



Oil and Gas II, LLC

2019 DEC -2 AM 9:46
RAILROAD COMMISSION
OF TEXAS

November 26, 2019

Railroad Commission of Texas
P. O. Box 12967
Austin, Texas 78711-2967

Attn: Rules Coordinator
Office of General Counsel

RE: PROPOSED AMENDMENT
16 TAC §3.40
ASSIGNMENT OF ACREAGE TO POOLED
DEVELOPMENT AND PRORATION UNITS

Gentlemen:

This letter is to express the hearty support of Rio Oil and Gas (Permian) II, LLC (“Rio”) for the proposed amendment of SWR 40. Rio is an active driller in the Southern Delaware Basin and has experienced firsthand the difficulties and limitations imposed by the current SWR 40 application. We have been a leading, vocal participant in the TXOGA sponsored workgroup providing industry comment and recommendations on the amendment of SWR 40 throughout the redrafting process over the last 2 years.

We appreciate the efforts of the RRC staff in working with industry to address the evolving challenges brought on by increased horizontal drilling in UFT fields with depth severed ownership. It is clear the limitations of the rule as it is currently written makes it very difficult for staff to manage and industry to progress the development of the state’s resources. The ongoing aging of many private and state lease agreements is going to continue creating more and more depth severed ownership situations which will only compound the current problems if not addressed as soon as possible.

We encourage the Commission to expedite the approval and implementation of this revised rule in the most expeditious manner possible. Thank you for the opportunity to comment.

With best regards,
RIO OIL AND GAS II, LLC

A handwritten signature in blue ink, appearing to read "S.A. Cude", written over a horizontal line.

Stacey A. Cude
President and Chief Executive Officer