

Attached 95615

BLANCHARD WALKER

A TRADITION OF EXCELLENCE SINCE 1917

BLANCHARD, WALKER, O'QUIN & ROBERTS
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November 19, 2008

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

Mailing Address:
P.O. Drawer 1126
Shreveport, LA 71163-1126

MICHAEL E. RIDDICK
Direct: 318.934.0264
Email: mridnick@bwor.com

RE: HEARING APPLICATION
Statewide Order No. 29-D-1
Lucky Field Commingling Facility No. 1
Lucky Field
Bienville Parish, Louisiana
Our File No. 566385.0006

Dear Sir:

On behalf of XTO ENERGY, INC., application is hereby made for a public hearing to receive evidence concerning the following matters relating to the commingling of production from the leases and units in the Lucky Field, Bienville Parish, Louisiana, as set forth on Exhibit A attached hereto:

1. To authorize the commingling in the applicant's Lucky Field Commingling Facility No. 1 of gas and liquid hydrocarbons produced from the leases and units shown on Exhibit A attached hereto in the Lucky Field, Bienville Parish, Louisiana;
2. To approve the commingling of production from such leases and units in the Lucky Field, in accordance with the provisions of LAC 43:XIX.1501, et seq., (Statewide Order 29-D-1);
3. To approve the allocation of production to such leases and units based upon quarterly well tests in the manner proposed herein, in exception to the guidelines set forth in LAC 43:XIX.1501, et seq., (Statewide Order 29-D-1); and
4. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

Attached hereto and made a part of this application are the following:

1. A diagrammatic sketch of the mechanical installation to be used, showing the flow of gas and liquid hydrocarbons, and the equipment to be used for full stream test of each well to be commingled.

2. Detailed explanation of the flow of gas and liquid hydrocarbons, the procedure and frequency of well tests and for calibration of any metering devices and allocation formulas to be utilized.

In the opinion of the applicant, the commingling of gas and/or liquid hydrocarbons and the use of well tests 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 production.

A list of the names and addresses of all Interested Parties (as defined in LAC 43.XIX.1503.A) is attached hereto, and a copy of this notice, is being sent to each of such persons. A reasonable effort has been made to determine that the enclosed list includes all of the persons to whom this notice must be sent under the Rules of Procedure.

A check in the amount of \$755.00 made payable to the Commissioner of Conservation is enclosed herewith as the statutory fee for holding the requested hearing.

This application is being filed in duplicate, and a copy hereof is being sent to the District Manager of the Shreveport District of the Office of Conservation, and to each Interested Party, as defined in LAC 43.XIX.1503.A, whose name is shown on the attached list.

Very truly yours,

BLANCHARD, WALKER, O'QUIN & ROBERTS

By: 

Michael E. Riddick

Attorneys for XTO Energy, Inc.

MER:sd

Enclosures

cc: Mr. James C. Broussard, District Manager (w/enclosures)
Mr. Brad Russell (w/enclosures)
Interested Parties (w/enclosures)

**EXHIBIT A
XTO Energy Inc.
Operated Wells**

LEASE NAME	SERIAL NUMBER
IPB LBN LUC #2	#173536
VUQ; IPB LBN LUC #5	#213173
VUR; NEBO OIL CO. A-3	#29396
VUK; SOUTHERN ADVANCE B&P #1	#226146
VUA; T.M. WILSON UNIT #1	#45926
VUI; DARLAND #1	#220207
VUJ; WIDEMAN WATSON UNIT 1 #1	#46795
VUA; W.A. POLAND #1	#226418
VUI; SOUTHERN ADVANCE B & P Co #1	#44593
VUH; IPB LBN LUC #12	#223554
VUH; BILL HUEY UNIT #1	#41899
VUL; D.T. WHITLEY #1	#46402
VUU; SOUTHERN ADVANCE HODGE HUNT #2	#47509
VTU; SOUTHERN ADVANCE HODGE HUNT #1	#28302
VUM; I. H. WISE #1	#42376
W. J. SPRAWLS UNIT #1	#30583
VUG; IPB LBN LUC #8 (SI)	#220021
VUG; IPB LBN LUC #8-D	#223863
VUP; IPB LBN LUC #1	#169576
L. E. ROWELL #1	#30539
VUV; DEE VANZANDT #1	#30584
VUE; WIMBERLY #3	#169575
VUO; NEBO OIL CO. A-1	#27987
VUE; WIMBERLY #2	#32820
VUE; LYDA HUNT #1	#163824
VUH; DARLAND #2	#222427
VUO; IPB LBN LUC #11t	#222436
VUF; Hunt #2	#220206
VUC; BOBCAW #3	#162810
VUF; E. N. WOOD #1	#31074
VUF; E. N. WOOD #2	#123483
VUC; NEBO OIL CO. A6	#31173
VUF; IPB LBN LUC #4	#213172
VUE; WIMBERLY #4	#222223

EXHIBIT A

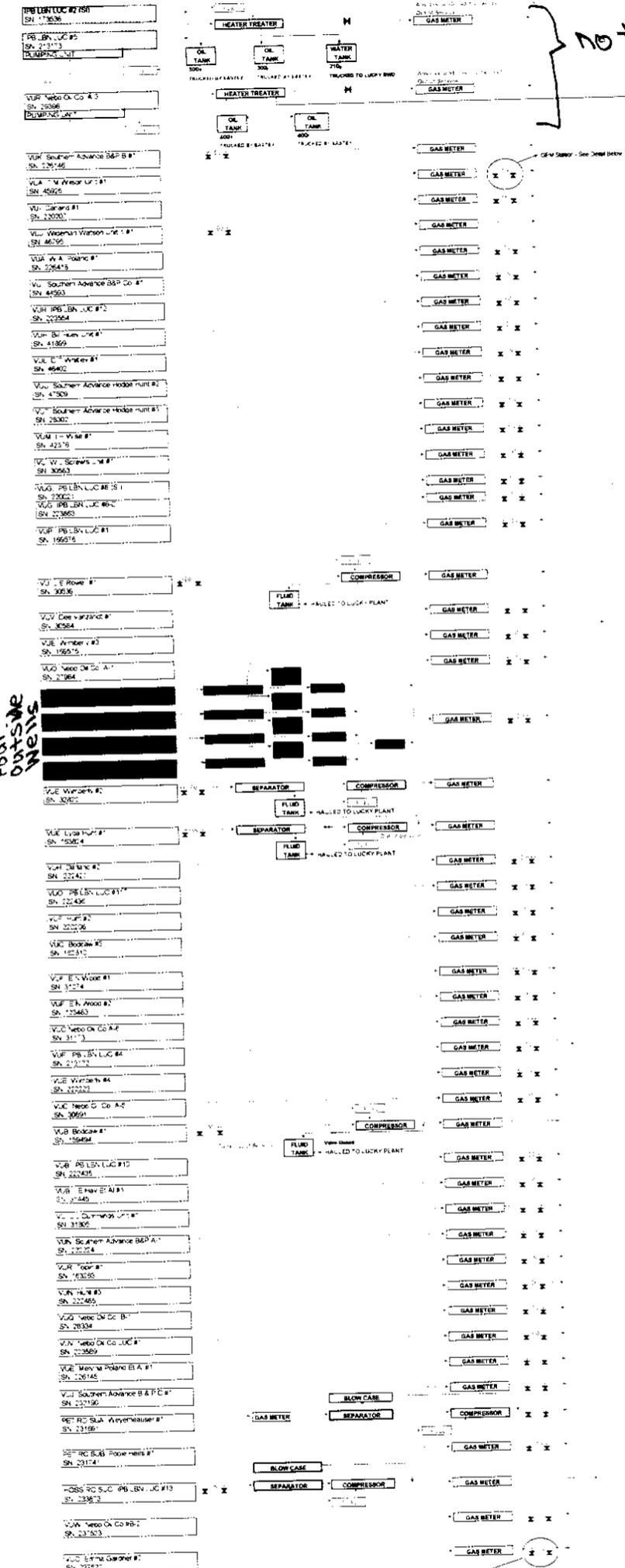
LEASE NAME	SERIAL NUMBER
VUD; NEBO OIL CO. A5	#30891
VUB; BODCAW #1	#159494
VUB; IPB LBN LUC #10	#222435
VUB; I. E. HAY ET AL #1	#31445
L. J. CUMMINGS UNIT #1	#31805
VUN; SOUTHERN ADVACE B & P A-1	#222224
VUR; TOBIN #1	#163263
VUN; NEBO OIL CO. B-1	#28334
VUV; NEBO OIL CO. LUC #1	#223589
VUE; MELVINA POLAND ET AL #1	#226145
VUJ; SOUTHERN ADVANCE B & P C #1	#232190
PET PD SUA; WEYERHEAUSER #1	#231691
PET RC SUB; POOLE HEIRS #1	#231747
HOSS RC SUC; IPB LBN LUC #13	#233873

**Wildhorse Resources LLC
Operated Wells**

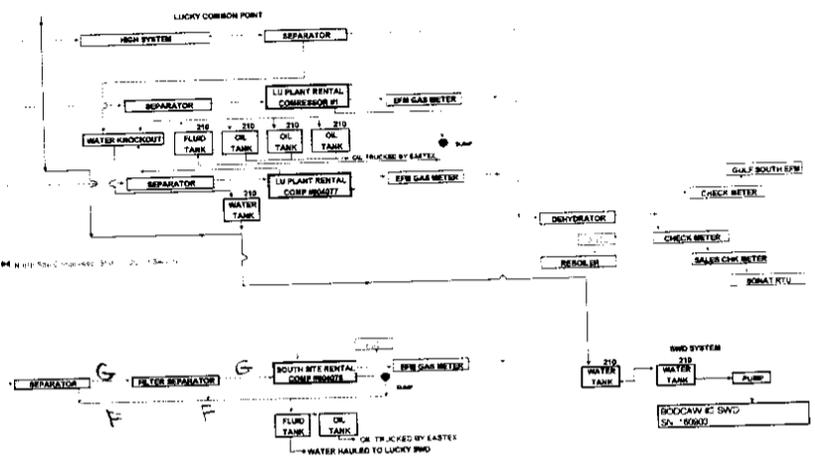
LEASE NAME	SERIAL NUMBER
WILDHORSE – HOSS RC SUB; IP 20 #1	227245
WILDHORSE – PET RC SUA; IPC #1	225630
WILDHORSE – HOSS RA SU1; TOBIN 19 #1	228745
WILDHORSE – HOSS RA SU3; IPC 30 #1	230263

XTO ENERGY'S LUCKY FIELD FLOW SCHEMATIC

Revised October 30 2008

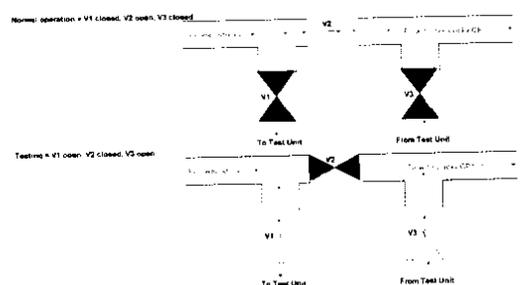


Four
outside
wells



Main Compressor Stations
 1) South Site
 2) Lucky Common Point

EXPLANATION OF GPM (TEST) STATIONS



Description of Flow
XTO Energy Inc.
Lucky Field Commingling Facility No. 1
Bienville Parish, Louisiana

Compressor units are located in strategic areas throughout the field. There are two (2) main system compressor locations: The South Site and the Lucky Common Point.

Process Flow Description – Method of Separation:

With the exception of five (5) XTO operated wells and four (4) outside operated wells (each addressed below) all wells are full well stream to the Lucky Common Point. At that point liquid hydrocarbons and water are separated from the gas stream. Condensate is collected in stock tanks and transported to sales via truck. Produced water is piped to and disposed of at the XTO Bodcaw #2 SWD system. Occasionally a small percentage of water will be trucked to a commercial facility. The gas stream continues through compression and dehydration before being transferred via pipeline to sales.

Four (4) Outside Operated Wells:

There are four (4) outside operated wells, being the Hoss RC SUB; IP #20, Pet RC SUA; IPC #1, Hoss RA SU1; Tobin 19 #1 and Hoss RA SU3; IPC 30 1, all of which utilize XTO's pipeline network and processing facilities. The wells are separated on location and enter XTO's facility as dry gas. They receive no allocation of fluids from the Lucky Common Point because they have their own tank batteries at their location for liquid hydrocarbons storage, sales and saltwater disposal.

Five (5) XTO Energy Inc. Wells:

The IPB LBN LUC #2, a shut-in well at this time, and the VUQ; IPB_LBN LUC #5 which is a pumping oil well, flow into their own central facility. The volume of fluids produced makes it necessary to separate and collect the oil and water on location. The oil is trucked to sales and the water is trucked to the Bodcaw #2 SWD system. The small volume of gas produced is consumed as fuel for the processing equipment.

The VUR; Nebo Oil Co. A-3 is a pumping gas well. Fluids that are produced make it necessary to separate the oil and water from the gas stream. The oil is collected in stock tanks and transported to sales via truck. The water is dumped directly from the processing equipment into a saltwater pipeline and routed to the Bodcaw #2 SWD system.

The Rowell #1 and the Wimberly #2 have individual well compressors on location. Each of these locations has a means of separating fluids from the gas stream to protect the compression equipment. These separated fluids are trucked to and processed at the Lucky Common Point.

*How much
from each?*

MEASUREMENT

Procedures and frequency of calibration/proving gas metering devices:

Each meter is inspected on a daily basis and checked weekly for accuracy. Any meter suspected of inaccurate measurement is reported and tested/calibrated by a third party technician. All meters are tested and calibrated at least twice a year by a third party.

→ to quarterly testing



An exception is requested to proving methods as required in the Statewide Order No. 29-D-1. We request that meter calibration be established at twice per year, since the majority of wells in the Lucky Field were drilled in the 1940's and 50's. These wells are low volume dry gas wells with very little fluctuation in gas production. Meters are checked daily for accuracy and reliability and any inconsistencies are addressed immediately.

Liquid Hydrocarbon Oil Tank Measurement

The oil tanks for the IPB LBN LUC #2 and the VUQ; IPB LBN LUC #5 were strapped when installed and are gauged prior to liquid hydrocarbons being sold. The liquid hydrocarbons from these wells are not commingled with liquid hydrocarbons from any other wells in the Lucky Field.

The oil tanks for the VUR; Nebo Oil Co. A-3 were strapped when installed and are gauged prior to liquid hydrocarbons being sold. The liquid hydrocarbons from this well are not commingled with liquid hydrocarbons from any other wells in the Lucky Field.

The oil tanks for the Lucky Common Point were strapped when installed and are gauged prior to liquid hydrocarbons being sold. These tanks hold commingled liquid hydrocarbons from all wells in Lucky Field with the exception of the IPB LBN LUC #2, VUQ; IPB LBN LUC #5, VUR; Nebo Oil Co. A-3 and the four (4) wells operated by Wildhorse Resources LLC.

ALLOCATION

Gas

Gas sales data from electronic flow measurement equipment is allocated to each individual gas well by the amount of gas measured on location by their individual well meters.

Liquid Hydrocarbons

Liquid hydrocarbons are allocated to each individual contributing well by their individual well test. (Any liquid hydrocarbons sold from individual locations are credited to the individual well(s) that produced the liquids at that location using the individual well test.)

* *→ to monthly well test*
An exception is requested to well testing as required in the Statewide Order No. 29-D-1. We request that well testing be conducted quarterly during the year, since the majority of wells in the Lucky Field were drilled in the 1940's and 50's, and there is very little fluctuation in production.

Water

Produced water is allocated to each contributing well by individual well test.

In our opinion, the commingling of gas and/or liquid hydrocarbons and the use of methods for allocation of production as set forth above will provide reasonable accurate measurement, will not create inequities, and that the owner of any interest will have the opportunity to recover his just and equitable share of the reservoir content.

Brad Russell
Division Landman
XTO Energy Inc.