

API No. <u>42-003-48741</u> Drilling Permit # <u>886185</u> SWR Exception Case/Docket No. <u>0338240</u> (R37)		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. <u>664930</u>		2. Operator's Name (as shown on form P-5, Organization Report) PIEDRA OPERATING, LLC		3. Operator Address (include street, city, state, zip): PO BOX 10485 MIDLAND, TX 79702-0000			
4. Lease Name UNIVERSITY 8-4 WB		5. Well No. 9WC					
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 <u>10200</u>		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. <u>08</u>		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>21</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 <u>9</u>		16. Block <u>8</u>		17. Survey <u>UL</u>		18. Abstract No. <u>A-U227</u>	
				19. Distance to nearest lease line: <u> </u> ft.		20. Number of contiguous acres in lease, pooled unit, or unitized tract: 647.47	
21. Lease Perpendiculars: <u>118</u> ft from the <u>WEST</u> line and <u>301</u> ft from the <u>NORTH</u> line.							
22. Survey Perpendiculars: <u>118</u> ft from the <u>WEST</u> line and <u>301</u> ft from the <u>NORTH</u> line.							
23. Is this a pooled unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		24. Unitization Docket No: <u> </u>		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	
<u>08</u>	<u>85280300</u>	<u>SPRABERRY (TREND AREA)</u>		<u>Oil or Gas Well</u>	<u>10200</u>	<u>1.00</u>	
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>Ann Ritchie</u> Name of filer </div> <div> <u>Dec 02, 2022</u> Date submitted </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <u>(432)6846381</u> Phone </div> <div> <u>ann.wtor@gmail.com</u> E-mail Address (OPTIONAL) </div> </div>			
RRC Use Only Data Validation Time Stamp: <u>Dec 14, 2022 1:07 PM(Current Version)</u>							

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**

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.*

Permit #	886185
Approved Date:	Dec 14, 2022

1. RRC Operator No. 664930	2. Operator's Name (exactly as shown on form P-5, Organization Report) PIEDRA OPERATING, LLC	3. Lease Name UNIVERSITY 8-4 WB	4. Well No. 9WC
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 SPRABERRY (TREND AREA) (Field # 85280300, RRC District 08)			
6. Section 40	7. Block 5	8. Survey UL/A-U144	9. Abstract
		10. County of BHL ANDREWS	
11. Terminus Lease Line Perpendiculars 100 ft. from the North line. and 440 ft. from the West line			
12. Terminus Survey Line Perpendiculars 100 ft. from the North line. and 440 ft. from the West line			
13. Penetration Point Lease Line Perpendiculars 100 ft. from the South line. and 440 ft. from the West line			

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

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

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W-1 Comments

Permit #	886185
Approved Date:	Dec 14, 2022

[Dec 2, 2022 1:35 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.; [RRC STAFF Dec 8, 2022 11:25 AM]: well count updated from 4 to 16 per RRC records; [RRC STAFF Dec 8, 2022 11:25 AM]: Nearest Distance from the First/Last Take Point (Heel/Toe) to a Lease Line updated from 100.0 ft. to 1.0 ft. per allocation filing procedures; [RRC STAFF Dec 8, 2022 4:33 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Dec 14, 2022 11:17 AM]: Problems identified with this permit are resolved.; [RRC STAFF Dec 14, 2022 11:17 AM]: Ann: "The acreage should be the west half of Section 40 and Section 4. Total acres is 647.47. Please see revised plat and P16 attached."

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">886185</div>	DATE PERMIT ISSUED OR AMENDED <div align="center">Dec 14, 2022</div>	DISTRICT <div align="center">* 08</div>			
API NUMBER <div align="center">42-003-48741</div>	FORM W-1 RECEIVED <div align="center">Dec 02, 2022</div>	COUNTY <div align="center">ANDREWS</div>			
TYPE OF OPERATION <div align="center">NEW DRILL</div>	WELLBORE PROFILE(S) <div align="center">Horizontal</div>	ACRES <div align="center">647.47</div>			
OPERATOR <div align="center"> PIEDRA OPERATING, LLC PO BOX 10485 MIDLAND, TX 79702-0000 </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">UNIVERSITY 8-4 WB</div>		WELL NUMBER <div align="center">9WC</div>			
LOCATION <div align="center">21 miles NE direction from ANDREWS</div>		TOTAL DEPTH <div align="center">10200</div>			
Section, Block and/or Survey <div> SECTION ◀ 9 BLOCK ◀ 8 ABSTRACT ◀ U227 SURVEY ◀ UL </div>					
DISTANCE TO SURVEY LINES <div align="center">118 ft. WEST 301 ft. NORTH</div>		DISTANCE TO NEAREST LEASE LINE <div align="center">ft.</div>			
DISTANCE TO LEASE LINES <div align="center">118 ft. WEST 301 ft. NORTH</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 37(h)(2)(B) ** CASE NO. 0338240 </div>					
FIELD NAME LEASE NAME		ACRES NEAREST LEASE	DEPTH NEAREST LEASE	WELL # NEAREST WE	DIST
** SPRABERRY (TREND AREA) UNIVERSITY 8-4 WB		647.47	10,200	9WC	08
----- WELLBORE PROFILE(s) FOR FIELD: Horizontal -----					
RESTRICTIONS: Lateral: TH1 Penetration Point Location Lease Lines: 100.0 F SOUTH L 440.0 F WEST L Terminus Location BH County: ANDREWS Section: 40 Block: 5 Abstract: Survey: UL/A-U144 Lease Lines: 100.0 F NORTH L 440.0 F WEST L Survey Lines: 100.0 F NORTH L 440.0 F WEST L					
' ** ' PRECEDING FIELD NAME INDICATES RULE (R37)					
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 <div style="text-align: right;">886185</div>	DATE PERMIT ISSUED OR AMENDED <div style="text-align: center;">Dec 14, 2022</div>	DISTRICT <div style="text-align: center;">* 08</div>										
API NUMBER <div style="text-align: right;">42-003-48741</div>	FORM W-1 RECEIVED <div style="text-align: center;">Dec 02, 2022</div>	COUNTY <div style="text-align: center;">ANDREWS</div>										
TYPE OF OPERATION <div style="text-align: center;">NEW DRILL</div>	WELLBORE PROFILE(S) <div style="text-align: center;">Horizontal</div>	ACRES <div style="text-align: center;">647.47</div>										
OPERATOR <div style="text-align: right;">664930</div> PIEDRA OPERATING, LLC PO BOX 10485 MIDLAND, TX 79702-0000		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 <div style="text-align: center;">UNIVERSITY 8-4 WB</div>		WELL NUMBER <div style="text-align: center;">9WC</div>										
LOCATION <div style="text-align: center;">21 miles NE direction from ANDREWS</div>		TOTAL DEPTH <div style="text-align: center;">10200</div>										
Section, Block and/or Survey SECTION ⚡ 9 BLOCK ⚡ 8 ABSTRACT ⚡ U227 SURVEY ⚡ UL												
DISTANCE TO SURVEY LINES <div style="text-align: center;">118 ft. WEST 301 ft. NORTH</div>		DISTANCE TO NEAREST LEASE LINE <div style="text-align: center;">ft.</div>										
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FIELD(s) and LIMITATIONS: <div style="text-align: center;"> * SEE FIELD DISTRICT FOR REPORTING PURPOSES * ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(B) ** CASE NO. 0338240 </div>												
<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">FIELD NAME</td> <td style="width: 10%;">ACRES</td> <td style="width: 10%;">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 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	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>

GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 21 December 2022**GAU Number:** 360196**Attention:** PIEDRA OPERATING, LLC
PO BOX 10485
MIDLAND, TX 79702**API Number:**
County: ANDREWS
Lease Name: University 8-4 WB**Operator No.:** 664930**Lease Number:**
Well Number: 9WC
Total Vertical: 10500
Latitude: 32.390685
Longitude: -102.349094
Datum: NAD27**Purpose:** New Production Well**Location:** Survey-UL; Abstract-U227; Block-8; Section-9

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 1775 feet below the land surface. Moreover, the interval from the land surface to a depth of 300 feet and the fresh water contained in the zone from a depth of 1350 feet to 1775 feet must be isolated from water in overlying and underlying beds.

This recommendation is applicable for all wells drilled in this Section 9.

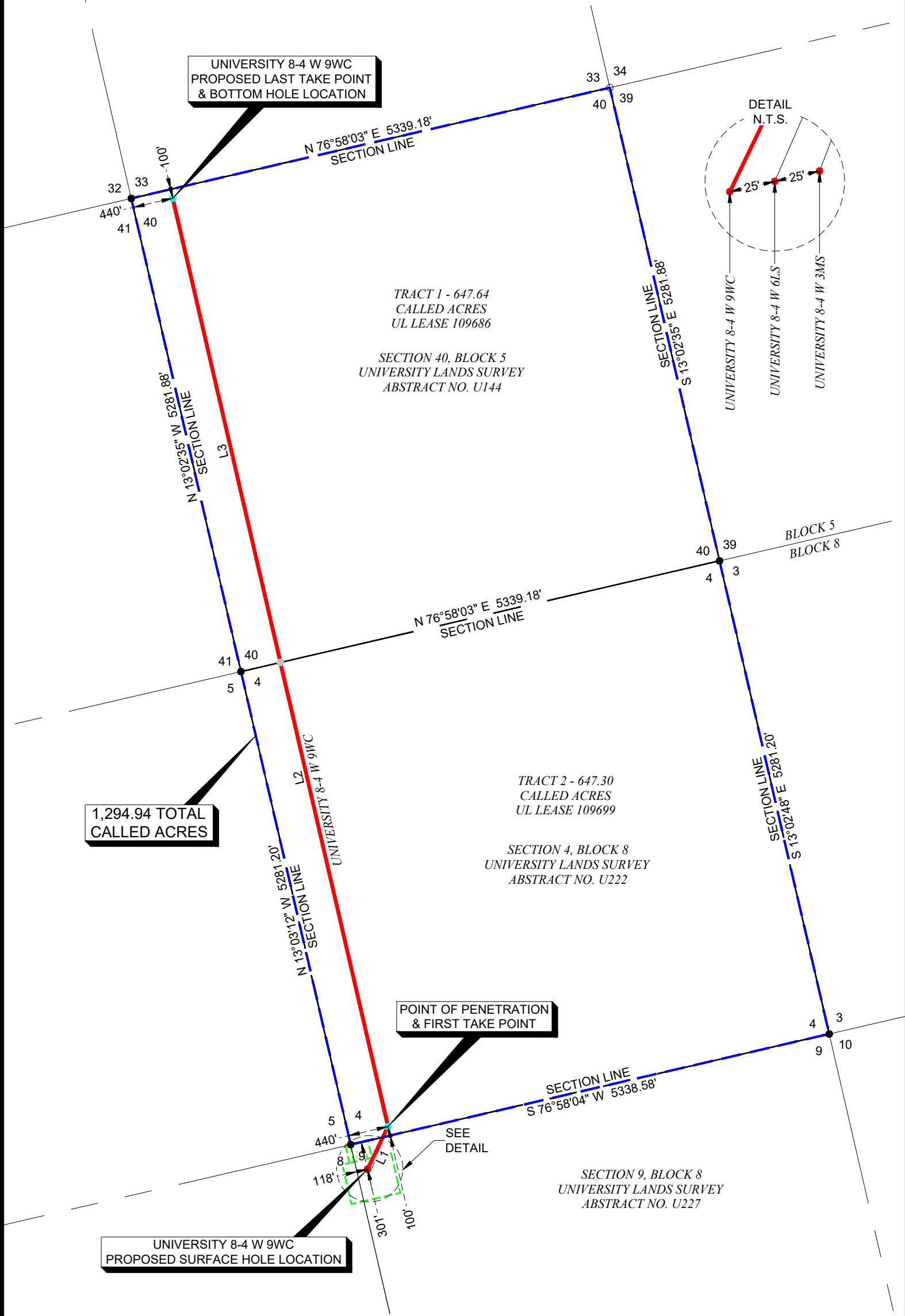
Note: Unless stated otherwise, this recommendation is intended to apply to all wells drilled within 200 feet of the subject well. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 12/20/2022. 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.
Rev. 02/2014

ANDREWS COUNTY, TEXAS



SURFACE HOLE LOCATION	
ELEVATION	3021.28'
TEXAS N. CENTRAL - NAD 83	
NORTHING	6846882.62
EASTING	780511.95
LATITUDE	32.390789°
LONGITUDE	-102.349528°
TEXAS N. CENTRAL - NAD 27	
NORTHING	297940.38
EASTING	503702.48
LATITUDE	32.390685°
LONGITUDE	-102.349094°

POINT OF PENETRATION & FIRST TAKE POINT	
TEXAS N. CENTRAL - NAD 83	
NORTHING	6847346.34
EASTING	780735.39
LATITUDE	32.392085°
LONGITUDE	-102.348860°
TEXAS N. CENTRAL - NAD 27	
NORTHING	298401.95
EASTING	503930.34
LATITUDE	32.391981°
LONGITUDE	-102.348425°

LAST TAKE POINT & BOTTOM HOLE LOCATION	
TEXAS N. CENTRAL - NAD 83	
NORTHING	6857441.85
EASTING	778395.73
LATITUDE	32.419581°
LONGITUDE	-102.357635°
TEXAS N. CENTRAL - NAD 27	
NORTHING	308519.44
EASTING	501687.21
LATITUDE	32.419478°
LONGITUDE	-102.357199°

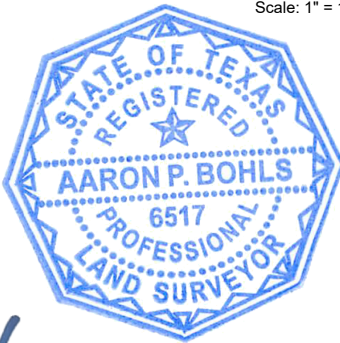
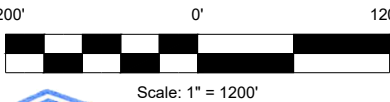
LATERAL BEARING & DISTANCE TABLE		
LINE #	BEARING	DISTANCE
L1	N 25°43'37" E	514.74'
L2	N 13°03'12" W	5181.20'
L3	N 13°02'35" W	5181.88'

CALLED ACREAGE TOTALS	
TRACT NO.	ACREAGE
1	647.64 ACRES
2	647.30 ACRES
TOTAL	1,294.94 ACRES

LATERAL OFFSET	
SHL - 301' FNL, 118' FWL - SECTION 9	
POP/FTP - 100' FSL, 440' FWL - SECTION 4/LEASE	
LTP/BHL - 100' FNL, 440' FWL - SECTION 40/LEASE	

- NOTES:
- BEARINGS AND COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS COORDINATE SYSTEM OF 1983 (NORTH CENTRAL 4202).
 - LATITUDE & LONGITUDE ARE NAD 83 AND NAD 27 GEOGRAPHIC.
 - THIS IS AN EXHIBIT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY PIEDRA OPERATING, LLC. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

- LEGEND
- DENOTES HORIZONTAL SURFACE LOCATION AND POINT OF PENETRATION
 - DENOTES FIRST TAKE POINT LOCATION, LAST TAKE POINT LOCATION, AND BOTTOM HOLE LOCATION & TERMINUS POINT
 - DENOTES BEARING CHANGE
 - DENOTES FOUND MONUMENT
 - DENOTES CALCULATED CORNER
 - DENOTES PRODUCING WELL
 - DENOTES PERMITTED WELL
 - DENOTES SECTION LINE
 - DENOTES LEASE LINE
 - DENOTES PROPOSED LATERAL
 - DENOTES PROPOSED WELL PAD



AARON P BOHLS TEXAS R.P.L.S. NO. 6517 DATE

THE UNIVERSITY 8-4 W 9WC IS LOCATED APPROXIMATELY 21 MILES NORTHEAST OF ANDREWS, TEXAS

PIEDRA OPERATING, LLC

WELL LOCATION PLAT
UNIVERSITY 8-4 W 9WC

SITUATED IN
SECTION 9, BLOCK 8
UNIVERSITY LANDS SURVEY, ABSTRACT NO. U227

SECTION 4, BLOCK 8
UNIVERSITY LANDS SURVEY, ABSTRACT NO. U222

SECTION 40, BLOCK 5
UNIVERSITY LANDS SURVEY, ABSTRACT NO. U144
ANDREWS COUNTY, TEXAS



TBPELS FIRM# 10194245
201 West Wall Street, Suite 325
Midland, TX 79701
(817) 529-1180 ~ Fax (817) 529-1181

REV. #	DRAWN BY:	DATE:				

DRAWN BY: CGH	DATE: 11/23/2022	DWG. NO. 15385 UNIVERSITY 8-4 W 9WC	REV. 0
CHECKED BY: APB	DATE: 11/28/2022		
SCALE: 1"=1200'	PAGE 1 OF 1		