

API No. <u>42-003-46447</u> Drilling Permit # <u>788929</u> SWR Exception Case/Docket No. _____		<b>RAILROAD COMMISSION OF TEXAS</b> <b>OIL &amp; GAS DIVISION</b> <b>APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER</b> <small>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.</small>				<b>FORM W-1</b> 07/2004 Permit Status: <b>Approved</b>	
1. RRC Operator No. <b>633120</b>		2. Operator's Name (as shown on form P-5, Organization Report) <b>PACSETTER ENERGY, LLC</b>			3. Operator Address (include street, city, state, zip): <b>2001 TIMBER CREEK RD</b> <b>FLOWER MOUND, TX 75028</b>		
4. Lease Name <b>UNIVERSITY JV 14</b>			5. Well No. <b>1H</b>				
<b>GENERAL INFORMATION</b>							
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 <b>9000</b>		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			
<b>SURFACE LOCATION AND ACREAGE INFORMATION</b>							
11. RRC District No. <b>08</b>		12. County <b>ANDREWS</b>		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>7.3</u> miles in a <u>NW</u> direction from <u>Andrews</u> which is the nearest town in the county of the well site.							
15. Section <b>4</b>		16. Block <b>14</b>		17. Survey <b>UL</b>		18. Abstract No. <b>A-U444</b>	
				19. Distance to nearest lease line: <b>100</b> ft.		20. Number of contiguous acres in lease, pooled unit, or unitized tract: <b>1807.25</b>	
21. Lease Perpendiculars: <u>5105</u> ft from the <u>N</u> line and <u>350</u> ft from the <u>E</u> line. 22. Survey Perpendiculars: <u>350</u> ft from the <u>E</u> line and <u>200</u> ft from the <u>S</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							
<b>FIELD INFORMATION    List all fields of anticipated completion including Wildcat.    List one zone per line.</b>							
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)			29. Well Type	30. Completion Depth	
08	82570500	SHAFTER LAKE (SAN ANDRES)			Oil Well	9000	
<b>BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS    (see W-1H attachment)</b>							
Remarks    					<u>Certificate:</u> 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>Bill Spencer, Consultant</u>            Name of filer  <u>(512)9181062</u>            Phone         </div> <div> <u>Jun 06, 2014</u>            Date submitted  <u>bill@spencerconsulting.org</u>            E-mail Address (OPTIONAL)         </div> </div>		
RRC Use Only    Data Validation Time Stamp:    Jul 12, 2014 9:41 AM( 'As Approved' Version )							

Permit Status: <b>Approved</b>  The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.
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**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 #	<b>788929</b>
Approved Date:	<b>Jul 12, 2014</b>

1. RRC Operator No. <b>633120</b>	2. Operator's Name (exactly as shown on form P-5, Organization Report) <b>PACESETTER ENERGY, LLC</b>	3. Lease Name <b>UNIVERSITY JV 14</b>	4. Well No. <b>1H</b>
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**Lateral Drainhole Location Information**

5. Field as shown on Form W-1 **SHAFTER LAKE (SAN ANDRES) (Field # 82570500, RRC District 08)**

6. Section <b>9</b>	7. Block <b>14</b>	8. Survey <b>UL</b>	9. Abstract <b>U449</b>	10. County of BHL <b>ANDREWS</b>
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	11. Terminus Lease Line Perpendiculars <b>30</b> ft. from the <b>S</b> line. and <b>350</b> ft. from the <b>E</b> line			
	12. Terminus Survey Line Perpendiculars <b>30</b> ft. from the <b>S</b> line. and <b>350</b> ft. from the <b>E</b> line			
	13. Penetration Point Lease Line Perpendiculars <b>350</b> ft. from the <b>E</b> line. and <b>5405</b> ft. from the <b>N</b> line			

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

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

<b>PERMIT NUMBER</b> <div style="text-align: right;">788929</div>	<b>DATE PERMIT ISSUED OR AMENDED</b> <div style="text-align: center;">Jul 12, 2014</div>	<b>DISTRICT</b> <div style="text-align: center;">* 08</div>																
<b>API NUMBER</b> <div style="text-align: right;">42-003-46447</div>	<b>FORM W-1 RECEIVED</b> <div style="text-align: center;">Jun 06, 2014</div>	<b>COUNTY</b> <div style="text-align: center;">ANDREWS</div>																
<b>TYPE OF OPERATION</b> <div style="text-align: center;">NEW DRILL</div>	<b>WELLBORE PROFILE(S)</b> <div style="text-align: center;">Horizontal</div>	<b>ACRES</b> <div style="text-align: center;">1807.25</div>																
<b>OPERATOR</b> <div style="text-align: right;">633120</div> <p style="margin-top: 5px;">PACESETTER ENERGY, LLC 2001 TIMBER CREEK RD FLOWER MOUND, TX 75028</p>		<b>NOTICE</b> <p style="font-size: small;">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</p>																
<b>LEASE NAME</b> <div style="text-align: center;">UNIVERSITY JV 14</div>		<b>WELL NUMBER</b> <div style="text-align: center;">1H</div>																
<b>LOCATION</b> <div style="text-align: center;">7.3 miles NW direction from ANDREWS</div>		<b>TOTAL DEPTH</b> <div style="text-align: center;">9000</div>																
Section, Block and/or Survey <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 30%;"> <b>SECTION</b> ◀ 4  <b>SURVEY</b> ◀ UL </div> <div style="width: 30%;"> <b>BLOCK</b> ◀ 14 </div> <div style="width: 30%;"> <b>ABSTRACT</b> ◀ U444 </div> </div>																		
<b>DISTANCE TO SURVEY LINES</b> <div style="text-align: center;">350 ft. E    200 ft. S</div>		<b>DISTANCE TO NEAREST LEASE LINE</b> <div style="text-align: center;">100 ft.</div>																
<b>DISTANCE TO LEASE LINES</b> <div style="text-align: center;">5105 ft. N    350 ft. E</div>		<b>DISTANCE TO NEAREST WELL ON LEASE</b> <div style="text-align: center;">See FIELD(s) Below</div>																
<b>FIELD(s) and LIMITATIONS:</b> <div style="text-align: center; margin-top: 10px;">* 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>SHAFTER LAKE (SAN ANDRES)</td> <td>1807.25</td> <td>9,000</td> <td>1H</td> <td>08</td> </tr> <tr> <td>UNIVERSITY JV 14</td> <td>100</td> <td></td> <td>0</td> <td></td> </tr> </tbody> </table>				FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH	WELL # NEAREST WE	DIST	SHAFTER LAKE (SAN ANDRES)	1807.25	9,000	1H	08	UNIVERSITY JV 14	100		0	
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH	WELL # NEAREST WE	DIST														
SHAFTER LAKE (SAN ANDRES)	1807.25	9,000	1H	08														
UNIVERSITY JV 14	100		0															
<hr/> <b>WELLBORE PROFILE(s) FOR FIELD:</b> Horizontal																		
<b>RESTRICTIONS:</b> 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 style="font-size: small;"> Lateral: TH1  Penetration Point Location  Lease Lines:                    350.0 F E L     5405.0 F N L  Terminus Location  BH County: ANDREWS  Section: 9                      Block: 14                      Abstract: U449  Survey: UL  Lease Lines:                    30.0 F S L     350.0 F E L  Survey Lines:                   30.0 F S L     350.0 F E L </div>																		
<b>THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS</b>																		

**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 <b>788929</b>	DATE PERMIT ISSUED OR AMENDED <b>Jul 12, 2014</b>	DISTRICT <b>* 08</b>										
API NUMBER <b>42-003-46447</b>	FORM W-1 RECEIVED <b>Jun 06, 2014</b>	COUNTY <b>ANDREWS</b>										
TYPE OF OPERATION <b>NEW DRILL</b>	WELLBORE PROFILE(S) <b>Horizontal</b>	ACRES <b>1807.25</b>										
OPERATOR <b>PACESETTER ENERGY, LLC</b> <b>2001 TIMBER CREEK RD</b> <b>FLOWER MOUND, TX 75028</b>		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: <b>(432) 684-5581</b>										
LEASE NAME <b>UNIVERSITY JV 14</b>		WELL NUMBER <b>1H</b>										
LOCATION <b>7.3 miles NW direction from ANDREWS</b>		TOTAL DEPTH <b>9000</b>										
Section, Block and/or Survey SECTION <b>4</b> BLOCK <b>14</b> ABSTRACT <b>U444</b> SURVEY <b>UL</b>												
DISTANCE TO SURVEY LINES <b>350 ft. E    200 ft. S</b>		DISTANCE TO NEAREST LEASE LINE <b>100 ft.</b>										
DISTANCE TO LEASE LINES <b>5105 ft. N    350 ft. E</b>		DISTANCE TO NEAREST WELL ON LEASE <b>See FIELD(s) Below</b>										
FIELD(s) and LIMITATIONS:  <p style="text-align: center;"><b>* SEE FIELD DISTRICT FOR REPORTING PURPOSES *</b></p>												
<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">FIELD NAME</td> <td style="width: 15%;">ACRES</td> <td style="width: 15%;">DEPTH</td> <td style="width: 10%;">WELL #</td> <td style="width: 10%;">DIST</td> </tr> <tr> <td>LEASE NAME</td> <td>NEAREST LEASE</td> <td></td> <td>NEAREST WE</td> <td></td> </tr> </table> <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>			FIELD NAME	ACRES	DEPTH	WELL #	DIST	LEASE NAME	NEAREST LEASE		NEAREST WE	
FIELD NAME	ACRES	DEPTH	WELL #	DIST								
LEASE NAME	NEAREST LEASE		NEAREST WE									

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

This is a dynamic table that will be updated continuously. It is the operators responsibility to make sure that at time of spudding the well the most current table is being referenced.

Groundwater  
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date June 5, 2014

GAU File No.: 16731

\*\*\*\*\* EXPEDITED APPLICATION \*\*\*\*\*

API Number 00300000

Attention: JOSH BRYANT

RRC Lease No. 000000

SC\_633120\_00300000\_000000\_16731.pdf

PACESETTER ENERGY LLC  
2001 TIMBER CREEK RD  
FLOWER MOUND TX 75028

--Measured--

350 ft FEL

200 ft FSL

MRL: SECTION

Digital Map Location:

X-coord/Long 409958

Y-coord/Lat 293828

Datum 27 Zone NC

P-5# 633120

County ANDREWS

Lease & Well No. UNIVERSITY JV 14 #1H&RAD

Purpose ND

Location SUR-UL, BLK-14, SEC-4, -- [TD=9000] , [RRC 8] ,

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 300 feet and the ZONE from 1150 feet to 1550 feet must be protected.

This recommendation is applicable to all wells within a radius of 200 feet of this location.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area wide use. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).

If you have any questions, please contact us at 512-463-2741, [gau@rrc.state.tx.us](mailto:gau@rrc.state.tx.us), or by mail.

Sincerely,

George Dunfield, P.G.

GEOLOGIST SEAL



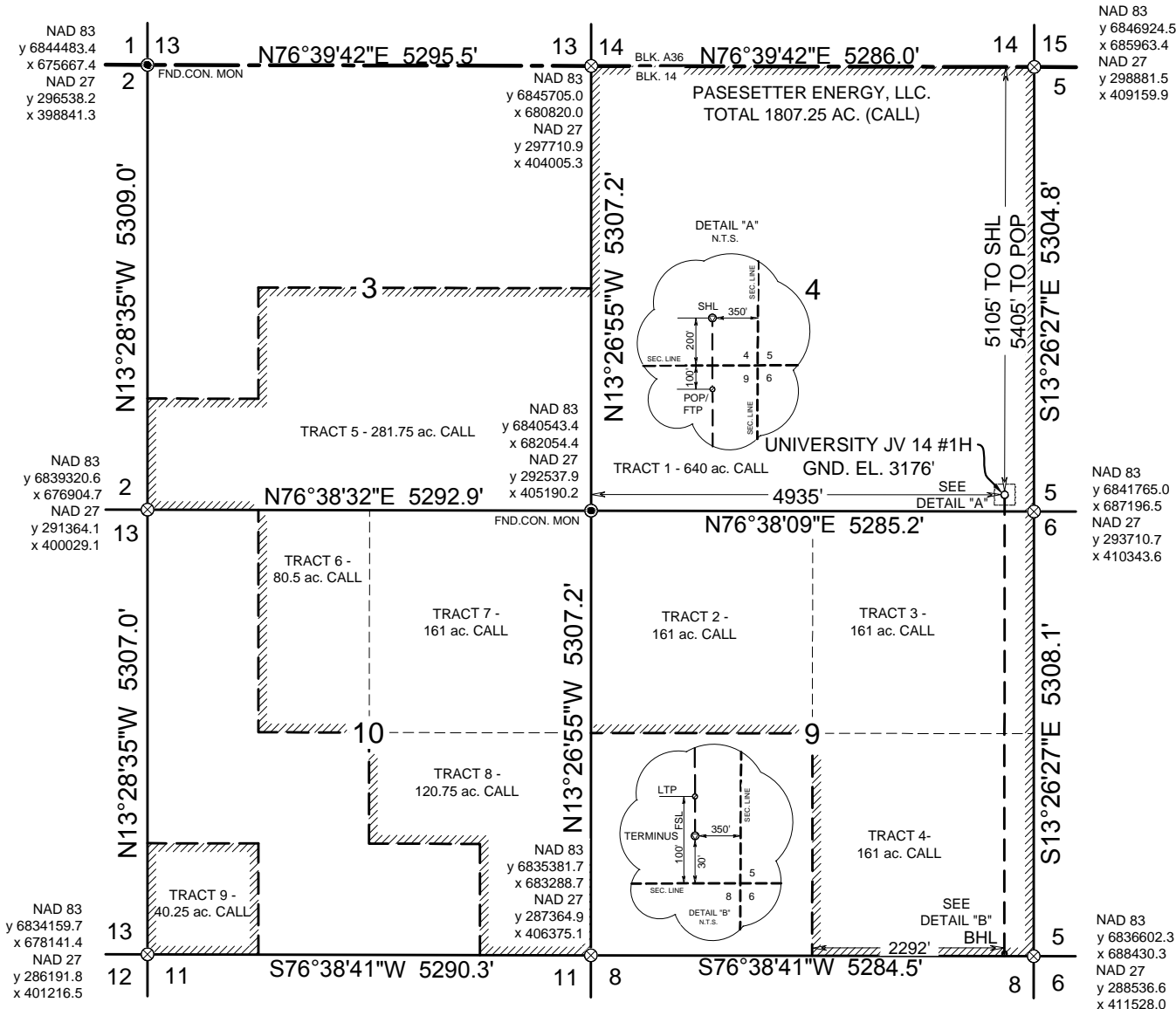
Geologist, Groundwater Advisory Unit  
Oil & Gas Division

The seal appearing on this document was authorized by George Dunfield on 6/5/2014  
Note: Alteration of this electronic document will invalidate the digital signature.

Form GW-2  
Rev. 02/2014

P.O. Box 12967 Austin, Texas 78711-2967 512-463-2741 Internet address: [www.rrc.state.tx.us](http://www.rrc.state.tx.us)

SECTIONS 3, 4, 9 & 10, BLOCK 14, UNIVERSITY LANDS SURVEY  
ANDREWS COUNTY, TEXAS

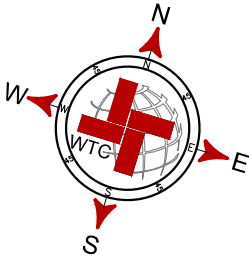


SURFACE LOCATION	NAD 83, TEXAS NORTH CENTRAL - N. (Y)=6841878.6', E.(X)=686809.4' - LAT=32°22'02.06"N, LON=102°39'07.97"W.
	NAD 27, TEXAS NORTH CENTRAL - N. (Y)=293828.0', E.(X)=409957.7' - LAT=32.367132187°N, LON=102.651769482°W.
POINT OF PENETRATION & FIRST TAKE	NAD 83, TEXAS NORTH CENTRAL - N. (Y)= 6841586.9', E.(X)=686879.2' - LAT=32°21'59.20"N, LON=102°39'07.03"W.
	NAD 27, TEXAS NORTH CENTRAL - N. (Y)=293535.5', E.(X)=410024.6' - LAT=32.366338340°N, LON=102.651506429°W.
LAST TAKE	NAD 83, TEXAS NORTH CENTRAL - N. (Y)= 6836618.8', E.(X)=688066.5' - LAT=32°21'10.54"N, LON=102°38'50.91"W.
	NAD 27, TEXAS NORTH CENTRAL - N. (Y)=288556.5', E.(X)=411164.4' - LAT=32.352821779°N, LON=102.647029778°W.
TERMINUS	NAD 83, TEXAS NORTH CENTRAL - N. (Y)= 6836550.7', E.(X)=688082.8' - LAT=32°21'09.87"N, LON=102°38'50.69"W.
	NAD 27, TEXAS NORTH CENTRAL - N. (Y)=288488.3', E.(X)=411180.0' - LAT=32.352636547°N, LON=102.646968439°W.

FROM THE INTERSECTION OF U.S. HIGHWAY 176 AND ROAD NW 2001, TURN RIGHT ON NW 2001 AND GO NORTH 3.3 MILES TO A LEASE ROAD LEFT. GO WEST 1.0 MILE TO A PROPOSED LEASE ROAD TO THE LEFT (SOUTH). GO SOUTH 0.2 MILE TO THE LOCATION FLAG ABOUT 150 FEET TO THE WEST.

SURVEYOR'S NOTES:

- SEE DOCUMENTS FILED IN THIS OFFICE WHICH DESCRIBE IN DETAIL THE RECONSTRUCTION OF THESE SECTIONS AND/OR BLOCKS, USING FOUND MONUMENTATION, GLO AND COURTHOUSE DOCUMENTATION.
- NO SURFACE OWNERSHIP WAS PROVIDED OR REQUESTED BY PACESETTER ENERGY, L.L.C.. AND NONE WAS RESEARCHED OR PROVIDED BY WEST TEXAS CONSULTANTS, INC.
- BASIS OF BEARINGS AND COORDINATES SHOWN HEREON ARE A LAMBERT CONICAL PROJECTION OF THE TEXAS STATE PLANE COORDINATE SYSTEM NORTH CENTRAL ZONE, NAD 83, BASED ON NGS STATION GARDNER.
- THIS LOCATION IS APPROXIMATELY 7.3 MILES N.31°W. FROM ANDREWS, TEXAS.



LEGEND

- DENOTES PROPOSED WELL LOCATION
- DENOTES EXISTING WELL
- DENOTES FOUND SECTION CORNER
- ⊗ DENOTES CALCULATED CORNER
- ▨ DENOTES LEASE BOUNDARY

2000 0 2000 4000 FEET  
SCALE: 1" = 2000'



I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE SURVEY INFORMATION FOUND ON THIS PERMIT PLAT WAS DERIVED FROM FIELD NOTES OR ELECTRONIC DATA OF AN ACTUAL ON-THE-GROUND SURVEY MADE BY ME OR UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR TEXAS RAILROAD COMMISSION PERMITTING ONLY, AND DOES NOT CONSTITUTE OR REPRESENT A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE T.B.P.L.S., "PROFESSIONAL LAND SURVEYING PRACTICES ACT." IF THERE ARE ANY ALTERATIONS MADE, (HAND DRAWN OR HANDWRITTEN ADDITIONS) THIS SURVEYOR IS NO LONGER RESPONSIBLE FOR THE VALIDITY OF THIS PLAT.

GREGORY W. SHOULTS RPLS #5356  
SURVEY DATE: 06/03/2014  
JOB NO.: 49753

06/05/2014  
DATE  
DRAFT: GWS  
SHEET: 1 OF 1



UNIVERSITY JV 14 #1H SHL AT 200 FEET FROM SOUTH LINE AND 350 FEET FROM EAST LINE OF SECTION 4, BLOCK 14, UNIVERSITY LANDS SURVEY, ANDREWS COUNTY, TEXAS.



WTC, INC.  
405 S.W. 1st. STREET  
ANDREWS, TEXAS 79714  
(432) 523-2181  
TEXAS REGISTERED ENGINEERING FIRM F-2746  
TEXAS REGISTERED SURVEYOR FIRM #100792-00