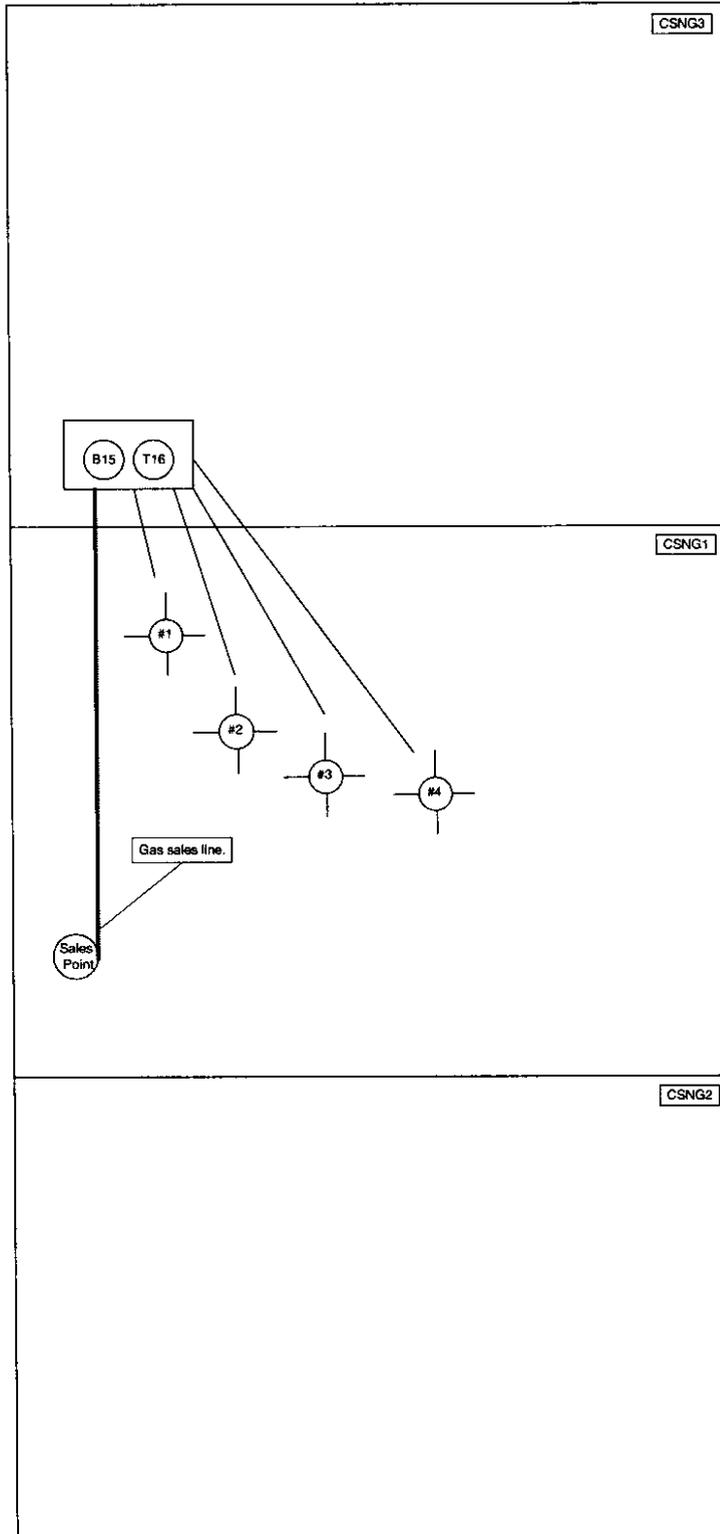
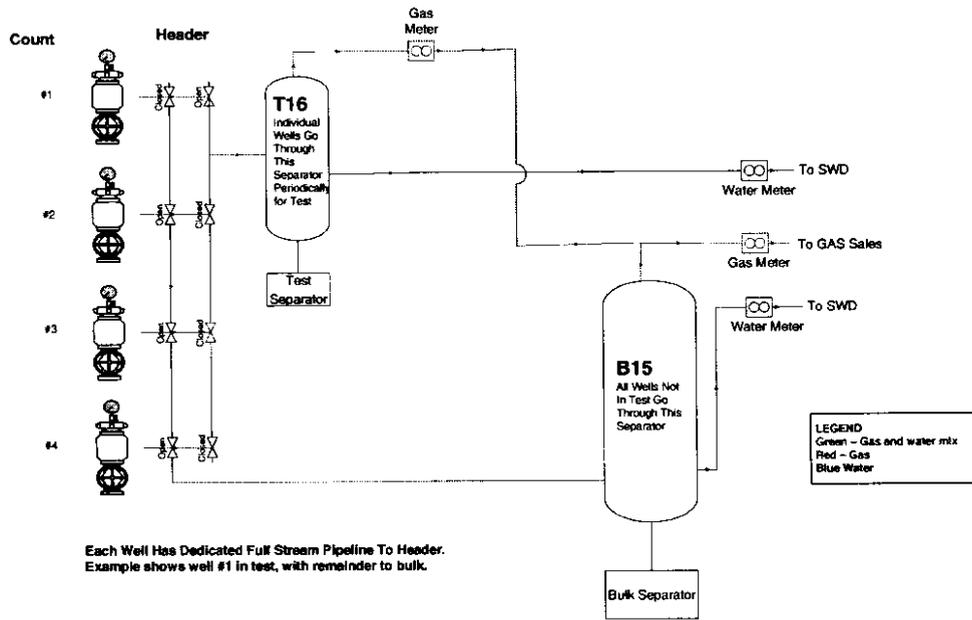
HEADER with T15 and B14

Count	Well Serial	Lw Code	Psh Code	Well Name	Well Num		Sec	Twns	Rng
30	235606		11	RVRTN CSNG1,HODGES	3	T15 with B14	45	14N	04E
20	235623		11	RVRTN CSNG1,WARNER	1	T15 with B14	43	14N	04E



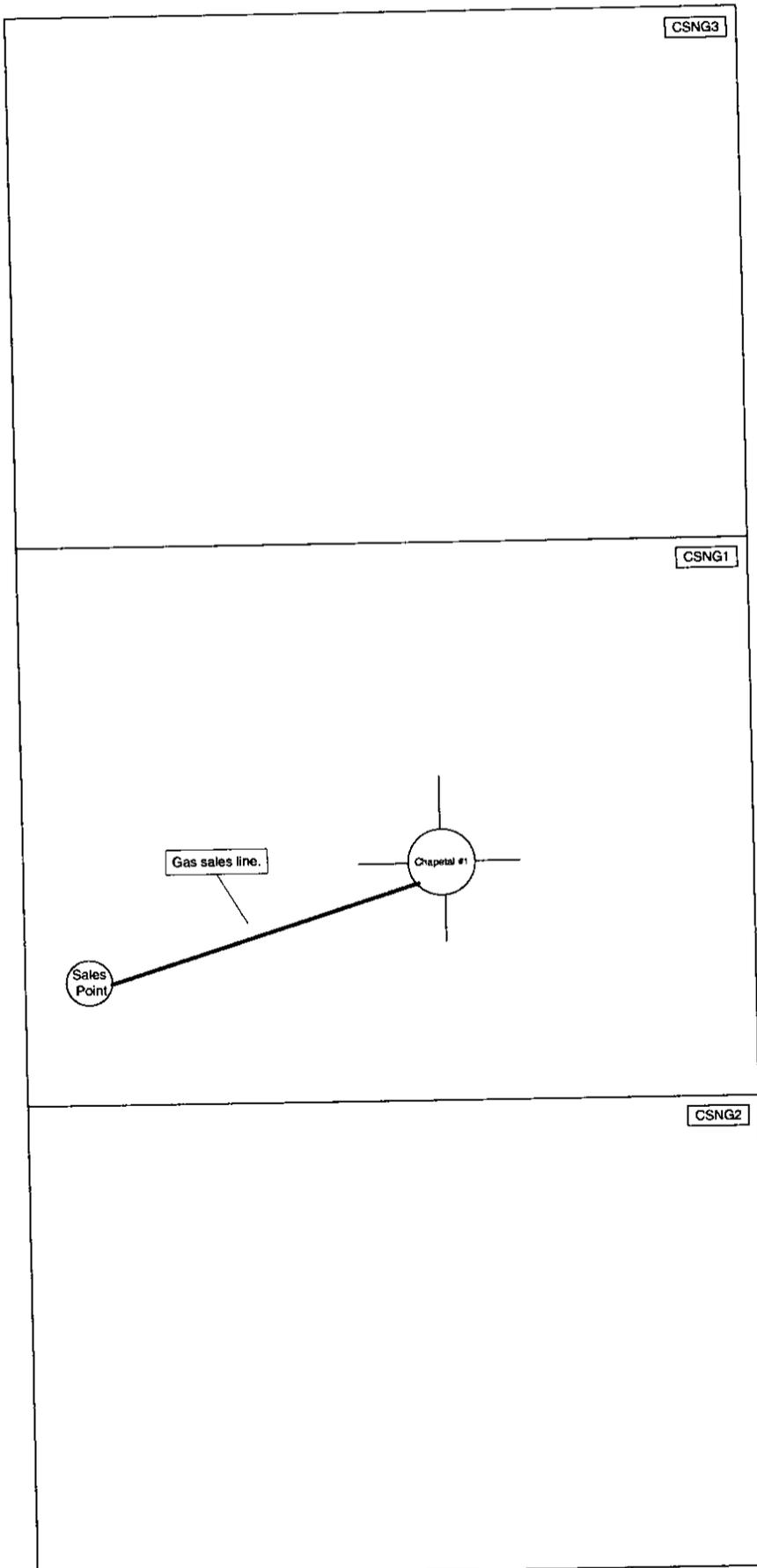
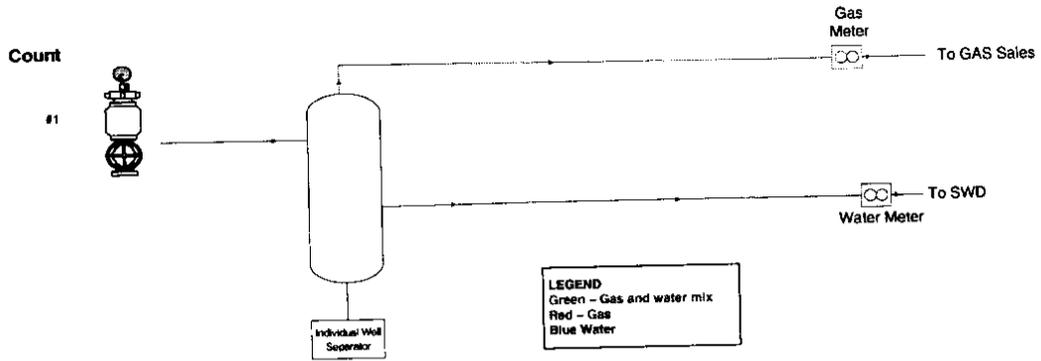
HEADER with T16 and B15

Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twns	Rng
1	235495		11	RVRTN CSNG 1;MANN TRUST	2	T16 with B15	42	14N 03E
2	235507		11	RVRTN CSNG1;REYNOLDS	3	T16 with B15	43	14N 03E
3	235556			RVRTN CSNG 1;CPC	1	T16 with B15	41	14N 04E
4	235610		11	RVRTN CSNG1;HOLCEK	1	T16 with B15	48	14N 03E



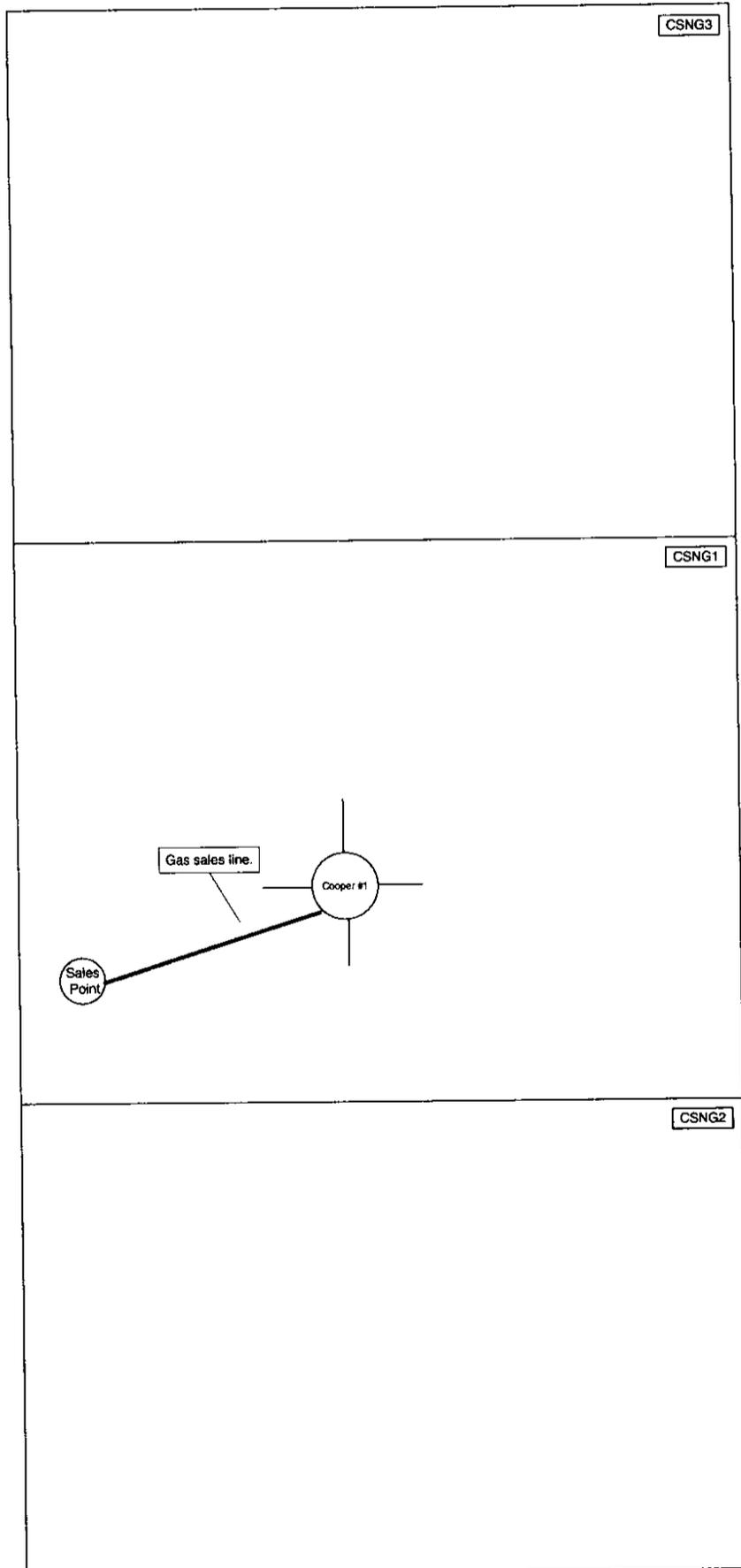
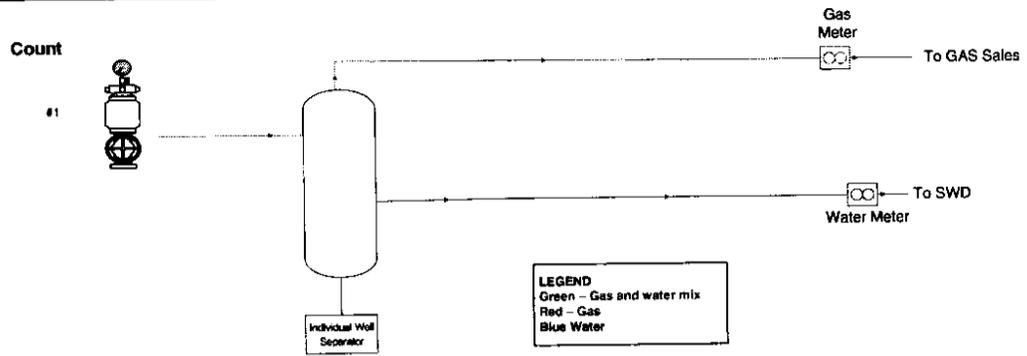
Chapetal #1 (No header, continuous measurement)

Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twns	Rng
1	233628	614477	11	RVRTN CSNG1;CHAPETAL	1 W	44	14N	04E



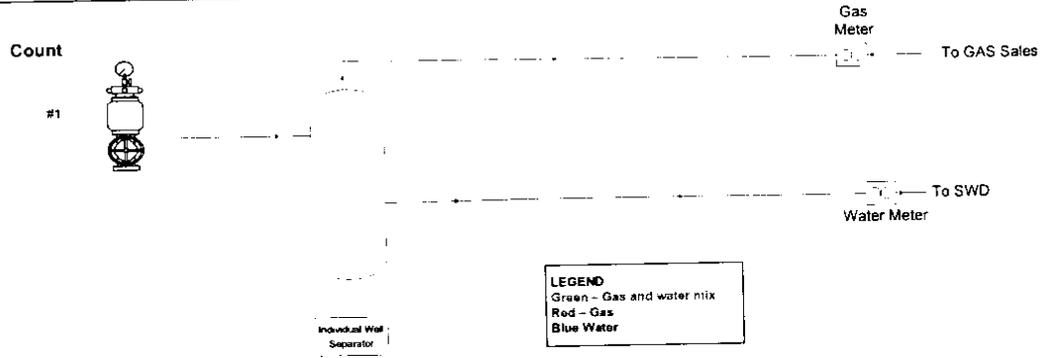
Cooper #1 (No header, continuous measurement)

Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twns	Rng
1	234683	614477	11	RVRTN CSNG1:COOPER	1 W	44	14N	04E

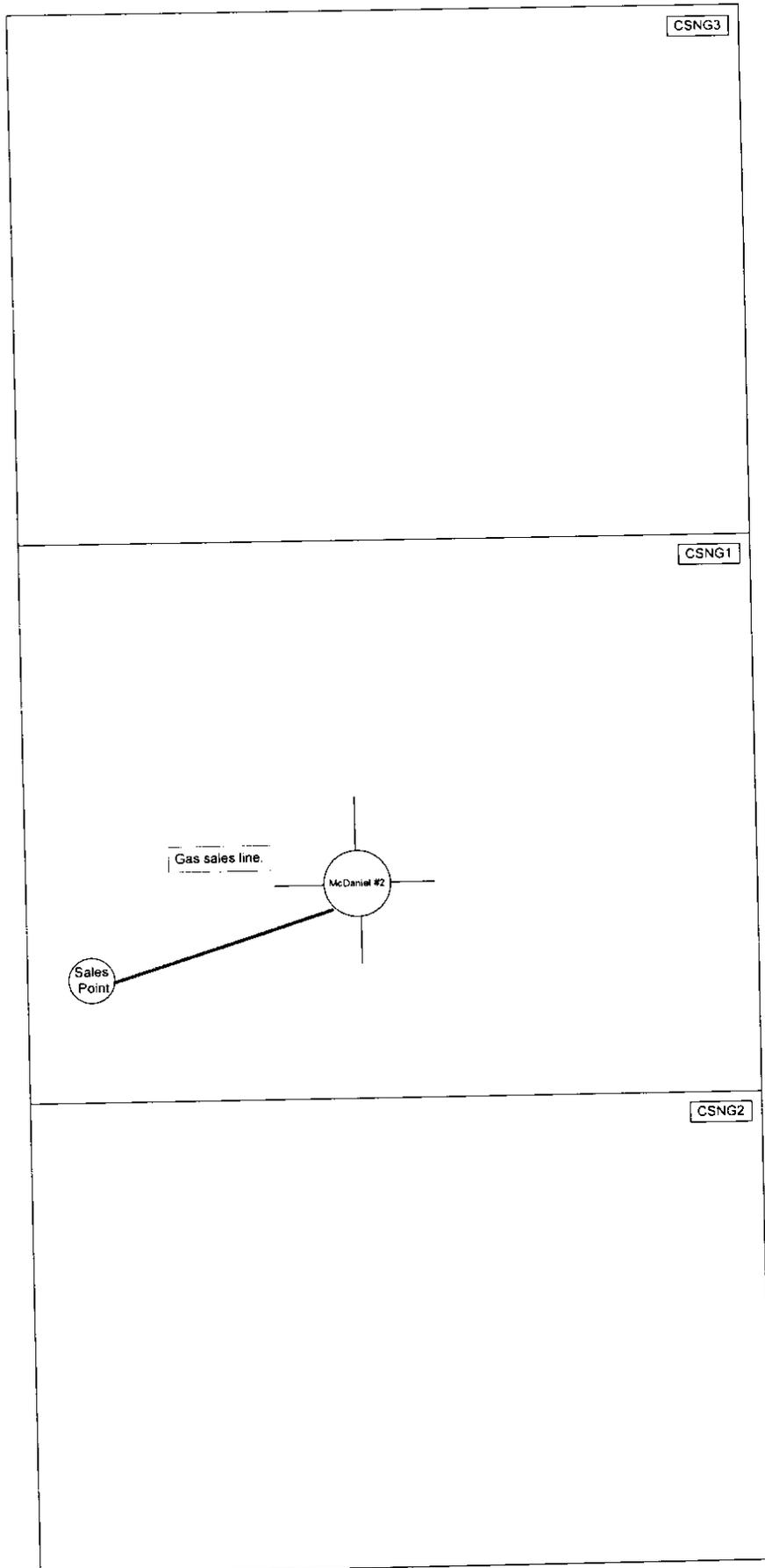


McDaniel #2 (No header, continuous measurement)

Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twns	Rng
1	234563	614477	11	RVRTN CSNG1;MCDANIEL	2W	29	14N	04E

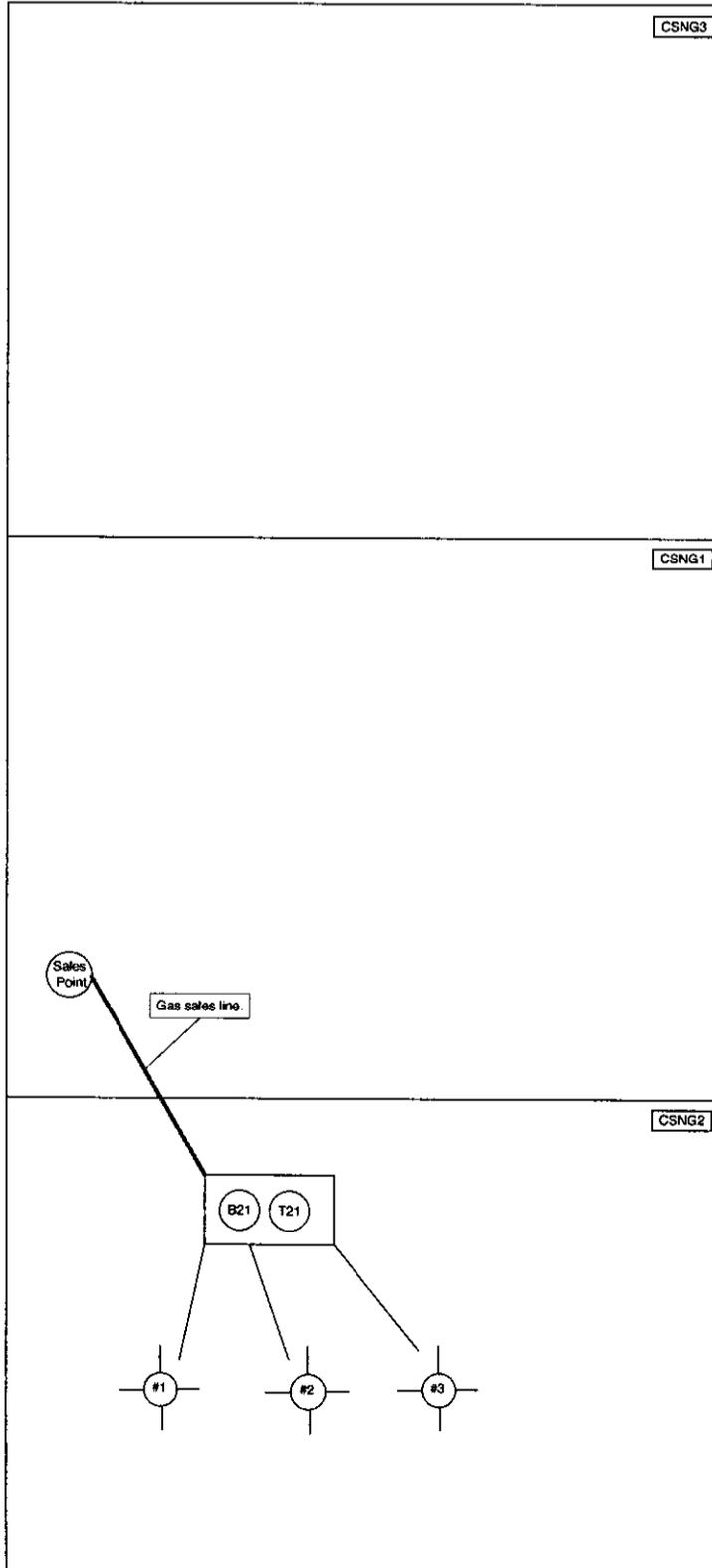
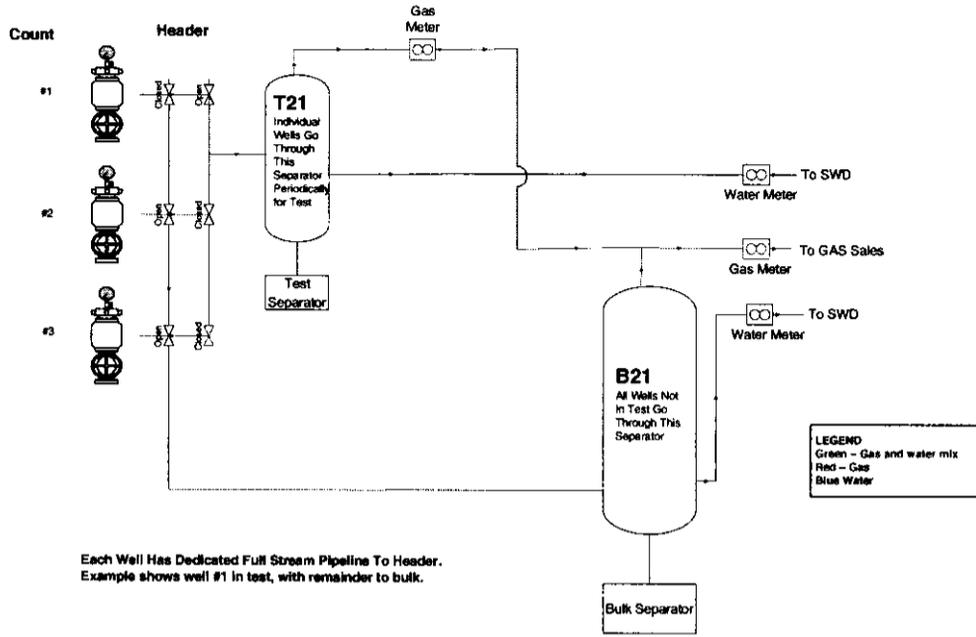


**LEGEND**  
 Green - Gas and water mix  
 Red - Gas  
 Blue Water



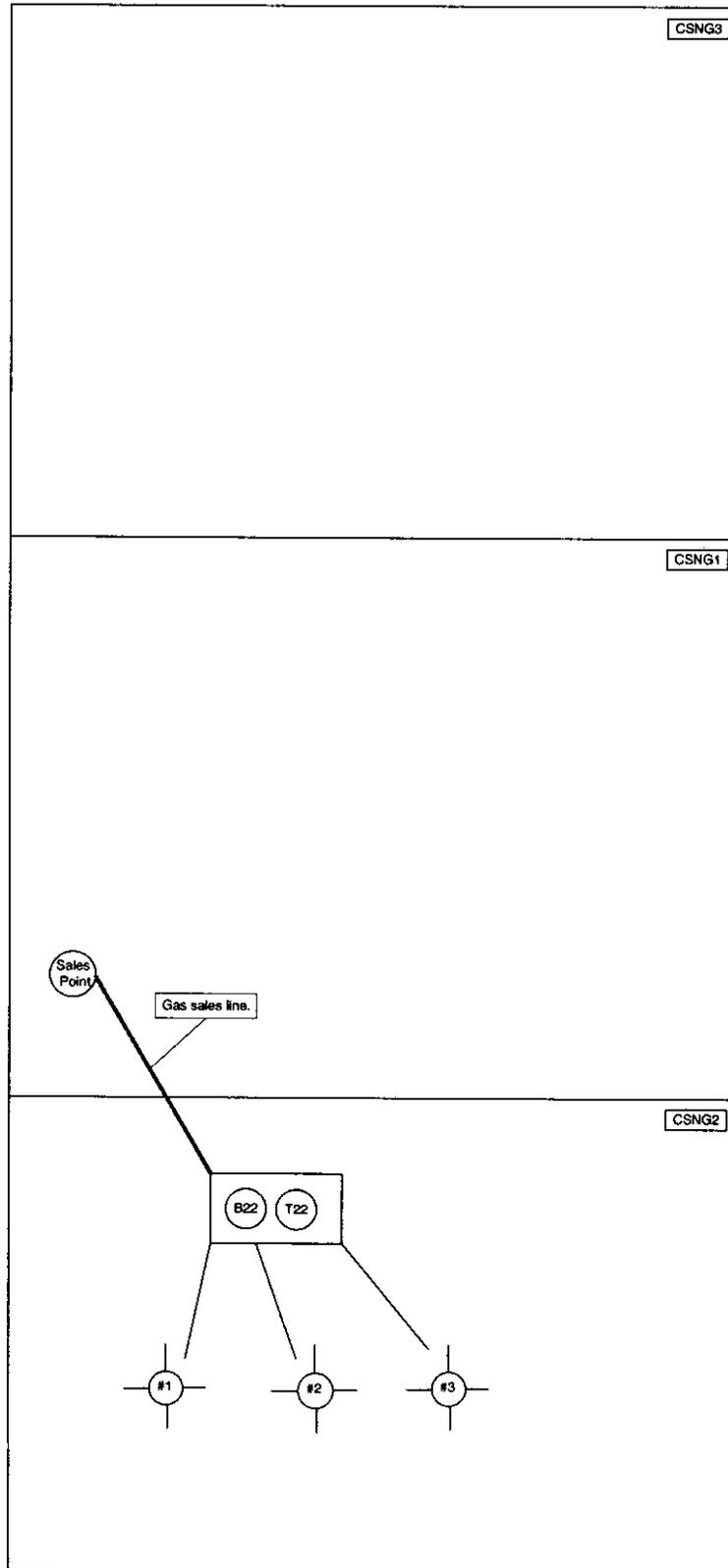
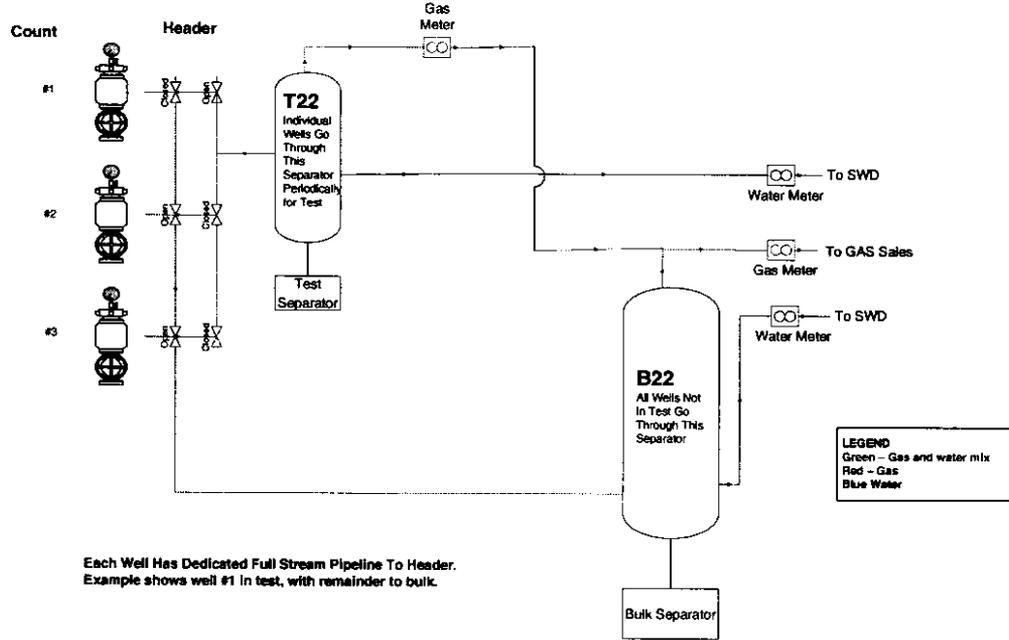
**HEADER with T21 and B21**

Count	Well Serial	Luw Code	PsH Code	Well Name	Well Num	Sec	Twns	Rng
1	236374		11	RVRTN CSNG 2; MARTIN GUERRERO	1	T21 with B21	45	14N 04E
2	234597	614632	11	RVRTN CSNG2; HODGES	2	T21 with B21	45	14N 04E
3	235605		11	RVRTN CSNG2; CDS MANAGEMENT	1	T21 with B21	45	14N 04E



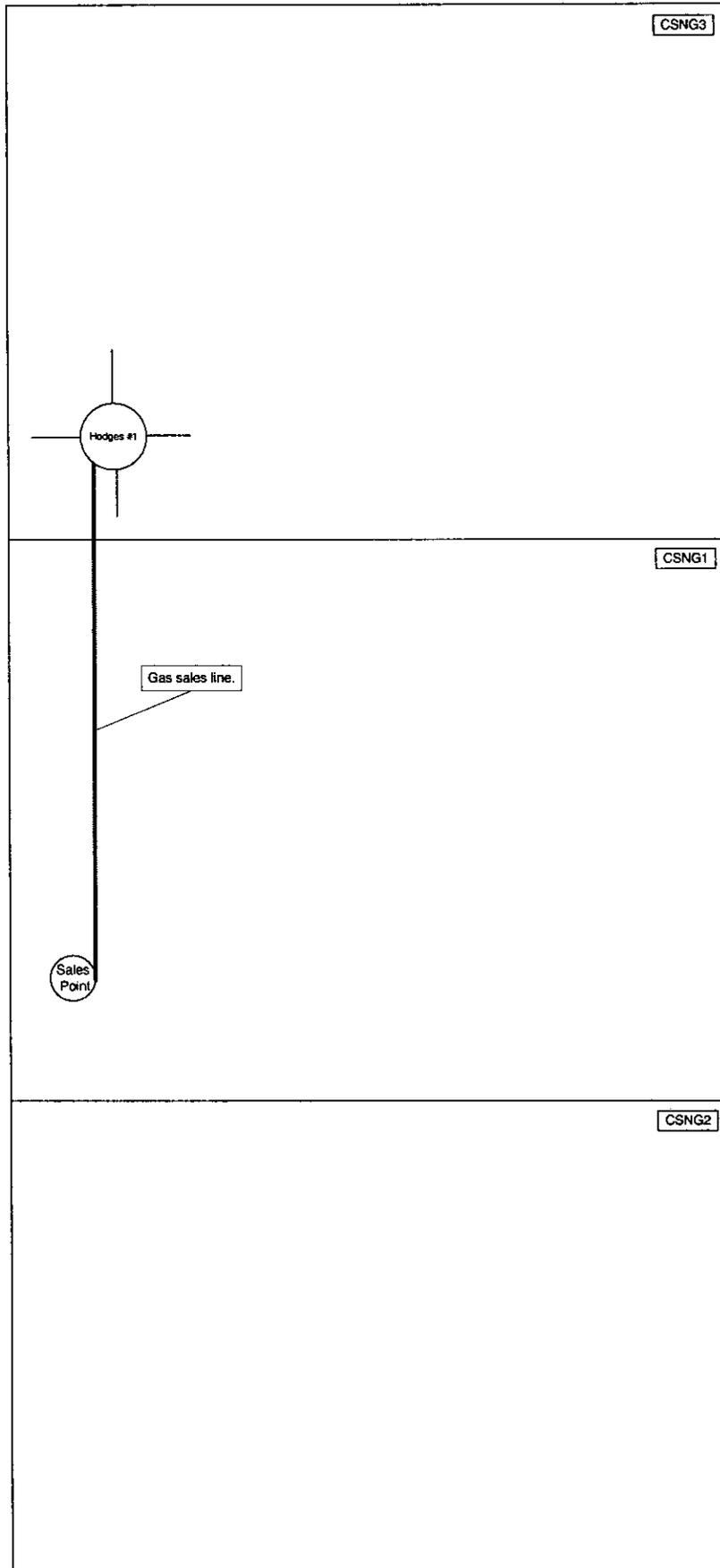
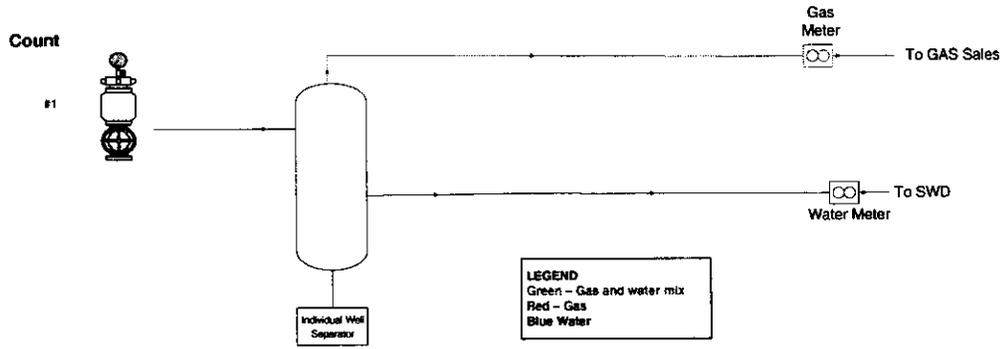
HEADER with T22 and B22

Count	Well Serial	Low Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	232843	614632	11	RVRTN CSNG2-LAFONT	1	T22 with B22	45 14N	04E
2	235496	614632	11	RVRTN CSNG 2-WEAR	1	T22 with B22	45 14N	04E
3	236363		11	RVRTN CSNG 2-WEAR	2	T22 with B22	32 14N	04E



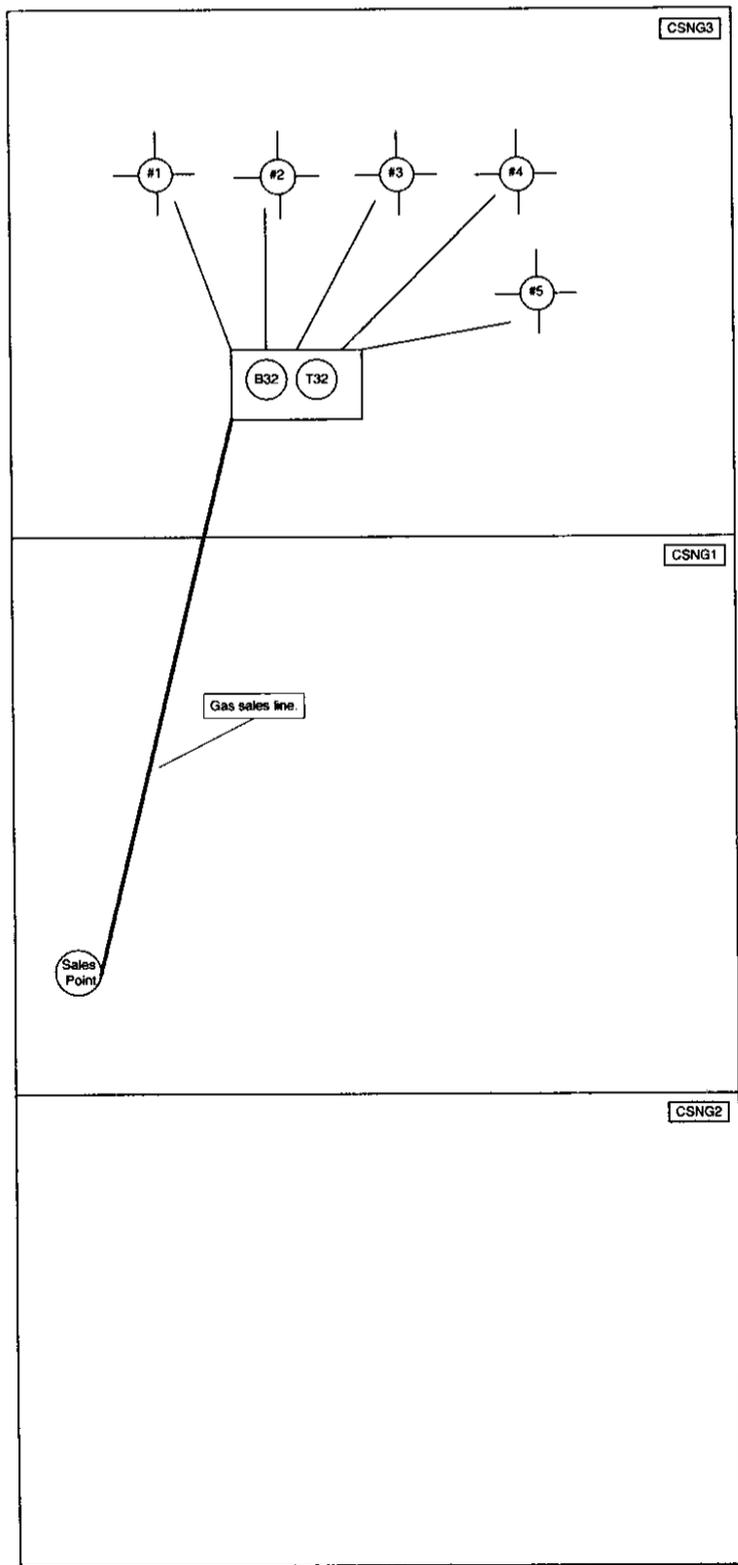
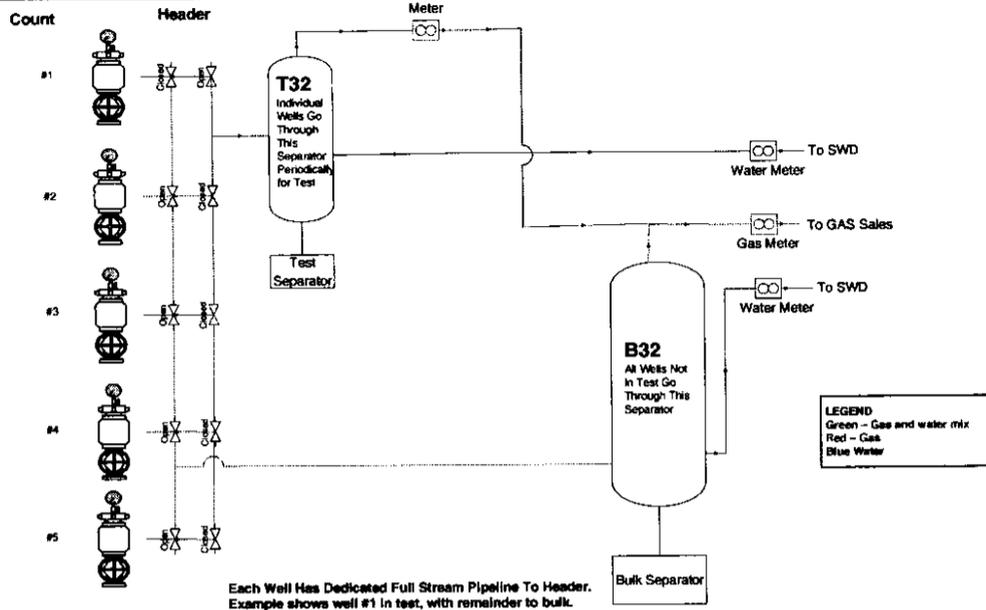
Hodges #1 (No header, continuous measurement)

Count	Well Serial	Lot Code	Path Code	Well Name	Well Num	Sec	Twn	Rng
1	232883	614821	11	RVRTN CSNG3:HODGES	1 W	41	14N	03E



HEADER with T32 and B32

Count	Well Serial	Luw Code	Psh Code	Well Name	Well Num	Sec	Twms	Rng
1	235528		11	RVRTN CSNG3,ESPERANCE	1	T32 with B32	38 14N	04E
2	235497		11	RVRTN CSNG 3,ESPERANCE	2	T32 with B32	40 14N	04E
3	235531		11	RVRTN CSNG 3,REYNOLDS	2	T32 with B32	7 14N	04E
4	235523		11	RVRTN CSNG3,COREY	1	T32 with B32	7 14N	04E
5	235530		11	RVRTN CSNG 3,MANN TRUST	1	T32 with B32	39 14N	04E



**V.) Gas meter calibration frequency:**

Gas meters employed in the units are a combination of electronic flow measurement devices and chart recorder devices. Calibration frequency will be quarterly with records maintained in the Southwestern Energy Field Office. Southwestern Energy will also provide an Equity Statement as necessary.

**VI.) Record keeping:**

All record keeping of production and sales data will be maintained in Southwestern Energy's Houston corporate office. The Staff production Engineer will audit each monthly production report show below:

Riverton CSNG Units											
Type	UserID	Well Name	Unit	OP/OBO	state	Primary Type	Accrued Oil	Accrued Gas	NRI	Oil Source	Gas Source
Well	204771002A	CHAPETAL # 1	1	OP	LA	Gas	0	1598	0.6701	NA	AGS
Well	204771003A	COOPER # 1	1	OP	LA	Gas	0	5739	0.6701	NA	AGS
Well	204771019A	CPPJ #1	1	OP	LA	Gas	0	225	0.6701	NA	AGS
Well	204778002A	HODGES #1	3	OP	LA	Gas	0	0	0.6667	NA	AGS
Well	204775002A	HODGES #2	2	OP	LA	Gas	0	1170	0.6732	NA	AGS
Well	204775003A	LAFONT #1	1	OP	LA	Gas	0	370	0.6732	NA	AGS
Well	204771004A	MCDANIEL #1	1	OP	LA	Gas	0	1485	0.6701	NA	AGS
Well	204771009A	MCDANIEL #2	1	OP	LA	Gas	0	1436	0.6701	NA	AGS
Well	204771008A	SMITH #1	1	OP	LA	Gas	0	373	0.6701	NA	AGS
Well	204775004A	WEAR #1	2	OP	LA	Gas	0	341	0.6732	NA	AGS
Well	204771005A	YOUNGBLOOD #1	1	OP	LA	Gas	0	4729	0.6701	NA	AGS
Well	204771006A	YOUNGBLOOD #2	1	OP	LA	Gas	0	1846	0.6701	NA	AGS
							<b>0</b>	<b>19312</b>			

AGS: Allocated gas sales based on measured volumes.

## EQUITY STATEMENT

Southwestern Energy Production Company believes the commingling of natural gas and/or liquid hydrocarbons, by use of well test in the method proposed, will provide reasonably accurate measurement, will not create inequities, and will provide the owner of any interest the opportunity to recover his just and equitable share of the reservoir content.

## CALIBRATION STATEMENT

### Gas Meters:

Southwestern Energy Production Company shall calibrate all meters for gas allocation at least quarterly. Calibration checks will be performed as per the latest AGA Standards for gas meters.

### Oil Meters:

Meters used for liquid hydrocarbons shall be calibrated monthly. Test meters will be rotated monthly and sent for third party proving and calibration.

  
JEFF FORMICA  
10/8/07