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RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

March 17, 2011

WILLIAMS, CLAYTON ENERGY, INC.
ATTN: REGULATORY DEPARTMENT
6 DESTA DR STE 2100
MIDLAND TX 79705

RECEIVED MAR 23 2011

RE: APPLICATION FOR EXCEPTION TO SWR 10
FIELDS: SPRABERRY (TREND AREA) (#85279200)
MAGUTEX (STRAWN) (#56822750)
LEASE: ANDREWS UNIVERSITY 28
WELL NO. 7
ANDREWS COUNTY, DISTRICT 08, TEXAS
API NO. 003-41267

Dear Operator:


The Commission has approved your application to down hole commingle production (oil) within the above-referenced wellbore from the SPRABERRY (TREND AREA); and MAGUTEX (STRAWN) fields of 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 March 15, 2011.

Acreage assigned to the referenced well for allocation of allowable shall not be assigned to any other well or well projected to or completed in the 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.

Sincerely,


Scott Rosenquist
Eng. Specialist III
Technical Permitting

cc: Proration Oil District 08
District Office 08