**LOUIS GILBERT & ASSOCIATES, INC.**
Consulting Geologists
3636 North Causeway Boulevard, Suite 204
Metairie, Louisiana 70002-7216

Telephone
(504) 834-8112

Facsimile
(504) 834-1736

January 28, 2011

Honorable James H. Welsh
Commissioner of Conservation
P. O. Box 94275, Capitol Station
Baton Rouge, Louisiana 70804

RE: Application for Commingling Authority
Forest Oil Corporation
West White Lake Commingling Facility
No. 1 (937750)
WEST WHITE LAKE FIELD
Vermilion Parish, Louisiana

Dear Sir:

Application is hereby made on behalf of Forest Oil Corporation, ("Applicant") for the calling of a public hearing, after ten days legal notice, for the authority to commingle production with allocation based on monthly well tests, pursuant to Statewide Order No. 29-D-1, at their West White Lake Commingling Facility No. 1 (937750), located in West white Lake Field, Vermilion Parish, Louisiana. Forest proposes to add the following wells:

Forest Oil Corporation- SD RB SU A; S.L. 15038 No. 3 Well, Serial No. 237941.

The applicant proposes to commingle production from this well with production previously approved for commingling at their West White Lake Commingling Facility No. 1 (937750), with allocation based on monthly well tests in the same manner previously established for this facility by Office of Conservation Order No. 75-6, effective February 19, 2002.

It is the opinion of Forest Oil Corporation that the commingling of gas and/or liquid hydrocarbons 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.

Attached hereto and made a part hereof are:

Flow description in which commingling will be accomplished;
Flow Schematic of the West White Lake Commingling Facility No. 1 (937750);

Affidavit attesting to the accuracy and equitability of the method of allocation previously approved and hereby proposed.

Also enclosed is a list of the names and addresses of the Interested Owners and Interested Parties which would be affected by the commingling of hydrocarbons at the West White lake Commingling Facility No. 1 (937750). Pursuant to the provisions of Statewide Order No. 29-D-1, such list of parties is being furnished only to 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 and Interested Parties.

Finally, enclosed is our check on behalf of the applicant made payable to the Office of Conservation, representing the required hearing application fee.

Very truly yours,

LOUIS GILBERT & ASSOCIATES, INC.

Doffie Ross

Doffie Ross

cc: Mr. Richard Hudson (w/ enclosures)
District Manager

Mr. Alan Bravo
Forest Oil Corporation (w/ enclosures)

Ms. Bonnie Scofield
Forest Oil Corporation (w/ enclosures)

Interested Parties, Interested Owners
and Represented Parties (w/ enclosures)

## GENERAL DESCRIPTION OF FLOW AND MEASUREMENT IN "B" FACILITY

As per the attached schematic diagram of production flow through the captioned facility, the following is general description of the processing, testing and measurement of the production volumes in the facility:

(a) **Bulk Flow from Low Pressure Wells**

Production from all wells except those being tested flows into two three-phase separators to separate the well stream into oil, water and gas. The gas is metered by means of orifice meters, is compressed, and is sent to the "A" production battery for sale to Transco. The oil flows to the stock tanks where it is gauged for sale by barge. The water flows to a free water knockout to remove any remaining oil and from there it flows to the salt water disposal system.

(b) **Bulk Flow from High Pressure Wells**

Production from all wells flow into a high pressure two phase separator. The gas is metered and sent to the "A" production battery for sale to Transco. The oil and water from the separator are then routed through the low pressure production manifold and combined with fluid from the low pressure wells.

(c) **Well Testing**

In order to test wells, those wells will flow through a test manifold to a three phase treater. Gas from the treater flows through an orifice meter for measurement. Produced oil and produced water from the test treater will be individually metered through turbine flow meters. The oil will then flow to the oil tanks for sale. The water will flow to the free water knockout and from there to salt water disposal system.

In sum, gauged oil will be allocated to individual wells based on metered well tests. Produced gas will be allocated to individual wells based on metered well tests.

## ALLOCATION PROCEDURES FORMULAS FOR PRODUCED VOLUMES

(a) **Natural Gas Volumes Allocation Formulas to be Utilized**

As to the calculation of gas volumes for fair allocation, the Total Actual Gas Volume for allocation of gas production is the Gas Sales Volume, plus the total of all Fuel Gas used for field equipment and institutionally, and any Flare Gas, as per the metered volumes recorded for each of these volumes

**Total Actual Gas Volume = Gas Sales Volume & Fuel Gas Volume + flare Gas Volume**

The Actual Gas Volume, in turn, will be allocated to the afore cited wells as set out above monthly, based on the testing of each well to be conducted at a minimum of at least once a month. Liquids that are processed in the three-phase LP separators are to be tested to determine a flash gas theoretical volume with those tests. The gas volume sold is allocated proportionally among the wells based on each well's theoretical production volume, plus any fuel gas an flare gas volumes added back in for the total actual gas volume as set out above. The allocation formula per well is summarized as follows:

**Individual Well Actual Allocated Gas Volume =**

$$\text{Total Actual Gas Volume} \times \left(\frac{\text{Well theoretical gas production volume}}{\text{Total of all wells' theoretical producing volume}}\right)$$

(b) **Total Liquid Hydrocarbon Allocation Formula to be utilized**

As described above, commingled liquid hydrocarbons are accumulated and sold from common oil stock tanks routinely gauged to assure a reasonably accurate total volume determination therein. The Actual Production of liquid hydrocarbon produced in a given month is the Closing Stock Volume, plus Sales Run Volume, less the Beginning Stock Volume. This Actual Volume is to be allocated to the afore cited wells as set out above based on the testing of each well to be conducted at a minimum of at lease once a month, with a well test theoretical production volume determined there from. The formula for Actual Liquid Hydrocarbon Volume can thus be summarized as follows:

**Total Actual LHC Volume = Ending Stock + Sales – Beginning Stock**

The allocation of liquid hydrocarbons to each well is based on monthly well test theoretical production volume. There from, a well's allocation actual allocation liquid hydrocarbon volume is calculated as follows:

**Individual Well Actual Allocation LHC Volume =**

$$\text{Total Actual LHC Volume} \times \frac{\text{Individual Well Test Theoretical LHC Volume}}{\text{Total Well Test Theoretical LHC Volume)}}$$

(c) **Total Produced Salt Water Allocation Formula to be Utilized**

As described above, produced salt water is commingled for disposal in common salt water storage tanks onsite that are gauged prior to disposition for an accurate total volume determination therein for proper allocation to each well. The Actual Produced Water Volume of salt water produced in a given month is the Ending volume, plus Disposed Volume, less the Beginning Volume.

**Actual Total Prod. Water Volume =**

**Ending Volume + Disposed Volume – Beginning Volume**

The Actual Total Produced Water Volume is to be allocated individually to the afore cited wells as set out above based on the testing of each well to be conducted at a minimum of at least once a month, based on the ratio of the volume of water produced per barrel of oil as indicated by the period well tests for each well.

**Individual Well Produced Water Volume =**

$$\text{Actual Total Prod. Water Volume} \times \frac{\text{Barrels of Produced Water*}}{\text{Barrels of Produced Oil*}}$$

***As per Individual Well Test**

**METER INSPECTION, CALIBRATION AND TESTING FREQUENCY**

All orifices meters used to measure natural gas volumes will be tested for accuracy monthly; and turbine meters used to measure liquid hydrocarbons will be tested monthly. Additionally, the turbine meters will be recalibrated periodically using a calibrated prover tank. All wells shall be tested a minimum of four hours at least once a month to determine productivity rate.

Low Pressure Wells

Production from all wells, except those being tested, is combined and flows into two three phase separators to separate the well stream into oil, water and gas. The gas is metered by means of orifice meters, is compressed, and is sent to the "A" production battery for sale. The oil flows to the stock tanks where it is gauged for sale via barge. The water flows to a free water knockout to remove any remaining oil and from there the water flows to the salt water disposal system.

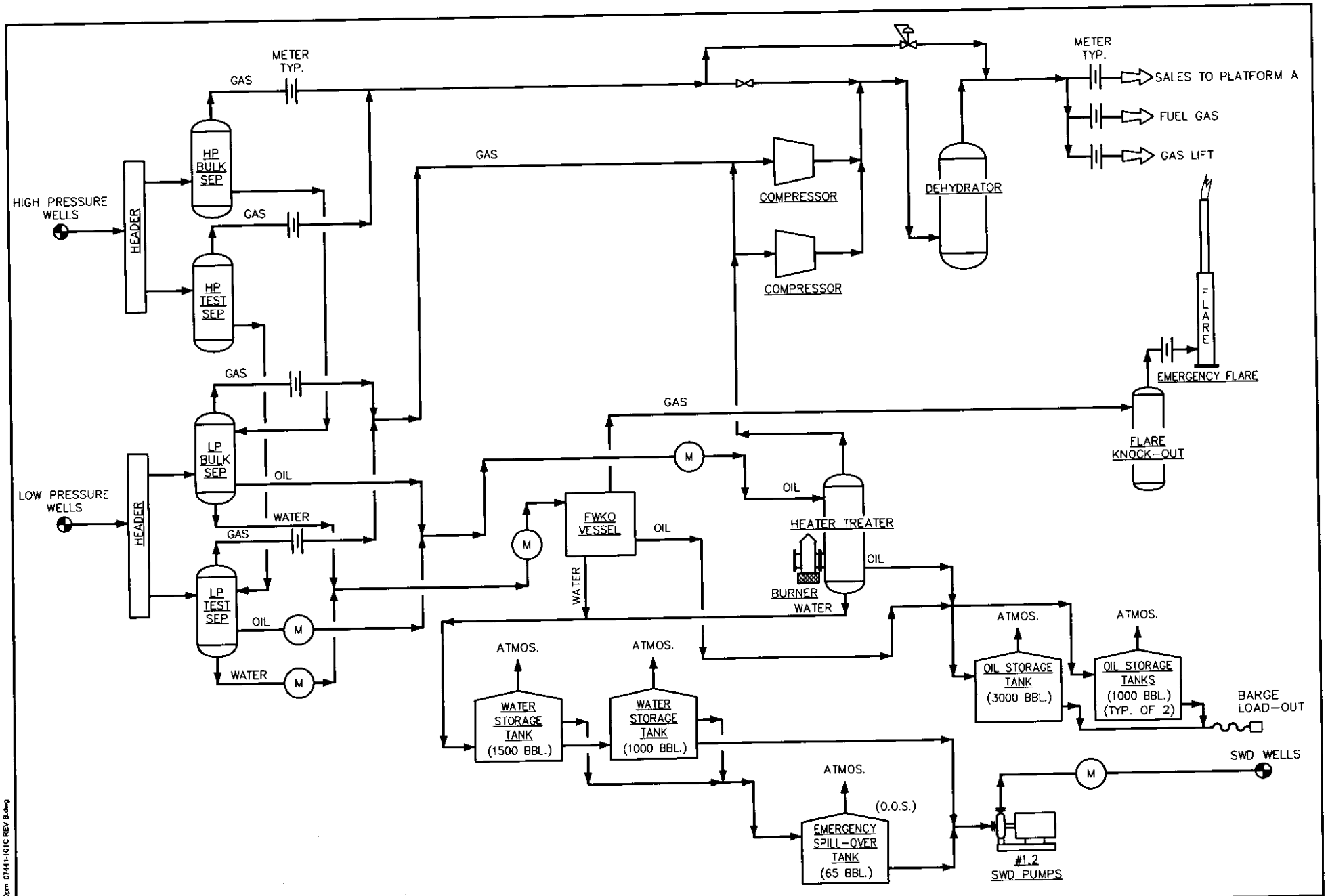
High Pressure Wells

Production flows into a high pressure two phase separator. The gas is metered and sent to the "A" production battery for sale. The oil and water from the separator is then routed through the low pressure production manifold and combined with fluid from the low pressure wells.

Well Testing

In order to test wells, those wells will flow through a test manifold to a three phase treater. Gas from the treater flows through an orifice meter for measurement. Produced oil and produced water from the test treater will be individually metered through turbine flow meters. The oil will then flow to the oil tanks for sale. The water will flow to the free water knockout and from there the salt water disposal system.

Gauged oil will be allocated to individual wells based on metered well tests. The turbine meters will be recalibrated periodically using a calibrated prover tank. Produced gas will be allocated to individual wells based on metered well tests.




| REVISIONS | | | | | REFERENCE DRAWINGS | |
|---|---|---|---|---|---|---|
| NO. | DATE | BY | CHK'D | DESCRIPTION | DWG NO. | DESCRIPTION |
| A | 11/15/10 | BJW | | ISSUED FOR REVIEW | | |
| B | 1/3/11 | BJW | | REVISED PER COMMENTS | | |



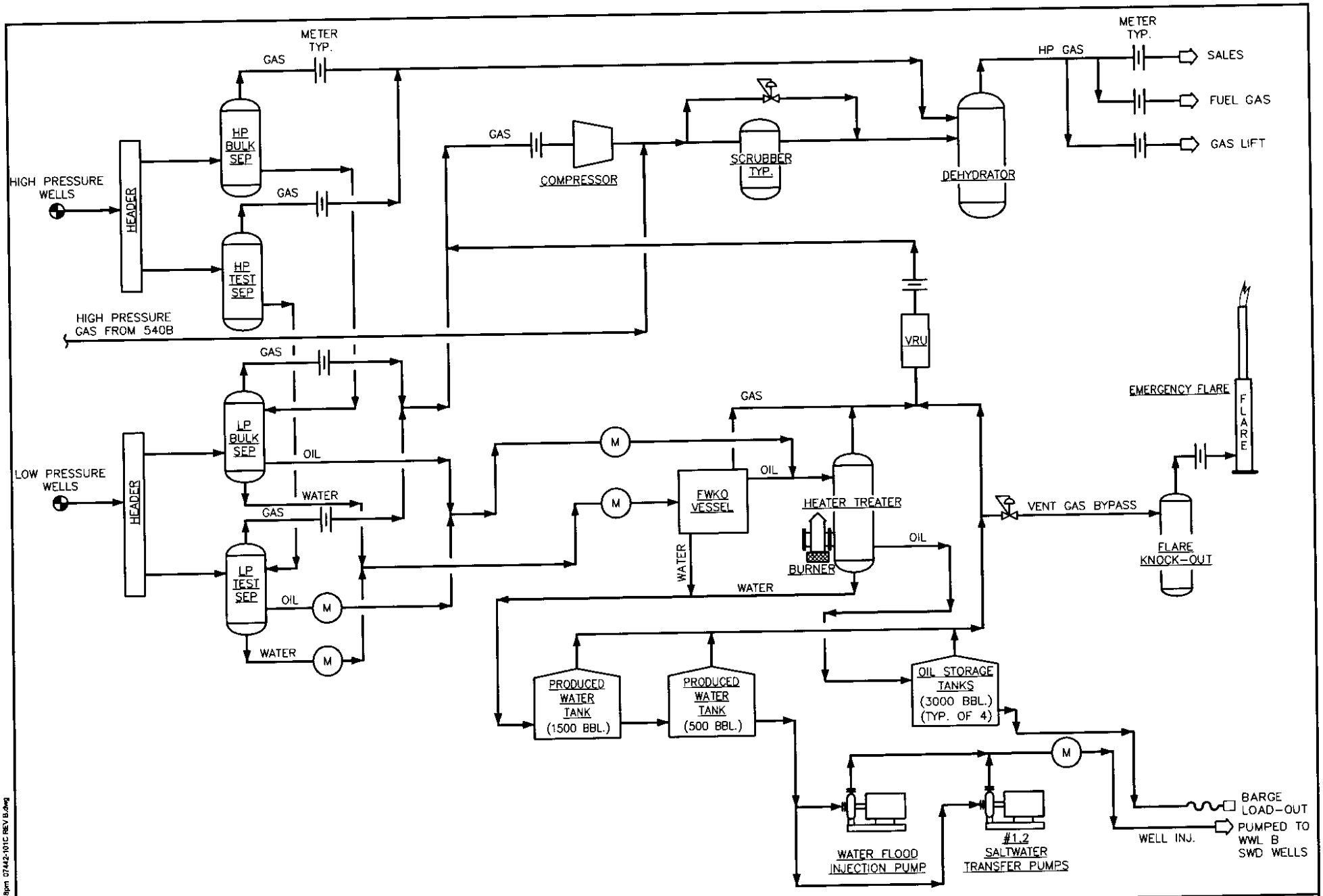
COMM

Forest Oil Corporation

FACILITY PROCESS FLOW
WEST WHITE LAKE 540 B FACILITY

| DWG. SCALE: | PLOT SCALE: 1:1 | DWG. SIZE: A |
|---|---|---|
| DES. BY: | DATE: | BID: DATE: |
| DWG. BY: BJW | DATE: 11/15/10 | APC: DATE: |
| APPROVED BY: | DATE: | PROJECT NO. 07441 |
| DRAWING NO. 07441-101 C | | REV. B |

Jan 05, 2011 - 12:10pm 07441-101C REV B.dwg




| REVISIONS | | | | | REFERENCE DRAWINGS | |
|---|---|---|---|---|---|---|
| NO. | DATE | BY | CHK'D | DESCRIPTION | DWG NO. | DESCRIPTION |
| A | 11/17/10 | BJW | | ISSUED FOR REVIEW | | |
| B | 1/3/11 | BJW | | REVISED PER COMMENTS | | |

COMM

Forest Oil Corporation

FACILITY PROCESS FLOW
WEST WHITE LAKE 540A FACILITY
SHEET 1 OF 1

DWG. SCALE: | PLOT SCALE: 1:1 | DWG. SIZE A
DES. BY: | DATE: | BM | DATE:
DWN. BY: BJW | DATE: 8/26/10 | APP. | DATE:
APPROVED BY: | DATE: | PROJECT NO. 07442
DRAWING NO. 07442-101 C | REV. B

Jan 05, 2011 - 12:49pm 07442-101C REV B.dwg