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WILLIAM McALISTER, JR. mcalisterb@cox-internet.com

April 22, 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: 25 Sand, Reservoir 078
Lower 25 Sand, Reservoir 078
Upper 31 Sand, Reservoir E2
22 Sand, Reservoir 078
J Sand, Reservoir 078
CAILLOU ISLAND FIELD
Terrebonne Parish, Louisiana

Dear Sir:

Application is hereby made on behalf of Hilcorp Energy Company to the Commissioner of Conservation for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of orders pertaining to the following matters relating to the 25 Sand, Reservoir 078, Lower 25 Sand, Reservoir 078, Upper 31 Sand, Reservoir E2, 22 Sand, Reservoir 078 and the J Sand, Reservoir 078, in the Caillou Island Field, Terrebonne Parish, Louisiana.

FOR THE 25 SAND, RESERVOIR 078

1. To redefine the 25 Sand, Reservoir 078, in the Caillou Island Field, previously defined in Office of Conservation Order No. 411-JJJJ, effective March 22, 1988.

2. To designate the LL & E No. 5 Well as an Alternate Unit Well for the 25 R078 SUA.

3. To designate Hilcorp Energy Company as operator of the 25 R078 SUA.

4. That all other pertinent provisions of Office of Conservation Order No. 411-JJJJ, effective March 22, 1988, and Office of Conservation Order No. 411-JJJJ-1, effective January 4, 1994, shall remain in full force and effect.

5. To consider such other matters relating to the subject reservoir as may be appropriate and justified by the evidence presented at the public hearing.

The 25 Sand, Reservoir 078, in the Caillou Island Field, was previously defined in Office of Conservation Order No. No. 411-JJJJ, effective March 22, 1988, and is hereby redefined as being that oil and gas bearing sand encountered between the depths of 4,230' and 4,306' (electric log measurements) in the Hilcorp Energy Company - LL & E No. 5 Well, located in Township 23 South, Range 20 East, Terrebonne Parish, Louisiana.

FOR THE LOWER 25 SAND, RESERVOIR 078

1. To redefine the Lower 25 Sand, Reservoir 078, in the Caillou Island Field, previously defined in Office of Conservation Order No. 411-DDD-1, effective June 6, 1995.

2. To designate the LL & E No. 5 Well as a Substitute Unit Well for the L 25 R078 SUA.

3. To designate Hilcorp Energy Company as operator of the L 25 R078 SUA.

4. That all other pertinent provisions of Office of Conservation Order No. 411-DDD-1, effective June 6, 1995 and Supplement to Office of Conservation Order No. 411-DDD-1, effective June 16, 1997, shall remain in full force and effect.

5. To consider such other matters relating to the subject reservoir as may be appropriate and justified by the evidence presented at the public hearing.

The Lower 25 Sand, Reservoir 078, in the Caillou Island Field, was previously defined in Office of Conservation Order No. No. 411-DDD-1, effective June 6, 1995, and is hereby redefined as being that oil and gas bearing sand encountered between the depths of 4,320' and 4,470' (electric log measurements) in the Hilcorp Energy Company - LL & E No. 5 Well, located in Township 23 South, Range 20 East, Terrebonne Parish, Louisiana.

FOR THE UPPER 31 SAND, RESERVOIR E2

1. To designate the LL & E No. 5 Well as a Substitute Unit Well for the U 31 RE2 SUA.

2. To designate Hilcorp Energy Company as operator of the U 31 RE2 SUA.

3. That all other pertinent provisions of Office of Conservation Order No. 411-FFF, effective January 10, 1979 and Office of Conservation Order No. 411-FFF-2, effective April 7, 1987, shall remain in full force and effect.

4. To consider such other matters relating to the subject reservoir as may be appropriate and justified by the evidence presented at the public hearing.

The Upper 31 Sand, Reservoir E2, in the Caillou Island Field, Terrebonne Parish, Louisiana, was previously defined in Office of Conservation Order No. 411-FFF, effective January 10, 1979.

FOR THE 22 SAND, RESERVOIR 078

1. To establish rules and regulations governing the exploration for and production of oil and gas from the 22 Sand, Reservoir 078, in the Caillou Island Field, Terrebonne 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 Hilcorp Energy Company as operator of the 22 R078 SUA.

4. To designate Hilcorp Energy Company's LL & E No. 5 Well as the unit for the 22 R078 SUA.

5. To provide that the 22 Sand, Reservoir 078, should be exempt from the spacing provisions of Statewide Order No. 29-E.

6. 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.

7. To discuss any other matters that may be pertinent to this application.

The 22 Sand, Reservoir 078, in the Caillou Island Field, Terrebonne Parish, Louisiana, is hereby defined as being that oil and gas bearing sand encountered between the depths of 4,766' and 4,798' (electrical log measurements) in the Hilcorp Energy Company - LL & E No. 5 Well, located located in Township 23 South, Range 20 East, Terrebonne Parish, Louisiana.

FOR THE J SAND, RESERVOIR 078

1. To establish rules and regulations governing the exploration for and production of oil and gas from the J Sand, Reservoir 078, in the Caillou Island Field, Terrebonne 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 Hilcorp Energy Company as operator of the J R078 SUA.

4. To designate Hilcorp Energy Company's LL & E No. 5 Well as the unit for the J R078 SUA.

5. To provide that the J Sand, Reservoir 078, should be exempt from the spacing provisions of Statewide Order No. 29-E.

6. 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.

7. To discuss any other matters that may be pertinent to this application.

The J Sand, Reservoir 078, in the Caillou Island Field, Terrebonne Parish, Louisiana, is hereby defined as being that oil and gas bearing sand encountered between the depths of 4,924' and 4,998' (electrical log measurements) in the Hilcorp Energy Company - LL & E No. 5 Well, located located in Township 23 South, Range 20 East, Terrebonne 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 plats in a prominent place in the area of the Caillou Island Field, Terrebonne 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 Caillou Island Field, Terrebonne 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 Cambe Geological Services, Inc., 6300 Westpark, Suite 400, Houston, Texas 77057 (713-659-8363).

In compliance with the Rules of Procedure, a preapplication notice was given, but no request for a conference was received, and therefore, none was held.

There are attached hereto and made a part hereof plats outlining the proposed units 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 and proposed unit plats (being the same plats attached to the April 9, 2008 preapplication notice) are being furnished **ONLY** to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, said plats and the list of parties will be provided to any party requesting copies. 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, Hilcorp Energy Company. in the sum of $3775.00 payable to the Office of Conservation and representing the required hearing application fee.

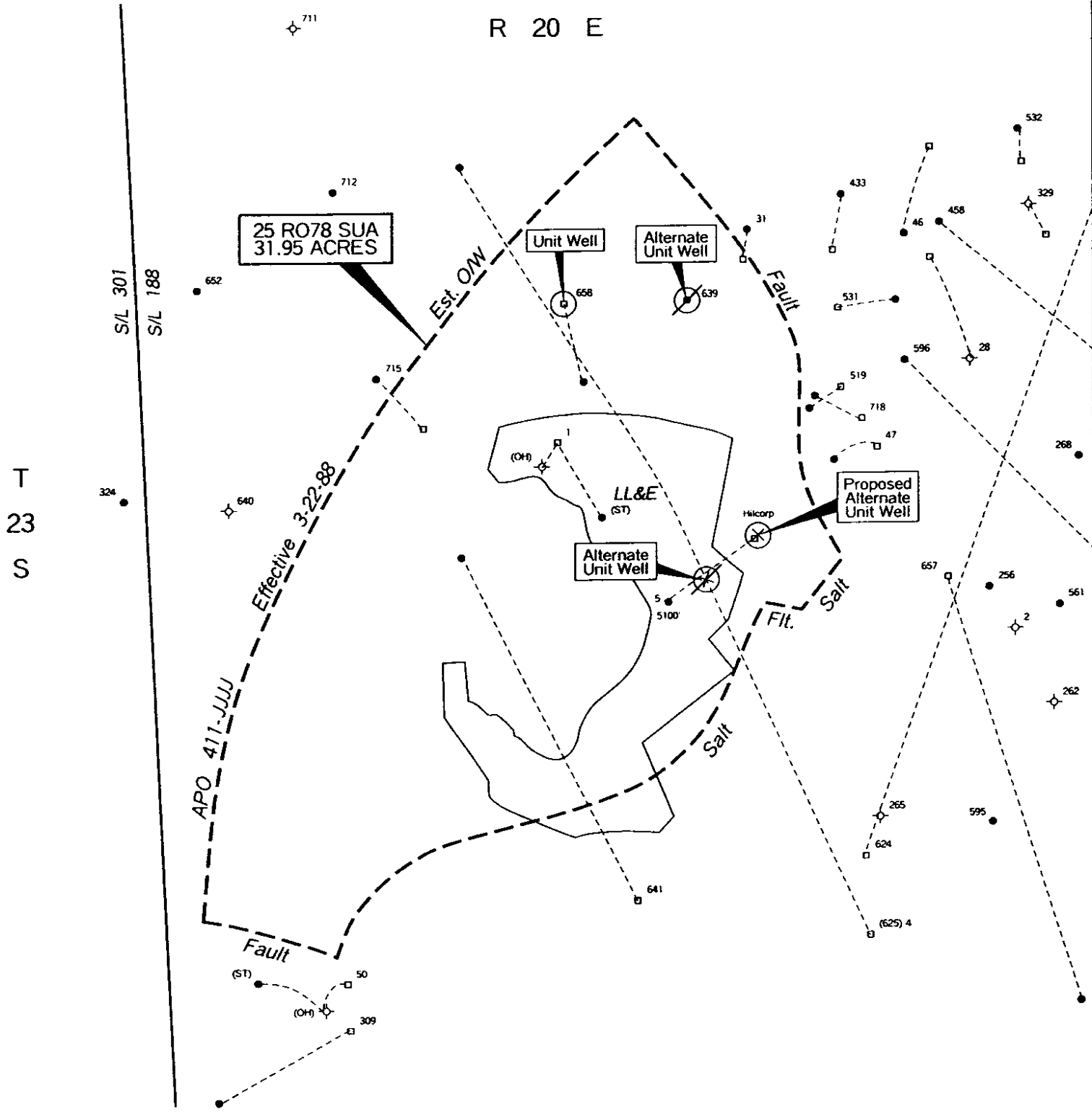
Sincerely,

LEON E. COMEAUX & ASSOCIATES

Bill McAlister, Jr.

BMJr/cu
Enclosures
cc: Mr. Richard Hudson
Office of Conservation
825 Kaliste Saloom Rd.,
Brandywine III, Ste. 220
Lafayette, LA 70506-4284

Interested Parties, Interested
Owners and Represented Parties



TRACT	ACRES	% PARTICIPATION
S/L 188	25.91	81.09546
LL&E	6.04	18.90454
TOTAL	31.95	100.00000

EXHIBIT NO. DOCKET NO.

HILCORP ENERGY COMPANY

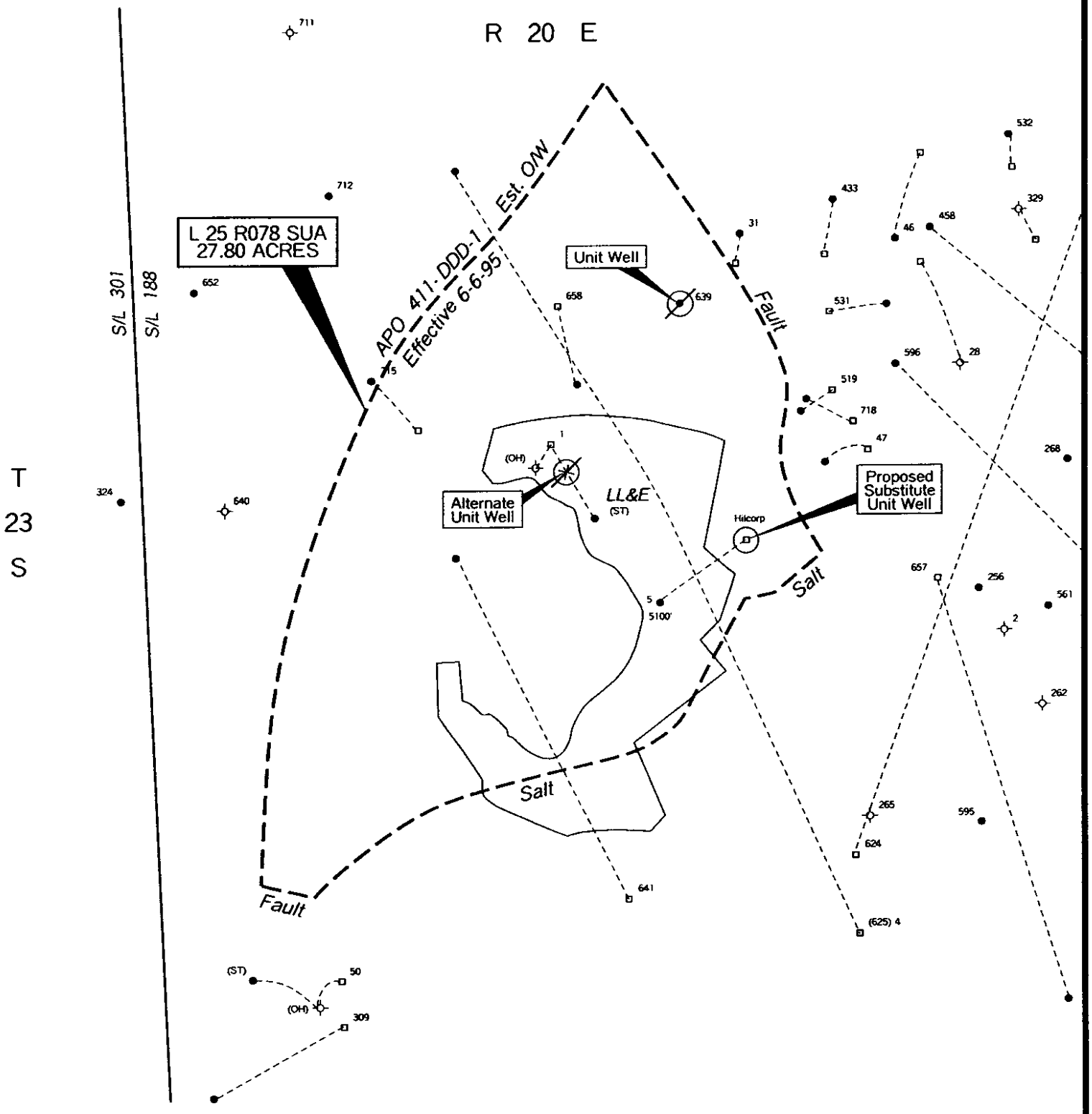
CAILLOU ISLAND FIELD
TERREBONNE PARISH, LOUISIANA

PROPOSED ALTERNATE UNIT WELL
25 SAND
Geology by: William S. McAlister, Jr.

0 300' 600'

DATE:

LEON E. COMEAUX & ASSOCIATES
LAFAYETTE, LOUISIANA 337-233-9839



TRACT	ACRES	% PARTICIPATION
S/L 188	22.46	80.79137
LL&E	5.34	19.20863
TOTAL	**27.80**	**100.00000**

EXHIBIT NO. DOCKET NO.

HILCORP ENERGY COMPANY

CAILLOU ISLAND FIELD

TERREBONNE PARISH, LOUISIANA

PROPOSED SUBSTITUTE UNIT WELL

LOWER 25 SAND

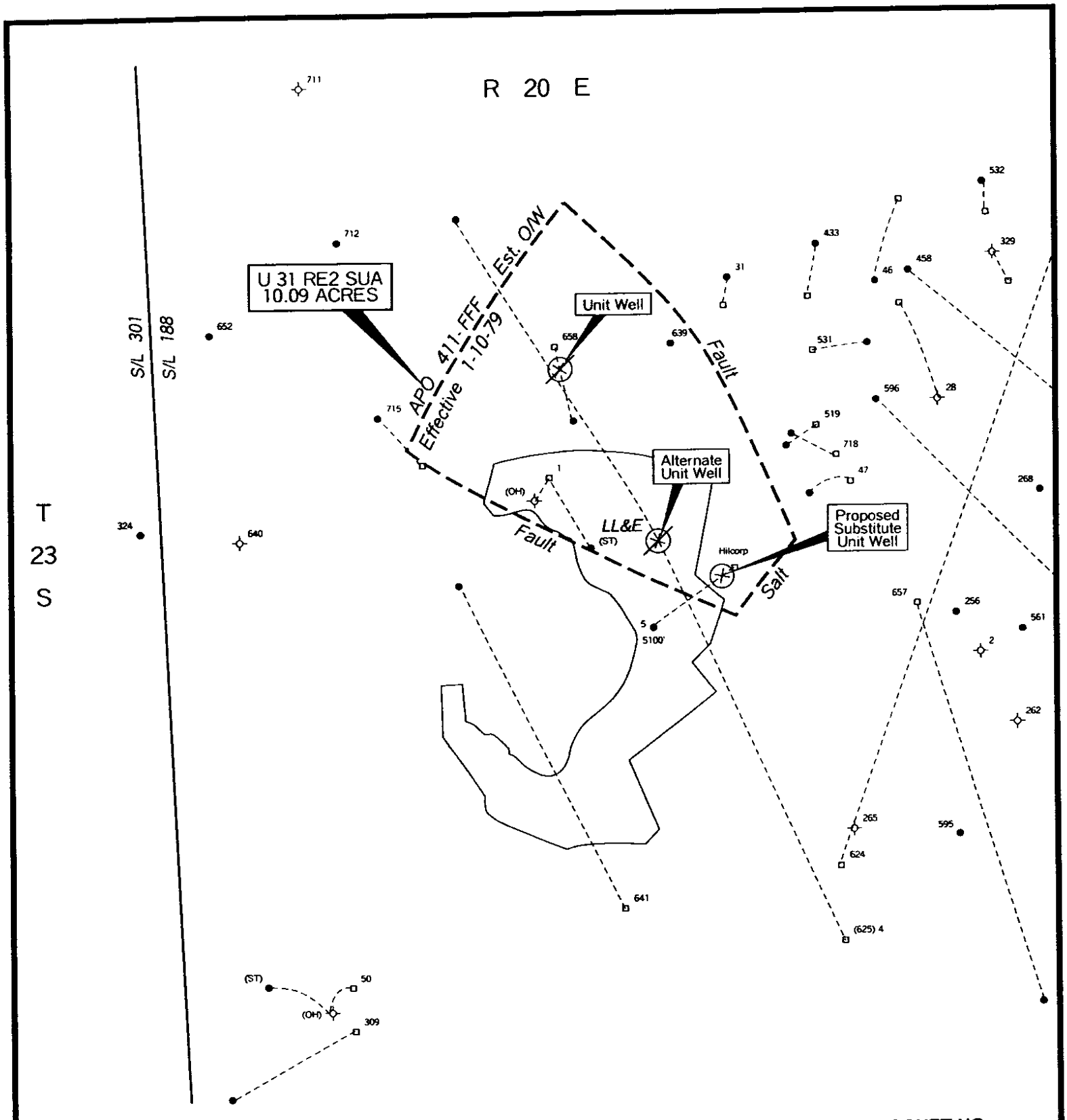
Geology by: William S. McAlister, Jr.

0 300' 600'

DATE:

LEON E. COMEAUX & ASSOCIATES

LAFAYETTE, LOUISIANA 337-233-9839



TRACT	ACRES	% PARTICIPATION
S/L 188	7.49	74.23191
LL&E	2.60	25.76809
TOTAL	**10.09**	**100.00000**

EXHIBIT NO. DOCKET NO.

HILCORP ENERGY COMPANY

CAILLOU ISLAND FIELD

TERREBONNE PARISH, LOUISIANA

PROPOSED SUBSTITUTE UNIT WELL
UPPER 31 SAND

Geology by: William S. McAlister, Jr.

0 300' 600'

DATE:

LEON E. COMEAUX & ASSOCIATES
LAFAYETTE, LOUISIANA 337-233-9839

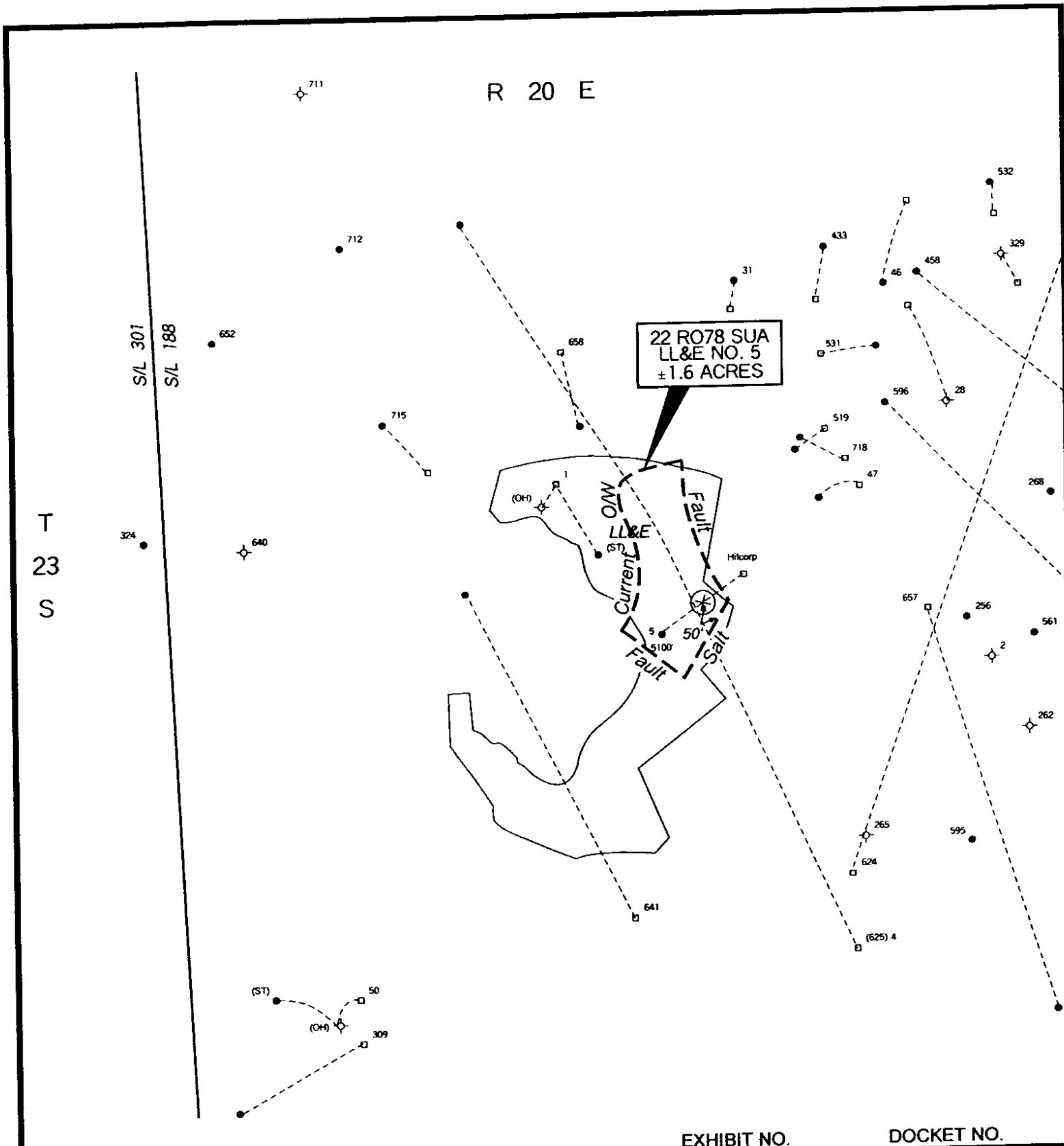


EXHIBIT NO. DOCKET NO.

HILCORP ENERGY COMPANY

CAILLOU ISLAND FIELD

TERREBONNE PARISH, LOUISIANA

PROPOSED UNIT

22 SAND

Geology by: William S. McAlister, Jr.

0 300' 600'

DATE:

LEON E. COMEAUX & ASSOCIATES
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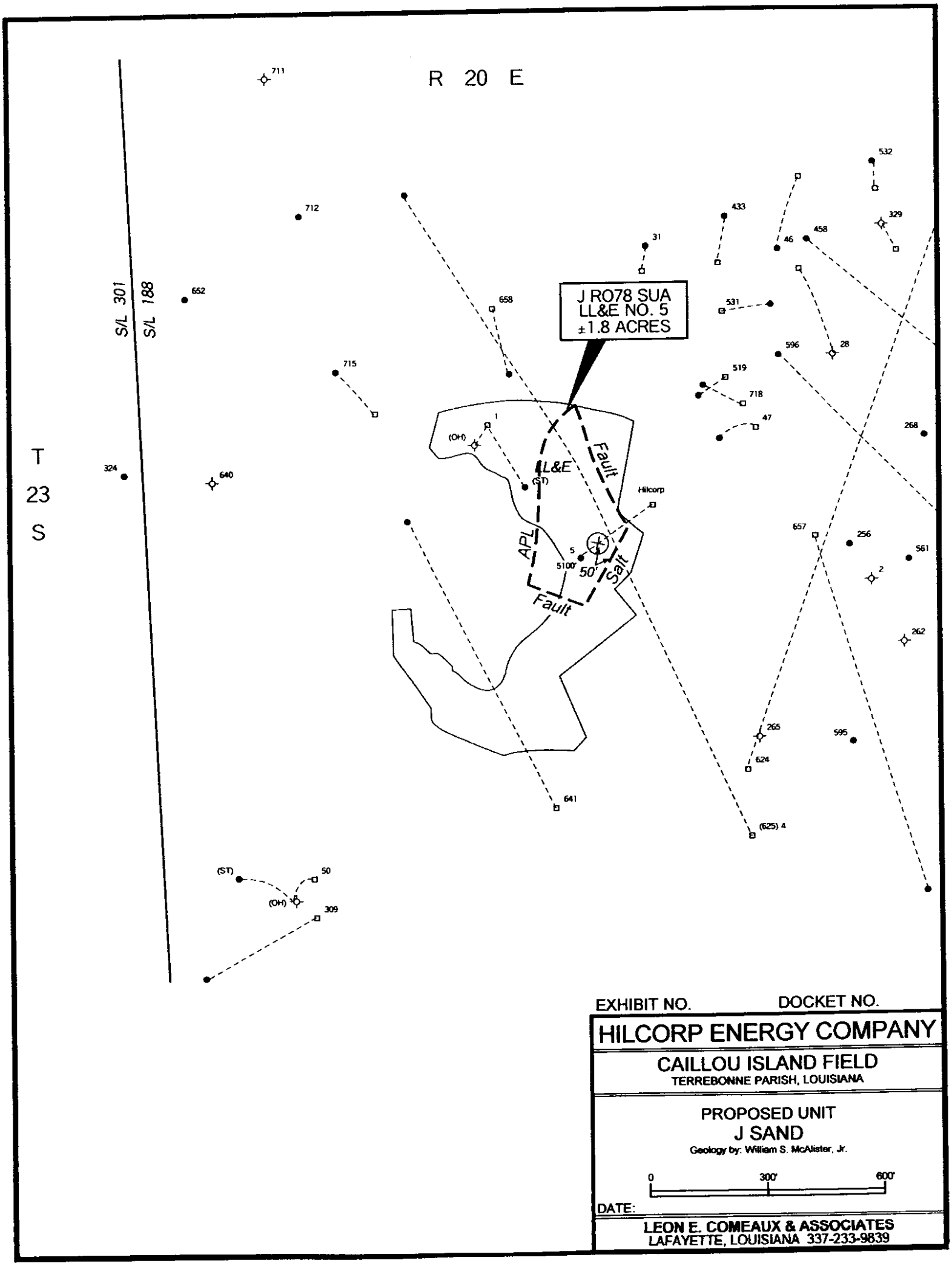
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EXHIBIT NO.
DOCKET NO.
HILCORP ENERGY COMPANY
CAILLOU ISLAND FIELD
TERREBONNE PARISH, LOUISIANA
PROPOSED UNIT
J SAND
Geology by: William S. McAlister, Jr.
0
300'
600'
DATE:
LEON E. COMEAUX & ASSOCIATES
LAFAYETTE, LOUISIANA 337-233-9839