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|--|---------------|--|--|---|---|--|--|
| API No. <u>42-475-37120</u> Drilling Permit # <u>817618</u> SWR Exception Case/Docket No. _____ | | 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. 276868 | | 2. Operator's Name (as shown on form P-5, Organization Report) FORGE ENERGY, LLC | | | 3. Operator Address (include street, city, state, zip): 10999 IH 10 WEST SUITE 900 SAN ANTONIO, TX 78230-0000 | | |
| 4. Lease Name UL 20 TENSLEEP | | 5. Well No. 1H | | | | | |
| 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 checked="" 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 12900 | | 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 WARD | | 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>9</u> miles in a <u>SW</u> direction from <u>Wink</u> which is the nearest town in the county of the well site. | | | | | | | |
| 15. Section 47 | | 16. Block 20 | | 17. Survey UNIVERSITY LANDS | | 18. Abstract No. A- | |
| | | | | 19. Distance to nearest lease line: 200 ft. | | 20. Number of contiguous acres in lease, pooled unit, or unitized tract: 1281.4 | |
| 21. Lease Perpendiculars: <u>495</u> ft from the <u>WEST</u> line and <u>190</u> ft from the <u>SOUTH</u> line. | | | | | | | |
| 22. Survey Perpendiculars: <u>495</u> ft from the <u>WEST</u> line and <u>190</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 | |
| 08 | 71052900 | PHANTOM (WOLFCAMP) | | Oil or Gas Well | 12900 | 137.00 | |
| 08 | 98359800 | WOLFBONE (TREND AREA) | | Oil or Gas Well | 12900 | 0.00 | |
| | | | | | | | |
| | | | | | | | |
| 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>Katrina Boyd, Operations Assistant</u> Name of filer </div> <div> <u>Apr 25, 2017</u> Date submitted </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <u>(432)5241301</u> Phone </div> <div> <u>kboyd@forgenergy.com</u> E-mail Address (OPTIONAL) </div> </div> | | | |
| RRC Use Only | | | | | | | |
| Data Validation Time Stamp: May 2, 2017 1:05 PM(Current Version) | | | | | | | |

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|---|----------|
| 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

*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.*

| | |
|----------------|--------------|
| Permit # | 817618 |
| Approved Date: | May 02, 2017 |

| | | | |
|-------------------------------|---|---------------------------------|-------------------|
| 1. RRC Operator No. 276868 | 2. Operator's Name (exactly as shown on form P-5, Organization Report) FORGE ENERGY, LLC | 3. Lease Name UL 20 TENSLEEP | 4. Well No. 1H |
|-------------------------------|---|---------------------------------|-------------------|

Lateral Drainhole Location Information

| | |
|-------------------------------|--|
| 5. Field as shown on Form W-1 | PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08) |
|-------------------------------|--|

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|------------------|----------------|-------------------------------|-------------|------------------------------|
| 6. Section 38 | 7. Block 20 | 8. Survey UNIVERSITY LANDS | 9. Abstract | 10. County of BHL WINKLER |
|------------------|----------------|-------------------------------|-------------|------------------------------|

| |
|--|
| 11. Terminus Lease Line Perpendiculars 467 ft. from the WEST line. and 200 ft. from the NORTH line |
| 12. Terminus Survey Line Perpendiculars 467 ft. from the WEST line. and 200 ft. from the NORTH line |
| 13. Penetration Point Lease Line Perpendiculars 495 ft. from the WEST line. and 190 ft. from the SOUTH line |

| | |
|-------------------------------|---|
| 5. Field as shown on Form W-1 | WOLFBONE (TREND AREA) (Field # 98359800, RRC District 08) |
|-------------------------------|---|

| | | | | |
|------------------|----------------|-------------------------------|-------------|------------------------------|
| 6. Section 38 | 7. Block 20 | 8. Survey UNIVERSITY LANDS | 9. Abstract | 10. County of BHL WINKLER |
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Permit Status: **Approved**

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

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

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

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A certification of the automated data is available in the RRC's Austin office.*

W-1 Comments

Permit # **817618**

Approved Date: **May 02, 2017**

[Apr 18, 2017 1:25 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.

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">817618</div> | DATE PERMIT ISSUED OR AMENDED (AMENDED) May 02, 2017 | DISTRICT <div align="center">* 08</div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|----------------------|--------------------------|------------------------|-------|----------------------|------|-------|-------|-------|-------|-----|--------------------|---------|--------|----|----|----------------|-----|--|-----|--|-------|--|--|--|--|---|--|--|--|--|-------|--|--|--|--|
| API NUMBER <div align="center">42-475-37120</div> | FORM W-1 RECEIVED <div align="center">Apr 25, 2017</div> | COUNTY <div align="center">WARD</div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TYPE OF OPERATION <div align="center">NEW DRILL</div> | WELLBORE PROFILE(S) <div align="center">Horizontal</div> | ACRES <div align="center">1281.4</div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| OPERATOR <div align="center"> FORGE ENERGY, LLC 10999 IH 10 WEST SUITE 900 SAN ANTONIO, TX 78230-0000 </div> | | 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">UL 20 TENSLEEP</div> | | WELL NUMBER <div align="center">1H</div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LOCATION <div align="center">9 miles SW direction from WINK</div> | | TOTAL DEPTH <div align="center">12900</div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Section, Block and/or Survey SECTION 47 BLOCK 20 ABSTRACT SURVEY UNIVERSITY LANDS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DISTANCE TO SURVEY LINES <div align="center">495 ft. WEST 190 ft. SOUTH</div> | | DISTANCE TO NEAREST LEASE LINE <div align="center">200 ft.</div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DISTANCE TO LEASE LINES <div align="center">495 ft. WEST 190 ft. SOUTH</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 *</div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:60%;">FIELD NAME LEASE NAME</th> <th style="width:10%;">ACRES NEAREST LEASE</th> <th style="width:10%;">DEPTH</th> <th style="width:10%;">WELL # NEAREST WE</th> <th style="width:10%;">DIST</th> </tr> </thead> <tbody> <tr> <td>-----</td> <td>-----</td> <td>-----</td> <td>-----</td> <td>---</td> </tr> <tr> <td>PHANTOM (WOLFCAMP)</td> <td align="center">1281.40</td> <td align="center">12,900</td> <td align="center">1H</td> <td align="center">08</td> </tr> <tr> <td>UL 20 TENSLEEP</td> <td align="center">200</td> <td></td> <td align="center">137</td> <td></td> </tr> <tr> <td colspan="5">-----</td> </tr> <tr> <td colspan="5">WELLBORE PROFILE(s) FOR FIELD: Horizontal</td> </tr> <tr> <td colspan="5">-----</td> </tr> </tbody> </table> | | | | FIELD NAME LEASE NAME | ACRES NEAREST LEASE | DEPTH | WELL # NEAREST WE | DIST | ----- | ----- | ----- | ----- | --- | PHANTOM (WOLFCAMP) | 1281.40 | 12,900 | 1H | 08 | UL 20 TENSLEEP | 200 | | 137 | | ----- | | | | | WELLBORE PROFILE(s) FOR FIELD: Horizontal | | | | | ----- | | | | |
| FIELD NAME LEASE NAME | ACRES NEAREST LEASE | DEPTH | WELL # NEAREST WE | DIST | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ----- | ----- | ----- | ----- | --- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PHANTOM (WOLFCAMP) | 1281.40 | 12,900 | 1H | 08 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| UL 20 TENSLEEP | 200 | | 137 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ----- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| WELLBORE PROFILE(s) FOR FIELD: Horizontal | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ----- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RESTRICTIONS: No perforations or take points may be placed in the wellbore where a "NO PERF ZONE" was designated on the plat that was approved for this permit. If at such time the NPZ's are no longer applicable, then an amended permit will be required to remove the NPZ restriction before completing the well. This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production. Lateral: TH1 Penetration Point Location Lease Lines: 495.0 F WEST L 190.0 F SOUTH L Terminus Location BH County: WINKLER Section: 38 Block: 20 Abstract: Survey: UNIVERSITY LANDS Lease Lines: 467.0 F WEST L 200.0 F NORTH L Survey Lines: 467.0 F WEST L 200.0 F NORTH L | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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 817618 | DATE PERMIT ISSUED OR AMENDED (AMENDED) May 02, 2017 | DISTRICT * 08 | |
| API NUMBER 42-475-37120 | FORM W-1 RECEIVED Apr 25, 2017 | COUNTY WARD | |
| TYPE OF OPERATION NEW DRILL | WELLBORE PROFILE(S) Horizontal | ACRES 1281.4 | |
| OPERATOR FORGE ENERGY, LLC 10999 IH 10 WEST SUITE 900 SAN ANTONIO, TX 78230-0000 | | 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 UL 20 TENSLEEP | | WELL NUMBER 1H | |
| LOCATION 9 miles SW direction from WINK | | TOTAL DEPTH 12900 | |
| Section, Block and/or Survey SECTION 47 BLOCK 20 ABSTRACT SURVEY UNIVERSITY LANDS | | | |
| DISTANCE TO SURVEY LINES 495 ft. WEST 190 ft. SOUTH | | DISTANCE TO NEAREST LEASE LINE 200 ft. | |
| DISTANCE TO LEASE LINES 495 ft. WEST 190 ft. SOUTH | | DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below | |
| FIELD(s) and LIMITATIONS: <p align="center">* SEE FIELD DISTRICT FOR REPORTING PURPOSES *</p> | | | |
| FIELD NAME LEASE NAME | ACRES NEAREST LEASE | DEPTH NEAREST WE | WELL # NEAREST WE |
| ----- | ----- | ----- | ----- |
| WOLFBONE (TREND AREA) | 1281.40 | 12,900 | 1H |
| UL 20 TENSLEEP | 200 | 0 | 08 |
| ----- | | | |
| WELLBORE PROFILE(s) FOR FIELD: Horizontal | | | |
| ----- | | | |
| RESTRICTIONS: No perforations or take points may be placed in the wellbore where a "NO PERF ZONE" was designated on the plat that was approved for this permit. If at such time the NPZ's are no longer applicable, then an amended permit will be required to remove the NPZ restriction before completing the well. This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production. Lateral: TH1 Penetration Point Location Lease Lines: 495.0 F WEST L 190.0 F SOUTH L Terminus Location BH County: WINKLER Section: 38 Block: 20 Abstract: Survey: UNIVERSITY LANDS Lease Lines: 467.0 F WEST L 200.0 F NORTH L Survey Lines: 467.0 F WEST L 200.0 F NORTH L | | | |

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

Data Validation Time Stamp: May 8, 2017 8:04 AM(Current Version)

