19345 Point O Woods Court
Baton Rouge, Louisiana 70809
225-753-4723
225-753-4661 (fax)

Energy Resource Development, Inc.

Last Revision 6/8/09

June 8, 2009

Mr. Todd Keating
Office of Conservation
PO Box 94275
Baton Rouge, LA 70804-9275

Re: First Revision to Request for Public Hearing
Hilcorp Energy Company
Venice Commingling Facility No. 5 (CF 936170)
Venice Field
Plaquemines Parish, Louisiana

Dear Mr. Magee,

On behalf of Hilcorp Energy Company (Hilcorp), application **was made, on January 13, 2009**, pursuant to Title 30 of the Revised Statutes of 1950 and Statewide Order 29-D-1, for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order approving the commingling in the Venice Field - Commingling Facility No. 5 (93617) hydrocarbons produced from the following unit, with other units and leases previously approved, by well test:

M-24B RA SUA Unit Order No. 64-PPP LUW 615062

This action is required because Tract 5 for the M-24B RA SUA contains a portion of the Manhattan Land & Fruit Co. E lease, which is not approved for commingling at the referenced facility.

The method of measurement and allocation of production which Hilcorp Energy Company is proposing is explained in the attached description of operations and schematic flow diagram. As indicated, the production will be allocated by monthly well test, using methods other than gauge tanks. The subject facilities are located in the Venice Field, Plaquemines Parish, Louisiana. The methods of measurement and allocation previously approved at the facility will remain the same.

Historically Hilcorp Energy Company (Hilcorp) and Texaco Exploration and Production, Inc., as the previous operator, have been unable to get one hundred percent of the Royalty and Working Interest Owners to execute the agreement necessary for this proposal. Hilcorp therefore requests that a public hearing be granted. Should the Office of Conservation determine that this action can be granted administratively, pursuant to previous authorizations, Hilcorp would withdrawal their hearing request.

Attached are copies of the following:

- Schematic flow diagrams **(revised)**
- Description of operations **(revised)**
- List of interested owners, represented parties, and interested parties **(submitted)**
- Hearing fee of $755.00 **(submitted)**
- Unit Plat for the M-24B RA SUA **(submitted)**

The applicable authority will be covered pursuant to Title 43, Part XIX.Subpart 6, Statewide Order No. 29-D-1, 1505.2 (Well Test). The allocation meters will be tested and proven monthly for liquid hydrocarbon meters and quarterly for gaseous hydrocarbon meters.

In Hilcorp's opinion, this authorization will promote conservation of the natural resources within the State of Louisiana, will prevent waste, will protect the rights of all parties at interest and will result in substantial economic savings without results that may be in any way inconsistent with conservation policies, statutes or regulations of the State of Louisiana. Further, in the opinion of the applicant, the commingling procedure proposed will provide reasonable, accurate measurement, will not create inequities and will insure that the owner of any interest will have the opportunity to recover his just and equitable share of the reservoir content. Hilcorp requests that this matter be set for hearing at the earliest possible time and date.

A copy of this application and attachments, except the check, is being sent to Mr. Richard D. Hudson, District Manager, Office of Conservation, Lafayette, Louisiana. A copy of the legal notice will be mailed to each Interested Owner, Represented Parties, and Interested Parties having an interest in the various leases and units.

All inquiries concerning this proposal should be directed to Mr. John T. Connolly, Agent for Hilcorp Energy Company, 19345 Point O Wood Court, Baton Rouge, Louisiana 70809.

Should you have any questions, please call or email me at 753-4723 / ersses@cox.net.

Very truly yours,

John T. Connolly
Agent for Hilcorp Energy Company

Cc: Ms. Linda Trahan
Hilcorp Energy Company
PO Box 61229
Houston, Texas 77208

Mr. Richard Hudson
District Manager
Office of Conservation
825 Kaliste Saloom Road
Brandywine III, Suite 220
Lafayette, Louisiana 70508

DESCRIPTION OF OPERATIONS
VENICE CONSOLIDATED COMMINGLING FACILITY
VENICE FIELD
PLAQUEMINES PARISH, LOUISIANA

The Venice Commingling Facility No. 5 (VCF5) commingles all of the Hilcorp Energy Company operated production originating in the Venice Field, as illustrated on the attached list of leases and units and commingling schematic diagram. Production from individual wells is based on monthly well tests and designated meter readings. All production is low pressure.

EXPLANATION OF FLOW

At the **Central Facility,** production from Venice Field wells can be directed to a system of flow trains consisting of a two phase low pressure test separator and a two phase low pressure bulk production separator, with total flow to a three phase low pressure free water knock out. The metered and scrubbed gas generated in the low pressure test separator, and gas from the free water knockout and low pressure bulk separator is delivered to the Venice Compressor Station for compression, dehydration, and sales or gas lift. The fluids generated in the low pressure two phase test separator are piped to the free water knock out. The total fluids from the low pressure two phase bulk production separator, fluids from the low pressure gas scrubbers, and any fluids from the Venice Compressor Station are routed to the free water knockout. The fluids generated at the Venice Compressor Station are metered and delivered to the free water knockout at the VCF5. The gas and oil from the free water knockout is piped to the three phase low pressure chem-electric treater and the saltwater is piped to the gun barrel. Oil from the chem.-electric treater is piped to the oil tank, combined with any oil skimmed off the gun barrel and piped to the LACT for sales. The saltwater from the chem-electric treater is piped to the gun barrel. Saltwater from the gun barrel is piped to a saltwater storage tank prior to deep well injection. Fluids from the scrubbers at this facility are routed to the gun barrel. Oil generated in the gun barrel is routed to the free water knock out or the chem electric treater.

At the **Manhattan Land and Fruit Facility,** all wells can be diverted to a test manifold or a production manifold. In the production manifold, total flow from all wells is routed to the Venice Compressor Station. Wells in the test manifold are directed to a two phase low pressure test separator, where the gas and total fluids are separated and independently metered. The gas and total fluids from the test separator are recombined and flow with the product in the production manifold to the Venice Compressor Station.

At the **Venice Compressor Station,** low pressure gas enters by flow line from the Central Facility, and total product enters by flow lines from the Manhattan Land and Fruit Facility (ML&F), the M18 RA SUA unit, and the BLD No. 205 well. The total product from the ML&F Facility is separated in a two phase low pressure production separator into low pressure gas and total fluids. The low pressure gas combines with other low pressure gas from the Central Facility and is scrubbed and compressed. The total fluids from the ML&F Facility are routed to the fluid storage tanks. The BLD No. 205 well flows to a two phase low pressure gas scrubber, where gas is separated and delivered to the low pressure gas system and fluids are routed to the total fluids storage system. The M18 RA SUA well flows to a two phase low pressure production separator, where gas is separated and

delivered to the low pressure gas system and fluids are routed to the total fluids storage system. At the Venice Compressor Station, gas is scrubbed and metered prior to compression. The compressed gas is scrubbed and delivered to a dehydrator for use in the metered gas lift system or metered for gas sales to Targa. The total fluids gathered at the Venice Compressor Station are stored in fixed roof tanks and pumped to the Central Facility for separation in the three phase low pressure free water knock out, and subsequently processed as described above.

LP TEST SYSTEM

Once in the low pressure manifold, each well can be individually isolated and directed to a two phase low pressure test separator. The gas and fluids (oil and saltwater) are separated and individually metered in the low pressure test separators. During the testing of individual wells, the remaining wells in a production train produce to dedicated separators (at the Venice Compressor Station) or to bulk separators. All low pressure gas is gathered, scrubbed, compressed, dehydrated, and metered for sales, fuel, or gas lift. Total fluids from the low pressure test is metered and allocated based on oil/water shakeouts. The total fluids from the test separators are routed to the free water knock out and further separated into oil for storage and sales by LACT, or into saltwater for storage and deep well injection.

GAS ALLOCATION

The total low pressure gas stream is metered at the Venice Compressor Station Sales Meter and gas is allocated back to the individual wells based on well tests conducted monthly at each facility.

OIL ALLOCATION

The oil is sold and allocated to each of the individual wells based on monthly well tests and shake outs. The volume of oil allocated to each well is based on LACT sales volume at VCF5.

EXPLANATION OF WELL TEST

A wells production will be determined by monthly well test conducted for a period of not less than twenty-four (24) hours. The individual well streams are diverted into a test separator. Monthly oil production is based on shake outs and total fluid metered volumes at the test separator.

Gaseous hydrocarbons will be metered at the test separators by means of calibrated orifice meters. Tests will be conducted for a minimum of twenty-four (24) hours once per month. Low pressure gas flows from the test separators flow to compression, dehydration, and final sales. Gas sales will be apportioned from the final sales meter at the Venice Compressor Station to each facility, and then back to each well based on the total allocated gas volume.

Each liquid meter will be calibrated monthly by a third party meter calibration service, and a meter factor will be derived from the calibration test. Each gas meter will be calibrated quarterly by third party services.

For gas lift oil wells, input gas is measured and subtracted from output gas to arrive at a net or formation gas production volume for allocation purposes.

The M18 RA SUA, La Fruit Co. #1, and the BLD # 205 are wells flowing to dedicated separators located at the Venice Compressor Station. These wells will be allocated based on a one day test, the same as all other wells being tested in the facility. Each well will be tested on the same day every month or in the normal test rotation as all other wells.

Docket No.
Exhibit No.

In Hilcorp's opinion, this authorization will promote conservation of the natural resources within the State of Louisiana, will prevent waste, will protect the rights of all parties at interest and will result in substantial economic savings without results that may be in any way inconsistent with conservation policies, statues or regulations of the State of Louisiana. Further, in the opinion of the applicant, the commingling procedure proposed will provide reasonable, accurate measurement, will not create inequities and will insure that the owner of any interest will have the opportunity to recover his just and equitable share of the reservoir content.

_____

John Connolly (Agent for Hilcorp Energy Company

LEASES AND UNITS CURRENTLY APPROVED AT THE VENICE COMMINGLING FACILITY NO. 1

V B6 R24D-UN SU
V M15C RPB-PB SU
VUA;C.L. JOHNSON
VUA;ML&F CO. A
V B5 R2-Y SU
V M3 R2-Y SU
M-17 R24C-24A SUA
MANHATTAN LD. & FRUIT CO. A LEASE

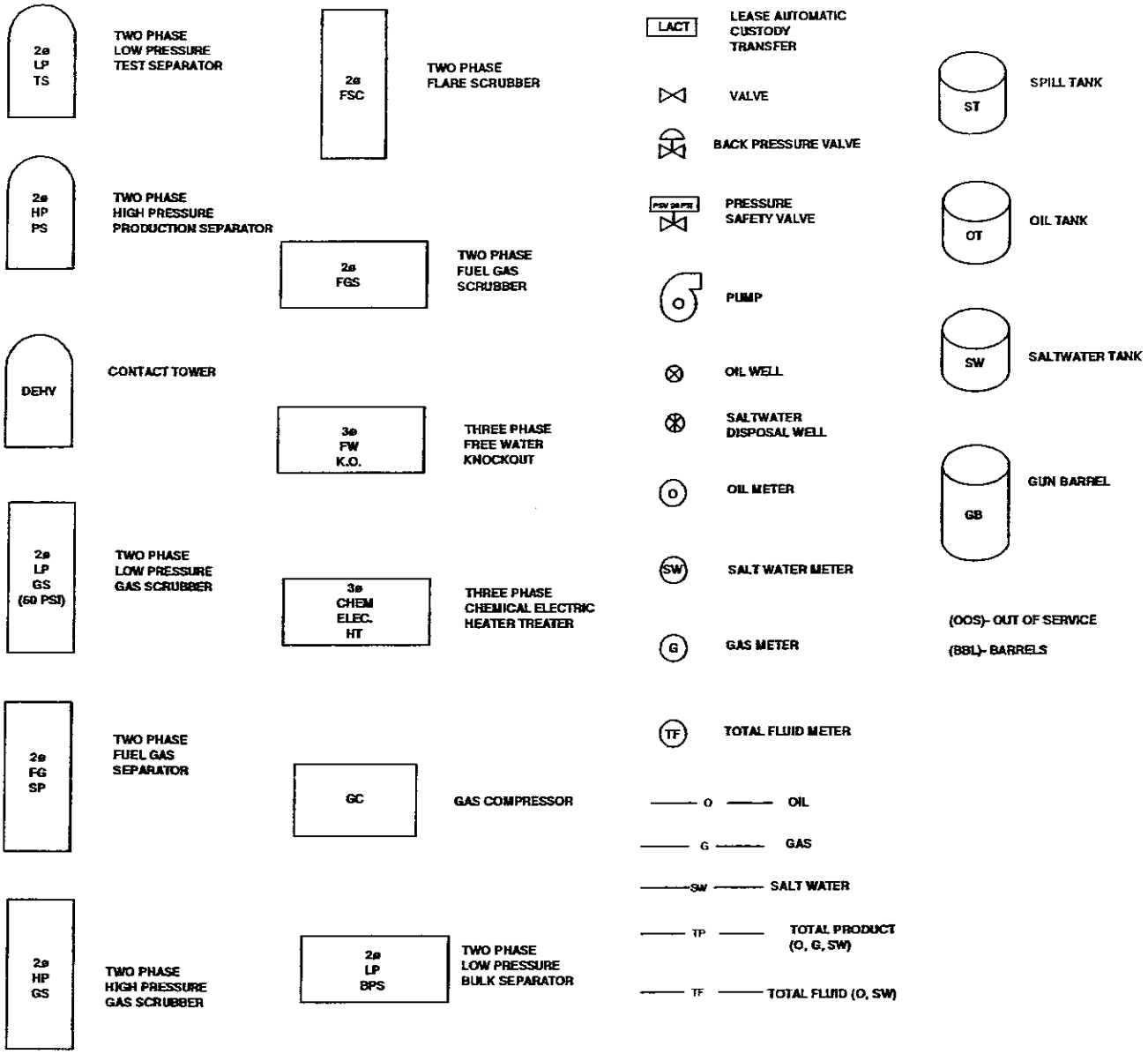
LEASES AND UNITS CURRENTLY APPROVED AT THE VENICE COMMINGLING FACILITY NO. 5

VUA
VUB
VUF
VUG
BURAS LEVEE DISTRICT LEASE
CATTLE FARMS A LEASE
CATTLE FARMS C LEASE
MANHATTAN LAND & FRUIT CO A LEASE
MANHATTAN LAND & FRUIT CO C LEASE
MANHATTAN LAND & FRUIT CO D LEASE
LOUISIANA FRUIT COMPANY (049428) LEASE
B 98 RA SUA
M 18 RA SUA
D 6 RA SUA
B 22 RA SUA
B 13 RB SUA
B 36 RB SUA (049454)

LEASES AND UNITS PROPOSED FOR COMMINGLING

M-24B RA SUA

LEGEND:



LEGEND

HILCORP ENERGY COMPANY

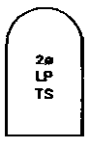
COMMINGLING PERMIT
PROCESS FLOW DIAGRAM OF
VENICE FIELD
SECTION 025, T20S-R26E
PLAQUEMINES PARISH, LOUISIANA

REV. NO.	REV. DATE	REVISION DESC.	REV. BY:
-	-	-	-

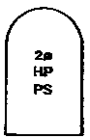
T. BAKER SMITH
PROFESSIONAL CONSULTANTS SINCE 1913
(337) 735-2800 www.tbsmith.com

DRAWN BY:	JAV	SHEET 2 OF 2	
APPROVED BY:	JBB	DRAWING NAME:	09.0123_FPD_LEGEND
SCALE:	N/A	JOB NUMBER:	2009.0123
DATE:	02/26/09	MAP NUMBER:	

LEGEND:

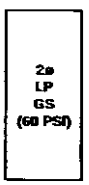


TWO PHASE
LOW PRESSURE
TEST SEPARATOR

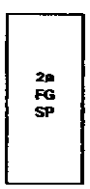


TWO PHASE
HIGH PRESSURE
PRODUCTION SEPARATOR

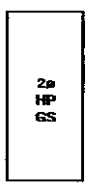
CONTACT TOWER



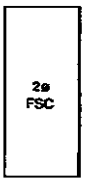
TWO PHASE
LOW PRESSURE
GAS SCRUBBER



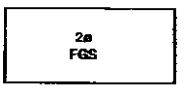
TWO PHASE
FUEL GAS
SEPARATOR



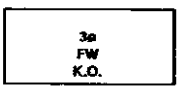
TWO PHASE
HIGH PRESSURE
GAS SCRUBBER



TWO PHASE
FLARE SCRUBBER



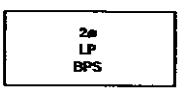
TWO PHASE
FUEL GAS
SCRUBBER



THREE PHASE
FREE WATER
KNOCKOUT

THREE PHASE
CHEMICAL ELECTRIC
HEATER TREATER

GAS COMPRESSOR



TWO PHASE
LOW PRESSURE
BULK SEPARATOR

LEASE AUTOMATIC
CUSTODY
TRANSFER


VALVE


BACK PRESSURE VALVE


PRESSURE
SAFETY VALVE


PUMP


OIL WELL

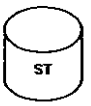

SALTWATER
DISPOSAL WELL


OIL METER

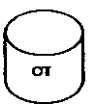

SALT WATER METER


GAS METER

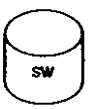

TOTAL FLUID METER



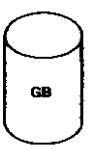
SPILL TANK



OIL TANK



SALTWATER TANK



GUN BARREL

(OOS)- OUT OF SERVICE

(BBL)- BARRELS

LEGEND

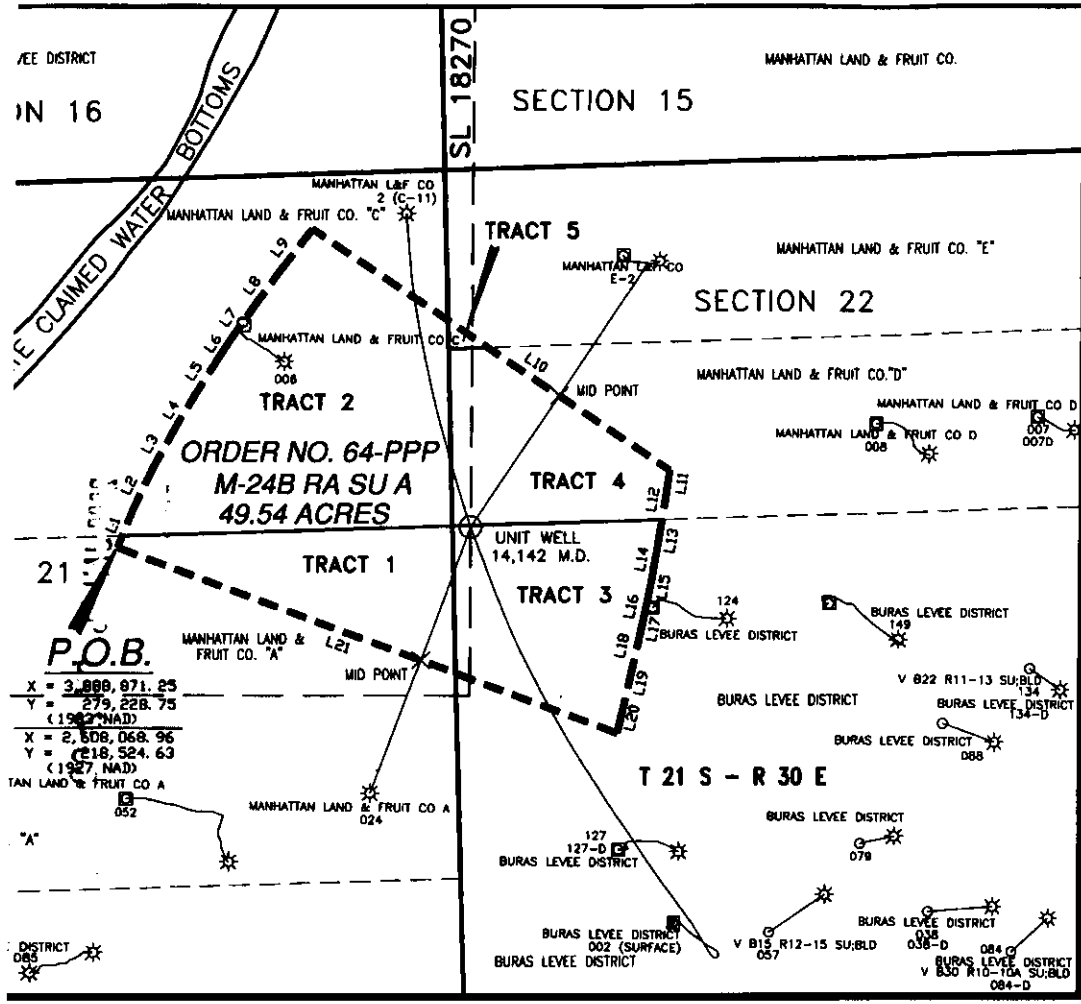
HILCORP ENERGY COMPANY

COMMINGLING PERMIT
PROCESS FLOW DIAGRAM OF
VENICE FIELD
SECTION 025, T20S-R26E
PLAQUEMINES PARISH, LOUISIANA

REV. NO.	REV. DATE	REVISION DESC.	REV. BY:
-	-	-	-

T. BAKER SMITH
PROFESSIONAL CONSULTANTS SINCE 1913
(337) 735-2800 www.tbsmith.com

DRAWN BY:	JAV	SHEET 2 OF 2	
APPROVED BY:	JBB	DRAWING NAME:	09.0123_FPD_LEGEND
SCALE:	N/A	JOB NUMBER:	2009.0123
DATE:	02/26/09	MAP NUMBER:	



LINE No.	BEARING	DISTANCE (in feet)
1	N22° 24' 08"E	149.67
2	N24° 56' 13"E	173.14
3	N28° 30' 14"E	171.83
4	N31° 02' 06"E	137.71
5	N32° 29' 55"E	160.07
6	N33° 41' 24"E	97.35
7	N35° 14' 08"E	154.26
8	N36° 15' 14"E	148.81
9	N37° 43' 30"E	197.24
10	S56° 17' 44"E	1613.32
11	S08° 07' 49"W	97.75
12	S09° 01' 10"W	127.58
13	S09° 44' 37"W	100.45
14	S10° 12' 14"W	101.61
15	S11° 06' 47"W	57.07
16	S11° 50' 31"W	63.35
17	S12° 21' 45"W	74.73
18	S12° 39' 09"W	150.66
19	S12° 21' 45"W	149.47
20	S12° 48' 15"W	79.32
21	N69° 36' 01"W	1996.68

TRACT	PARTICIPANT	ACREAGE	PERC
1	MANHATTAN LAND & FRUIT CO. "A"	8.51	17.17
2	MANHATTAN LAND & FRUIT CO. "C"	21.14	42.67
3	BURAS LEVEE DISTRICT	11.04	22.28
4	MANHATTAN LAND & FRUIT CO. "D"	8.67	17.50
5	MANHATTAN LAND & FRUIT CO. "E"	0.18	0.36
TOTALS		49.54	100.00

e M-24B RA SU A, in Venice Field
, Louisiana adopted
tion Order No. 64-PPP, effective
epted insofar as it shows the
unit created by said order; and
corporated by reference in the order.

ION - BATON ROUGE, LOUISIANA

DATE: November 19, 2007

Unit Plats and Survey Plats adopted
of Conservation have been complied

ALL COORDINATES, BEARINGS AND DISTANCES ARE GRID, AND ARE ON THE LOUISIANA LAMBERT PLANE COORDINATE SYSTEM, SOUTH ZONE, 1983 NORTH AMERICAN DATUM.

1927 NAD COORDINATES ARE ALSO SHOWN.

ALL COORDINATES ARE SHOWN IN U.S. SURVEY FEET.

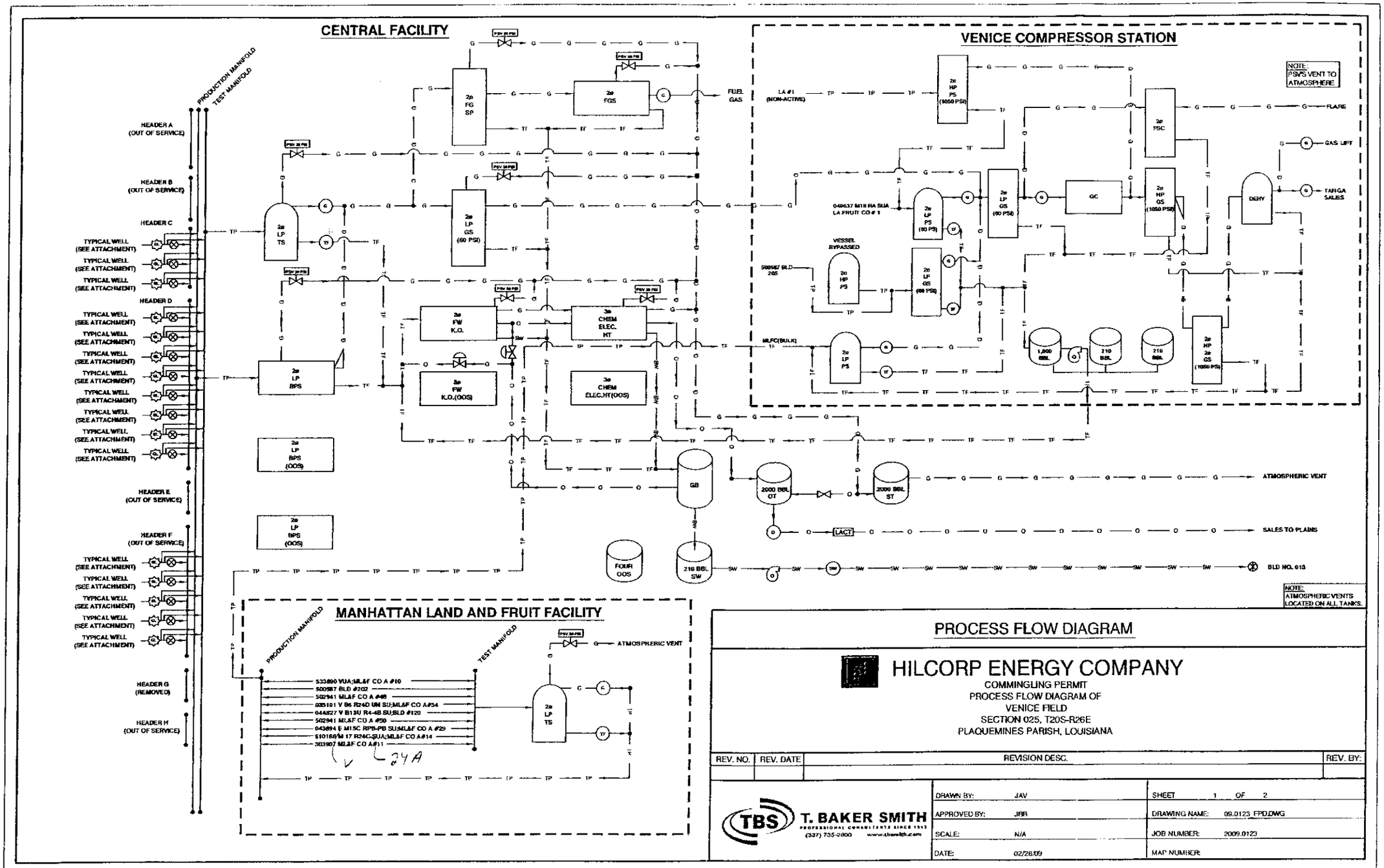
STATE OF LOUISIANA
ERIC G. RYALS
REG. No. 4397
REGISTERED PROFESSIONAL
LAND SURVEYOR

W & T OFFSHORE, INC

M-24B RA SU A

ORDER NO. 64-PPP
EFFECTIVE JULY 17, 2007
LOCATED IN
SECTIONS 21 & 22 OF T21S - R
VENICE FIELD
PLAQUEMINES PARISH, LOUISIAN
SCALE 1" = 500' OCTOBER 19, 2007

ERIC G. RYALS, INC.
P.O. BOX 1258
MANDEVILLE, LA 70470



PROCESS FLOW DIAGRAM

HILCORP ENERGY COMPANY

COMMINGLING PERMIT
PROCESS FLOW DIAGRAM OF
VENICE FIELD
SECTION 025, T20S-R26E
PLAQUEMINES PARISH, LOUISIANA

REV. NO.	REV. DATE	REVISION DESC.	REV. BY:

T. BAKER SMITH
PROFESSIONAL CONSULTANTS SINCE 1943
(337) 735-2900 www.tbakersmith.com

DRAWN BY:	JAV	SHEET	1 OF 2
APPROVED BY:	JRB	DRAWING NAME:	09.0123_FPD.DWG
SCALE:	N/A	JOB NUMBER:	2009.0123
DATE:	02/26/09	MAP NUMBER:	