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D. CRAIG PEARSON
DISTRICT DIRECTOR

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

OPERATOR Name: SHELL WESTERN E&P

RE: Lease: UNIVERSITY 19 PW UNIT

Address1: PO BOX 576

Address2:

City: HOUSTON

State: TX

Well No: 1504H

Sec: 8 **Block:** 19

County: LOVING

Survey Name: UL

SWR13EX Application Number: 12574

Drilling Permit No: 821065

SWR 13 CASING EXCEPTION APPLICATION/ALTERNATIVE REQUEST APPROVED

The Proposed Casing and Cementing Program submitted for the **LEASE NAME:** UNIVERSITY 19 PW UNIT ;
WELL NUMBER: 1504H has been approved by the Railroad Commission of Texas District Office.

- a. A copy of this approved letter must be kept on location during all phases of drilling and/or plugging operations. Once approved, changes CANNOT be made to the Proposed Casing Program on the original application without additional approval from the Railroad Commission of Texas District Office.
- b. Any substantive modifications to the cement program require prior approval from the Railroad Commission of Texas District Office, and may require re-submission of the SWR 13 (Statewide Rule 13) Alternate Surface Casing Application. Contact the Railroad Commission of Texas District Office for more information.
- c. The tail slurry must be sufficient to fill the Zone of Critical Cement as described in Statewide Rule 13(b)(1)(H)(i). In addition, all cement slurries must be mixed on location as described in Application for Alternate Surface Casing Program.
- d. The casing and cement program shall adhere to the following specifications:

Set 4815 feet of surface casing with a multistage tool set at a depth of not less than 1200 feet. Circulate cement from the multistage tool to the ground surface. If cement does not circulate to surface during the first stage, the multistage tool MUST be opened and neat cement be circulated from the tool to the surface.

Please notify the Midland District Office immediately if any gas, H₂S or otherwise, is encountered before surface casing is set.

IF CEMENT IS NOT CIRCULATED TO THE GROUND SURFACE AS REQUIRED BY THIS EXCEPTION, YOU MUST CONTACT THE RAILROAD COMMISSION OF TEXAS DISTRICT OFFICE IMMEDIATELY AND FOLLOW THE PROCEDURES SET OUT IN RULE 13(b)(1)(H)(iii) OR AS REQUIRED BY THE RAILROAD COMMISSION OF TEXAS DISTRICT OFFICE.

You must comply with all other provisions of SWR 13 (Statewide Rule 13) and a representative of the cementing company who performs the cementing job for the protection of usable quality water strata must sign the Form W-15 attesting to the information regarding cementing operations performed; including circulation of cement. (Note: If surface casing is set below the approved depth, this can result in denial of future Statewide Rule 13(b)(1)(H)(i) requests.) A condition of the approved drilling permit requires notification to the Railroad Commission of Texas District Office eight (8) hours prior to the time casing is to be set/cemented in the well. If your exception request was submitted after the subject well has been drilled and completed, the operator may be referred for enforcement action.

This authorization shall expire within five (5) years from the date the Groundwater Protection Determination was issued, or at the expiration of the drilling permit (if the well is not spudded prior to expiration) for the referenced well, whichever occurs first. Furthermore, this authorization supersedes any prior authorizations issued for the referenced well.

This exception is based on information provided when the application was submitted on 01/18/2017 .
If any information has changed, you must contact the appropriate Railroad Commission of Texas District Office, and submit a new application if applicable. If you have questions, please contact the appropriate Oil and Gas District office.

RRC APPROVAL BY: Erik Hanson

DATE: 01/24/2017

D. CRAIG PEARSON

DISTRICT DIRECTOR



APPLICATION FOR APPROVAL OF SURFACE CASING > 3500 FEET
Statewide Rule 13(b)(1)(A)
RAILROAD COMMISSION OF TEXAS

Operator's Name and Address: Shell Western E&P
150 N. Dairy Ashford
Houston, Texas 77079

P5 Number: 774719

Area for review: District 8
Lease Name: University 19 PW Unit #1504H
Field Name: Phantom (Wolfcamp) County: Loving
Survey: University Lands Abstract: U8
Drilling Permits: 821065

Note: Attach a map if the request is for more than one pad.

How will the operator maintain well control during drilling operations:

While drilling the surface hole Shell utilizes drilling fluid of sufficient weight to overbalance the formations being penetrated.
In the event that flow is encountered a low-pressure rotating head is rigged-up under the rig floor to divert flow to the reserve pit.

How will the operator ensure cement is circulated to surface and that there is adequate bonding of cement:

A DV tool is placed below the water table (as defined by the GAU), and Shell pumps a minimum of 250% excess cement for the second stage of the surface cement job. Depending on nearby offsets the amount of excess pumped has been as high as 300%. Adequate bonding of cement is achieved by utilizing the centralizer program as outlined in RRC Rule 3.13 (b) (1) (G). A second stage of cement is only included in this request plan as a contingency measure to achieve cement returns to surface, in which case the DV tool would be opened.

How will the operator prevent the migration of formation fluids thru the annular space:

All cement slurries pumped by Shell comply with RRC Rule 3.13 (b) (1) (D) and Rule 3.13 (b) (1) (E). These slurries have been effective in preventing migration of formation fluids after the cement has been placed in the 100+ wells Shell has drilled in the Permian.

Signature: George Mullen Name: George Mullen Date: 01/18/2017 Phone: 832-337-0549

RRC Use Only▶

RRC District Office Action:	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Approved as Modified
<input type="checkbox"/> Denied	By: <u>Erik Hanson</u> Date: <u>1-24-17</u>
Remarks/Modifications:	