

LISKOW & LEWIS

A Professional Law Corporation

822 Harding Street
Post Office Box 52008
Lafayette, LA 70505
(337) 232-7424 Main
(337) 267-2399 Fax

www.Liskow.com

One Shell Square
701 Poydras Street, Suite 5000
New Orleans, LA 70139
(504) 581-7979 Main
(504) 556-4108 Fax

First City Tower
1001 Fannin Street, Suite 1800
Houston, TX 77002
(713) 651-2900 Main
(713) 651-2908 Fax

July 30, 2010

Richard W. Revels, Jr.
rwrevels@liskow.com

Mr. Todd Keating
Office of Conservation
P. O. Box 94275
Baton Rouge, LA 70804-4275

Re: Revised Narrative and Schematic
Bay De Chene Commingling Facility No. 2 (911690)
E-1 - C-3 RA SUA
Bay De Chene Field
Jefferson and Lafourche Parishes, Louisiana

Dear Mr. Keating:

Enclosed are a revised narrative and schematic relating to the application to commingle production we filed on behalf of Swift Energy Operating, LLC dated December 11, 2009, regarding the above referenced unit in Bay De Chene Field, Lafourche Parish, Louisiana. It is our understanding that with these changes Swift has satisfactorily addressed concerns you expressed not sufficiently covered in the exhibits attached to the initial application. We trust that a hearing will be scheduled in this matter in the near future so that formal commingling approval can be granted before Swift's emergency commingling authority expires.

Thank you very much for your assistance and let us know if you have further questions.

LISKOW & LEWIS



Richard W. Revels, Jr.

RWRjr:dbf

cc: Carol Sledge

273262
82360.0079

Commingling Narrative
Bay de Chene Commingling Facility No. 2 (#911690)
Bay de Chene Field
Jefferson and Lafourche Parishes, Louisiana

Project Description

The Swift Energy Operating, LLC; BDC UC Nos. 7, 8, and 9 (the “subject wells”), which are presently designated as unit and alternate unit wells for the E-1-C-3 RA SUA, as established by Office of Conservation Order No. 780-RR-1, effective April 7, 2009, are currently commingled at the inlet header to the facility except for any well flowing to a test separator for individual testing.

The commingling at the Bay de Chene Commingling Facility No. 2 (“CF 2”) includes the following:

- 1) An inlet header to accept produced fluids from the subject wells
- 2) One low pressure bulk separator for handling low pressure fluids.
- 3) One low pressure test separator for testing low pressure fluids.
- 4) One high pressure separator for handling high pressure fluids.
- 5) One high pressure test separator for testing high pressure fluids.
- 6) One low pressure treater
- 7) Two oil tanks.
- 8) One water tank.
- 9) Two gas compressors

Process Description

The attached flow diagram depicts the manner in which production from wells in the Bay de Chene Field (see attached well list) enter the facility and are processed through the production system. The production system consists of separators, a heater treater, orifice meters, pumps, tanks and compressors,

All wells flow to the inlet manifold which allows wells to be combined in a bulk separator for separation/treating or tested individually. Wells flowing at pressures greater than 1000 psi flow to the High Pressure(HP) Bulk or High Pressure(HP) Test separator. Wells flowing at less than 1000 psi flow to the Low Pressure(LP) Bulk or Low Pressure(LP) Test Separator.

Gas from the LP Bulk Separator is measured through an orifice meter as it exits the separator and flows through a LP Filter Separator to the Compressors. Oil from the LP Bulk Separator is measured through a fluid turbine meter and flows to the Heater Treater and on to the oil storage tanks for sales. Water from the LP Bulk Separator is measured through a liquid turbine meter and flows to the water storage tanks for disposal in company operated wells.

For test purposes, gas from the LP Test Separator is measured through an orifice meter and is recombined with gas from the LP Bulk Separator flowing to the compressor; oil and water from

the LP Test Separator are measured through individual liquid turbine meters and recombined with production from the LP Bulk Separator. Well tests will be performed on each well at least monthly.

Gas from the HP Bulk Separator is measured through an orifice meter and combines with gas from the LP Bulk Separator downstream of the compressors flowing to an HP Filter Separator. Oil from the HP Bulk Separator is measured through a fluid turbine meter and combines with oil from the LP Bulk Separator flowing to the Heater Treater and on to the oil storage tanks for sales. Water from the HP Bulk Separator is measured through a liquid turbine meter and combines with water from the LP Bulk Separator flowing to the water storage tanks for disposal in company operated wells.

For test purposes, gas from the HP Test Separator is measured through an orifice meter and combines with gas from the HP Bulk Separator flowing to the HP Filter Separator downstream of the compressors, water from the HP Test Separator is measured through a liquid turbine meter and is recombined with production from the LP Bulk Separator flowing to storage; oil is measured thru a liquid turbine meter and flows to the LP Test Separator where the oil and any additional water separated are measured thru individual liquid turbine meters and combined with production from the LP Bulk Separator. Measurements from the HP Test Separator and LP Test Separator are combined to obtain a test for the HP well in question and that test is used for allocation back to the HP well. There is a "by-pass" valve on the oil line between the HP Test Separator and LP Test Separator which; when opened, would allow oil to flow from the HP Test Separator directly to the Heater Treater. This valve was installed to provide flexibility in the system and allow the HP Test Separator to be used for bulk service in the event of equipment malfunctions. The "by-pass" valve is normally closed and will only be opened in the event of equipment malfunctions. Well tests will be performed on each well at least monthly.

Gas from the HP Filter Separator flows through a glycol dehydration unit for sales to the Enbridge Pipeline System or to supply the Gas Lift System and fuel use. Sales gas is measured through the Swift Check Meter before flowing to the Enbridge meter for actual sales volume measurement. Total Gas Lift Supply Gas is measured through an orifice meter before distribution to individual wells. Individual Well Gas Lift Supply is measured at the wellhead. Fuel use is measured through an orifice meter.

Oil sales are via transfer to Plains oil transfer barges. Oil is pumped to a transfer barge and strappings are taken. Actual custody transfer volumes are measured at the offload to strapped tanks. In the future, custody transfer measurement will occur through an oil measurement skid as the oil is pumped to the oil transfer barge.

Produced water is pumped to two disposal wells in the field for disposal. Disposal volumes are measured at the wellheads of the two disposal wells.

A. WELL TEST AND ALLOCATION METHODOLOGY

1. Well Tests

Each well is tested monthly, at a minimum and when well conditions are known to have changed. Changes in well conditions that will trigger tests include significant changes in flowing tubing pressure, noted change in oil cut, significant sand production, replacement or design changes in gas lift valves, significant changes in gas lift injection rates and any remedial well work or stimulation.

Well tests are twenty-four hours in duration where possible, and four hours at a minimum depending on the number of wells flowing to a particular facility.

Test separator pressures are regulated for each test to simulate normal well operations as closely as possible. Flowline sizes have been designed to prevent excessive backpressure on the producing wells. There should be only minimal frictional differential experienced; if any, when the wells are switched from normal operations to test. When necessary, the test separator backpressure is regulated to approximate well conditions under normal operations.

The liquid meters are rotated monthly. Third parties prove the liquid meters at least monthly, and calibrate as necessary. Gas meters are inspected monthly and calibrated at least quarterly.

2. Allocation Methods

1). Liquids

Oil exits the platform via a flowline into an oil transport barge. Swift monitors the volumes measured leaving each platform daily to make sure balance is observed with the volume measured at the barge.

The transport barge operator provides total delivered volumes to Swift on a monthly basis. Assuming the volumes provided compare with the checks Swift has in place, these volumes will be used for allocation back to each individual well. Well tests are normalized with any downtime experienced by individual wells. Once a monthly well volume is calculated, it will be divided by the total of the oil volumes from all well tests. This number will be used as the pro rata percentage to allocate each well by multiplying subject percentage by the total production and sales volume.

Water volumes are allocated to the individual wells in the same manner; but with no sales volumes involved.

2). Gas

All natural gas produced in Swift's Bay de Chene Field operations is sold, utilized in gas lift or as fuel/lease use. High pressure gas separated from well production streams is measured through an orifice meter. Low pressure gas separated from well production streams is measured through an orifice meter before entering the suction of a compressor. Gas downstream of the compressor is combined with the high pressure gas and is measured. These volumes metered at the Enbridge

meter will be used for allocation back to each individual well. The well test volume is normalized by the number of days a particular well produced. With run time considered, a total monthly volume based on well tests is calculated. Normalized individual well test volumes are divided by the total monthly volume based on well tests, with the resulting percentage used to allocate well production. The calculated percentage is multiplied by the total measured platform production to calculate individual well production.

Gas lift injection is allocated in the same manner using total measured gas lift volumes and gas lift volumes measured during well tests. The allocated gas lift volume for an individual well is subtracted from the allocated actual production for that well to calculate formation production. The gas lift system is considered a closed system with no volumes lost. The only losses in the overall system will be fuel, flare, fugitives and shrinkage. Fuel and flare volumes are measured at each platform and allocated back to the individual wells based on throughput. The remaining formation production volumes are utilized to allocate gas sales.

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.

SWIFT ENERGY OPERATING, LLC

By: Randy A. Bailey
Printed name: Randy A. Bailey
Position: Vice President - Production

257398

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822 Harding Street
Post Office Box 52008
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(337) 232-7424 Main
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701 Poydras Street, Suite 5000
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1001 Fannin Street, Suite 1800
Houston, TX 77002
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December 11, 2009

Richard W. Revels, Jr.
rwrevels@liskow.com

Honorable James H. Welsh
Commissioner of Conservation
Office of Conservation
P. O. Box 94275
Baton Rouge, LA 70804-4275

Re: Commingling Application
Bay De Chene Commingling Facility No. 2 (911690)
E-1 – C-3 RA SUA; BDC UC Nos. 7, 8 and 9 Wells
Bay De Chene Field
Jefferson and Lafourche Parishes, Louisiana

Dear Commissioner Welsh:

Application is hereby made on behalf of **SWIFT ENERGY OPERATING, LLC** for the calling of a public hearing after legal notice to consider the following matters:

1. To permit the applicant to commingle production from the E-1 – C-3 RA SUA and its BDC UC Nos. 7, 8 and 9 Wells by use of monthly well tests and to obtain approval for such additional modifications to and upgrading of its commingling facilities at the Bay De Chene Commingling Facility No. 2, in Bay De Chene Field, Jefferson and Lafourche Parishes, Louisiana, as fully described in the narrative and shown on the schematic attached hereto and made a part hereof.
2. To grant such exceptions to Statewide Order No. 29-D-1 as are required by the proposed procedures and to grant such additional authority and approval that may be needed for such procedures.
3. To consider such other matters as may be pertinent.

Swift Energy Operating, LLC (“Swift”) is seeking authority to commingle production from the E-1 – C-3 RA SUA in the same manner previously approved for other units and leases with the modifications more fully discussed in the narrative and depicted on the attached schematic at its Bay De Chene Commingling Facility No. 2 in Bay De Chene Field. It is the opinion of Swift that 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. Due to the large number of interested parties and its prior experience, Swift does not anticipate that it is possible to obtain 100% approval from the interested parties, and for that reason, requests that this matter to be set for hearing.

Attached hereto and made a part hereof are:

- a) Narrative explanation of the manner in which commingling will be accomplished
- b) Commingling Schematic
- c) List of Interested Owners, Represented Parties, Interested Parties

Copies of this application with attachments are being mailed to the Commissioner of Conservation and to the Lafayette District Manager of the Office of Conservation. Finally, enclosed is our check on behalf of the applicant, Swift Energy Operating, L.L.C., in the amount of \$755.00 made payable to the Office of Conservation and representing the required application fee.

Sincerely,

LISKOW & LEWIS



Richard W. Revels, Jr.

RWRjr:dbf
Attachments

257407_1
82360.0079

cc: Mr. Richard Hudson, Lafayette District Office of Conservation

Commingling Narrative
Bay de Chene Commingling Facility No. 2 (#911690)
Bay de Chene Field
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~~SWIFT ENERGY OPERATING, LLC~~

By:

Printed name:

Position:

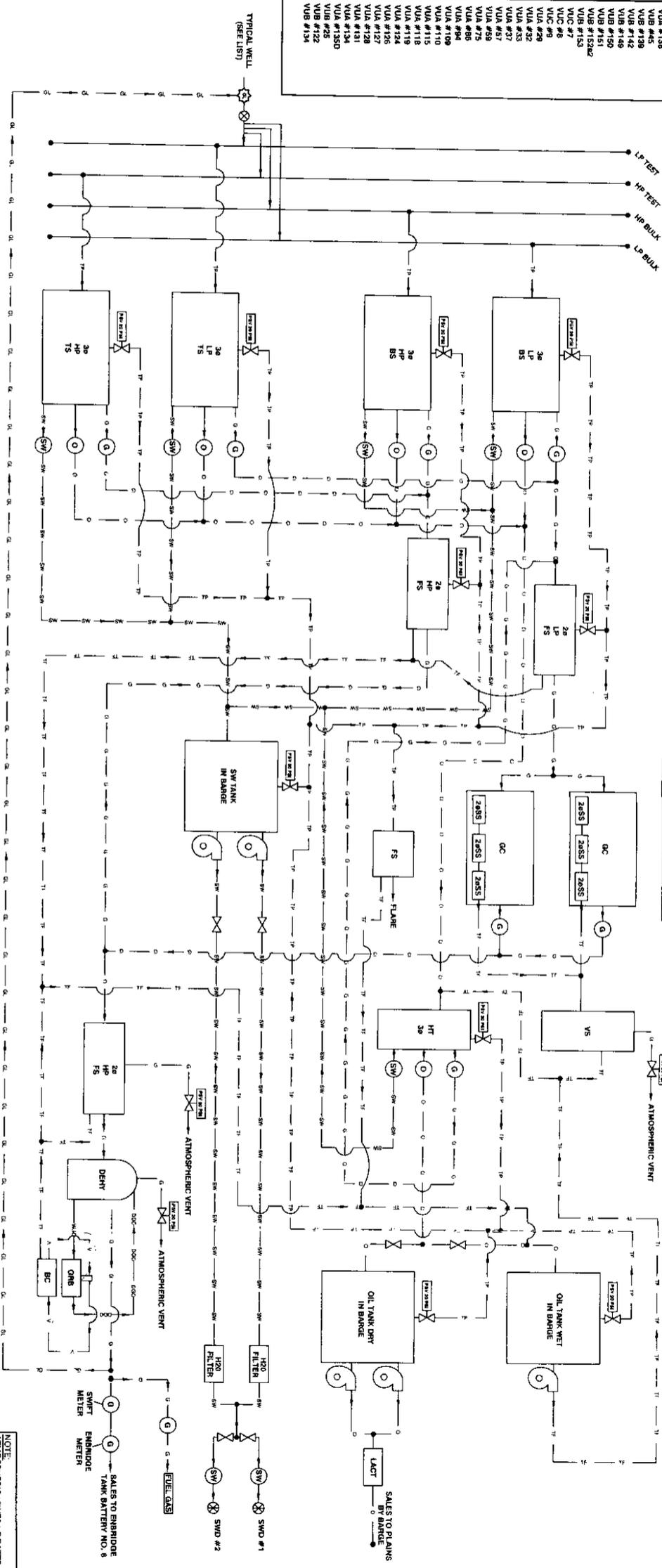
Randy A. Bailey
RA

257398

LIST OF WELLS

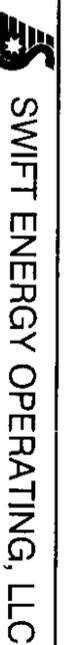
- VUA #136
- VUA #143
- VUB #442
- VUB #139
- VUB #142
- VUB #149
- VUB #150
- VUB #151
- VUB #152&2
- VUB #153
- VUC #77
- VUC #86
- VUA #29
- VUA #32
- VUA #33
- VUA #37
- VUA #57
- VUA #58
- VUA #75
- VUA #88
- VUA #94
- VUA #109
- VUA #110
- VUA #111
- VUA #118
- VUA #119
- VUA #124
- VUA #126
- VUA #127
- VUA #128
- VUA #181
- VUA #184
- VUA #190
- VUB #22
- VUB #122
- VUB #134

BAY DE CHENE FACILITY



NOTE:
ATMOSPHERIC VENTS LOCATED
ON ALL PRODUCTION VESSELS

PROCESS FLOW DIAGRAM



SWIFT ENERGY OPERATING, LLC

COMMINGLING PERMIT
PROCESS FLOW DIAGRAM OF THE
BAY DE CHENE COMMINGLING FACILITY NO. 2 (911690)
SECTION 12, T19S-R24E
LAFOURCHE PARISH, LOUISIANA

LEGEND:

	THREE PHASE TEST SEPARATOR		TWO PHASE LOW PRESSURE FILTER SCRUBBER
	THREE PHASE TEST SEPARATOR		TWO PHASE HIGH PRESSURE FILTER SCRUBBER
	THREE PHASE BULK SEPARATOR		GAS COMPRESSOR
	THREE PHASE BULK SEPARATOR		FLARE SCRUBBER
	THREE PHASE BULK SEPARATOR		VENT SCRUBBER
	THREE PHASE BULK SEPARATOR		WATER FILTER
	THREE PHASE BULK SEPARATOR		HEATER TREATER
	THREE PHASE BULK SEPARATOR		CONTACT TOWER

	OIL WELL		PRESSURE SAFETY VALVE
	PUMP		GLYCOL REBOILER
	SALT WATER METER		BTEC COOLER
	GAS METER		LEASE AUTOMATIC CUSTODY TRANSFER
	GAS LIFT METER		OIL/WATER SEPARATOR
	DISPOSAL WELL		SLUMP PUMP

	OIL		GAS
	SALT WATER		TOTAL PRODUCT (O, G, SW)
	WET GLYCOL		VAPORS
	GAS LIFT		

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

TBS T. BAKER SMITH
PROFESSIONAL CONSULTANTS & ENGINEERS, L.L.C.
(337) 739-2800 www.tbssmith.com

DRAWN BY: AZELJUV	SHEET: 1 OF 1
APPROVED BY: JBR	DRAWING NAME: 06.0349 FPD.5.MWG
SCALE: N/A	JOB NUMBER: 2298.0040
DATE: 11/20/09	MAP NUMBER:

