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April 8, 2009

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

Re: Application for Public Hearing
Simon Pass Field
St. Martin Parish
Cam 1 Sand SUA; Shinn No. 1-D (SN 137776)

Dear Sir:

Application is hereby made by Hilcorp Energy I, L.P. ("Applicant") for the calling of a public hearing to determine the following matters relative to the Cam 1 Sand SUA; Shinn No. 1-D ("Subject Well") and Unit:

1. Removal of Merritt Operating, Inc. ("Merritt") as Operator of the Well and Unit.
2. Designation of Hilcorp Energy Company ("HEC") as Operator of the Well and Unit.
3. To consider such other matters relating the subject well, unit and reservoir as may be appropriate and justified by the evidence presented at the public hearing.

The Cam 1 Sand was previously defined in Order 610-F, in which Order a unit was created for production from the Occidental-Shinn No. 1 Well, located in Section 23, Township 15 South, Range 13 East, St. Martin Parish, Louisiana.

The present Unit was established by Order 610-F-2 on April 5, 1972, dissolving prior units and establishing a revised unit. Occidental Petroleum Corp. (later Oxy Petroleum, Inc.) was designated as the unit operator. The Subject Well was drilled by Occidental Petroleum Corp. and was designated as a substitute unit well for the Cam 1 RA SUB by Order 610-F-3, dated October 27, 1975. By Order 610-F-6, the Subject Well, then designated as the Proteus Petroleum, Inc.-Shinn No. 1-D Well, legally situated within the CAM 1 RA SUB, as an alternate well. At this time, the Subject Well is the only well situated within the CAM 1 RA SUB which is productive.

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Through a series of transactions by which ownership of the Subject Well was transferred, the designated operator of the Subject Well and Unit changed, the most recent operator being Merritt Operating, Inc. by virtue of a change of operator filing executed by KCM Management, Inc. in favor of Merritt Operating, Inc. on June 1, 1999.

Applicant has acquired oil, gas and mineral leases covering a significant majority of the mineral ownership within the Unit, the exact extent of which will be demonstrated at the hearing, calculated to be not less than 47% of the ownership within the unit, Merritt having 23.5%, with other interests unleased. Since acquiring such leases, Applicant made Merritt aware of Applicant's interest and sought an accounting for production proceeds from the Unit Well. Despite numerous meetings and amicable demand, Merritt has yet to provide such information and has refused to pay over to Applicant its share of the proceeds of production from the Unit Well.

Applicant has inspected the Unit Well and facilities and believes there is ample evidence of regulatory violations regarding the Well and facilities. A review of the records of this office as to this operator reveals numerous apparent civil violations and Organization Red Flags, leading Applicant to believe there is a substantial likelihood of errors in reporting production.

HEC is the general partner of Applicant and acts as operator of properties of Applicant in Louisiana. HEC is a qualified operator in the State of Louisiana and operates numerous properties in the immediate vicinity of the Unit Well.

Our firm's fee in the amount of \$755 in payment of the hearing fee is enclosed. Also enclosed is a copy of the list of interested parties to whom a copy of this application has been sent. A diligent effort has been made by Applicant to determine the identities of such parties.

Respectfully submitted,

Milling Benson Woodward, L.L.P.



Robert L. Cabes, P.C.

Cc: Mr. Richard Hudson, District Manager
Office of Conservation, Lafayette, La

All Interested Owners, Represented Parties
And Interested Parties