

# BLANCHARD WALKER

A TRADITION OF EXCELLENCE SINCE 1917

BLANCHARD, WALKER, O'QUIN & ROBERTS  
A PROFESSIONAL LAW CORPORATION

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May 19, 2010

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

**WM. TIMOTHY ALLEN, III**  
**Direct:** 318.934.0217  
**Email:** tallen@bwar.com

RE: HEARING APPLICATION  
Haynesville Zone, Reservoir A  
HA RA SUE, HA RA SUH thru HA RA SUP  
Cotton Valley Formation, Reservoir A  
CV RA SUA thru CV RA SUM  
Bellevue Field  
Bossier and Webster Parishes, Louisiana  
Our File No.566259.48

Dear Sir:

On behalf of **Diamond Oil, LLC**, application is hereby made for a public hearing to receive evidence concerning the issuance of an order pertaining to the following matters relating to the Haynesville Zone, Reservoir A, and Cotton Valley Formation, Reservoir A, in the Bellevue Field, Bossier and Webster Parishes, Louisiana:

1. To create ten (10) additional drilling and production units (to be designated HA RA SUE, HA RA SUH thru HA RA SUP) for the exploration for and production of gas and condensate from the Haynesville Zone, Reservoir A, in the Bellevue Field, Bossier and Webster Parishes, Louisiana, as shown on the plats attached hereto.
2. To establish rules and regulations and to create thirteen (13) drilling and production units (to be designated CV RA SUA thru CV RA SUM) for the exploration for and production of gas and condensate from the Cotton Valley Formation, Reservoir A, in the Bellevue Field, Bossier and Webster Parishes, Louisiana, as shown on the plats attached hereto. A Waiver of the Production Test in the Field requirement has been granted by the Office of Conservation with respect to the Cotton Valley Formation, Reservoir A, and the original of such waiver dated April 22, 2010 is attached hereto.
3. To force pool and integrate all separately owned tracts, mineral leases, and other property interests within each of the proposed units, with each tract sharing in unit production on a surface acreage basis of participation.
4. To designate a unit operator and unit wells for said units, if appropriate.
5. To provide that with respect to horizontal wells drilled within or to serve the proposed Haynesville units, where the horizontal portion of the well is cased and cemented back above the top of the Haynesville Zone, Reservoir A, the distance to any unit boundary and between wells will be calculated based on the distance to the nearest perforation in the well, and not based on the penetration point or terminus;

6. To provide that any future wells drilled or recompleted to the Cotton Valley Formation, Reservoir A, within or to serve the units created herein, should be located no closer than 330 feet to any unit line and no closer than 660 feet to any well completed in, drilling to or for which a permit has been granted to drill to the Cotton Valley Formation, Reservoir A, in the Bellevue Field, Bossier and Webster Parishes, Louisiana;
7. To authorize the downhole combination of production from the Haynesville Zone, Reservoir A, and Cotton Valley Formation, Reservoir A, at the operator's discretion, in the wellbore of any well drilled on the following existing or proposed units, respectively, in the Bellevue Field, Bossier and Webster Parishes, Louisiana, as to which the acreage and ownership are identical:

CV RA SUA	Sec. 13, T19N, R11W	HA RA SUN
CV RA SUB	Sec. 12, T19N, R11W	HA RA SUM
CV RA SUC	Sec. 11, T19N, R11W	HA RA SUB (existing)
CV RA SUD	Sec. 2, T19N, R11W	HA RA SUC (existing)
CV RA SUE	Sec. 1, T19N, R11W	HA RA SUO
CV RA SUF	Sec. 36, T20N, R11W	HA RA SUL
CV RA SUG	Sec. 35, T20N, R11W	HA RA SUD (existing)
CV RA SUH	Sec. 34, T20N, R11W	HA RA SUP
CV RA SUI	Sec. 25, T20N, R11W	HA RA SUE
CV RA SUJ	Sec. 31, T20N, R10W	HA RA SUH
CV RA SUK	Sec. 6, T19N, R10W	HA RA SUJ
CV RA SUL	Sec. 5, T19N, R10W	HA RA SUI
CV RA SUM	Sec. 7, T19N, R10W	HA RA SUK

8. To explicitly find that said downhole combination of production is in the interest of conservation, will prevent waste and will maximize the efficient and economic recovery of gas and condensate from such formation and reservoirs.
9. Except to the extent contrary herewith, to extend the provisions of Office of Conservation Order No. 196-D, effective July 14, 2009, as amended and supplemented by the 196-D Series of Orders, and all applicable Statewide Orders, should apply to the Haynesville Zone, Reservoir A, units created herein.
10. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The Haynesville Zone, Reservoir A, in the Bellevue Field, was defined in Office of Conservation Order No. 196-D, effective July 14, 2009.

The Cotton Valley Formation, Reservoir A, in the Bellevue Field, Bossier and Webster Parishes, Louisiana is hereby defined as that gas and condensate bearing interval between the depths of 7,450 feet and 8,996 feet (electrical log measurements) in the Diamond Oil, LLC - Justus 34 No. 1 Well located in Section 34, Township 20 North, Range 11 West, Bossier and Webster Parishes, Louisiana.

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Pertinent data regarding this application will be available for inspection at the offices of Blanchard, Walker, O'Quin & Roberts, 400 Texas Street, Suite 1400, Shreveport, Louisiana 71101. Any person wishing to inspect such data should call Mr. Wm. Timothy Allen III (318)221-6858, during normal business hours, or write Mr. Allen at the above address in order to arrange a time and date for such inspection. Copies of such pertinent data can be obtained AT THE EXPENSE OF THE REQUESTING PARTY.

A list of the names and addresses of all Interested Owners, Represented Parties and Interested Parties (as defined in the Revised Rules of Procedure) is attached hereto. A copy of this notice, with the annexed plats, 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 Revised Rules of Procedure. 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 Shreveport District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy of it.

A Pre-Application Conference was held at the offices of Blanchard, Walker, O'Quin & Roberts, 15<sup>th</sup> Floor, Chase Bank Tower, 400 Texas Street, Shreveport, Louisiana, on Wednesday, May 19, 2010 at 10:00 a.m. In addition to the Applicant's representatives, said conference was attended by the parties shown on the attached attendance list. Following a presentation by Applicant's representatives as to the geological and other bases for its proposal, a general discussion ensued prior to adjournment. It is anticipated that the hearing regarding the captioned matter will be uncontested.

A check in the amount of \$3,775.00 made payable to the Commissioner of Conservation is enclosed herewith as the statutory fee for holding the requested hearing.

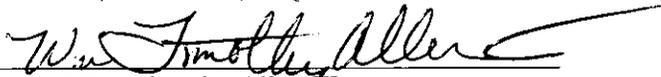
This application is being filed in duplicate, and a copy hereof is being sent to Mr. James C. Broussard, Shreveport District Manager of the Office of Conservation, and to each Interested Owner, Represented Party and Interested Party whose name is shown on the attached list and the Pre-Application Conference Attendees.

***You may have received this Hearing Application even though your property may not be included in the proposed units, because the Revised Rules of Procedure require us to attempt to also notify everyone owning an interest in the area "proximate to" the proposed units.***

***Your receipt of this Hearing Application does not require you to take any action. It is meant to notify you of these proceedings so that you have the opportunity to participate if you so desire.***

Very truly yours,

BLANCHARD, WALKER, O'QUIN & ROBERTS

By:   
Wm. Timothy Allen III  
Attorneys for Diamond Oil, LLC

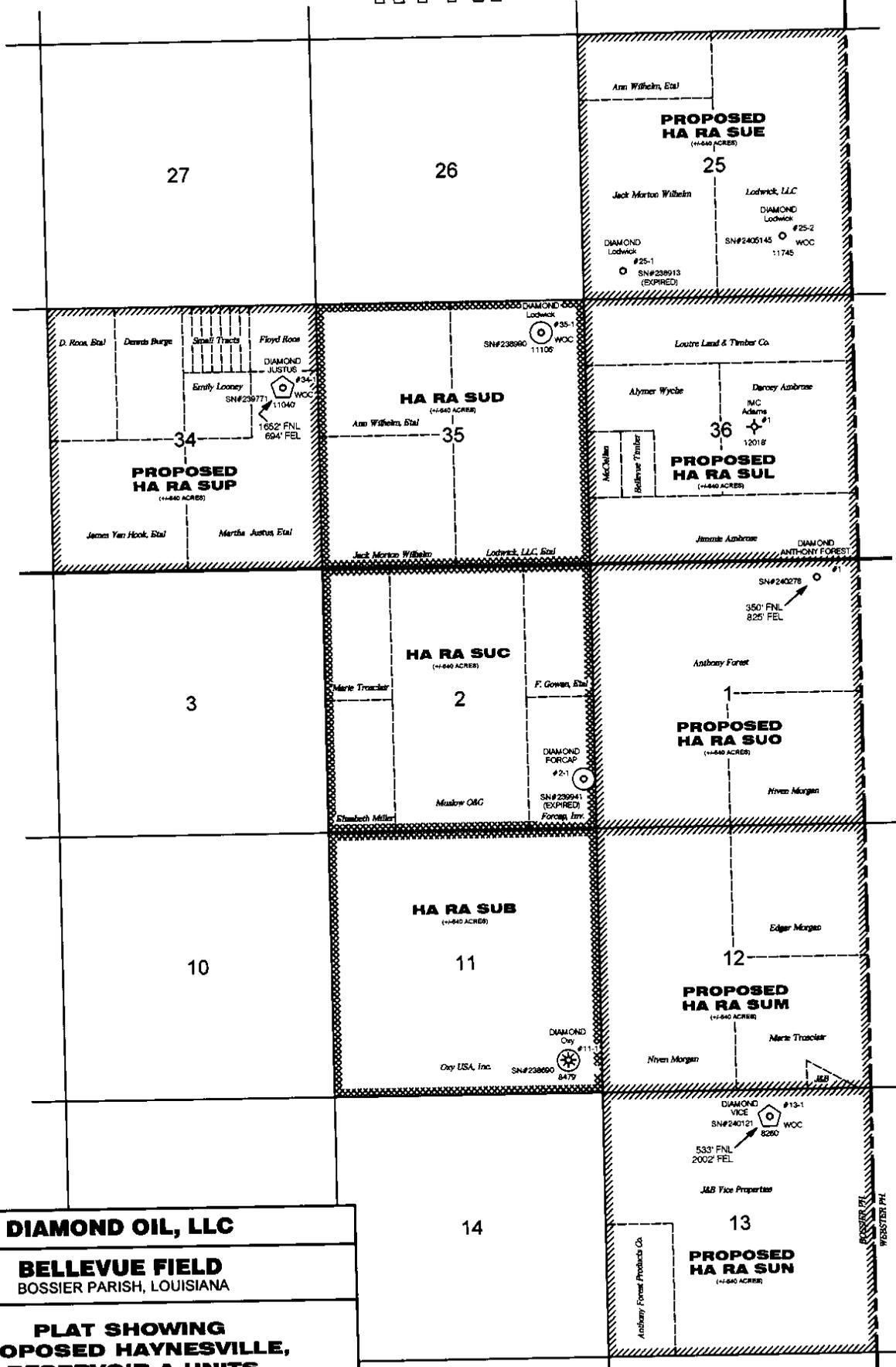
WTAIII:twd  
Enclosures

cc: Mr. James C. Broussard  
Office of Conservation, Shreveport District Manager, La. (w/enclosures)  
Interested Owners, Represented Parties  
and Interested Parties (w/copy of plats and attendance list)  
Pre-Application Conference Attendees (w/copy of plats and attendance list)

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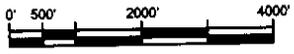
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**DIAMOND OIL, LLC**

**BELLEVUE FIELD**  
BOSSIER PARISH, LOUISIANA

**PLAT SHOWING**  
**PROPOSED HAYNESVILLE,**  
**RESERVOIR A UNITS**



- PROPOSED HAYNESVILLE, RESERVOIR A UNIT WELL
- APPROVED HAYNESVILLE, RESERVOIR A UNIT WELL
- PROPOSED BELLEVUE FIELD HA RA UNIT (640+/- Acres)
- APPROVED BELLEVUE FIELD HA RA UNIT (640+/- Acres)

NOTE : ONLY DEEPER WELLS SHOWN

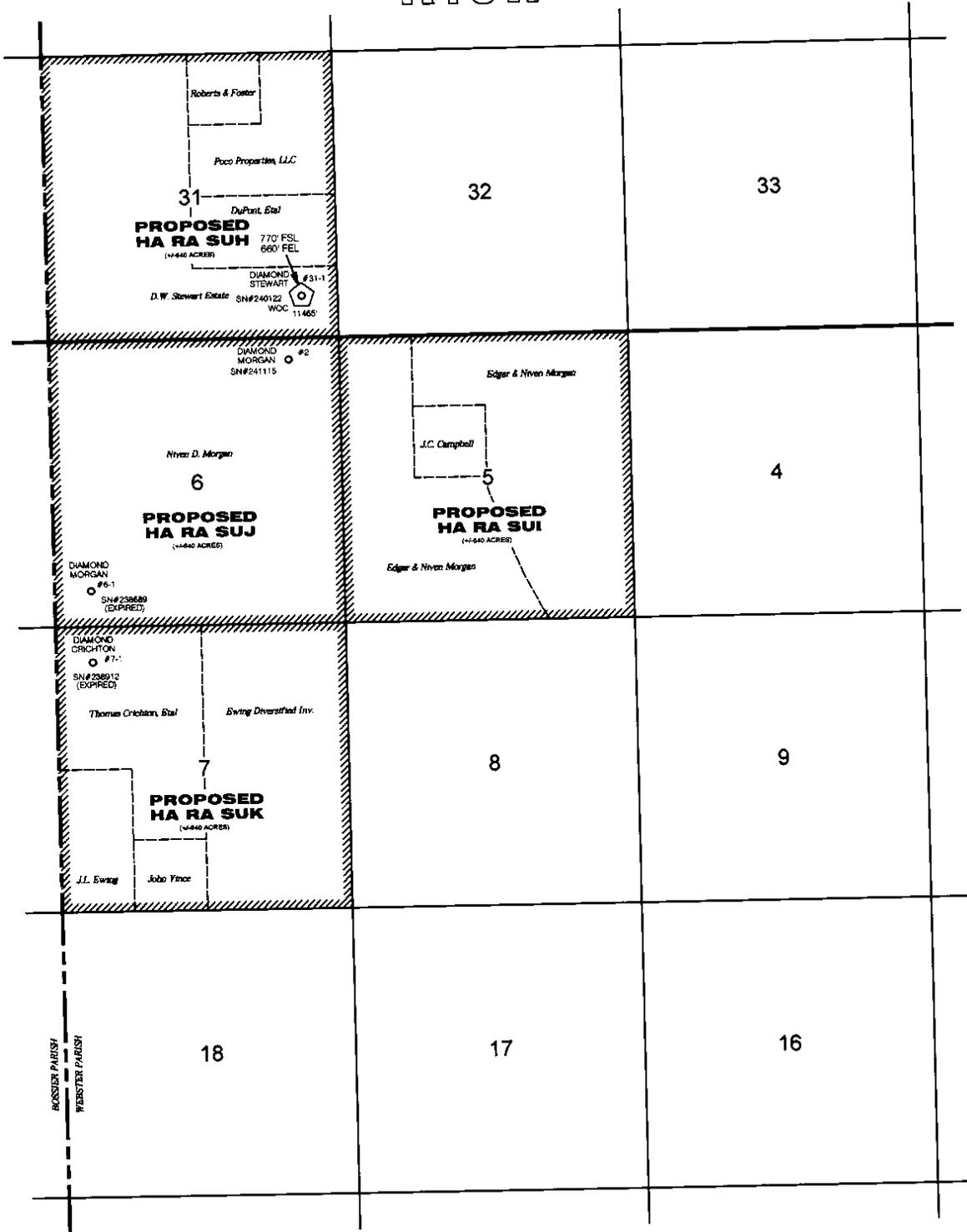
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EXHIBIT NO.1

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 PROPOSED HAYNESVILLE, RESERVOIR A UNIT WELL  
 PROPOSED BELLEVUE FIELD HA RA UNIT (640+/- Acres)  
 NOTE : ONLY DEEPER WELLS SHOWN

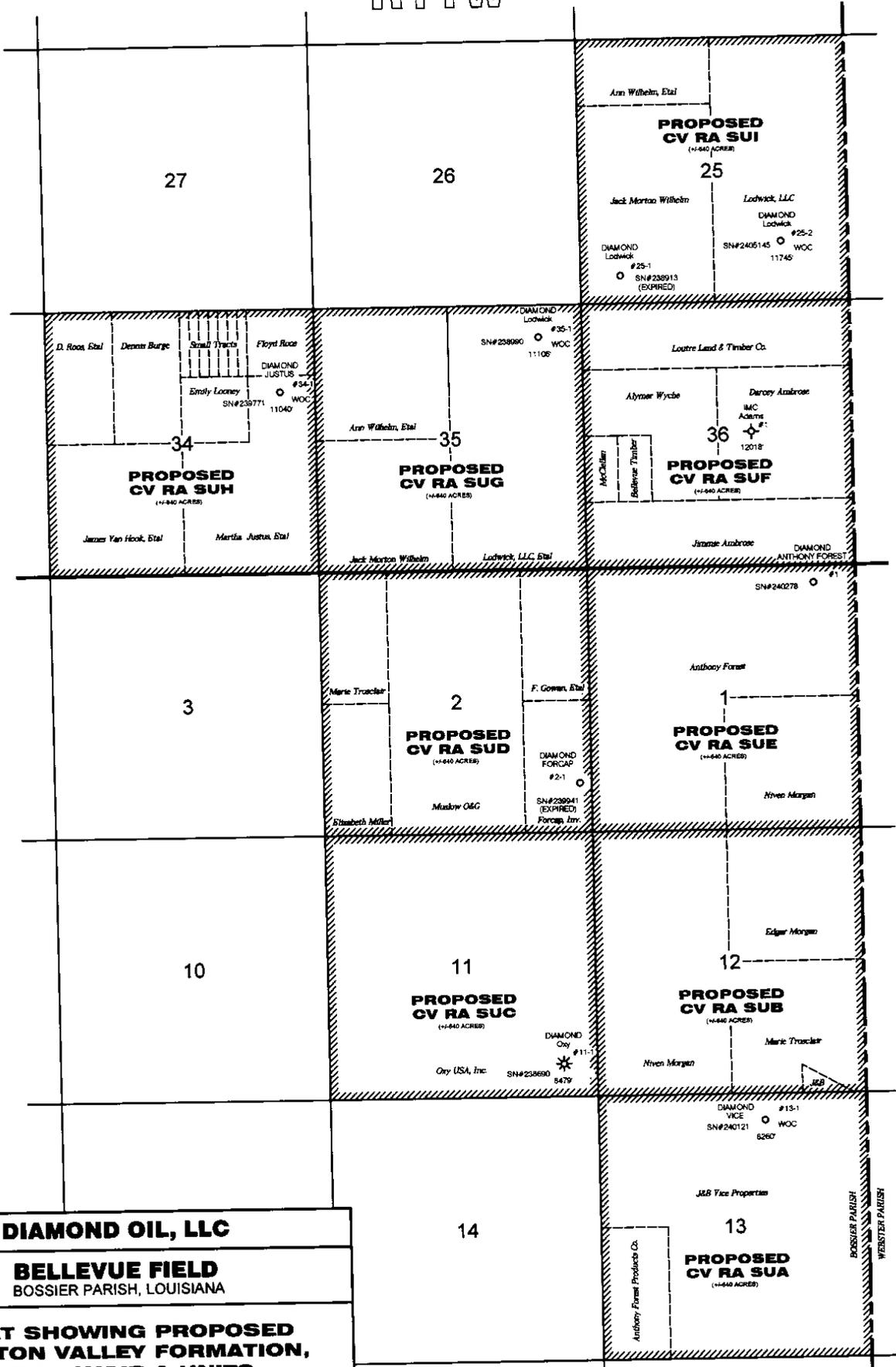


<b>DIAMOND OIL, LLC</b>
<b>BELLEVUE FIELD</b> WEBSTER PARISH, LOUISIANA
<b>PLAT SHOWING</b> <b>PROPOSED HAYNESVILLE,</b> <b>RESERVOIR A UNITS</b>
DOCKET NO. 10- <span style="float: right;">EXHIBIT NO.1-A</span>

R11W

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**DIAMOND OIL, LLC**

**BELLEVUE FIELD**  
BOSSIER PARISH, LOUISIANA

**PLAT SHOWING PROPOSED  
COTTON VALLEY FORMATION,  
RESERVOIR A UNITS**



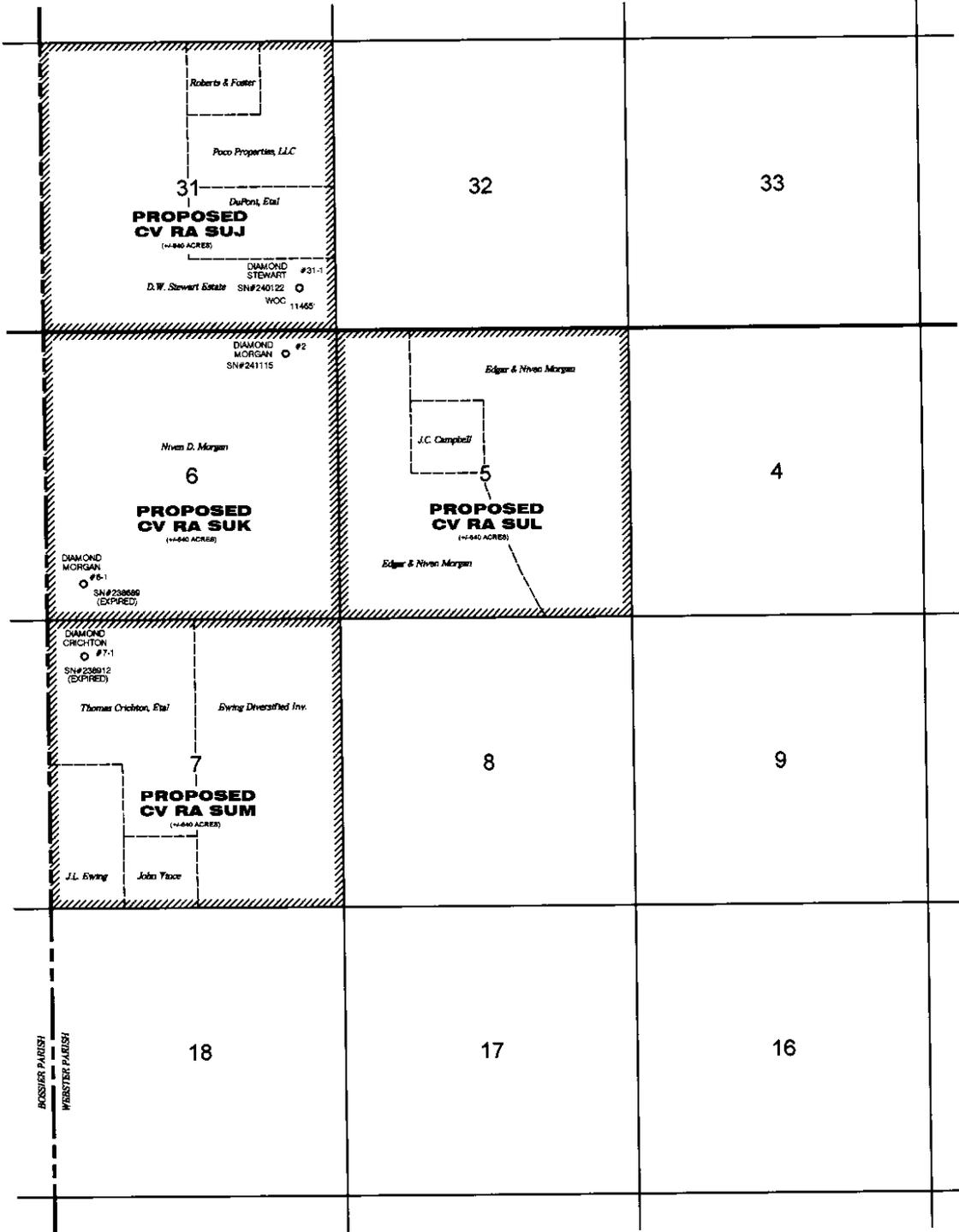
////// PROPOSED BELLEVUE FIELD CV RA UNIT (840+/- Acres)

NOTE : ONLY DEEPER WELLS SHOWN

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////// PROPOSED BELLEVUE FIELD CV RA UNIT (840+/- Acres)

NOTE : ONLY DEEPER WELLS SHOWN



**DIAMOND OIL, LLC**

**BELLEVUE FIELD**  
WEBSTER PARISH, LOUISIANA

**PLAT SHOWING PROPOSED  
COTTON VALLEY FORMATION,  
RESERVOIR A UNITS**

DOCKET NO. 10-

EXHIBIT NO.1-A