

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

October 01, 2012

ATHLON ENERGY OPERATING LLC ATTN: REGULATORY DEPARTMENT 420 THROCKMORTON ST SUITE 1200 FORT WORTH TX 76102-3728

RE: APPLICATION FOR EXCEPTION TO SWR 10

LEASE: WOODY '36' WELL NO. 5

MARTIN COUNTY, DISTRICT 08, TEXAS

API NO. 317-37180

FIELD NAME	FIELD NO.	COMPLETION DEPTHS (FT)
SPRABERRY (TREND AREA)	85280300	8081-10589
PARKS (CONSOLIDATED)	69233125	10675-11168

HYDROGEN SULFIDE RESTRICTION: NO

The Commission has approved your application to down-hole commingle production within the above-referenced wellbore from the SPRABERRY (TREND AREA); and PARKS (CONSOLIDATED) fields in MARTIN 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 September 27, 2012. 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 02, 2014.

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.

Note: The distribution of this document will be by E-MAIL ONLY. E-mail sent to annburdette@aol.com.

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