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RAILROAD COMMISSION OF TEXAS OIL AND GAS DIVISION

October 18, 2011

RELIANCE ENERGY, INC.
ATTN: REGULATORY DEPARTMENT
500 W ILLINOIS AVE STE 1200
MIDLAND TX 79701

RE: **APPLICATION FOR EXCEPTION TO SWR 10**
LEASE: MABEE 240A
WELL NO. 2005
ANDREWS COUNTY, DISTRICT 08, TEXAS
API NO. 003-42706

FIELD NAME	FIELD NO.
SPRABERRY (TREND AREA)	85280300
MABEE (STRAWN)	56378750
LOWE (ATOKA)	55256030
LOWE (MISS.)	55256568

HYDROGEN SULFIDE RESTRICTION: NO

The Commission has approved your application to down-hole commingle oil production within the above-referenced wellbore from the SPRABERRY (TREND AREA); MABEE (STRAWN); LOWE (ATOKA); and LOWE (MISS.) fields in ANDREWS County, Texas. For allowable and reporting purposes, the well will be assigned to the **SPRABERRY (TREND AREA)** field. It will be necessary to have or obtain Commission authority to complete this well in each of the subject zones (Form W-1 approval). The effective date of this SWR 10 Exception is October 10, 2011. This exception to SWR 10 will expire if not used within two (2) years from the date of this permit. This expiration date is October 18, 2013.

Acreage assigned to the referenced well for allocation of allowable shall not be assigned to any other well or wells projected to or completed in the above-referenced fields; such duplicate assignment of acreage is not acceptable, provided, however, that this limitation shall not prevent the reformation of development or proration units so long as no duplicate assignment of acreage occurs, and further, that such reformation does not violate other conservation regulations.

The maximum daily allowable for the combined production will be limited to the top allowable for the **SPRABERRY (TREND AREA)** field and will become effective upon receipt of Form W-2 showing combined completion data and results of a 24-hour production test taken after the physical

work of down hole commingling has been completed. Please indicate in "remarks" the reason for filing this report, giving date of Commission approval of this Rule 10 exception.

Should secondary recovery operations be initiated in either of these reservoirs, it may be necessary to segregate these zones. If surface-commingling authority has been granted, it may be necessary to amend or cancel this authority.

Permit conditions:

The completion report for the commingled well must indicate which perforations belong to which field. The Commission may also require a wellbore diagram to be filed with the completion report for the commingled well. If filed, the wellbore diagram must indicate which perforations belong to which field.

If you have any questions, you may contact the engineering unit in the Austin office at 512-475-2307.