

API No. <u>42-317-40600</u> Drilling Permit # <u>820027</u> SWR Exception Case/Docket No. <u>08-0302521</u> (R38)		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	
1. RRC Operator No. 684474		2. Operator's Name (as shown on form P-5, Organization Report) QEP ENERGY COMPANY			3. Operator Address (include street, city, state, zip): ATTN SOUTHERN DIV REGULATORY 1050 17TH ST SUITE 800 DENVER, CO 80265-0000		
4. Lease Name UNIVERSITY 7-2730			5. Well No. N 10SC				
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 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 9550		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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
SURFACE LOCATION AND ACREAGE INFORMATION							
11. RRC District No. 08		12. County MARTIN		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>21.6</u> miles in a <u>NE</u> direction from <u>ANDREWS</u> which is the nearest town in the county of the well site.							
15. Section 30	16. Block 7	17. Survey UL		18. Abstract No. A-U30	19. Distance to nearest lease line: 100 ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 963	
21. Lease Perpendiculars: <u>300</u> ft from the <u>FSL</u> line and <u>2582</u> ft from the <u>FEL</u> line. 22. Survey Perpendiculars: <u>300</u> ft from the <u>FSL</u> line and <u>2582</u> ft from the <u>FEL</u> line.							
23. Is this a pooled unit? <input checked="" type="checkbox"/> Yes <input 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	85280300	SPRABERRY (TREND AREA)		Oil or Gas Well	9550	330.00	
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="display: flex; justify-content: space-between;"> <div> <u>Kelly Hamden, Regulatory Analyst</u> Name of filer </div> <div> <u>Nov 02, 2016</u> Date submitted </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <u>(303)405-6630</u> Phone </div> <div> <u>Kelly.Hamden@qepres.com</u> E-mail Address (OPTIONAL) </div> </div>			
RRC Use Only Data Validation Time Stamp: Nov 30, 2016 3:45 PM(Current Version)							

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

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

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

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

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Permit #	820027
Approved Date:	Nov 30, 2016

1. RRC Operator No. 684474	2. Operator's Name (exactly as shown on form P-5, Organization Report) QEP ENERGY COMPANY	3. Lease Name UNIVERSITY 7-2730	4. Well No. N 10SC
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Lateral Drainhole Location Information

5. Field as shown on Form W-1	SPRABERRY (TREND AREA) (Field # 85280300, RRC District 08)
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6. Section 27	7. Block 7	8. Survey UL / A-U27	9. Abstract	10. County of BHL MARTIN
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11. Terminus Lease Line Perpendiculars 1 ft. from the FNL line. and 2310 ft. from the FWL line
12. Terminus Survey Line Perpendiculars 2639 ft. from the FSL line. and 2310 ft. from the FWL line
13. Penetration Point Lease Line Perpendiculars 1 ft. from the FSL line. and 2310 ft. from the FWL line

Permit Status: **Approved**

*The RRC has not approved this application.
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**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

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W-1 Comments

Permit # **820027**

Approved Date: **Nov 30, 2016**

[RRC STAFF Nov 7, 2016 5:28 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Nov 7, 2016 5:28 PM]: Operator will be submitting a revised plat and service list. The land department realized that the wrong offset is identified.; [RRC STAFF Nov 9, 2016 3:42 PM]: Problems identified with this permit are resolved.; [RRC STAFF Nov 9, 2016 3:50 PM]: Per Melissa Luke; "...we realized that our land department made an error. Our offset operator is actually Piedra Resources, LLC and NOT Burleson....We have updated our plats for the 8 wells we submitted permits for last Wednesday, as well as, our Service List to show Piedra is the offset."; [RRC STAFF Nov 9, 2016 5:40 PM]: SHL and BHL abstract info added.; [RRC STAFF Nov 10, 2016 7:50 AM]: Changed BHL survey information to match plat and RRC GIS.

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

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

PERMIT NUMBER <div align="center">820027</div>	DATE PERMIT ISSUED OR AMENDED <div align="center">Nov 30, 2016</div>	DISTRICT <div align="center">* 08</div>	
API NUMBER <div align="center">42-317-40600</div>	FORM W-1 RECEIVED <div align="center">Nov 02, 2016</div>	COUNTY <div align="center">MARTIN</div>	
TYPE OF OPERATION <div align="center">NEW DRILL</div>	WELLBORE PROFILE(S) <div align="center">Horizontal</div>	ACRES <div align="center">963</div>	
OPERATOR <div align="center">QEP ENERGY COMPANY ATTN SOUTHERN DIV REGULATORY 1050 17TH ST SUITE 800 DENVER, CO 80265-0000</div>		684474	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: <div align="center">(432) 684-5581</div>
LEASE NAME <div align="center">UNIVERSITY 7-2730</div>		WELL NUMBER <div align="center">N 10SC</div>	
LOCATION <div align="center">21.6 miles NE direction from ANDREWS</div>		TOTAL DEPTH <div align="center">9550</div>	
Section, Block and/or Survey SECTION ◀ 30 BLOCK ◀ 7 ABSTRACT ◀ U30 SURVEY ◀ UL			
DISTANCE TO SURVEY LINES <div align="center">300 ft. FSL 2582 ft. FEL</div>		DISTANCE TO NEAREST LEASE LINE <div align="center">100 ft.</div>	
DISTANCE TO LEASE LINES <div align="center">300 ft. FSL 2582 ft. FEL</div>		DISTANCE TO NEAREST WELL ON LEASE <div align="center">See FIELD(s) Below</div>	
FIELD(s) and LIMITATIONS: <div align="center"> * SEE FIELD DISTRICT FOR REPORTING PURPOSES * ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 38(h)(3) ** CASE NO. 08-0302521 </div>			
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST LEASE	WELL # NEAREST WE
----- ** SPRABERRY (TREND AREA) UNIVERSITY 7-2730 -----	963.00 100	9,550 330	N 10SC 08
----- WELLBORE PROFILE(s) FOR FIELD: Horizontal -----			
RESTRICTIONS: Lateral: TH1 Penetration Point Location Lease Lines: 1.0 F FSL L 2310.0 F FWL L Terminus Location BH County: MARTIN Section: 27 Block: 7 Abstract: Survey: UL / A-U27 Lease Lines: 1.0 F FNL L 2310.0 F FWL L Survey Lines: 2639.0 F FSL L 2310.0 F FWL L			
' ** ' PRECEDING FIELD NAME INDICATES RULE (R38)			
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 the well in accordance with Statewide Rules 81, 95, and 97.			

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

PERMIT NUMBER 820027	DATE PERMIT ISSUED OR AMENDED Nov 30, 2016	DISTRICT * 08
API NUMBER 42-317-40600	FORM W-1 RECEIVED Nov 02, 2016	COUNTY MARTIN
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 963
OPERATOR QEP ENERGY COMPANY ATTN SOUTHERN DIV REGULATORY 1050 17TH ST SUITE 800 DENVER, CO 80265-0000		684474 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 7-2730		WELL NUMBER N 10SC
LOCATION 21.6 miles NE direction from ANDREWS		TOTAL DEPTH 9550
Section, Block and/or Survey SECTION ◀ 30 BLOCK ◀ 7 ABSTRACT ◀ U30 SURVEY ◀ UL		
DISTANCE TO SURVEY LINES 300 ft. FSL 2582 ft. FEL		DISTANCE TO NEAREST LEASE LINE 100 ft.
DISTANCE TO LEASE LINES 300 ft. FSL 2582 ft. FEL		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: <p align="center">* SEE FIELD DISTRICT FOR REPORTING PURPOSES *</p> <p align="center">** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 38(h)(3) **</p> <p align="center">CASE NO. 08-0302521</p>		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
WELL # DIST		
This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in. Upon completions acreage must be reassigned to accommodate the acreage assigned to this well.		

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data**

MARTIN (317) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
SANTA ROSA	1,000	1,000		1	12/17/2013
YATES	2,200	2,700		2	12/17/2013
QUEEN	4,100	4,100		3	12/17/2013
GRAYBURG	3,950	4,300		4	12/17/2013
SAN ANDRES	3,500	4,700	Active CO2 flood; high flows; H2S; corrosive	5	12/17/2013
CISCO	8,500	8,500		6	12/17/2013
SPRABERRY	6,500	8,500		7	12/17/2013
DEAN	6,500	9,500		8	12/17/2013
WOLFCAMP	8,600	9,600		9	12/17/2013
PENNSYLVANIAN	9,400	10,600		10	12/17/2013
STRAWN	10,100	10,600		11	12/17/2013
MISSISSIPPIAN	11,100	11,100		12	12/17/2013
FUSSELMAN	10,600	11,600		13	12/17/2013
SILURIAN	11,600	12,100		14	12/17/2013
DEVONIAN	11,500	12,200		15	12/17/2013
ELLENBURGER	13,200	13,200		16	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>

GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 29 August 2016**GAU Number:** 159200**Attention:** QEP ENERGY COMPANY
ATTN SOUTHERN DIV
DENVER, CO 80265**API Number:** 31740531
County: MARTIN
Lease Name: UNIVERSITY 7-2730**Operator No.:** 684474**Lease Number:**
Well Number: S 02LD
Total Vertical Depth: 8100
Latitude: 32.394210
Longitude: -102.173814
Datum: NAD27**Purpose:** New Drill**Location:** Survey-UL; Block-7; Section-27

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 350 feet must be protected.

This recommendation is applicable for all wells drilled in this University 7-2730 Lease in Sections 27 and 30.

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 08/26/2016. 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

