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August 14, 2007

COMMINGLING APPLICATION

VIA FIRST CLASS MAIL

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

Re: Application for Authority to Amend
Commingling Facility for Onshore Production
Wagner Oil Hollywood Field Commingling Facility No. 1
Hollywood Field, Terrebonne Parish, Louisiana
Applicant: Wagner Oil Company

Dear Commissioner Welsh:

Application is hereby made on behalf of WAGNER OIL COMPANY ("Wagner Oil"), proposing to amend the Wagner Oil Hollywood Field Commingling Facility No. 1 (the "Facility") for production established in the Hollywood Field, Terrebonne Parish, Louisiana, by the addition of Q RA SUA, SL 2234 Well No. 1. This Application is made pursuant to Statewide Order 29-D-1, LAC 43:XIX.1505(1) and (2). The table below provides the wells producing into the Facility.

WELL NAME	WELL NO.	SERIAL NO.	ORDER NO.
11160 RC SUA; Southdown Sugars	13	084925	276-C-1
T SUA; Houma Community	9	172933	Supp. 276-O-3
HW SD SU; Houma Community	6	132087	276-O-1
Q RA SUA; SL 2234	1	230527	

Enclosed herewith are the following:

1. A detailed narrative explanation of the flow of natural gas, liquid hydrocarbons, and produced water through the Wagner Oil Hollywood Field Commingling Facility No. 1; the procedures for testing and measurement of the volumes of natural gas, liquid hydrocarbons, and produced water from each well flowing into the facility; the frequency of inspections and/or calibration of the metering devices to be used to measure natural gas, liquid hydrocarbons, and produced water volumes for equitable allocation; and, the formulas to be utilized to calculate equitable allocation of natural gas, liquid hydrocarbons, and produced water therefrom.

2. A detailed schematic flow diagram of the mechanical facilities to be used for commingling.

3. A list of Interested Parties for which commingling authority is being sought herein.

4. Our firm check in the amount of $755.00 representing the required filing fee for this application.

Wagner Oil requests that notice of the filing of this application be published in the official journal of the State of Louisiana. Also, Wagner Oil requests that a copy of said notice be forwarded to Wagner Oil through counsel for mailing to all

parties on the Interested Parties list, to be proved by an affidavit of mailing submitted to the Office of Conservation (if needed). Further, Wagner Oil requests a public hearing pursuant to R.S. 30:6, if necessary.

After all due proceedings, Wagner Oil requests that this matter be considered for administrative approval by the Commissioner. Upon due consideration, Wagner Oil respectfully requests that the Commissioner issue a Letter of Authorization approving the commingling of produced natural gas, liquid hydrocarbons, and produced water from the subject Facility.

Pursuant to the duly signed statement attached hereto, it is the opinion of Wagner Oil that the commingling of natural gas, liquid hydrocarbons, and produced water and the use of continuous metering and well testing for allocation of production in the manner proposed herein will provide a reasonably accurate measurement, will not create inequities, and will afford the owners of any interest therein the opportunity to recover their just and equitable share of production or revenues accruing from the wells under consideration.

A reasonable effort was made to ascertain the names and addresses of all Interested Parties. A copy of this application has been mailed to the District Manager of the Lafayette District, Office of Conservation. Upon receipt of the Legal Notice, the Applicant will mail a copy of same to all Interested Parties in accordance with Statewide Order 29-D-1 (if in fact required), and forward to you the required affidavit of mailing.

With kindest personal regards, I remain

Very truly yours,

ONEBANE LAW FIRM
(A Professional Corporation)

GREG R. MIER

GRM

Enclosure

cc: Mr. Richard Hudson, District Manager,
Louisiana Office of Conservation, Lafayette District

WAGNER OIL HOLLYWOOD FIELD COMMINGLING FACILITY NO. 1
HOLLYWOOD FIELD
Terrebonne Parish, Louisiana
Proposed Commingling Procedure by Continuous Metering of Natural Gas and Non-Continuous Metering of Liquid Hydrocarbons and Produced Water (Onshore)
Applicant: Wagner Oil Company
November 15, 2006

1. INTRODUCTION

Applicant, Wagner Oil Company ("Wagner Oil"), proposes to amend the Hollywood Field Commingling Facility No. 1 ("the Facility") by the addition of Q RA SUA E&L Granite & Mon Well No. 1. The following four wells flow into the Facility:

WELL NAME	WELL NO.	SERIAL NO.	ORDER NO.
11160 RC SUA; Southdown Sugars	13	084925	276-C-1
T SUA; Houma Community	9	172933	Supp. 276-O-3
HW SD SU; Houma Community	6	132087	276-O-1
Q RA SUA; SL 2234	1	230527	

2. DESCRIPTION OF FLOW SEQUENCE, SEPARATION AND PROCESSING, AND MEASUREMENT IN THE FACILITY

Attached is a schematic diagram of production flow through the Facility. The following paragraphs explain in detail the processing and continuous metering and non-continuous metering for measurement of the production volumes for equitable allocation of the well streams coming into the Facility.

(a) 11160 RC SUA; Southdown; Well No. 13 (Serial No. 084925)

The full-well-stream from 11160 RC SUA, Southdown Sugars, Well No. 13 (Serial No. 084925) first flows into a ball separator (S-6), wherein most of the natural gas contained in the full-well-stream is separated from the liquid hydrocarbons and produced water in said stream.

The low-pressure natural gas exiting the ball separator (S-6) flows through a gas flow meter for allocation purposes. The metered natural gas is then commingled with other low-pressure natural gas streams from the 3-phase fluid separator (S-1).

The commingled low-pressure natural gas flows through a compressor, after which the compressed natural gas stream is commingled with high-pressure natural gas streams from Well No. 9 (Serial No. 172933), Well No. 6 (Serial No. 132087), and Well No. 1 (Serial No. 230527). This commingled high-pressure natural gas stream then flows through a dehydrator, where entrained liquids are removed from the natural gas. A slip-stream of the dehydrated natural gas exiting the dehydrator is used for fuel gas. The fuel gas slip-stream flows through a gas flow meter for allocation purposes. The remaining dehydrated natural gas exiting the dehydrator flows through a gas flow meter before being sent to final sales.

The liquid hydrocarbons and produced water exiting the ball separator (S-6) flow into a fluid header, where the liquid hydrocarbons and produced water are either directed to the precipitator (S-2), as discussed below, or sent to a test separator (T-1) at least four hours per month for allocation of the liquid hydrocarbons and produced water using level gauge readings. Residual natural gas from the test separator (T-1) is disposed of through a flare. Liquid hydrocarbons and produced water exiting the test separator (T-1) are sent to test tanks.

When the liquid hydrocarbons and produced water exiting the ball separator (S-6) are directed to the precipitator (S-2), the commingled liquid hydrocarbons and produced water exiting the fluid header are further commingled with the produced water exiting the 3-phase fluid separator (S-1). The commingled liquid hydrocarbons and produced water flow into a precipitator (S-2), wherein any residual natural gas is separated from the liquid hydrocarbons and produced water and then disposed of through a flare.

The liquid hydrocarbons exiting the precipitator (S-2) flow to storage tanks, where the liquid hydrocarbons are commingled with liquid hydrocarbons from Well No. 9 (Serial No. 172933), Well No. 6 (Serial No. 132087), and Well No. 1 (Serial No. 230527). The commingled liquid hydrocarbons are stored in said storage tanks until trucked away to final sales.

The produced water exiting the precipitator (S-2) flows into a salt water tank, where the produced water is stored before being injected into a salt water injection well.

(b) T SUA; Houma Community; Well No. 9 (Serial No. 172933)

The full-well-stream from T SUA, Houma Community, Well No. 9 (Serial No. 172933) first flows into a ball separator (S-5), wherein most of the natural gas contained in the full-well-stream is separated from the liquid hydrocarbons and produced water in said stream.

The high-pressure natural gas exiting the ball separator (S-5) flows through a gas flow meter for allocation purposes. The metered gas is then commingled with other high-pressure natural gas streams from Well No. 6 (Serial No. 132087) and Well No. 1 (Serial No. 230527). This commingled high-pressure natural gas stream is further commingled with the natural gas stream exiting the gas compressor. This commingled high-pressure natural gas stream then flows through a dehydrator, wherein entrained liquids are removed from the natural gas. A slip-stream of the dehydrated natural gas exiting the dehydrator is used for fuel gas. The fuel gas slip-stream flows through a gas flow meter for allocation purposes. The remaining dehydrated natural gas exiting the dehydrator flows through a gas flow meter before being sent to final sales.

The liquid hydrocarbons and produced water exiting the ball separator (S-5) flow into a fluid header, where the liquid hydrocarbons and produced water are either mixed with the liquid hydrocarbons and produced water from Well No. 6 (Serial No. 132087) and Well No. 1 (Serial No. 230527), or sent to a test separator (T-1) at least four hours per month for allocation of the gaseous hydrocarbons using meter readings and allocation of the liquid hydrocarbons and produced water using level gauge readings. Residual natural gas from the test separator (T-1) is metered and then disposed of through a flare. Liquid hydrocarbons and produced water exiting the test separator (T-1) are sent to test tanks.

When the liquid hydrocarbons and produced water exiting the ball separator (S-5) are mixed in the fluid header with the liquid hydrocarbons and produced water from Well No. 6 (Serial No. 132087) and Well No. 1 (Serial No. 230527), the commingled liquid hydrocarbons and produced water exiting the fluid header enter into a 3-phase fluid separator (S-1), wherein the liquid hydrocarbons, produced water, and residual natural gas are separated.

The residual natural gas exiting the 3-phase fluid separator (S-1) is metered for allocation purposes. The natural gas steam is then commingled with the low-pressure natural gas stream exiting the ball separator (S-6) servicing Well No. 13 (Serial No. 084925). The commingled low-pressure natural gas flows through a

compressor, after which the compressed natural gas stream is commingled with high-pressure natural gas streams from Well No. 9 (Serial No. 172933), Well No. 6 (Serial No. 132087), and Well No. 1 (Serial No. 230527). This commingled high-pressure natural gas stream then flows through a dehydrator, where entrained liquids are removed from the natural gas. A slip-stream of the dehydrated natural gas exiting the dehydrator is used for fuel gas. The fuel gas slip-stream flows through a gas flow meter for allocation purposes. The remaining dehydrated natural gas exiting the dehydrator flows through a gas flow meter before being sent to final sales.

The produced water exiting the 3-phase fluid separator (S-1) is commingled with liquid hydrocarbons and produced water from Well No. 13 (Serial No. 084925). The commingled stream flows to the precipitator (S-2), wherein any residual natural gas, the liquid hydrocarbons, and the produced water are separated. The residual natural gas exiting the precipitator (S-2) is disposed of through a flare. The liquid hydrocarbons exiting the precipitator (S-2) flow to storage tanks, where the liquid hydrocarbons are commingled with liquid hydrocarbons from Well No. 13 (Serial No. 084925). The commingled liquid hydrocarbons are stored in said storage tanks until trucked away to final sales. The produced water exiting the precipitator (S-2) flows into a salt water tank, where the produced water is stored before being injected into a salt water injection well.

The liquid hydrocarbons exiting the 3-phase fluid separator (S-1) is commingled with the liquid hydrocarbons from the other wells producing into the Facility. The commingled liquid hydrocarbons are stored in storage tanks until trucked away to final sales.

(c) HW SD SU; Houma Community; Well No. 6 (Serial No. 132087)

The full-well-stream from HW SD SU, Houma Community, Well No. 6 (Serial No. 132087) first flows into a ball separator (S-4), wherein most of the natural gas contained in the full-well-stream is separated from the liquid hydrocarbons and produced water in said stream.

The high-pressure natural gas exiting the ball separator (S-4) flows through a gas flow meter for allocation purposes. The metered gas is then commingled with other high-pressure natural gas streams from Well No. 9 (Serial No. 172933) and Well No. 1 (Serial No. 230527). This commingled high-pressure natural gas stream is further commingled with the natural gas stream exiting the gas compressor. This commingled high-pressure natural gas stream then flows through a dehydrator, wherein entrained liquids are removed from the natural gas. A slip-

stream of the dehydrated natural gas exiting the dehydrator is used for fuel gas. The fuel gas slip-stream flows through a gas flow meter for allocation purposes. The remaining dehydrated natural gas exiting the dehydrator flows through a gas flow meter before being sent to final sales.

The liquid hydrocarbons and produced water exiting the ball separator (S-4) flow into a fluid header, where the liquid hydrocarbons and produced water are either mixed with the liquid hydrocarbons and produced water from Well No. 9 (Serial No. 172933) and Well No. 1 (Serial No. 230527), or sent to a test separator (T-1) at least four hours per month for allocation of the gaseous hydrocarbons using meter readings and allocation of the liquid hydrocarbons and produced water using level gauge readings. Residual natural gas from the test separator (T-1) is metered and then disposed of through a flare. Liquid hydrocarbons and produced water exiting the test separator (T-1) are sent to test tanks.

When the liquid hydrocarbons and produced water exiting the ball separator (S-4) are mixed in the fluid header with the liquid hydrocarbons and produced water from Well No. 9 (Serial No. 172933) and Well No. 1 (Serial No. 230527), the commingled liquid hydrocarbons and produced water exiting the fluid header enter into a 3-phase fluid separator (S-1), wherein the liquid hydrocarbons, produced water, and residual natural gas are separated.

The residual natural gas exiting the 3-phase fluid separator (S-1) is metered for allocation purposes. The natural gas steam is then commingled with the low-pressure natural gas stream exiting the ball separator (S-6) servicing Well No. 13 (Serial No. 084925). The commingled low-pressure natural gas flows through a compressor, after which the compressed natural gas stream is commingled with high-pressure natural gas streams from Well No. 9 (Serial No. 172933), Well No. 6 (Serial No. 132087), and Well No. 1 (Serial No. 230527). This commingled high-pressure natural gas stream then flows through a dehydrator, where entrained liquids are removed from the natural gas. A slip-stream of the dehydrated natural gas exiting the dehydrator is used for fuel gas. The fuel gas slip-stream flows through a gas flow meter for allocation purposes. The remaining dehydrated natural gas exiting the dehydrator flows through a gas flow meter before being sent to final sales.

The produced water exiting the 3-phase fluid separator (S-1) is commingled with liquid hydrocarbons and produced water from Well No. 13 (Serial No. 084925). The commingled stream flows to the precipitator (S-2), wherein any residual natural gas, the liquid hydrocarbons, and the produced water are separated. The residual natural gas exiting the precipitator (S-2) is disposed of through a flare.

The liquid hydrocarbons exiting the precipitator (S-2) flow to storage tanks, where the liquid hydrocarbons are commingled with liquid hydrocarbons from Well No. 13 (Serial No. 084925). The commingled liquid hydrocarbons are stored in said storage tanks until trucked away to final sales. The produced water exiting the precipitator (S-2) flows into a salt water tank, where the produced water is stored before being injected into a salt water injection well.

The liquid hydrocarbons exiting the 3-phase fluid separator (S-1) is commingled with the liquid hydrocarbons from the other wells producing into the Facility. The commingled liquid hydrocarbons are stored in storage tanks until trucked away to final sales.

(d) Q RA SUA; SL 2234; Well No. 1 (Serial No. 230527)

The full-well-stream from Q RA SUA, SL 2234, Well No. 1 (Serial No. 230527) first flows into a ball separator (S-9), wherein most of the natural gas contained in the full-well-stream is separated from the liquid hydrocarbons and produced water in said stream.

The high-pressure natural gas exiting the ball separator (S-9) flows through a gas flow meter for allocation purposes. The metered gas is then commingled with other high-pressure natural gas streams from Well No. 9 (Serial No. 172933) and Well No. 6 (Serial No. 132087). This commingled high-pressure natural gas stream is further commingled with the natural gas stream exiting the gas compressor. This commingled high-pressure natural gas stream then flows through a dehydrator, wherein entrained liquids are removed from the natural gas. A slip-stream of the dehydrated natural gas exiting the dehydrator is used for fuel gas. The fuel gas slip-stream flows through a gas flow meter for allocation purposes. The remaining dehydrated natural gas exiting the dehydrator flows through a gas flow meter before being sent to final sales.

The liquid hydrocarbons and produced water exiting the ball separator (S-9) flow into a fluid header, where the liquid hydrocarbons and produced water are either mixed with the liquid hydrocarbons and produced water from Well No. 9 (Serial No. 172933) and Well No. 6 (Serial No. 132087), or sent to a test separator (T-1) at least four hours per month for allocation of the gaseous hydrocarbons using meter readings and allocation of the liquid hydrocarbons and produced water using level gauge readings. Residual natural gas from the test separator (T-1) is metered and then disposed of through a flare. Liquid hydrocarbons and produced water exiting the test separator (T-1) are sent to test tanks.

When the liquid hydrocarbons and produced water exiting the ball separator (S-9) are mixed in the fluid header with the liquid hydrocarbons and produced water from Well No. 9 (Serial No. 172933) and Well No. 6 (Serial No. 132087), the commingled liquid hydrocarbons and produced water exiting the fluid header enter into a 3-phase fluid separator (S-1), wherein the liquid hydrocarbons, produced water, and residual natural gas are separated.

The residual natural gas exiting the 3-phase fluid separator (S-1) is metered for allocation purposes. The natural gas steam is then commingled with the low-pressure natural gas stream exiting the ball separator (S-6) servicing Well No. 13 (Serial No. 084925). The commingled low-pressure natural gas flows through a compressor, after which the compressed natural gas stream is commingled with high-pressure natural gas streams from Well No. 9 (Serial No. 172933), Well No. 6 (Serial No. 132087), and Well No. 1 (Serial No. 230527). This commingled high-pressure natural gas stream then flows through a dehydrator, where entrained liquids are removed from the natural gas. A slip-stream of the dehydrated natural gas exiting the dehydrator is used for fuel gas. The fuel gas slip-stream flows through a gas flow meter for allocation purposes. The remaining dehydrated natural gas exiting the dehydrator flows through a gas flow meter before being sent to final sales.

The produced water exiting the 3-phase fluid separator (S-1) is commingled with liquid hydrocarbons and produced water from Well No. 13 (Serial No. 084925). The commingled stream flows to the precipitator (S-2), wherein any residual natural gas, the liquid hydrocarbons, and the produced water are separated. The residual natural gas exiting the precipitator (S-2) is disposed of through a flare. The liquid hydrocarbons exiting the precipitator (S-2) flow to storage tanks, where the liquid hydrocarbons are commingled with liquid hydrocarbons from Well No. 13 (Serial No. 084925). The commingled liquid hydrocarbons are stored in said storage tanks until trucked away to final sales. The produced water exiting the precipitator (S-2) flows into a salt water tank, where the produced water is stored before being injected into a salt water injection well.

The liquid hydrocarbons exiting the 3-phase fluid separator (S-1) is commingled with the liquid hydrocarbons from the other wells producing into the Facility. The commingled liquid hydrocarbons are stored in storage tanks until trucked away to final sales.

3. ALLOCATION FOR PRODUCED VOLUMES

(a) Natural Gas Volume Allocation

For calculating a fair allocation of gas volumes from each well in the facility, the monthly volume of gas from each well will be obtained as follows:

- The monthly volume of gas from Well No. 13 (Serial No. 084925) will be obtained from the gas flow meter located immediately downstream of the ball separator (S-6) servicing that well;

- The monthly volume of gas from Well No. 9 (Serial No. 172933) will be obtained from two sources:

(1) the gas flow meter located immediately downstream of the ball separator (S-5) servicing that well; and

(2) the gas flow meter located immediately downstream of the 3-phase separator (S-1).

With respect to the gas flow meter located immediately downstream of the 3-phase separator (S-1), a fair allocation of gas volumes flowing through this flow meter will be calculated by determining a monthly test volume of flash gas for each of the following three wells: Well No. 9 (Serial No. 172933), Well No. 6 (Serial No. 132087), and Well No. 1 (Serial No. 230527). The monthly test volume of flash gas from all three wells will be added together to get a "Total Sum of Flash Gas." Using the "Total Sum of Flash Gas," a "Flash Flow Factor" will be calculated for each of the three wells by dividing the monthly test volume of flash gas from each well by the "Total Sum of Flash Gas."

To fairly allocate the volume of gas flowing through the gas flow meter located immediately downstream of the 3-phase separator (S-1), the monthly volume of all gas flowing through this flow meter will be multiplied by the "Flash Flow Factor" for each of the three wells, namely, Well No. 9 (Serial No. 172933), Well No. 6 (Serial No. 132087), and Well No. 1 (Serial No. 230527). The resulting product for each of the three wells will represent the monthly gas volume flowing through the

gas flow meter located immediately downstream of the 3-phase separator (S-1) for each well.

The monthly gas volume flowing through the gas flow meter located immediately downstream of the 3-phase separator (S-1) for Well No. 9 (Serial No. 172933) will be added to the monthly volume of gas obtained from the gas flow meter located immediately downstream of the ball separator (S-6) to get the total monthly volume of gas from Well No. 9 (Serial No. 172933);

- The monthly volume of gas from Well No. 6 (Serial No. 132087) will be obtained from two sources:

(1) the gas flow meter located immediately downstream of the ball separator (S-4) servicing that well; and

(2) the gas flow meter located immediately downstream of the 3-phase separator (S-1).

With respect to the gas flow meter located immediately downstream of the 3-phase separator (S-1), a fair allocation of gas volumes flowing through this flow meter will be calculated by determining a monthly test volume of flash gas for each of the following three wells: Well No. 9 (Serial No. 172933), Well No. 6 (Serial No. 132087), and Well No. 1 (Serial No. 230527). The monthly test volume of flash gas from all three wells will be added together to get a "Total Sum of Flash Gas." Using the "Total Sum of Flash Gas," a "Flash Flow Factor" will be calculated for each of the three wells by dividing the monthly test volume of flash gas from each well by the "Total Sum of Flash Gas."

To fairly allocate the volume of gas flowing through the gas flow meter located immediately downstream of the 3-phase separator (S-1), the monthly volume of all gas flowing through this flow meter will be multiplied by the "Flash Flow Factor" for each of the three wells, namely, Well No. 9 (Serial No. 172933), Well No. 6 (Serial No.

132087), and Well No. 1 (Serial No. 230527). The resulting product for each of the three wells will represent the monthly gas volume flowing through the gas flow meter located immediately downstream of the 3-phase separator (S-1) for each well.

The monthly gas volume flowing through the gas flow meter located immediately downstream of the 3-phase separator (S-1) for Well No. 6 (Serial No. 132087) will be added to the monthly volume of gas obtained from the gas flow meter located immediately downstream of the ball separator (S-4) to get the total monthly volume of gas from Well No. 6 (Serial No. 132087).

- The monthly volume of gas from Well No. 1 (Serial No. 230527) will be obtained from two sources:

(1) the gas flow meter located immediately downstream of the ball separator (S-9) servicing that well; and

(2) the gas flow meter located immediately downstream of the 3-phase separator (S-1).

With respect to the gas flow meter located immediately downstream of the 3-phase separator (S-1), a fair allocation of gas volumes flowing through this flow meter will be calculated by determining a monthly test volume of flash gas for each of the following three wells: Well No. 9 (Serial No. 172933), Well No. 6 (Serial No. 132087), and Well No. 1 (Serial No. 230527). The monthly test volume of flash gas from all three wells will be added together to get a "Total Sum of Flash Gas." Using the "Total Sum of Flash Gas," a "Flash Flow Factor" will be calculated for each of the three wells by dividing the monthly test volume of flash gas from each well by the "Total Sum of Flash Gas."

To fairly allocate the volume of gas flowing through the gas flow meter located immediately downstream of the 3-phase separator (S-1), the monthly volume of all gas

flowing through this flow meter will be multiplied by the "Flash Flow Factor" for each of the three wells, namely, Well No. 9 (Serial No. 172933), Well No. 6 (Serial No. 132087), and Well No. 1 (Serial No. 230527). The resulting product for each of the three wells will represent the monthly gas volume flowing through the gas flow meter located immediately downstream of the 3-phase separator (S-1) for each well.

The monthly gas volume flowing through the gas flow meter located immediately downstream of the 3-phase separator (S-1) for Well No. 1 (Serial No. 230527) will be added to the monthly volume of gas obtained from the gas flow meter located immediately downstream of the ball separator (S-9) to get the total monthly volume of gas from Well No. 1 (Serial No. 230527).

The monthly volumes of gas from all four wells will be added together to get a "Total Sum of Gas Entering the Facility." Using the "Total Sum of Gas Entering the Facility," a "Gas Flow Factor" will be calculated for each of the four wells by dividing the monthly volume from each well by the "Total Sum of Gas Entering the Facility."

To fairly allocate the volume of gas flowing through the sales gas flow meters downstream of the dehydrator, the monthly volume of gas flowing through these sales meters, or the "Monthly Metered Sales Volume," will be multiplied by the "Gas Flow Factor" for each of the four wells. The resulting product for each well will represent the "Allocated Monthly Gas Volume" for each well.

(b) Liquid Hydrocarbon and Produced Water Volume Allocation

The fair allocation of liquid hydrocarbon and produced water from each of the four wells will be obtained by testing each well a minimum of four hours at least once a month by directing the liquid hydrocarbons and produced water exiting the ball separator servicing that well to the test separator (T-1). A level gauge will be used to determine the amount of liquid hydrocarbons and produced water collected during the test period. These amounts of liquid hydrocarbons and produced water will be used to calculate the "Allocated Monthly Liquid Hydrocarbons Volume" and the "Allocated Monthly Produced Water Volume" for each well. The testing on each well is performed under substantially similar

conditions. The 3-phase separator (S-1) is operated at approximately 40 psig, the test separator (T-1) is operated at approximately 20 to 40 psig, and the test tanks are operated at atmospheric conditions.

4. METER INSPECTION, CALIBRATION AND TESTING FREQUENCY

Pursuant to Statewide Order 29-D-1, LAC 43:XIX.1505(A)(1)(d), all gaseous hydrocarbon allocation meters will be tested for accuracy at least quarterly by an independent third party.

Pursuant to Statewide Order 29-D-1, LAC 43:XIX.1505(A)(2)(c), all wells will be tested a minimum of four hours at least once a month to determine the productivity rate of liquid hydrocarbons, produced water, and flash gas from each well. Wells having any erratic producing characteristics that cause variable rates of flow while producing on a continuous choke size will be tested a minimum of four hours biweekly to determine productivity rate of liquid hydrocarbons and produced water from each well.

Pursuant to Statewide Order 29-D-1, LAC 43:XIX.1505(A)(2)(d), all required tests will be recorded on Form DM-1-R, Form DT-1, or a document with a similar format and made available for inspection by any agent of the Office of Conservation or any interested party for a period of not less than three years.

5. MEASUREMENT AND CORRECTION STANDARDS

All allocation volume measurements made in the subject Facility will be in accordance with *Manual of Petroleum Measurement Standards*, Chapter 20, "Allocation Measurement," as published by the American Petroleum Institute.

All corrections to hydrocarbon volume measurements made in the subject Facility will be made consistent with the "Petroleum Measurement Tables Volume Correction Factors," a publication jointly endorsed by the American Society for the Testing of Materials (ASTM), American Petroleum Institute (API), and the Institute of Petroleum (IP). (ASTM designation: D140; API Standard: 2540; and, IP designation: 200).

EQUITY STATEMENT

Wagner Oil Company believes that the commingling of natural gas, liquid hydrocarbons, and produced water, and the use of metering and well testing for allocation of production in the manner hereby proposed will provide a reasonably accurate measurement, will not create inequities, and will afford the owner of any interest the opportunity to recover his or her just and equitable share of production.

CALIBRATION STATEMENT

Pursuant to Statewide Order 29-D-1, LAC 43:XIX.1505(A)(1)(d), all gaseous hydrocarbon allocation meters will be tested for accuracy at least quarterly by an independent third party.

Wagner Oil Company

WAGNER OIL HOLLYWOOD FIELD COMMINGLING FACILITY NO. 1
HOLLYWOOD FIELD, TERREBONNE PARISH, LOUISIANA
APPLICANT: WAGNER OIL COMPANY
November 15, 2006

INTERESTED PARTIES LIST

Please see attached.