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October 14, 2009

Ref: 4881-26764

Honorable James H. Welsh
Commissioner of Conservation
Post Office Box 94275
Baton Rouge, LA 70804-4275

Re: Hearing Application
Vaughn Sand
SOUTH DOWNSVILLE FIELD
Lincoln & Union Parishes, Louisiana
Applicant: Sawgrass Storage, L.L.C.

Dear Mr. Commissioner:

In accordance with the Rules of Procedure for Conducting Hearings Before the Commissioner of Conservation of the State of Louisiana, application is hereby made on behalf of **Sawgrass Storage, L.L.C.** for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order pertaining to the following matters relating to the Vaughn Sand, Gas Storage Reservoir, South Downsville Field, Lincoln & Union Parishes, Louisiana.

1. To dissolve the units created for the Vaughn Sand of the Cotton Valley Formation, SUA-SUM, by Office of Conservation Order No. 558, effective August 16, 1961; the SUO by Office of Conservation Order No. 558-A, effective June 1, 1962 and the SUP-SUT by Office of Conservation Order No. 558-A-1, effective February 13, 1963.

2. To designate the Vaughn Sand, Gas Storage Reservoir, member of the Cotton Valley Formation in the South Downsville as a storage reservoir for natural gas;

3. To define the limits of the storage reservoir and such adjacent lands as may be necessary to be included in a storage area for the protection of the storage reservoir;

4. To determine that the storage reservoir to be used for the injection, storage and withdrawal of natural gas is suitable and feasible for use as an underground storage reservoir for natural gas;

5. To determine that the use of said underground reservoir for the storage of natural gas will not contaminate other formations containing fresh water, oil, gas or other commercial mineral deposits;

6. To determine that the proposed storage will not endanger lives or property.

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7. To provide that all natural gas which has previously been reduced to possession and which is subsequently injected into an underground storage reservoir shall at all times be deemed the property of the injector, his successors and assigns; and in no event shall such be subject to the right of the owner of the surface of the lands or of any mineral interest therein under which such underground storage reservoir shall lie or be adjacent to or of any person other than the injector, his successors and assigns to produce, take, reduce to possession waste or otherwise interfere with or exercise any control thereover, provided that the injector, his successors and assigns shall have no right to gas in any stratum or portion thereof not determined by the commissioner to constitute an approved underground storage reservoir.

8. To establish rules and regulations for the protection of the underground storage reservoir against pollution and against the escape of natural gas therefrom, including such necessary rules and regulations covering the drilling and operation into or through such underground storage reservoir and 100' above and below the Vaughn Sand;

9. to determine that the volumes of original reservoir gas and condensate content therein which are capable of being produced in paying quantities have all been produced;

10. To determine that the underground reservoir is fully depleted of the original commercially recoverable natural gas and condensate content therein;

11. To establish a "Buffer Zone" of 1,000' inside and outside of the boundary of the gas storage area for Sections 16, 20 and 21, Township 19 North, Range 1 West and to provide that no well hereafter drilled in the "Buffer Zone" shall be drilled to or completed in the Vaughn Sand, except as a monitoring well for Vaughn Sand gas storage. Notwithstanding anything to the contrary herein, any currently active wells within the "Buffer Zone" in operation prior to the effective date of this Order will be exempt;

12. To further establish rules and regulations for the Vaughn Sand of the Cotton Valley Formation, South Downsville Field that require wells to be located no closer than 330 feet outside of the storage reservoir;

13. To establish rules and regulations governing the development and operation of the storage reservoir as well as all other matters that may be necessary pursuant to the provisions of Sections 6 and 22, Title 30 of the Louisiana Revised Statutes of 1950, as amended.

At the hearing, the applicant will present evidence that agreements in the form of options and gas storage agreements have been consummated and that at least three-fourths of the owners in interest have consented to such gas storage use in writing.

The Vaughn Sand, is fully defined in Reservoir A in the South Downsville Field, Lincoln and Union Parishes, Louisiana in Office of Conservation Order Nos. 558 and 558-A as being that gas and condensate bearing sand encountered between the measured depths of 9,010 feet and 9,042 feet (electrical log measurements) in the Southwest

Producing Company Inc., et al-J. J. Hamilton No. 1 Well (SN 83179), located in Section 30, Township 19 North, Range 1 East, Union Parish, Louisiana. The Vaughn Sand is further defined as being the stratigraphic equivalent of that interval between a measured depth of 8,877 feet subsurface to a measured depth of 8,897 feet subsurface, as shown by the induction electric log of the Samson Contour-Ballard 19 No. 1 Well (SN 235488) in Section 19, Township 19 North, Range 1 East, Union Parish.

In compliance with the Rules of Procedure for Conducting Hearings Before the Commissioner of Conservation of the State of Louisiana, a pre-application conference was held in Shreveport, Louisiana on October 5, 2009. Attached hereto and made a part hereof is a list of the names and addresses of the parties who were in attendance at that conference.

The conference was opened by Mr. B. J. Duplantis. After a discussion of the status of the applicant to do business in Louisiana and an explanation as to the policy of the Office of Conservation as to why conferences are not recorded, Mr. W. H. Robbins of W. H. Robbins & Associates and Mr. Frank Cormier explained the plan of applicant. Questions were asked and answered. Opposition by Mr. Joseph Greenwald on behalf of the Greenwald Family and Mr. Michael S. Coyle on behalf of the Maxwell Family interest was voiced. It is anticipated that there will be opposition at the public hearing on this matter.

Attached hereto and made a part hereof are plats outlining the dissolved units and the proposed storage area, and a list of the names and addresses of the interested owners, represented parties and interested parties to whom this notice is being sent. It is hereby certified that a reasonable effort was made to ascertain the names and addresses of all interested owners, represented parties and interested parties.

A copy of the list of the names and addresses of the interested owners, represented parties and interested parties is not being mailed to those parties along with this hearing application. Should any such party desire a copy of this list, however, we will be glad to provide one upon request.

Any pertinent data relating to the proposed units can be obtained, AT THE COST OF THE REQUESTING PARTY, from Mr. Bill Robbins, of W. H. Robbins & Associates, 302 La Rue France, Suite 100, Lafayette, LA 70508 (337) 232-5004.

Our check on behalf of the applicant in the amount of $755.00, made payable to the Office of Conservation, representing the required hearing application fee has been tendered.

Very truly yours,

B. J. Duplantis

BJD/ht
Attachments
cc: Mr. James Broussard, District Manager
Office of Conservation

All Interested Owners, Represented Parties and Interested Parties

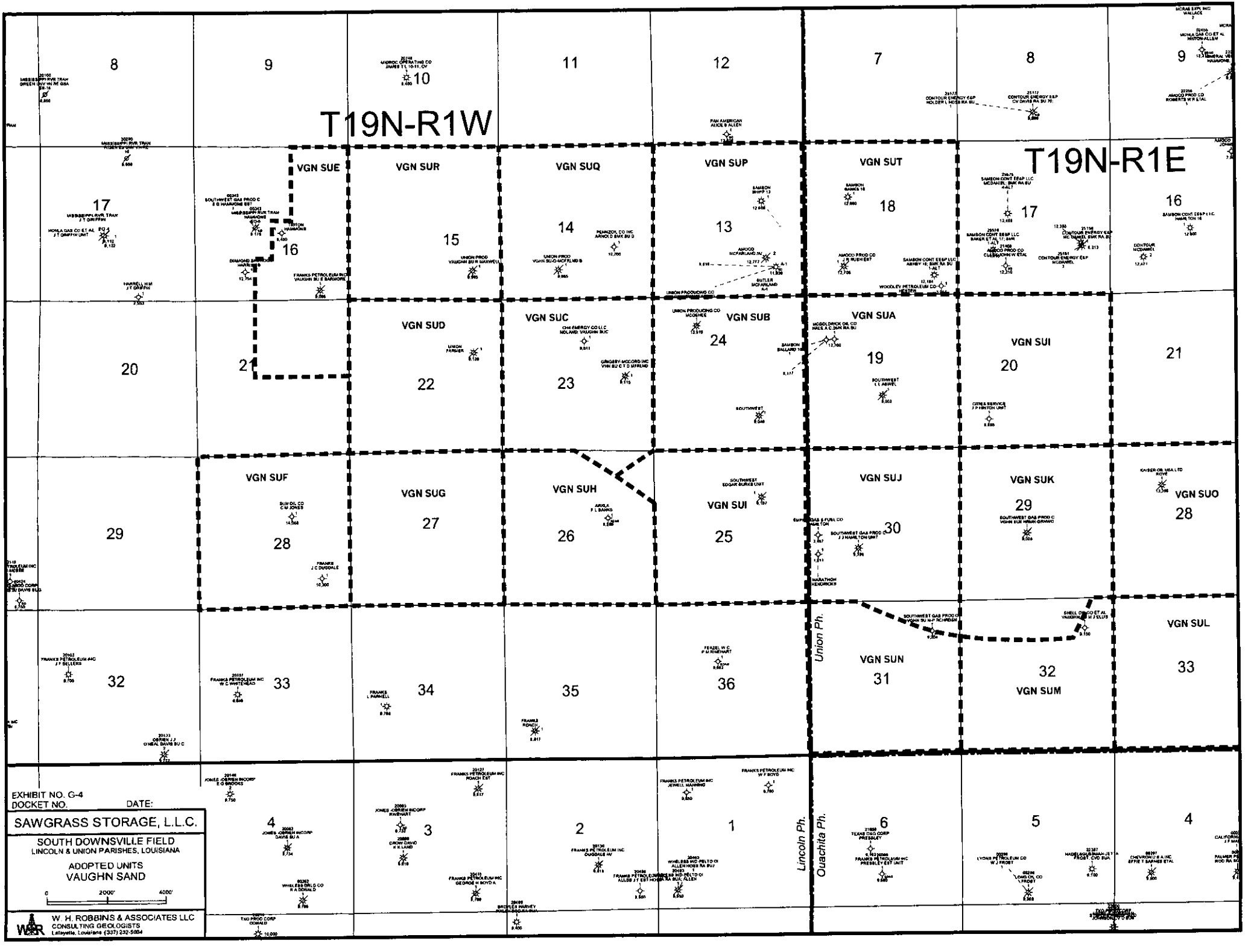
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EXHIBIT NO. G-4
DOCKET NO.
DATE:
SAWGRASS STORAGE, L.L.C.
SOUTH DOWNSVILLE FIELD
LINCOLN & UNION PARISHES, LOUISIANA
ADOPTED UNITS
VAUGHN SAND
0
2000'
4000'
W. H. ROBBINS & ASSOCIATES LLC
CONSULTING GEOLOGISTS
Lafayette, Louisiana (337) 232-5004

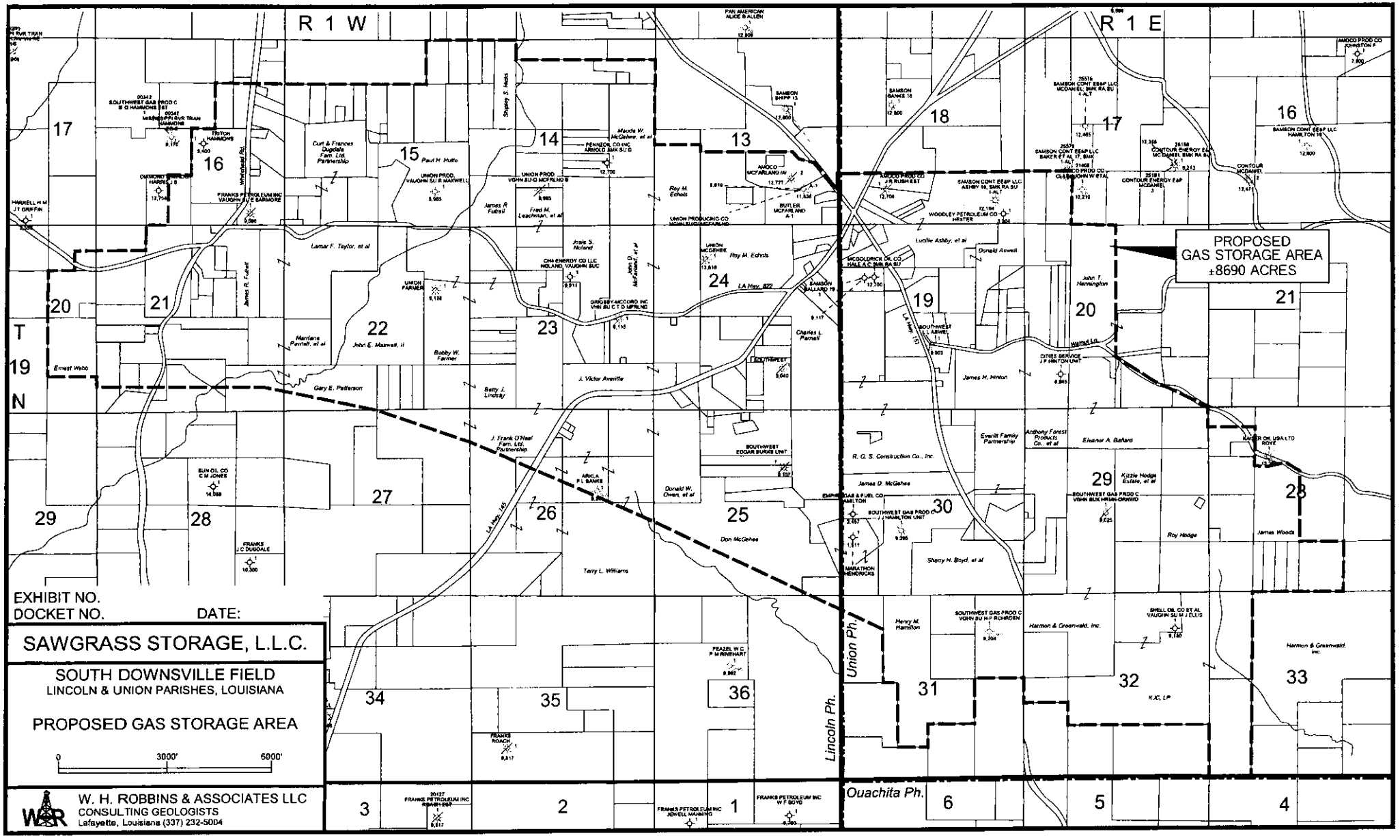
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EXHIBIT NO.
DOCKET NO.
DATE:
SAWGRASS STORAGE, L.L.C.
SOUTH DOWNSVILLE FIELD
LINCOLN & UNION PARISHES, LOUISIANA
PROPOSED GAS STORAGE AREA
0
3000'
6000'
W. H. ROBBINS & ASSOCIATES LLC
CONSULTING GEOLOGISTS
Lafayette, Louisiana (337) 232-5004