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June 11, 2009

Hon. James H. Welsh, Commissioner  
Louisiana Office of Conservation  
Post Office Box 94275 – Capitol Station  
Baton Rouge, Louisiana 70804-9275

Re: **APPLICATION FOR ISSUANCE OF ORDER ADMINISTRATIVELY**  
Harvest Oil & Gas LLC (H175) – Grand Bay Commingling Facility (92170)  
Lobo Operating, Inc. (L074) – 13 RA-B - GPLD “A” No. 16 (SN 25583)  
Grand Bay Field (4148)  
Plaquemines Parish  
L O U I S I A N A

Dear Mr. Commissioner:

Pursuant to the provisions of Title 30 of the Revised Statutes of 1950 and Statewide Order No. 29-D-1, application is made on behalf of Harvest Oil & Gas, LLC (Harvest) for the issuance of an Order giving permission for commingling with production previously approved for commingling at the Grand Bay Commingling Facility production from the following described unit, to-wit:

**GRAND BAY FIELD**

13 RA-B SUA as created by Order No. 80-L-2

The substitute unit well for said unit (per Office of Conservation Order 80-L-5) is the 13 RA-B SUA – GPLD “A” Well No. 16 (SN 25583). The bulk production therefrom will be metered and then allocated back by means of monthly well tests. The 13 RA-B SUA consists of the following described oil, gas and mineral leases, to-wit:

<b>LEASES CONTRIBUTED BY:</b>	<b>LEASE NAME:</b>
Harvest Oil & Gas, LLC	State Lease 195
Harvest Oil & Gas, LLC	State Lease 335
Harvest Oil & Gas, LLC	Grand Prairie Levee District

The method of measurement and allocation of production, which Harvest is proposing, is explained in the attached description of operations and schematic diagram for the Grand Bay Commingling Facility. Harvest believes that this commingling of gas and/or liquid hydrocarbons, and the use of well tests/meters for allocation of production in the manner proposed will provide reasonably accurate measurement, will not create inequities, and will afford the owner of any interest the opportunity to recover his just and equitable share of the production.

Attached are (i) a copy of the description of operation and schematic, (ii) a list of Interested Parties, including operating and royalty interests, (iii) a signed statement of reasonable, accurate measurement, and (iv) a check in the amount of \$755.00 to cover the fee for this application.

Also attached are photocopies of the following to provide historical background in support of this application for issuance of an order administratively:

- a) **Office of Conservation Order No. 80-O-1** dissolving Office of Conservation Order No. 80-O and requiring (among other matters) the separate unit operation of the No. 14 Sand Fault Block A (current nomenclature – 14 RA SUA);
- b) **Office of Conservation Order No. 80-Q-1** dissolving Office of Conservation Order No. 80-Q and requiring (among other matters) the separate unit operation of the No. 15 Sand Fault Block A (current nomenclature – 15 RA SUA);
- c) **Office of Conservation Order No. 80-L-2** regarding the creation of drilling units for Segments “A” and “B” of the Fault Block “A” No. 13 Sand (current nomenclature for the unit of interest - 13 RA-B SUA);

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- d) **Office of Conservation Order No. 80-L-5** regarding permission to designate and utilize the GPLD "A" No. 16 well (SN 25583) as a substitute unit well for the 13 RA-B SUA;
- e) **Office of Conservation Order No. 80-1** relative to authority to commingle and allocate production from the 14 RA SUA and the 15 RA SUA (among various other units and leases recited therein) in the Grand Bay Commingling Facility; and
- f) **Exhibit Nos. 2, 4, and 5 from Docket Nos. 90-382 – 90-384** for a hearing dated August 15, 1990, regarding a request by Greenhill Petroleum Corporation to commingle and allocate production from the 14 RA SUA and the 15 RA SUA (among various other units and leases) in the Grand Bay Commingling Facility, such hearing resulting in the issuance of Office of Conservation Order No. 80-1.

I note the following regarding the items recited immediately above:

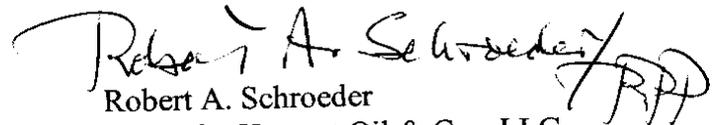
- The GPLD "A" No. 16 Well, the current unit well for the 13 RA-B SUA, was the designated unit well for both the 15 RA SUA and the 14 RA SUA upon cessation of operations from both sands;
- Both the 15 RA SUA and the 14 RA SUA were approved for commingling (among various other units and leases) under Office of Conservation Order No. 80-1 as indicated above; and
- The list of current Interested Parties for the 13 RA-B SUA is precisely the same as the current individual list of Interested Parties for both the 15 RA SUA and the 14 RA SUA.

A copy of this application is being sent to Mr. Richard D. Hudson, District Manager, Lafayette, Louisiana, and to each interested owner, represented party, and interested party after a reasonable effort was made to ascertain the names and addresses of all such parties.

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All inquiries concerning this proposal should be directed to the undersigned. I am

Very truly yours,

  
Robert A. Schroeder  
Agent for Harvest Oil & Gas, LLC

RAS:rpp  
attachments

cc: Mr. Richard D. Hudson – District Manager  
Louisiana Office of Conservation  
825 Kaliste Saloom Road, Suite 220  
Lafayette Louisiana 70508-4284

Mr. Brian P. Daigle  
Harvest Oil & Gas, LLC  
67201 Industry Lane  
Covington, Louisiana 70433-8705

Interested Owners, Represented Parties, and Interested Parties

## HARVEST OIL & GAS, LLC

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### GRAND BAY COMMINGLING FACILITY

### GRAND BAY FIELD

### PLAQUEMINES PARISH, LOUISIANA

#### **EXPLANATION OF FLOW OF HYDROCARBONS**

The production from various lease and unit wells flow through separate flow lines into one of several headers, whereby valve arrangement will be directed into a bulk or test separator.

Three phase test separators are utilized to determine each wells production rate; oil, gas, and produced water are separated and metered in accordance with Statewide Order No. 29-D-1. Oil metered during each well test is sampled to determine water cut. A test heater treater is available at each tank battery for additional separation when needed. Separated oil flows through a 3-phase bulk heater treater for treatment. The oil from the bulk heater treater then flows to storage tanks where only pipeline quality oil will be sold. Each oil test meter will have a valve arrangement so that the meter may be proved by flowing through a master meter for determining each meter's accuracy.

Gas liberated in the test separator will be measured by an orifice meter, determining produced formation gas. Allocation of all produced gas will be based on metered gas volumes from well tests. The low pressure gas will be compressed, metered and sold and/or used for lease purposes. Gas scrubber liquids are negligible.

The calibration of gas meters will be performed quarterly at a minimum and at other times as the Commissioner of Conversation or his agent shall deem proper.

All produced water is treated and injected into approved disposal wells.

HARVEST OIL & GAS, LLC

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GRAND BAY COMMINGLING FACILITY (92170)

GRAND BAY FIELD (4148)

PLAQUEMINES PARISH, LOUISIANA

**STATEMENT OF APPLICATION REGARDING ACCURACY OF MEASUREMENTS  
IN CONNECTION WITH COMMINGLING OF LIQUID HYDROCARBONS**

In the opinion of Harvest Oil & Gas, LLC, the commingling of gas and liquid hydrocarbons and the use of monthly well tests for production allocation as proposed under this application to the State of Louisiana, Office of Conservation, will provide reasonable accurate measurement, will not create inequities, and the owner of any interest will have the opportunity to recover his just and equitable share of the reservoir content. All liquid test meters employed in the installation covered by this application will be proved, commercially available type. Moreover, suitable means for calibrating each liquid test meter are provided, such that the accuracy of each meter in operation can be proved. Such testing will be done at least monthly and at such other times as the Commissioner of Conservation or his agent shall deem proper.



Brian P. Daigle  
Operations Manager

HARVEST OIL & GAS, LLC

EXHIBIT NO. \_\_\_\_ DOCKET No. 09-\_\_\_\_

DATE: \_\_\_\_\_

