

API No. <u>42-003-48278</u>	RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION				FORM W-1 07/2004	
Drilling Permit # <u>864445</u>	APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER				Permit Status: Approved	
SWR Exception Case/Docket No. <u>0327153</u> (R37/38)	<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. 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 UL 1933 E10		5. Well No. 05SC				
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 9700		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 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>17.9</u> miles in a <u>E</u> direction from <u>ANDREWS</u> which is the nearest town in the county of the well site.						
15. Section 19	16. Block 7	17. Survey UL		18. Abstract No. A-U200	19. Distance to nearest lease line: ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 641.39
21. Lease Perpendiculars: <u>260</u> ft from the <u>NORTH</u> line and <u>886</u> ft from the <u>WEST</u> line.		22. Survey Perpendiculars: <u>1060</u> ft from the <u>SOUTH</u> line and <u>1755</u> ft from the <u>EAST</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	85280300	SPRABERRY (TREND AREA)		Oil Well	9700	292.00
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.		
				<u>Mackenzie Wall</u> Name of filer		<u>Jul 28, 2020</u> Date submitted
RRC Use Only				<u>(303)308-3068</u> Phone		<u>Mackenzie.Wall@qepres.com</u> E-mail Address (OPTIONAL)
Data Validation Time Stamp: Sep 8, 2020 9:42 AM(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 # **864445**
Approved Date: **Sep 03, 2020**

1. RRC Operator No. 684474	2. Operator's Name (exactly as shown on form P-5, Organization Report) QEP ENERGY COMPANY	3. Lease Name UL 1933 E10	4. Well No. 05SC
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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 33	7. Block 7	8. Survey UL / A-U206	9. Abstract	10. County of BHL ANDREWS
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11. Terminus Lease Line Perpendiculars 1 ft. from the SOUTH line. and 1114 ft. from the WEST line
12. Terminus Survey Line Perpendiculars 1 ft. from the SOUTH line. and 1528 ft. from the EAST line
13. Penetration Point Lease Line Perpendiculars 1 ft. from the NORTH line. and 1113 ft. from the WEST line

Permit Status: **Approved**

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**RAILROAD COMMISSION OF TEXAS
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APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

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W-1 Comments

Permit # 864445
Approved Date: Sep 03, 2020

[Jul 28, 2020 12:23 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.

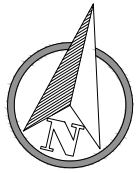
The foregoing statements are not, and should not be construed as, a final opinion or decision of the Railroad Commission.; [FILER Jul 28, 2020 1:13 PM]: Allocation well. Total acreage does not match total acreage shown on plat because the well does not traverse all of the tracts. Thank you for your assistance!; [RRC STAFF Aug 4, 2020 3:51 PM]: SHL abstract / survey information corrected per plat / GIS. Nearest Distance from the First/Last Take Point (Closest) to a Lease Line corrected for allocation well without NPZs. Tract F is not being used in the developmental acreage, per section 5 of the P-16 and comment from filer. There is no production from the well in this tract. The total acreage of the P-16 and W-1 support the subtraction of Tract F from the individual tract acreage chart shown on the plat.; [RRC STAFF Aug 5, 2020 4:06 PM]: Nearest Distance from First/Last take point should be the Heel/Toe nearest distance, NOT simply the Closest Distance, as written. This is typo in the description box; [RRC STAFF Aug 5, 2020 4:06 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Aug 6, 2020 10:56 AM]: Problems identified with this permit are resolved.; [RRC STAFF Aug 6, 2020 10:56 AM]: Mackenzie Wall sent revised plat. Nearest Perpendicular Distance from Any Take Point to a Lease Line changed from 1113' to 207' per plat.; [RRC STAFF Sep 1, 2020 10:51 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Sep 3, 2020 2:49 PM]: Problems identified with this permit are resolved.

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

ANDREWS (003) County

Formation	Remarks	Geological Order	Effective Date
YATES		1	02/09/2020
SEVEN RIVERS		2	02/09/2020
QUEEN		3	02/09/2020
GRAYBURG		4	02/09/2020
SAN ANDRES	CO2 flood, high flows, H2S, corrosive	5	02/09/2020
HOLT		6	02/09/2020
GLORIETA		7	02/09/2020
CLEARFORK		8	02/09/2020
TUBB		9	02/09/2020
PERMIAN DETRITAL		10	02/09/2020
LEON		11	02/09/2020
WICHITA ALBANY		12	02/09/2020
SPRABERRY		13	02/09/2020
DEAN		14	02/09/2020
WOLFCAMP		15	02/09/2020
CANYON		16	02/09/2020
PENNSYLVANIAN		17	02/09/2020
STRAWN		18	02/09/2020
DEVONIAN		19	02/09/2020
SILURIAN		20	02/09/2020
FUSSELMAN		21	02/09/2020
MCKEE		22	02/09/2020
ELLENBURGER		23	02/09/2020
PRECAMBRIAN (UNDIFFERENTIATED)		24	02/09/2020

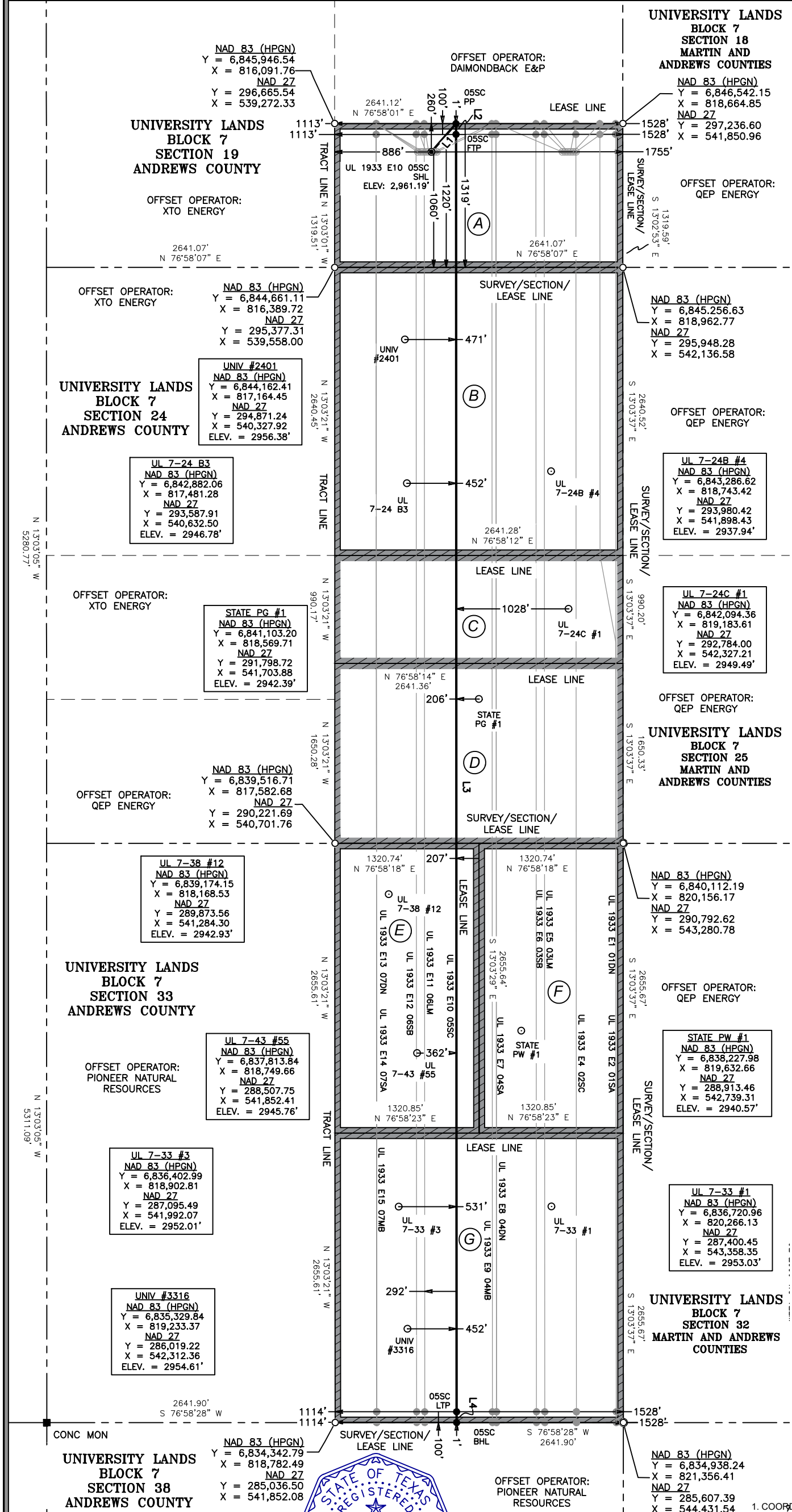
The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. The listing order of the Formation information reflects the general stratigraphic order and relative geologic age. This is a dynamic list subject to updates and revisions. It is the operator's 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>



0 500 1000
1" = 1000 FEET
NAD 83 (HPGN) GRID
TEXAS NORTH CENTRAL ZONE

LEGEND

- SURVEY LINE
- LEASE LINE
- FOUND CONCRETE MONUMENT
- CALCULATED CORNER

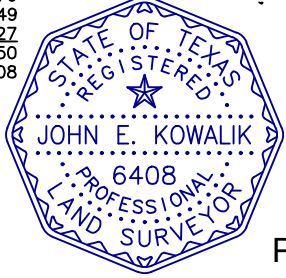


LINE	BEARING	DISTANCE
L1	N 28°11'42" E	344.33'
L2	S 13°03'32" E	99.00'
L3	S 13°03'32" E	1171.78'
L4	S 13°03'32" E	99.00'

LEASE/CALLED	ACREAGE	LATERAL LENGTH
LEASE A #107149	80.00 ACRES	1219.55'
LEASE B #107151	160.00 ACRES	2640.48'
LEASE C #114999	60.00 ACRES	990.18'
LEASE D #100453	100.00 ACRES	1650.30'
LEASE E #100454	80.463 ACRES	2655.64'
LEASE F #107941	0 ACRES	N/A
LEASE G #107162	160.925 ACRES	2555.64'
TOTAL	641.388 ACRES	

GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (HPGN) "TEXAS NORTH CENTRAL ZONE", AND BASED ON "GLASS" NGS MONUMENT (Y = 6,817,164.36, X = 834,131.39)
2. VERTICAL DATUM IS NAVD 88
3. LATITUDE AND LONGITUDE ARE NAD 83 (HPGN) AS SHOWN
4. AREA, DISTANCES, AND COORDINATES ARE "GRID"
5. UNITS ARE UNITED STATES SURVEY FOOT.
6. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".



I HEREBY STATE THAT THIS PLAT SHOWS THE SUBJECT LOCATION AS STAKED ON THE GROUND.

John Kowalik

JOHN E. KOWALIK
REGISTERED PROFESSIONAL LAND SURVEYOR
STATE OF TEXAS NO. 6408

PLAT OF:
A PROPOSED WELL LOCATION FOR:
QEP ENERGY COMPANY
UL 1933 E10 05SC

SITUATED IN THE UNIVERSITY LANDS, BLOCK 7, SECTION 19, THE UNIVERSITY LANDS, BLOCK 7, SECTION 24, AND THE UNIVERSITY LANDS SURVEY, BLOCK 7, SECTION 33 AND BEING APPROXIMATELY 17.9 MILES EAST OF ANDREWS IN ANDREWS COUNTY, TEXAS.

FSC INC
SURVEYORS+ENGINEERS
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TBPE Firm 17957 | TBPLS Firm 10193887
www.fscinc.net

QEP ENERGY

DATE: 07-31-2020
DRAWN BY: JK/RS
CHECKED BY: JK
FIELD CREW: N/A
PROJECT NO: 2020060985
SCALE: 1" = 1000'
SHEET: 1 OF 1
REVISION: NO