

API No. <u>42-003-47585</u> Drilling Permit # <u>827643</u> SWR Exception Case/Docket No. <u>0308468 (R37)</u>	RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>	FORM W-1 07/2004 Permit Status: Approved
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1. RRC Operator No. 664930	2. Operator's Name (as shown on form P-5, Organization Report) PIEDRA OPERATING, LLC	3. Operator Address (include street, city, state, zip): PO BOX 10485 MIDLAND, TX 79702-0000
4. Lease Name UNIVERSITY 8-4 H		5. Well No. 9H

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 checked="" type="checkbox"/> Amended		<input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D)		<input type="checkbox"/> Field Transfer	
<input type="checkbox"/> Re-Enter					
7. Wellbore Profile (mark ALL appropriate boxes):					
<input checked="" type="checkbox"/> Vertical		<input checked="" type="checkbox"/> Horizontal (Also File Form W-1H)		<input type="checkbox"/> Directional (Also File Form W-1D)	
<input type="checkbox"/> Sidetrack					
8. Total Depth 12500		9. Do you have the right to develop the minerals under any right-of-way ?		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)?	
		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Yes <input checked="" 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>14.1</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 4		16. Block 8		17. Survey UL	
				18. Abstract No. A-U222	
				19. Distance to nearest lease line: 330 ft.	
				20. Number of contiguous acres in lease, pooled unit, or unitized tract: 1294.94	
21. Lease Perpendiculars: <u>1831</u> ft from the <u>WEST</u> line and <u>448</u> ft from the <u>SOUTH</u> line.					
22. Survey Perpendiculars: <u>1831</u> ft from the <u>WEST</u> line and <u>448</u> ft from the <u>SOUTH</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	32. Number of Wells on this lease in this Reservoir
08	85280300	SPRABERRY (TREND AREA)	Oil or Gas Well	12500	0.00	1

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)	
Remarks See W1 Comments attached	Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <div style="text-align: right;"> <u>Ann Ritchie</u> <u>Dec 18, 2017</u> Name of filer Date submitted </div> <div style="text-align: right;"> <u>(432)6846381</u> <u>ann.wtor@gmail.com</u> Phone E-mail Address (OPTIONAL) </div>
RRC Use Only Data Validation Time Stamp: Jan 2, 2018 3:22 PM(Current Version)	

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

Form W-1H 07/2004
Supplemental Horizontal Well Information

Permit Status: **Approved**
The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.

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Permit # **827643**
Approved Date: **Dec 22, 2017**

1. RRC Operator No. 664930	2. Operator's Name (exactly as shown on form P-5, Organization Report) PIEDRA OPERATING, LLC	3. Lease Name UNIVERSITY 8-4 H	4. Well No. 9H
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Lateral Drainhole Location Information

5. Field as shown on Form W-1 **SPRABERRY (TREND AREA) (Field # 85280300, RRC District 08)**

6. Section 40	7. Block 5	8. Survey UL/A-U144	9. Abstract	10. County of BHL ANDREWS
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11. Terminus Lease Line Perpendiculars 1831 ft. from the west line. and 330 ft. from the North line
12. Terminus Survey Line Perpendiculars 1831 ft. from the west line. and 330 ft. from the North line
13. Penetration Point Lease Line Perpendiculars 448 ft. from the South line. and 1831 ft. from the West line

Permit Status: **Approved**

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W-1 Comments

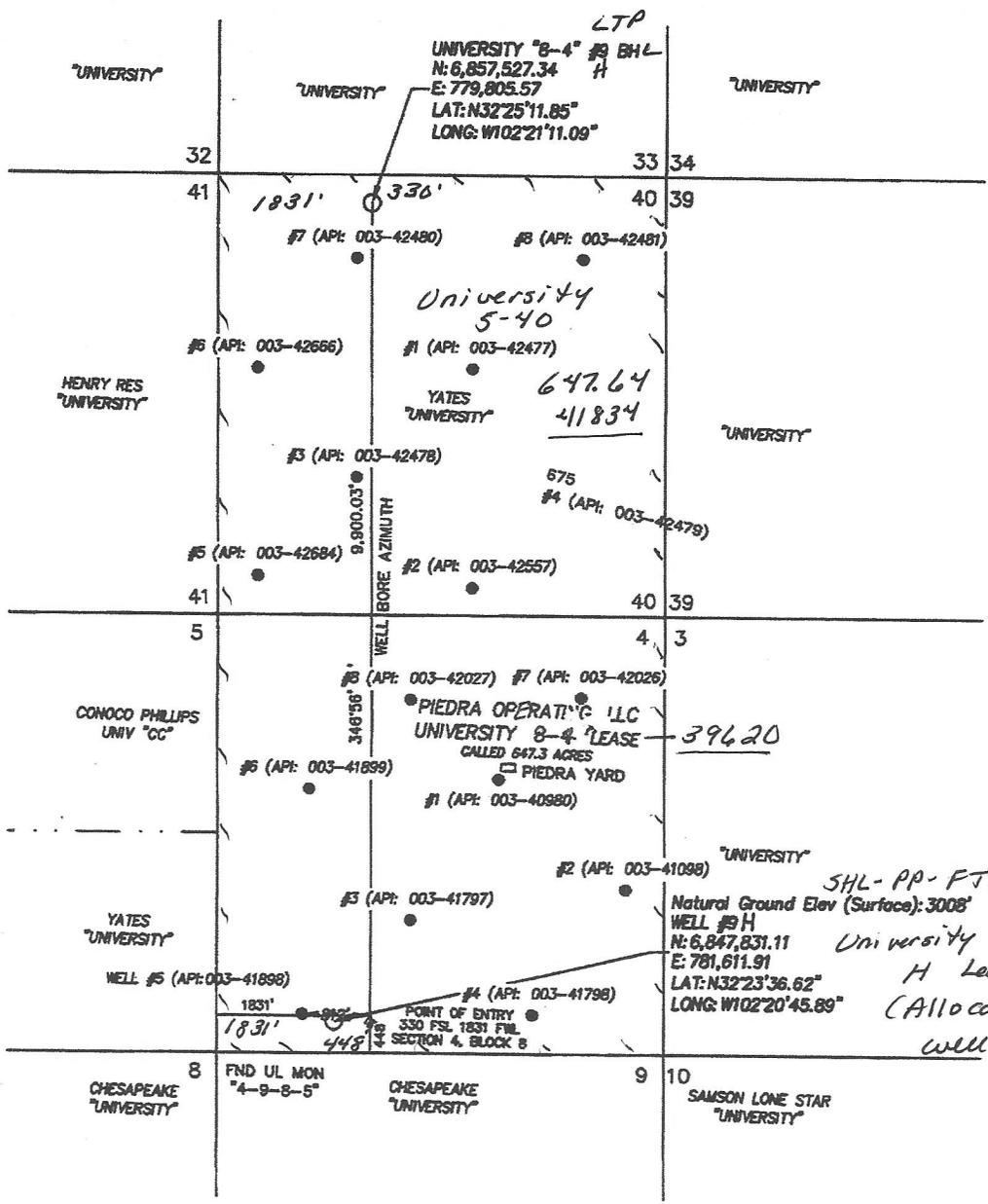
Permit # **827643**

Approved Date: **Dec 22, 2017**

[Dec 18, 2017 1:55 PM]: Commission Staff expresses no opinion as to whether a 100% ownership interest in each of the leases alone or in combination with a "production sharing agreement" confers the right to drill across lease/unit lines or whether a pooling agreement is also required. However, until that issue is directly addressed and ruled upon by a Texas court of competent jurisdiction it appears that a 100% interest in each of the leases and a production sharing agreement constitute a sufficient colorable claim to the right to drill a horizontal well as proposed to authorize the removal of the regulatory bar and the issuance of a drilling permit by the Commission, assuming the proposed well is in compliance with all other relevant Commission requirements.

Issuance of the permit is not an endorsement or approval of the applicant's stated method of allocating production proceeds among component leases or units. All production must be reported to the Commission as production from the lease or pooled unit on which the wellhead is located and reported production volume must be determined by actual measurement of hydrocarbon volumes prior to leaving that tract and may not be based on allocation or estimation. Payment of royalties is a contractual matter between the lessor and lessee. Interpreting the leases and determining whether the proposed proceeds allocation comports with the relevant leases is not a matter within Commission jurisdiction but a matter for the parties to the lease and, if necessary, a Texas court of competent jurisdiction.

The foregoing statements are not, and should not be construed as, a final opinion or decision of the Railroad Commission.; [RRC STAFF Dec 21, 2017 2:18 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Dec 21, 2017 5:09 PM]: Problems identified with this permit are resolved.; [RRC STAFF Dec 21, 2017 5:10 PM]: Ann Ritchie verified this is a horizontal only well.



GRAPHIC SCALE



(IN FEET)
1 inch = 2000 ft.

1294.94 acres

NOTES:

- COURSES, DISTANCES, COORDINATES AND ACREAGE SHOWN HEREON ARE LAMBERT GRID AND CONFORM TO THE "TEXAS COORDINATE SYSTEM", TEXAS NORTH CENTRAL ZONE, NORTH AMERICAN DATUM OF 1983. ALL DISTANCES AND COORDINATES ARE SHOWN IN GRID FEET.
- DISTANCE TO THE NEAREST WELL IN THIS FIELD AS SHOWN.

DATED THIS 22ND DAY OF MAY, 2017

RJ DAUM REVISED AS PER P. WILKINSON - 12/01/2017
TEXAS RPLS 4828 REVISED AS PER P. WILKINSON - 12/05/2017
 REVISED AS PER P. WILKINSON - 12/08/2017

SCHUMANN ENGINEERING CO., INC.
REGISTERED PROFESSIONAL LAND SURVEYORS REGISTERED PROFESSIONAL CIVIL ENGINEERS
Civil Engineering ~ Land Surveying
TEXAS FIRM No. F1880 TEXAS FIRM No. 10149500
408 N. PECOS STREET - P. O. BOX 504 Office (432) 684-5548
MIDLAND, TEXAS 79702-0504 Fax (432) 684-6973

THIS WELL IS TO BE LOCATED 14.1 MILES IN A NORTHWEST DIRECTION FROM ANDREWS, TEXAS WHICH IS THE NEAREST TOWN IN THE COUNTY OF THE WELL SITE.

LOCATION PLAT

PIEDRA OPERATING, LLC
WELL NO. ^{9H}
UNIVERSITY '8-4' LEASE
SURFACE LOCATION
448 FEET FROM THE SOUTH LINE AND
1831 FEET FROM THE WEST LINE
SECTION 4, BLOCK 8,
BOTTOM HOLE LOCATION
330 FEET FROM THE NORTH AND
1831 FEET FROM THE WEST LINES
SECTION 40, BLOCK 5,
ALL IN UNIVERSITY LANDS SURVEY,

ANDREWS COUNTY, TEXAS

QUAD: FIVE WELLS RANCH PROJECT: 755623PO
SCALE: 1" = 2000' JOB NO: 75623-BRR

University 8-4 H, well # 9H rvsd permit 827643