

API No. <u>42-003-03923</u> Drilling Permit # <u>855857</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. 271567		2. Operator's Name (as shown on form P-5, Organization Report) FIVESTONES ENERGY LLC		3. Operator Address (include street, city, state, zip): PO BOX 51082 MIDLAND, TX 79710-0000			
4. Lease Name UNIVERSITY 35A		5. Well No. 2					
GENERAL INFORMATION							
6. Purpose of filing (mark ALL appropriate boxes): <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <input type="checkbox"/> New Drill <input type="checkbox"/> Recompletion <input checked="" type="checkbox"/> Reclass <input type="checkbox"/> Field Transfer <input type="checkbox"/> Re-Enter </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <input type="checkbox"/> Amended <input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D) </div>							
7. Wellbore Profile (mark ALL appropriate boxes): <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <input checked="" type="checkbox"/> Vertical <input type="checkbox"/> Horizontal (Also File Form W-1H) <input type="checkbox"/> Directional (Also File Form W-1D) <input type="checkbox"/> Sidetrack </div>							
8. Total Depth 9000		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 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>19</u> miles in a <u>SW</u> direction from <u>Andrews</u> which is the nearest town in the county of the well site.							
15. Section 35		16. Block 11		17. Survey UL		18. Abstract No. A-U355	
				19. Distance to nearest lease line: 556 ft.		20. Number of contiguous acres in lease, pooled unit, or unitized tract: 165.4	
21. Lease Perpendiculars: <u>1056</u> ft from the <u>SOUTH</u> line and <u>556</u> ft from the <u>EAST</u> line.							
22. Survey Perpendiculars: <u>1056</u> ft from the <u>SOUTH</u> line and <u>2156</u> ft from the <u>WEST</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	57774275	MARTIN (CONSOLIDATED)		Oil Well	9000	1792.00	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS							
Remarks [RRC STAFF Aug 2, 2019 4:27 PM]: Reclassing from injector to producer; [RRC STAFF Aug 5, 2019 8:29 AM]: Update well count to 3 for the MARTIN (CONSOLIDATED) field as there is 1 current producer per lease id 08-47667 and 1 current permit per API #003-47660.; [RRC STAFF Aug 5, 2019 1:18 PM]: Revised plat submitted. Well number corrected.				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <div style="text-align: center; margin-top: 10px;"> Lisa Mewhorter, Operations & Engineering Assistant <div style="display: flex; justify-content: space-between;"> <div> <u>Name of filer</u> (432)6189929, x1105 Phone </div> <div> <u>Aug 02, 2019</u> Date submitted lisa@fivese.com E-mail Address (OPTIONAL) </div> </div> </div>			
RRC Use Only							
Data Validation Time Stamp: Aug 5, 2019 1:24 PM('As Approved' Version)							

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">855857</div>	DATE PERMIT ISSUED OR AMENDED <div align="center">Aug 05, 2019</div>	DISTRICT <div align="center">* 08</div>			
API NUMBER <div align="center">42-003-03923</div>	FORM W-1 RECEIVED <div align="center">Aug 02, 2019</div>	COUNTY <div align="center">ANDREWS</div>			
TYPE OF OPERATION <div align="center">RECLASS</div>	WELLBORE PROFILE(S) <div align="center">Vertical</div>	ACRES <div align="center">165.4</div>			
OPERATOR <div align="center"> FIVESTONES ENERGY LLC PO BOX 51082 MIDLAND, TX 79710-0000 </div>		<div align="center"> 271567 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 </div>			
LEASE NAME <div align="center">UNIVERSITY 35A</div>		WELL NUMBER <div align="center">2</div>			
LOCATION <div align="center">19 miles SW direction from ANDREWS</div>		TOTAL DEPTH <div align="center">9000</div>			
Section, Block and/or Survey <div> SECTION ◀ 35 BLOCK ◀ 11 ABSTRACT ◀ U355 SURVEY ◀ UL </div>					
DISTANCE TO SURVEY LINES <div align="center">1056 ft. SOUTH 2156 ft. WEST</div>		DISTANCE TO NEAREST LEASE LINE <div align="center">556 ft.</div>			
DISTANCE TO LEASE LINES <div align="center">1056 ft. SOUTH 556 ft. EAST</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>					
FIELD NAME LEASE NAME		ACRES NEAREST LEASE	DEPTH NEAREST WE	WELL # NEAREST WE	DIST
----- MARTIN (CONSOLIDATED) UNIVERSITY 35A		165.40 556	9,000 1792	2 1792	08
RESTRICTIONS: Permitted for oil only. 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.					
<div align="center">THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS</div> <p>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.</p> <p>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.</p>					

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

ANDREWS (003) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
YATES	2,500	3,200		1	12/17/2013
SEVEN RIVERS	3,000	3,000		2	12/17/2013
QUEEN	3,600	4,800		3	12/17/2013
GRAYBURG	3,100	5,000		4	12/17/2013
SAN ANDRES	3,700	5,300	CO2 flood, high flows, H2S, corrosive	5	12/17/2013
HOLT	5,000	5,500		6	12/17/2013
GLORIETA	5,100	6,000		7	12/17/2013
TUBB	6,100	6,300		8	12/17/2013
CLEARFORK	5,600	7,600		9	12/17/2013
PERMIAN DETRITAL	7,800	7,900		10	12/17/2013
LEON	7,900	7,900		11	12/17/2013
WICHITA ALBANY	6,500	8,100		12	12/17/2013
SPRABERRY	7,300	8,600		13	12/17/2013
DEAN	9,200	9,500		14	12/17/2013
WOLFCAMP	7,500	9,900		15	12/17/2013
CANYON	8,600	10,200		16	12/17/2013
PENNSYLVANIAN	8,700	10,200		17	12/17/2013
MCKEE	8,300	10,600		18	12/17/2013
STRAWN	8,800	11,000		19	12/17/2013
FUSSELMAN	8,400	11,900		20	12/17/2013
DEVONIAN	7,600	12,500		21	12/17/2013
SILURIAN	8,000	12,500		22	12/17/2013
ELLENBURGER	7,900	13,900		23	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: 14 August 2019**GAU Number:** 246303**Attention:** FIVESTONES ENERGY LLC
PO BOX 51082
MIDLAND, TX 79710**Operator No.:** 271567**API Number:** 00303923
County: ANDREWS
Lease Name: University 35A
Lease Number: 47667
Well Number: 2
Total Vertical Depth: 9000
Latitude: 32.103556
Longitude: -102.750330
Datum: NAD27**Purpose:** Recompletion (RC)**Location:** Survey-UL; Abstract-U355; Block-11; Section-35

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

The base of usable-quality water that must be protected is estimated to occur at a depth of 1300 feet below the land surface. Moreover, the interval from the land surface to a depth of 250 feet and the usable-quality water contained in the Zone from a depth of 900 feet to 1300 feet must be isolated from water in overlying and underlying beds.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 08/13/2019. 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

Form GW-2 P.O. Box 12967 Austin, Texas 78771-2967 512-463-2741 Internet address: www.rrc.texas.gov
Rev. 02/2014

Block 11, University Lands Survey Andrews County, Texas

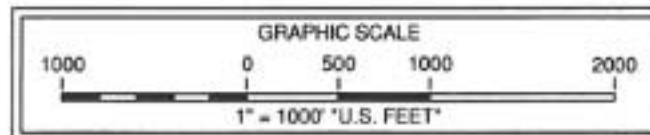
27 26
34 35

25
36



FIVESTONES ENERGY
165.4 Acres

GRID N: (Y)199566.657
GRID E: (X)374772.433
NAD83 Lat/Long
Lat: 32°06'13.204"
Long: -102°45'02.765"



Note: Well is located 19 miles Southwest of the city of Andrews, Texas.

Note: Survey Reconstruction filed in the Office of Pennell & Marlowe Land Surveyors, Inc.

Note: Coordinates shown herein are on The Texas Coordinate System of 1927, North Central Zone.

Note: Example: (S-99999) indicates General Land Office file number.

Revised: 08/01/2019-KRM
USGS Quadrangle Sheet: Bedford Ranch, Tex.

Railroad Commission Permit Plat

FIVESTONES ENERGY
University 35A #2
1056' FROM SOUTH LINE
2156' FROM WEST LINE
University 35A Lease
165.4 Acres being the SW/4 of
Section 35, Block 11
University Lands Survey
Andrews County, Texas

Scale: 1" = 1000'



Stephen P. Marlowe
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5715



July 19, 2019

190719/JR-BCL

P.O. Box 51887, Midland, Texas 79710 (432) 262-0901 Fax (432) 262-0679 Firm #100201-00