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|---|---|---|----------------------------|--|---|--|
| API No. <u>42-003-47494</u> | RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION | | | | FORM W-1 07/2004 | |
| Drilling Permit # <u>823081</u> | APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER | | | | Permit Status: Approved | |
| SWR Exception Case/Docket No. _____ | | <i>This facsimile W-1 was generated electronically from data submitted to the RRC. A certification of the automated data is available in the RRC's Austin office.</i> | | | | |
| 1. RRC Operator No. 749824 | | 2. Operator's Name (as shown on form P-5, Organization Report) SBJ ENERGY PARTNERS, L.L.C. | | 3. Operator Address (include street, city, state, zip): P O BOX 8739 WACO, TX 76714-0000 | | |
| 4. Lease Name UNIVERSITY LANDS | | | 5. Well No. 1201 | | | |
| GENERAL INFORMATION | | | | | | |
| 6. Purpose of filing (mark ALL appropriate boxes): <input checked="" type="checkbox"/> New Drill <input type="checkbox"/> Recompletion <input type="checkbox"/> Reclass <input type="checkbox"/> Field Transfer <input type="checkbox"/> Re-Enter <input type="checkbox"/> Amended <input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D) | | | | | | |
| 7. Wellbore Profile (mark ALL appropriate boxes): <input checked="" type="checkbox"/> Vertical <input type="checkbox"/> Horizontal (Also File Form W-1H) <input type="checkbox"/> Directional (Also File Form W-1D) <input type="checkbox"/> Sidetrack | | | | | | |
| 8. Total Depth 3200 | | 9. Do you have the right to develop the minerals under any right-of-way ? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | 10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | |
| SURFACE LOCATION AND ACREAGE INFORMATION | | | | | | |
| 11. RRC District No. 08 | | 12. County ANDREWS | | 13. Surface Location <input checked="" type="checkbox"/> Land <input type="checkbox"/> Bay/Estuary <input type="checkbox"/> Inland Waterway <input type="checkbox"/> Offshore | | |
| 14. This well is to be located <u>8.8</u> miles in a <u>NW</u> direction from <u>ANDREWS</u> which is the nearest town in the county of the well site. | | | | | | |
| 15. Section 17 | 16. Block 14 | 17. Survey UL | | 18. Abstract No. A- | 19. Distance to nearest lease line: 660 ft. | 20. Number of contiguous acres in lease, pooled unit, or unitized tract: 40.13 |
| 21. Lease Perpendiculars: <u>660</u> ft from the <u>E</u> line and <u>661</u> ft from the <u>N</u> line. | | | | | | |
| 22. Survey Perpendiculars: <u>661</u> ft from the <u>S</u> line and <u>1982</u> ft from the <u>E</u> line. | | | | | | |
| 23. Is this a pooled unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | 24. Unitization Docket No: | | 25. Are you applying for Substandard Acreage Field? <input type="checkbox"/> Yes (attach Form W-1A) <input checked="" type="checkbox"/> No | | |
| FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. | | | | | | |
| 26. RRC District No. | 27. Field No. | 28. Field Name (exactly as shown in RRC records) | | 29. Well Type | 30. Completion Depth | 31. Distance to Nearest Well in this Reservoir |
| 08 | 99295001 | YATES | | Oil Well | 3200 | 0.00 |
| | | | | | | |
| | | | | | | |
| BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS | | | | | | |
| Remarks [RRC STAFF Feb 9, 2017 12:41 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [FILER Feb 10, 2017 3:25 PM]: Per Spencer Brown, this is a farm out for the 40.125 acres from the Shafter Lake Yates Oil Field Unit, lease id #08-17952.; [RRC STAFF Feb 15, 2017 10:59 AM]: Problems identified with this permit are resolved. | | | | Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> <u>< Mail in Application ></u> Name of filer </div> <div style="text-align: center;"> <u>Feb 15, 2017</u> Date submitted </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="text-align: center;"> _____ Phone </div> <div style="text-align: center;"> _____ E-mail Address (OPTIONAL) </div> </div> | | |
| RRC Use Only Data Validation Time Stamp: Feb 16, 2017 12:18 PM('As Approved' Version) | | | | | | |

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER
ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

| | | |
|--|--|--|
| PERMIT NUMBER 823081 | DATE PERMIT ISSUED OR AMENDED 2/16/2017 | DISTRICT 08 |
| API NUMBER 42 003 47494 | FORM W-1 RECEIVED 2/09/2017 | COUNTY ANDREWS |
| TYPE OF OPERATION DRILL | | ACRES 40.13 |
| OPERATOR 749824 SBJ ENERGY PARTNERS, L.L.C. 6615 SANGER AVE SUITE 3 WACO TX 76710 | | NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No.: 432 684-5581 |
| LEASE NAME UNIVERSITY LANDS | WELL NUMBER 1201 | |
| LOCATION 8.80 MILES NW FROM ANDREWS | TOTAL DEPTH 3,200 | |
| SECTION, BLOCK and/or SURVEY SECTION => 17 BLOCK => 14 ABSTRACT => SURVEY ==> UL | | |
| DISTANCE--LEASE LINES 660.00 F E - 661.00 F N | DISTANCE--NEAREST WELL ON LEASE 0.0 | |
| DISTANCE--SURVEY LINES 661.00 F S - 1,982.00 F E | | |

READ IMPORTANT CONDITIONS AND INSTRUCTIONS ON THE BACK OF THIS FORM

FIELD(S) AND LIMITATIONS

YATES

** LIMITATIONS **

THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS

THIS WELL SHALL BE COMPLETED AND PRODUCED IN COMPLIANCE WITH APPLICABLE SPECIAL FIELD OR STATEWIDE SPACING AND DENSITY RULES. IF THIS WELL IS TO BE USED FOR BRINE MINING, UNDERGROUND STORAGE OF LIQUID HYDROCARBONS IN SALT FORMATIONS, OR UNDERGROUND STORAGE OF GAS IN SALT FORMATIONS, A PERMIT FOR THAT SPECIFIC PURPOSE MUST BE OBTAINED FROM ENVIRONMENTAL SERVICES PRIOR TO CONSTRUCTION, INCLUDING DRILLING, OF A WELL IN ACCORDANCE WITH STATEWIDE RULES 81, 95, AND 97.

THE FOLLOWING RESTRICTIONS APPLY TO THE FIELDS SPECIFIED

PERMITTED FOR OIL ONLY.
YATES

THIS IS A HYDROGEN SULFIDE FIELD. THIS WELL SHALL BE DRILLED IN ACCORDANCE WITH STATEWIDE RULE 36.
YATES

GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 17 February 2017**GAU Number:** 167633

Attention: SBJ ENERGY PARTNERS,
P O BOX 8739
WACO, TX 76714

Operator No.: 749824

API Number:
County: ANDREWS
Lease Name: UNIVERSITY LANDS
Lease Number:
Well Number: 12 1
Total Vertical Depth: 3300
Latitude: 32.413686
Longitude: -102.654908
Datum: NAD27

Purpose: New Drill**Location:** Survey-UL; Block-14; Section-17

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

The interval from the land surface to a depth of 300 feet, and the zone from 1200 to 1625 feet must be protected.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. This recommendation is for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).

This determination is based on information provided when the application was submitted on 02/17/2017. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

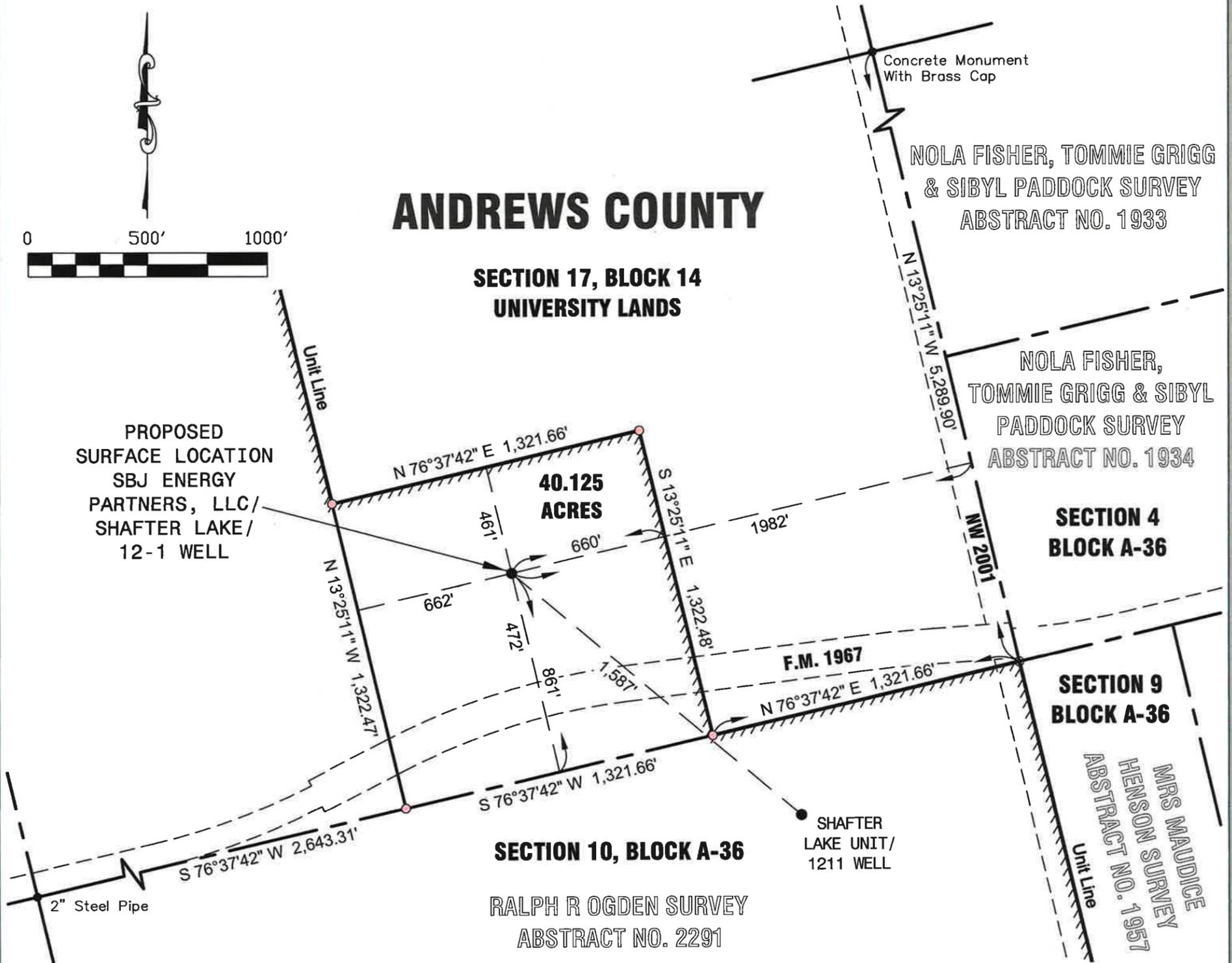
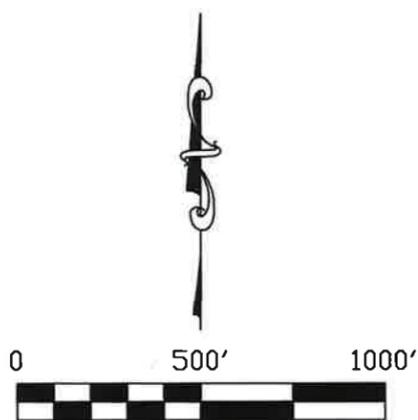
Form GW-2 P.O. Box 12967 Austin, Texas 78771-2967 512-463-2741 Internet address: www.rrc.texas.gov
Rev. 02/2014.

WELL LOCATION PLAT
SBJ ENERGY PARTNERS, LLC
SHAFTER LAKE 12-1 WELL
40.125 ACRES

SECTION 17, BLOCK 14, UNIVERSITY LANDS
 ANDREWS COUNTY, TEXAS

ANDREWS COUNTY

SECTION 17, BLOCK 14
UNIVERSITY LANDS



LEGEND

- Unit Line
- Abstract Line
- Lease Line
- Easement for Right-of-Way Line

LOCATION:
 Andrews: Approximately
 8.8 miles to the Northwest.

| PROPOSED SURFACE LOCATION | |
|---------------------------|--------------------------|
| N.A.D. 1983 | N.A.D. 1927 |
| TEXAS NORTH CENTRAL ZONE | TEXAS NORTH CENTRAL ZONE |
| LAT: 32° 24' 49.651" | LAT: 32° 24' 49.273" |
| LONG: 102° 39' 19.286" | LONG: 102° 39' 17.675" |
| N: 6,858,840.26' | N: 310,791.22' |
| E: 686,509.63' | E: 409,819.99' |
| ELEVATION: 3,151' | |

Owner:

University of Texas

Unit Acreage:
 40.125 Acres (Calculated)

I, Shaun Marvin Piepkorn, Registered Professional Land Surveyor, do hereby state the above plat to be true and correct to the best of my knowledge.

For 1519 Surveying, LLC

Shaun Marvin Piepkorn
 Registered Professional Land Surveyor
 Texas Registration No. 6032



Date: February 8, 2017

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NOTES:

This plat represents the approximate planned location of the wellbores and exact as drilled well locations may differ. Production allocations shall be made based on the actual "as-drilled" location of the wells.

Bearings shown hereon are based on Grid North, State Plane Coordinate System, NAD83, Texas North Central Zone (4202).

This plat is not intended to be a boundary survey following the minimum standards set forth by the Texas Board of Professional Land Surveying.

1519 Surveying, LLC

11498 Luna Road, Suite 203 Farmers Branch, TX 75234
 Phone: 214-484-8586 TBPLS Firm No. 10194283

1519 Job: 40752 Drawn By: SMP

Sheet 1 of 1

Property Address:
 Andrews County, Texas

| Rev. Date | Description | By |
|-----------|-------------|----|
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| | | |

1519

www.1519surveying.com
 www.1519gis.com