

1 CC attached # 7178

19345 Point O Woods Court  
Baton Rouge, Louisiana 70809  
225-753-4723  
225-753-4661 (fax)

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# Energy Resource Development, Inc.

May 13, 2009

Commissioner James H. Welsh  
Office of Conservation  
PO Box 94275  
Baton Rouge, LA 70804-9275  
Attention: Mr. Tod Keating

Re: Request for Public Hearing and Emergency Commingling  
Hilcorp Energy Company  
Duck Lake Commingling Facility No. 1 (Code No. 919350)  
Duck Lake Field  
St Martin Parish, Louisiana

Dear Commissioner Welsh,

On behalf of Hilcorp Energy Company (Hilcorp), application is being made, pursuant to Statewide Order 29-D-1, for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order approving the commingling in the Duck Lake Commingling Facility No. 1 gas and/or liquid hydrocarbons produced from the Williams Land Company LLC C lease (LUW 306022), the OPERC 6 RB SUA (LUW 050374), and the DL ROB 8 RA VU (LUW 049193), by means of well test with leases and units previously approved at the facility.

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This action proposes to authorize for commingling, based on well test, all of the leases and units currently approved at the Duck Lake Commingling Facility No. 1 (919350). The method of measurement and allocation currently approved at the Duck Lake Commingling Facility No. 1 is by continuous well test. Therefore, a hearing is required to commingle the above referenced units and leases. Hilcorp also requests emergency authorization to commingle the same until this action is formally approved by Order.

The method of measurement and allocation of production which Hilcorp Energy Company is proposing is explained in the attached description of operations and schematic flow diagram for the Duck Lake Commingling Facility No. 1. As indicated, the production will be allocated by monthly well test, using methods other than gauge tanks. The subject facilities are located in the Duck Lake Field, St Martin Parish, Louisiana.

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Attached are copies of the following:

- Schematic flow diagrams
- Description of operations
- List of interested owners, interested parties, and represented parties
- Hearing fee of \$755.00
- Unit orders

The applicable authority will be covered pursuant to Title 43, Part XIX, Subpart 6, Statewide Order No. 29-D-1, 1505.2 (Well Test). The allocation meters will be tested and proven monthly for liquid hydrocarbon meters and quarterly for gaseous hydrocarbon meters.

In Hilcorp's opinion, this authorization will promote conservation of the natural resources within the State of Louisiana, will prevent waste, will protect the rights of all parties at interest and will result in substantial economic savings without results that may be in any way inconsistent with conservation policies, statutes or regulations of the State of Louisiana. Further, in the opinion of the applicant, the commingling procedure proposed will provide reasonable, accurate measurement, will not create inequities and will insure that the owner of any interest will have the opportunity to recover his just and equitable share of the reservoir content. Hilcorp requests that this matter be set for hearing at the earliest possible time and date.

A copy of this application and attachments, except the check, is being sent to Mr. Richard D. Hudson, District Manager, Office of Conservation, Lafayette, Louisiana. A copy of the legal notice will be mailed to each Interested Owner, Represented Parties, and Interested Parties having an interest in the various leases and units.

All inquiries concerning this proposal should be directed to Mr. John T. Connolly, Agent for Hilcorp Energy Company, 19345 Point O Wood Court, Baton Rouge, Louisiana 70809.

Should you have any questions, please call or email me at 753-4723 / [ersses@cox.net](mailto:ersses@cox.net).

Very truly yours,



John T. Connolly  
Agent for Hilcorp Energy Company

Cc: Ms. Linda Trahan  
Hilcorp Energy Company  
PO Box 61229  
Houston, Texas 77208

Mr. Richard Hudson  
District Manager  
Office of Conservation  
825 Kaliste Saloom Road  
Brandywine III, Suite 220  
Lafayette, Louisiana 70508

DESCRIPTION OF OPERATIONS  
DUCK LAKE COMMINGLING FACILITY NO. 1  
(CF 919350)  
DUCK LAKE FIELD  
ST MARTIN PARISH, LOUISIANA

Explanation of Flow

Production from Duck Lake Field wells enter the Duck Lake Commingling Facility No. 1 (DLCF1) from individual well flowlines. Once in the DLCF1 header system, production is then routed to either the bulk low pressure production system or low pressure gauge (test) system. All wells in this system are low pressure and on gas lift.

Bulk low pressure production from individual wells is routed to the three phase low pressure bulk production separator where low pressure gas, oil, and saltwater are separated. The low pressure gas is commingled with the low pressure gas off the three phase bulk heater treater, and the three phase low pressure test separator and routed to a low pressure scrubber, compression, dehydration, and then metered for sales, gas lift, or fuel. The oil is routed to a three phase bulk heater treater where the gas, oil and water are separated. The gas is routed to the low pressure suction scrubber. The oil is routed to the fixed roof crude oil storage tanks and then to the storage barge. The oil is sold by gauging the crude oil storage barge prior to loading to the sales barge. The produced water is commingled with other water, of the test system, and routed to fixed roof saltwater storage tanks, and then the SWD system for disposal by underground injection.

Low pressure test production from individual wells is routed to a three phase low pressure gauge separator where low pressure gas, oil, and saltwater are separated. The low pressure gas is metered, commingled with other low pressure gas from the production separator and production heater, and routed to the scrubber, compression, dehydration, and sales, fuel, or gas lift. Oil from the three phase low pressure gauge separator is routed to the three phase low pressure test treater. If any gas is liberated off of the three phase low pressure test treater is metered and flared. This low pressure three phase test treater has a pressure safety valve to allow the vessel to operate at approximately 25 psi, and therefore, does not release gas under normal operating conditions. The oil from the gauge treater is metered, routed to fixed roof storage tanks and then to the storage barge, to be sold by barge transport. The produced water from the gauge separator and gauge treater is metered, commingled with other water and routed to the SWD system for disposal by underground injection.

The liquids generated in the scrubbers are minimal, piped to the fixed roof commingled saltwater storage, and not metered.

All gas lift gas is individually metered at each well head, for wells on gas lift.

The oil and gas sales volumes are allocated to the wells based on well tests.

Explanation of Well Test

A wells' production will be determined by monthly well test conducted for a period of not less than twenty-four (24) hours, once per month. First, the individual well stream is diverted into a test header where it flows into a test separator and treater. From there the liquid hydrocarbons are directed to a calibrated turbine meter before going to commingled tankage where it is to be sold. Prior to delivery to a crude oil sales barge operated by Shell Trading, the oil is measured by strapping the storage barge.

Gaseous hydrocarbons will be metered at a test separator and treater by means of calibrated orifice meters. Tests will be conducted for a minimum of twenty-four (24) hours once per month. Low pressure gas flows from the bulk production and test separator and treaters to a scrubber and then to compression. The compressed gas is dehydrated and sold to Cypress Gas Pipeline System or used for fuel or gas lift. Gas sales will be apportioned from the sales meter.

Each liquid meters will be calibrated monthly and a meter factor will be derived from the calibration test. All gas meters will be calibrated on a quarterly basis by third party meter calibration services. The sales volume will be allocated to the wells based on the well tests described above.

For gas lift oil wells, input gas is measured and subtracted from output gas to arrive at a net or formation gas production volume for allocation purposes.

Explanation of Allocation

Oil: Total monthly oil sales are based on the volume of oil measured by barge strapping and sold. The oil sales barge is strapped before and after shipping to determine the volume of oil barged, and corrected for monthly opening and closing stocks. Individual oil production will be allocated to each well based on the following formula:

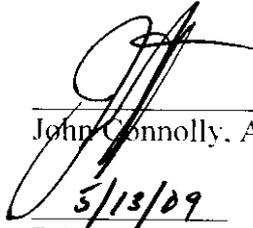
$$\frac{\text{Individual Oil Test Volume}}{\text{Sum of Individual Oil Test Volumes}} \times \text{Total Monthly Oil Sales Volume}$$

Gas: The total monthly gas is measured at the Cypress Gas Pipeline System sales meter. Total gas, to be allocated back to each well, is the sum of gas sales, flare gas, fuel gas, and gas lift gas metered volumes. Gas lift gas is deducted from each well on gas lift by subtracting the gas lift metered volumes at each well on lift. Individual gas production will be allocated to each well based on the following formula:

$$\frac{\text{Individual Gas Test Volume}}{\text{Sum of Individual Gas Test Volumes}} \times \text{Total Gas Sales Volume} + \text{Fuel Gas} - \text{Metered Well Gas Lift Volume}$$

DUCK LAKE CF #1

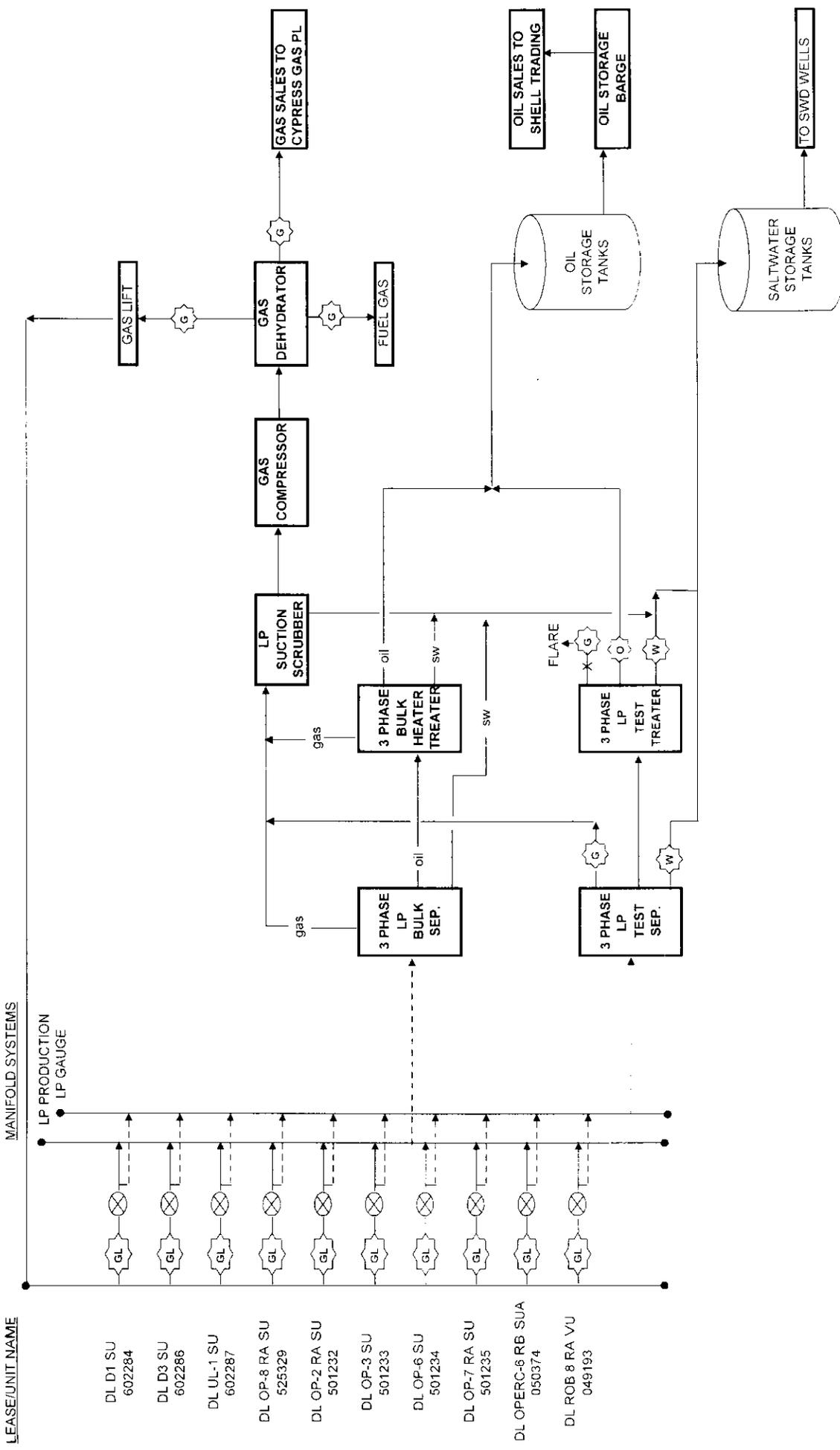
In Hilcorp's opinion, this authorization will promote conservation of the natural resources within the State of Louisiana, will prevent waste, will protect the rights of all parties at interest and will result in substantial economic savings without results that may be in any way inconsistent with conservation policies, statues or regulations of the State of Louisiana. Further, in the opinion of the applicant, the commingling procedure proposed will provide reasonable, accurate measurement, will not create inequities and will insure that the owner of any interest will have the opportunity to recover his just and equitable share of the reservoir content.



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John Connolly, Agent for Hilcorp Energy Company

5/13/09  
DATE



**LEGEND**

	WELL HEAD
	GAS LIFT METER
	GAS METER
	OIL METER
	SALT WATER METER
	FLUID PUMP

Docket No.  
Exhibit No.

**HILCORP ENERGY COMPANY**  
DUCK LAKE FIELD  
COMMINGLING FACILITY NO. 1  
CF 919350  
MAY 13, 2009

