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July 2, 2009

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

RE: Authority to Downhole Commingle  
Upper 70 Sand, Reservoir B, SU  
Middle 70 Sand, Reservoir B, SU  
**CAILLOU ISLAND FIELD**  
Terrebonne Parish, Louisiana

Dear Sir:

Application is hereby made on behalf of Hilcorp Energy Company for the calling of a public hearing, after ten (10) days legal notice, to consider the following matters pertaining to the CI U 70 RB SU and the CI MID 70 RB SU in the Caillou Island Field, Terrebonne Parish, Louisiana.

1. To grant authority for Hilcorp Energy Company, the unit operator of the CI U 70 RB SU established by Office of Conservation Order No. 411-K-4, effective March 6, 1981, and the unit operator of the CI MID 70 RB SU established by Office of Conservation Order No. 411-L-2, effective March 6, 1981, to combine downhole the production from the Upper 70 Sand and the Middle 70 Sand in the well-bore of the Hilcorp Energy Company - SL 188 No. 692 Well, and any other wells within said units that such method of production would be in the interest of conservation, would prevent waste, and should maximize the efficient and economic recovery of hydrocarbons from these two sands.

2. To continue in full force and effect the provisions of Office of Conservation Order Nos. 411-K-4 and 411-L-2, both effective March 6, 1981.

3. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The Upper 70 Sand, Reservoir B, in the Caillou Island Field, Terrebonne Parish, Louisiana, was fully defined in Office of Conservation Order No. 411-K-4, effective March 6, 1981.

The Middle 70 Sand, Reservoir B, in the Caillou Island Field, Terrebonne Parish, Louisiana, was fully defined in Office of Conservation Order No. 411-L-2, effective March 6, 1981.

The CI U 70 RB SU and the CI MID 70 RB SU are shown on the attached plat. The working interest and royalty interest in each of the units are the same. Therefore, downhole commingling, as proposed by the applicant, will not require any separate allocation of production.

All 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).

Attached hereto and made a part hereof is a plat outlining the existing units and a list of the names and addresses of the Interested Owners, Represented Parties, and Interested Parties to whom this commingling proposal is being sent. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished only to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy of it. 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 \$1,510.00, payable to the Office of Conservation and representing the required hearing application fee.

Sincerely,

LEON E. COMEAUX & ASSOCIATES



Bill McAlister, Jr.

BMJr/cu  
Enclosures

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

Interested Parties, Interested  
Owners and Represented Parties

