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

Energy Resource Development, Inc.

November 2, 2009

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

Re: Second Modification to Request for Public Hearing
Texas Petroleum Investment Company
LL&E Commingling Facility (CF 925600)
Lake Hatch Field
Terrebonne Parish, Louisiana

Dear Mr. Keating,

On behalf of Texas Petroleum Investment Company (TPIC), application was made, pursuant to 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 LL&E Commingling Facility (CF 925600) gas and/or liquid hydrocarbons produced from the LL&E Fee lease (LUW 532409) and the LL&E BB lease (LUW 531920) with leases and units previously approved at the facility. **This modification proposes to add the LL&E "B" lease and the LL&E "D" leases.**

This action proposes to authorize for commingling, based on well test, all of the leases and units currently approved at the LL&E CF. The method of measurement and allocation currently approved at the LL&E CF is by continuous metering. Therefore, a hearing is required to commingle the above referenced units and leases.

The method of measurement and allocation of production which TPIC is proposing is explained in the attached description of operations and schematic flow diagram for the LL&E CF. As indicated, the production will be allocated by monthly well test, using methods other than gauge tanks. The subject facilities are located in the Lake Hatch Field, Terrebonne Parish, Louisiana.

Attached are copies of the following:

- Schematic flow diagrams
- Description of operations

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 TPIC'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. TPIC 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 Texas Petroleum Investment 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 TPIC

Cc: Mr. Bill Babyak
Texas Petroleum Investment Company
5850 San Felipe, Suite 250
Houston, Texas 77057

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

DESCRIPTION OF OPERATIONS
LL&E COMMINGLING FACILITY
(CF 925600)
LAKE HATCH FIELD
TERREBONNE PARISH, LOUISIANA

Explanation of Flow

Production from Lake Hatch Field wells enters the LL&E Commingling Facility (LLECF) from individual well flowlines to the bulk header. Once in the LLECF header system, production is then routed to either the bulk low pressure production system, low pressure gauge (test) system, or emergency flare system. All wells in this system are low pressure and on gas lift.

Bulk low pressure production from individual wells is routed to the three phase bulk low pressure production separator where low pressure gas, oil, and saltwater are separated. The low pressure gas is commingled with other low pressure gas off the three phase low pressure test separator and routed to gas compression, via a low pressure suction scrubber. The compressed gas is routed through the high pressure gas dehydrator and metered for sale, or used for fuel or gas lift. Gas sales is to Koch PL. The oil from the bulk separator is routed to fixed roof tanks to be sold by tank strapping to Plains Marketing. The produced water is commingled with other water and routed to the SWD system for disposal by underground injection.

Low pressure test production from individual wells is routed from the bulk header to a three phase low pressure test separator where low pressure gas, oil, and saltwater are separated. The low pressure gas is metered, commingled with other low pressure gas and routed to the low pressure gas scrubber and then to gas compression. The compressed gas is dehydrated and metered for sale, gas lift, or fuel. Oil from the three phase low pressure test separator is metered, combined with oil from the low pressure bulk production separator, and stored in fixed roof tanks prior to strapping and sales. The produced water from the test treater is metered, commingled with other water and routed to the SWD system for disposal by underground injection.

The liquids generated in the scrubbers are minimal, piped to the bulk low pressure production separator, and not metered.

All gas lift gas is individually metered at each well head, for wells on gas lift.

The oil and gas sales volumes are allocated to the wells based on well tests.

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, once per month. First, the individual well stream is diverted into a test header where it flows into a three phase test separator. From there the liquid hydrocarbons are directed to a calibrated turbine meter before going to commingled tankage where it is to be sold. Prior to and after a delivery to a tank truck, the oil storage tanks are strapped.

Gaseous hydrocarbons will be metered at the test separator by means of a calibrated orifice meter. Tests will be conducted for a minimum of twenty-four (24) hours once per month. Low pressure gas flows from the test separator to compression. The compressed gas is scrubbed, dehydrated, and sold or used for fuel or gas lift. Gas sales will be apportioned from the sales meter.

Each liquid meter will be calibrated monthly and a meter factor will be derived from the calibration test. All gas meters will be calibrated on a quarterly basis by third party meter calibration services. The sales volume will be allocated to the wells based on the well tests described above.

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.

Explanation of Allocation

Oil: Total monthly oil sales are based on the volume of oil gauged, sold, and transported by tank truck. The oil sales tank is strapped before and after shipping to verify the volume metered and sold to the oil purchaser. Individual oil production will be allocated to each well based on the following formula:

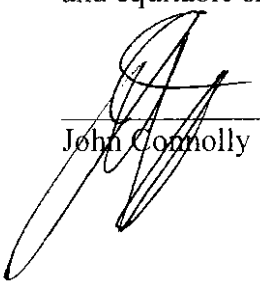
$$\frac{\text{Individual Oil Test Volume}}{\text{Sum of Individual Oil Test Volumes}} \times \text{Total Monthly Oil Sales Volume (oil tank strapping volume)}$$

Gas: The total monthly gas is measured at the Gulf South Sales Meter. Total gas, to be allocated back to each well, is the sum of gas sales, fuel gas, and gas lift gas metered volumes. Gas lift gas is deducted from each well on gas lift by subtracting the gas lift metered volumes at each well on lift. Individual gas production will be allocated to each well based on the following formula:

$$\frac{\text{Individual Gas Test Volume}}{\text{Sum of Individual Gas Test Volumes}} \times \text{Total Gas Sales Volume} + \text{Fuel Gas} - \text{Metered Well Gas Lift Volume}$$

Texas Petroleum Investment Company
LL&E CF
Docket No.
Exhibit No.

In TPIC'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 TPIC)

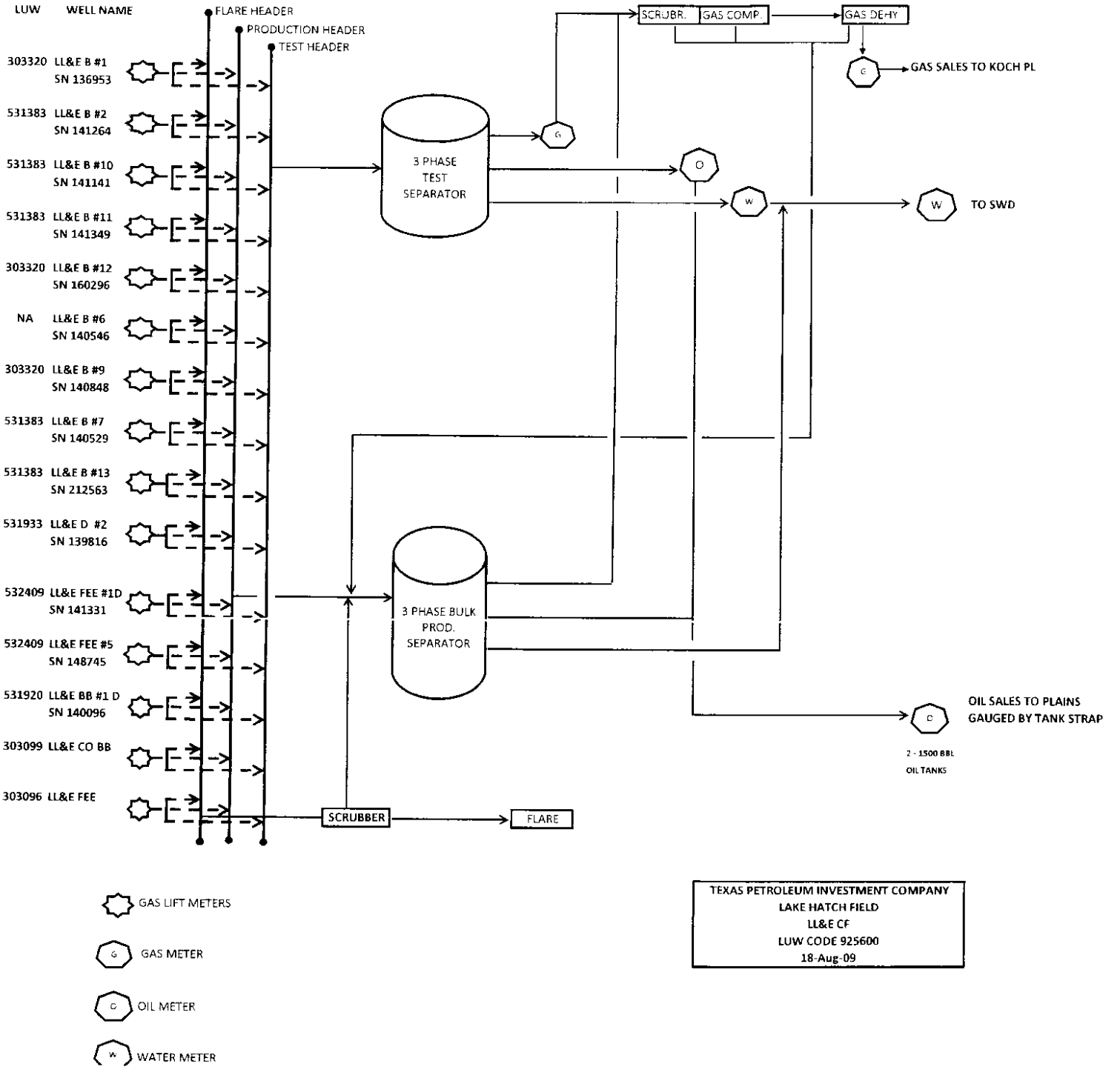
LIST OF UNITS AND LEASE APPROVED FOR COMMINGLING AT THE LL&E COMMINGLING FACILITY (925600)

UNKNOWN

LIST OF UNITS AND LEASE PROPOSED FOR COMMINGLING AT THE LL&E COMMINGLING FACILITY (925600)

303099	LL&E BB
531920	LL&E BB
303096	LL&E FEE
532409	LL&E FEE
303320	LL&E B
531383	LL&E B
531933	LL&E D

Texas Petroleum Investment Company
LL&E CF
Docket No.
Exhibit No.


LUW
WELL NAME
FLARE HEADER
PRODUCTION HEADER
TEST HEADER
303320 LL&E B #1 SN 136953
531383 LL&E B #2 SN 141264
531383 LL&E B #10 SN 141141
531383 LL&E B #11 SN 141349
303320 LL&E B #12 SN 160296
NA LL&E B #6 SN 140546
303320 LL&E B #9 SN 140848
531383 LL&E B #7 SN 140529
531383 LL&E B #13 SN 212563
531933 LL&E D #2 SN 139816
532409 LL&E FEE #1D SN 141331
532409 LL&E FEE #5 SN 148745
531920 LL&E BB #1 D SN 140096
303099 LL&E CO BB
303096 LL&E FEE
3 PHASE TEST SEPARATOR
3 PHASE BULK PROD. SEPARATOR
SCRUBBER
FLARE
SCRUBR.
GAS COMP.
GAS DEHY
GAS SALES TO KOCH PL
TO SWD
OIL SALES TO PLAINS
GAUGED BY TANK STRAP
2 - 1500 BBL OIL TANKS
GAS LIFT METERS
GAS METER
OIL METER
WATER METER
TEXAS PETROLEUM INVESTMENT COMPANY
LAKE HATCH FIELD
LL&E CF
LUW CODE 925600
18-Aug-09