

RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION

OIL AND GAS DOCKET
NO. 01-0277106

DISCHARGE PERMIT NO. 01099
WILSON COUNTY, TEXAS

FINAL ORDER
APPROVING THE APPLICATION OF RICKAWAY ENERGY, CORP. FOR
AUTHORITY TO DISCHARGE PRODUCED FRESHWATER INTO
BORREGO CREEK PURSUANT TO STATEWIDE RULE 8
VARIOUS LEASES
BOWMAN (CARRIZO) AND BOWMAN (REKLAW) FIELDS
WILSON COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on August 10, 2012, the presiding examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies filed thereto, hereby adopts as its own findings of fact and conclusions of law and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

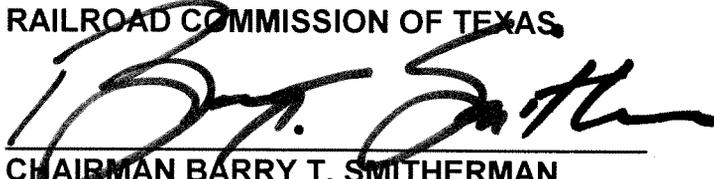
Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of Rickaway Energy, Corp. for authority to discharge produced freshwater into Borrego Creek pursuant to Statewide Rule 8 for various leases in the Bowman (Carrizo) and Bowman (Reklaw) Fields, Wilson County, Texas, is hereby **GRANTED** in accordance with the attached permit.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

This order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

Done this 20th day of November, 2012.

RAILROAD COMMISSION OF TEXAS



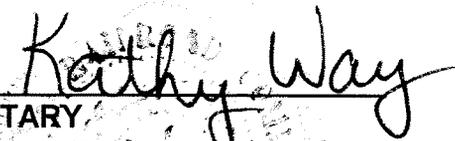
CHAIRMAN BARRY T. SMITHERMAN

COMMISSIONER DAVID PORTER



COMMISSIONER BUDDY GARCIA

ATTEST:



SECRETARY





RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

November 20, 2012

RONALD RICKAWAY
RICKAWAY ENERGY, CORP
205 LOS ROBLES DR
PLEASANTON, TX 78064-1500

Re: Discharge Permit No. 01099
W.C. Hasse (00132) Lease, Well Nos. 2, 3, 7, F4, & F5
W.C. Hasse 'A' (02020) Lease, Well Nos. 1A, 2A, & 3A
W.C. Hasse 'B' (02021) Lease, Well Nos. 1B, 2B, & 3B
C. H. Hierholzer (02115) Lease, Well Nos. 1 & 1A
Hierholzer 7 BRS (14277) Lease, Well Nos. 6 & 10
Hierholzer 7 GMK (14278) Lease, Well Nos. 21 & 22
Wilson County, Texas

Dear Mr. Rickaway:

This is your authority from the Railroad Commission of Texas to discharge produced water from the referenced leases to Borrego Creek located on the C. H. Hierholzer lease in Wilson County, Texas. This authority is granted in accordance with Statewide Rule 8 and based on the information contained in your application received on February 27, 2012, and subsequent information received through June 12, 2012. This authority is subject to the following conditions:

1. This permit authorizes the discharge of water produced only from the referenced lease and well. The discharged water must meet the limitations specified in the attached "Effluent Limitations and Monitoring Requirements."
2. **This permit is effective for 5 years and will expire on November 19, 2017.**
3. Water treatment vessels and equipment shall be maintained in good operating condition for the duration of the permit.
4. The discharge point shall be clearly marked with the name of the operator, the discharge permit number, and the referenced lease name and number.
5. The discharged water must meet the limitations specified in the attached "Effluent Limitations and Monitoring Requirements". The water must be sampled and analyzed as indicated and the results must be submitted quarterly to the Railroad Commission San Antonio District Office and to the Environmental Services Section in Austin. If there is no discharge during a

particular month or quarter under this permit, submit your quarterly report stating “no discharge” for that month or quarter. Reports must be submitted no later than the 28th day of the month following each reporting period.

6. All quarterly reports must be certified as follows: "I declare under penalties prescribed in Section 91.143, Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my direct supervision and direction, and that data and facts stated therein are true and complete to the best of my knowledge."
7. Changes affecting this permit, such as leases or wells being added or deleted, or a change in water treatment must be reported to the Environmental Services Section in Austin in order for the Commission to determine whether a permit amendment is necessary.
8. This permit is non-transferable without the consent of the Commission.
9. Any skimming pits to be used in conjunction with this facility must be permitted separately by the filing of Form H-11 and the supporting data.
10. In the event any of these conditions are not met, this permit is subject to modification, suspension, or cancellation by the Commission.

If you have any questions, please contact Michael Sims at (512) 463-5405.

Attachment:

cc: RRC – San Antonio

EFFLUENT LIMITATIONS AND MONITORING REQUIREMENTS

The produced water discharge must meet the following criteria. The parameters listed must be reported for each month on a quarterly basis. Samples shall be representative of the discharged produced water. Analysis must be performed according to procedures approved in 40 CFR Part 136 and, where applicable, samples must be preserved as specified by these procedures.

<u>Parameter</u>	<u>Monthly Avg</u>	<u>Daily Max</u>	<u>Frequency</u>	<u>Type</u>
Flow (bbl/day)	Report	3,400	Daily	Estimate
Oil & Grease (mg/l)	25	35	1/month	grab
Chlorides (mg/l)	65	150	1/month	grab