

March 10, 2009

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

RE: 106 Zone, Reservoir A, SUA, SUB and SUC  
**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 an order pertaining to the following matters relating to the 106 Zone, Reservoir A, SUA, SUB and SUC, in the Caillou Island Field, Terrebonne Parish, Louisiana.

1. To dissolve the 106 Sand, Reservoir A, SUA, SUB and SUC, as established by Office of Conservation Order No. 411-C, effective July 1, 1966 in the Caillou Island Field, and simultaneously therewith, to create three drilling and production units for the exploration for and production of gas and condensate from the 106 Zone, Reservoir A, SUA, SUB and SUC, in the Caillou Island Field, Terrebonne Parish, Louisiana.
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the units so created.
3. To designate a unit operator and a unit well for the units so created, as may be appropriate.
4. To provide that the 106 Zone, Reservoir A, SUA, SUB and SUC, should be exempt from the spacing provisions of Statewide Order No. 29-E.
5. To provide that the Commissioner may reclassify the 106 Zone, Reservoir A, SUA, SUB and SUC, by supplemental order and without the necessity of a public hearing should such reclassification be warranted, based on evidence furnished the Commissioner.
6. To discuss any other matters that may be pertinent to this application.

The 106 Zone, in the Caillou Island Field, Terrebonne Parish, Louisiana, is hereby defined as being that gas and condensate bearing zone encountered between the depths of 17,308' and 17,740' (electrical log measurements) in the Hilcorp Energy Company (formerly Texaco) - S.L. 188 LL & E Unit 3 No. 10 Well, 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 plat 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, 6300 Westpark, Suite 400, Houston, Texas 77057 (713-659-8363).

In compliance with the Rules of Procedure, a preapplication conference was held in Lafayette, Louisiana, on March 9, 2009, at which the parties named on the attached list were in attendance.

The conference was opened with a discussion by Mr. Bill McAlister, representing Hilcorp Energy Company, concerning the nature and purpose of the conference and the bases for the applicant's proposed units.

Questions were asked and answered, but there were no counter plans presented. There was no opposition expressed at this conference.

There are attached hereto and made a part hereof a plat outlining the proposed units, the conference attendance list, 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 plat (being the same plat attached to the February 16, 2009 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 plat 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 \$1510.00 payable to the Office of Conservation and representing the required hearing application fee.

Sincerely,

LEON E. COMEAUX & ASSOCIATES



Bill McAlister

BM/cu

Enclosures

cc: Mr. Richard Hudson  
Office of Conservation  
825 Kaliste Saloom Road  
Brandywine III, Suite 220  
Lafayette, Louisiana 70508-4284

Interested Parties, Interested Owners  
and Represented Parties

