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February 16, 2006

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

RE: Champagne Sand, Reservoir D
ERATH FIELD
Vermilion Parish, Louisiana

Dear Sir:

Application is hereby made on behalf of Hilliard Petroleum, Inc., to the Commissioner of Conservation for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order pertaining to the following matters relating to the Champagne Sand, Reservoir D, in the Erath Field, Vermilion Parish, Louisiana.

1. To establish rules and regulations governing the exploration for and production of gas and condensate from the Champagne Sand, Reservoir D, in the Erath Field, Vermilion Parish, Louisiana.

2. To create a single drilling and production unit for this sand and to force pool and integrate all separately owned tracts, mineral leases and other property interests within the unit so created.

3. To designate a unit operator and a unit well for the unit so created.

4. To provide that the Champagne Sand, Reservoir D, should be exempt from the spacing provisions of Statewide Order No. 29-E.

5. To provide that the Commissioner may reclassify the Reservoir by supplemental order and without the necessity of a public hearing should such reclassification be warranted, based on evidence furnished the Commissioner.

6. To discuss any other matters that may be pertinent to this application.

The Champagne Sand in the Erath Field, Vermilion Parish, Louisiana, is hereby defined as being that gas and condensate bearing sand encountered between the depths of 12,772' and 12,790' electric log measured depths (12,662' and 12,679' true vertical dpeths) in the Hilliard Petroleum, Inc. - Dennis L. Broussard, Et ux No. 1 Well (SN 232113) located in Section 47, Township 12 South, Range 4 East, Vermilion Parish, Louisiana.

In addition to furnishing the legal notice to all Interested Parties, the applicant will provide for POSTING of the legal notice of the hearing and unit plat in a prominent place in the area of the Erath Field, Vermilion Parish, Louisiana, and will cause the legal notice of the hearing to be PUBLISHED in a newspaper of general circulation published in the vicinity of the Erath Field, Vermilion Parish, Louisiana, at least fifteen (15) days before the hearing date.

Any pertinent data relating to the subject application can be obtained, **AT THE COST OF THE REQUESTING PARTY**, from Cambe Geological Services, Inc., 6300 Westpark, Suite 400, Houston, Texas 77057 (713-659-8363).

In compliance with the Rules of Procedure, a preapplication conference was held in Lafayette, Louisiana, on February 15, 2006, at which the parties named on the attached list were in attendance.

The conference was opened with a discussion by Mr. Bill McAlister, representing Hilliard Petroleum, Inc., concerning the nature and purpose of the conference and the bases for the applicant's proposed unit.

Mr. David Dupre, representing S. J. Harrington, presented a counterplan which utilizes a water level pick in the Hilliard-Broussard No. 1 Well. This proposal, therefore, does not go as far north as the applicant's.

Mr. Holmes Smart, representing Scott Segrera et al, presented a counterplan which went further to the northwest and northeast of the applicant's.

The meeting was adjourned and it appears there will be no resolution of differences between the parties, therefore, this matter will likely be contested.

There are attached hereto and made a part hereof a plat outlining the proposed unit, the conference attendance list, and a list of the names and addresses of the Interested Owners, Represented Parties, and Interested Parties to whom this application is being sent. Pursuant to the Revised Rules of Procedure, such list of parties and proposed unit plat **(being the same plat attached to the January 24, 2006 preapplication notice)** are being furnished **ONLY** to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, said plat and the list of parties will be provided to any party requesting copies. 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, Hilliard Petroleum, Inc., in the sum of $755.00 payable to the Office of Conservation and representing the required hearing application fee.

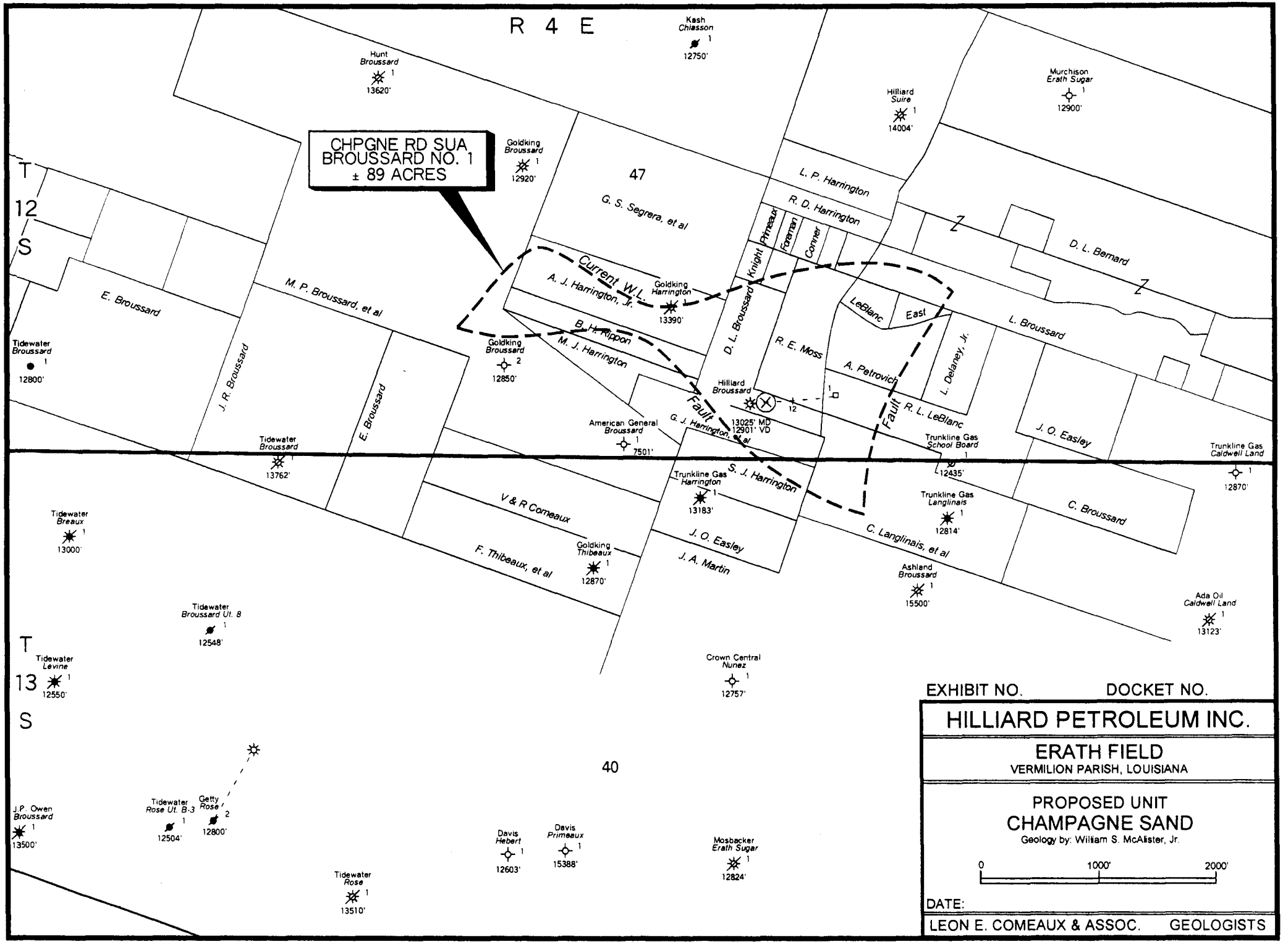
Sincerely,

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 70508-4284

Interested Parties, Interested Owners
and Represented Parties


R 4 E
T 12 S
T 13 S
CHPGNE RD SUA
BROUSSARD NO. 1
± 89 ACRES
Kash Chiasson 1 12750'
Hunt Broussard 1 13620'
Goldking Broussard 1 12920'
Hilliard Suire 1 14004'
Murchison Erath Sugar 1 12900'
47
G. S. Segrera, et al
L. P. Harrington
R. D. Harrington
Knight
Primeaux
Foreman
Conner
D. L. Bernard
Current W.L.
A. J. Harrington, Jr.
Goldking Harrington 1 13390'
B. H. Rippon
M. J. Harrington
D. L. Broussard
R. E. Moss
LeBlanc
East
L. Broussard
L. Delaney, Jr.
A. Petrovich
R. L. LeBlanc
Fault
E. Broussard
M. P. Broussard, et al
J. R. Broussard
Tidewater Broussard 1 12800'
Goldking Broussard 2 12850'
Hilliard Broussard 1 12 13025' MD 12901' VD
American General Broussard 1 7501'
G. J. Harrington, et al
Tidewater Broussard 1 13762'
Trunkline Gas School Board 1 12435'
J. O. Easley
Trunkline Gas Caldwell Land 1 12870'
S. J. Harrington
Trunkline Gas Harrington 1 13183'
Trunkline Gas Langlinais 1 12814'
C. Broussard
V & R Comeaux
Tidewater Breaux 1 13000'
Goldking Thibeaux 1 12870'
J. O. Easley
J. A. Martin
C. Langlinais, et al
F. Thibeaux, et al
Ashland Broussard 1 15500'
Ada Oil Caldwell Land 1 13123'
Tidewater Broussard Ut. 8 1 12548'
Tidewater Levine 1 12550'
Crown Central Nunez 1 12757'
40
J.P. Owen Broussard 1 13500'
Tidewater Rose Ut. B-3 1 12504'
Getty Rose 2 12800'
Davis Hebert 1 12603'
Davis Primeaux 1 15388'
Mosbacker Erath Sugar 1 12824'
Tidewater Rose 1 13510'
EXHIBIT NO.
DOCKET NO.
HILLIARD PETROLEUM INC.
ERATH FIELD
VERMILION PARISH, LOUISIANA
PROPOSED UNIT
CHAMPAGNE SAND
Geology by: William S. McAlister, Jr.
0
1000'
2000'
DATE:
LEON E. COMEAUX & ASSOC.
GEOLOGISTS