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RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

January 27, 2010

BP AMERICA PRODUCTION COMPANY
ATTN: TOYA COLVIN
501 WESTLAKE PARK BLVD
HOUSTON TX 77079

RE: APPLICATION FOR EXCEPTION TO SWR 10
FIELDS: BLOCK 31 (ATOKA 7900) (#09358090) & BLOCK 31 (DEVONIAN) (#09358450)
LEASE: BLOCK 31 UNIT
WELL NO. 11
CRANE COUNTY, DISTRICT 08, TEXAS
API NO. 103-33479

Dear Operator:

The Commission has approved your application to down-hole commingle (gas) production from the BLOCK 31 (ATOKA 7900) (#09358090) & BLOCK 31 (DEVONIAN) (#09358450) fields for the BLOCK 31 UNIT lease in CRANE County, Texas. For allowable and reporting purposes, the well will be assigned to the BLOCK 31 (ATOKA 7900) 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 January 25, 2010.

If this well is not currently on schedule as a multi-completed well or never has been on schedule as a single completion in the BLOCK 31 (DEVONIAN) (#09358450) field(s), you must file a well record only G-1 with this field name on it. This completion must be treated as a separate completion, will not be eligible for allowable status, and will be carried as an exception to SWR 10 well. The only instances in which the production will be assigned to a field in which the allocation formula has been suspended are when: (1) The allocation formula has been suspended in all of the fields cited in the Rule 10 Exception application, or (2) If the production is less than 200 MCFPD. If the status of either of the fields changes it may be necessary to reassign the production to the prorated field, contact your proration analyst to inquire as to which forms are necessary to change the reporting zone.

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 become effective upon receipt of Form G-1 showing combined completion data and results of a potential test performed after the physical work of down hole commingling has been completed and run in accordance with Statewide Rule 28. 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,

Handwritten signature of Scott Rosenquist in black ink.

Scott Rosenquist
Eng. Specialist III
Technical Permitting

cc: Proration Gas District 08
District Office 08
Production Audit Dept. 08
File (3)