

API No. <u>42-301-36079</u> Drilling Permit # <u>883697</u> SWR Exception Case/Docket No. <u>0336980</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 Permit Status: Approved	
1. RRC Operator No. <div style="text-align: center;">646827</div>		2. Operator's Name (as shown on form P-5, Organization Report) <div style="text-align: center;">PDEH LLC</div>			3. Operator Address (include street, city, state, zip) <div style="text-align: center;">600 W ILLINOIS AVE MIDLAND, TX 79701-0000</div>		
4. Lease Name <div style="text-align: center;">UL 20 PADDLE TAIL B</div>			5. Well No. <div style="text-align: center;">503H</div>				
GENERAL INFORMATION							
6. Purpose of filing (mark ALL appropriate boxes): <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <input checked="" type="checkbox"/> New Drill <input type="checkbox"/> Recompletion <input 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 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 </div>							
8. Total <div style="text-align: center;">12300</div>		9. Do you have the right to minerals under any right-of- <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </div>		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide) <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </div>			
SURFACE LOCATION AND ACREAGE INFORMATION							
11. RRC District No. <div style="text-align: center;">08</div>		12. County <div style="text-align: center;">LOVING</div>		13. Surface Location <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <input checked="" type="checkbox"/> Land <input type="checkbox"/> Bay/Estuary <input type="checkbox"/> Inland Waterway <input type="checkbox"/> Offshore </div>			
14. This well is to be located <u>14.2</u> miles in a <u>NE</u> direction from <u>Mentone</u> which is the nearest town in the county of the well site.							
15. Section <u>5</u>		16. Block <u>20</u>		17. Survey <u>UL</u>		18. Abstract No. <u>U30</u>	
				19. Distance to nearest lease line: <u> </u> ft.		20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>1922.1</u>	
21. Lease Perpendiculars: <u>608.0</u> ft. from the <u>NW</u> line and <u>2119.0</u> ft. from the <u>SW</u> line.							
22. Survey Perpendiculars: <u>608.0</u> ft. from the <u>NW</u> line and <u>2119.0</u> ft. from the <u>SW</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. <div style="text-align: center;">08</div>		27. Field No. <div style="text-align: center;">71052900</div>		28. Field Name (exactly as shown in RRC records) <div style="text-align: center;">PHANTOM (WOLFCAMP)</div>		29. Well Type <div style="text-align: center;">Oil or Gas Well</div>	
				30. Completion Depth <div style="text-align: center;">12300</div>		31. Distance to Nearest Well in this Reservoir <div style="text-align: center;">835.0</div>	
						32. Number of Wells on this lease in this Reservoir <div style="text-align: center;">9</div>	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS							
Remarks See 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; margin-top: 10px;"> <div> RRC User Name of filer _____ Phone </div> <div> 09/06/2022 Date Submitted _____ Email Address(OPTIONAL) </div> </div>		
RRC Use Only Date Validation Time Stamp: Wed, 21 Sep 2022 06:50:44							

Permit Status: Approved

RAILROAD COMMISSION OF TEXAS

OIL & GAS DIVISION

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

FORM W-1 Comments

Permit # 883697

Approved Date: 09/20/2022

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.

[08/31/2022 01:21:58 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 08/31/2022 01:32:40 PM]: PDEH HAS 100% OF MINERAL INTEREST AND WORKING INTEREST OWNERS IN AGREEMENT IN EACH TRACT. ACREAGE WILL BE ADJUSTED UPON COMPLETION. A P-6 IS PENDING APPROVAL BY THE RRC WELL COMPLIANCE TEAM. THE EXISTING

RAILROAD COMMISSION OF TEXAS

FORM W-1H

Permit Status: Approved

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

OIL & GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-

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Supplemental Horizontal Well Information

Permit # 883697
Approved Date: 09/20/2022

1. RRC Operator No. 646827	2. Operator's Name (as shown on form P-5, Organization Report) PDEH LLC	3. Lease Name UL 20 PADDLE TAIL B	4 Well No. 503H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 17	7. Block 20	8. Survey UL / A-U37	9. Abstract 10. County of BHL LOVING
11. Terminus Lease Line Perpendiculars 2444.0 ft. from the SW line and 2698.0 ft. from the SE line 12. Terminus Survey Line Perpendiculars 2590.0 ft. from the NW line and 2444.0 ft. from the SW line 13. Penetration Point Lease Line Perpendiculars 100.0 ft. from the NW line and 2444.0 ft. from the SW line			

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 883697	DATE PERMIT ISSUED OR AMENDED 09/20/2022	DISTRICT 08
API NUMBER 42-301-36079	FORM W-1 RECEIVED 09/06/2022	COUNTY LOVING
TYPE OF OPERATION New Drill	WELLBORE PROFILE(S) Horizontal	ACRES 1922.1
OPERATOR PDEH LLC 600 W ILLINOIS AVE MIDLAND, TX 79701-0000		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 PADDLE TAIL B		WELL NUMBER 503H
LOCATION 14.2 miles NE direction from Mentone		TOTAL DEPTH 12300
Section, Block and/or SECTION 5 BLOCK 20 ABSTRACT U30 SURVEY UL		
DISTANCE TO SURVEY LINES 608.0 ft NW 2119.0 ft SW		DISTANCE TO NEAREST LEASE LINE null
DISTANCE TO LEASE LINES 608.0 ft NW 2119.0 ft SW		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below

FIELD(s) and LIMITATIONS:

* SEE FIELD DISTRICT FOR REPORTING PURPOSES *

** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(B) ** CASE NO 0336980

FIELD NAME	ACRES	DEPTH	WELL#	DIST
LEASE NAME	NEAREST LEASE		NEAREST WELL	
<hr style="border-top: 1px dashed black;"/>				
** PHANTOM (WOLFCAMP)	1922.1	12300	503H	08
UL 20 PADDLE TAIL B			835.0	
WELLBORE PROFILE(s) FOR FIELD: Horizontal				

Terminus Point: TH1 Section: 17 Block: 20 Abstract: Survey: UL / A-U37 BH County: LOVING

Lease Lines: 2444.0 ft SW 2698.0 ft SE

Survey Lines: 2590.0 ft NW 2444.0 ft SW

Penetration Lines: 100.0 ft NW 2444.0 ft SW

This is a hydrogen sulfide field. This well shall be drilled in accordance with SWR 36.

'**' 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.

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.

The designated interval for one or more of the fields approved in this permit appears to overlap with the designated interval of another field or fields in this district. In the case of conflicting designated intervals you will be required to be consistent in field designation on this lease. Further, if the designated interval overlap of wells on this lease results in an actual or potential double assignment of reservoir and the applicant cannot conclusively demonstrate that there is no double assignment, the permitted well may not be assigned an allowable until the conflict is resolved. Because of the overlapping designated intervals in this area, issuance of this permit does not guarantee that the completion of the well will be approved or that the well will receive an allowable in any given field, even if that field is listed on the approved permit application.

Railroad Commission of Texas
Oil and Gas Division
SWR #13 Formation Data
LOVING (301) COUNTY

Formation	Remarks	Geological Order	Effective Date
RED BLUFF		1	02/09/2020
DELAWARE		2	02/09/2020
BELL CANYON		3	02/09/2020
CHERRY CANYON		4	02/09/2020
BRUSHY CANYON		5	02/09/2020
BONE SPRING		6	02/09/2020
WOLFCAMP		7	02/09/2020
PENNSYLVANIAN		8	02/09/2020
STRAWN		9	02/09/2020
ATOKA	high pressure	10	02/09/2020
MORROW		11	02/09/2020
DEVONIAN		12	02/09/2020
FUSSELMAN		13	02/09/2020
ELLENBURGER		14	02/09/2020
PRECAMBRIAN (UNDIFFERENTIATED)		15	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: 08 September 2022**GAU Number:** 355415**Attention:** PDEH LLC
600 W ILLINOIS AVE
MIDLAND, TX 79701**Operator No.:** 646827**API Number:**
County: LOVING
Lease Name: UL 20 Paddle Tail
Lease Number:
Well Number: 502H
Total Vertical: 12000
Latitude: 31.740214
Longitude: -103.360131
Datum: NAD27**Purpose:** New Production Well**Location:** Survey-UL; Abstract-U30; Block-20; Section-5

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

Water-bearing strata from the land surface to a depth of 300 feet and the Rustler, which is estimated to occur from 825 to 1200 feet must be protected.

This recommendation is applicable for all wells drilled in this section 5.

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 09/08/2022. 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.gov
Rev. 02/2014

OPERATOR: PDEH LLC

WELL LOCATION

LEASE NAME & WELL NO.:

UL 20 PADDLE TAIL B #503H

PSA ACREAGE:

1,922.10 ACRES (CALLED)

NEAREST TOWN IN COUNTY:

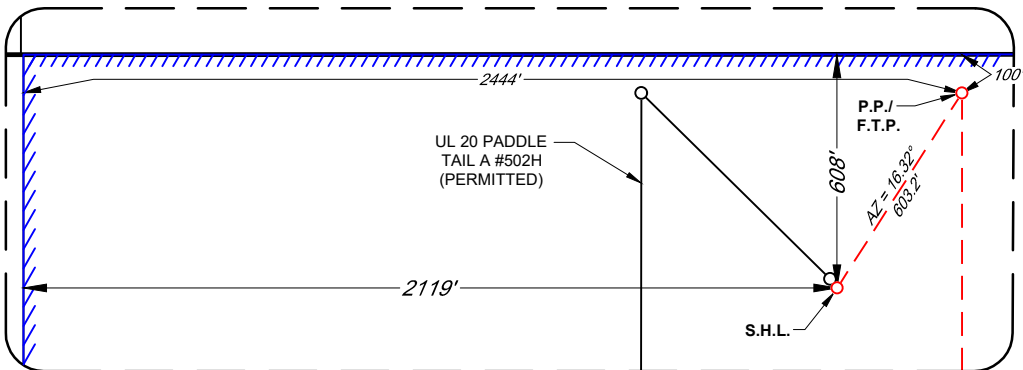
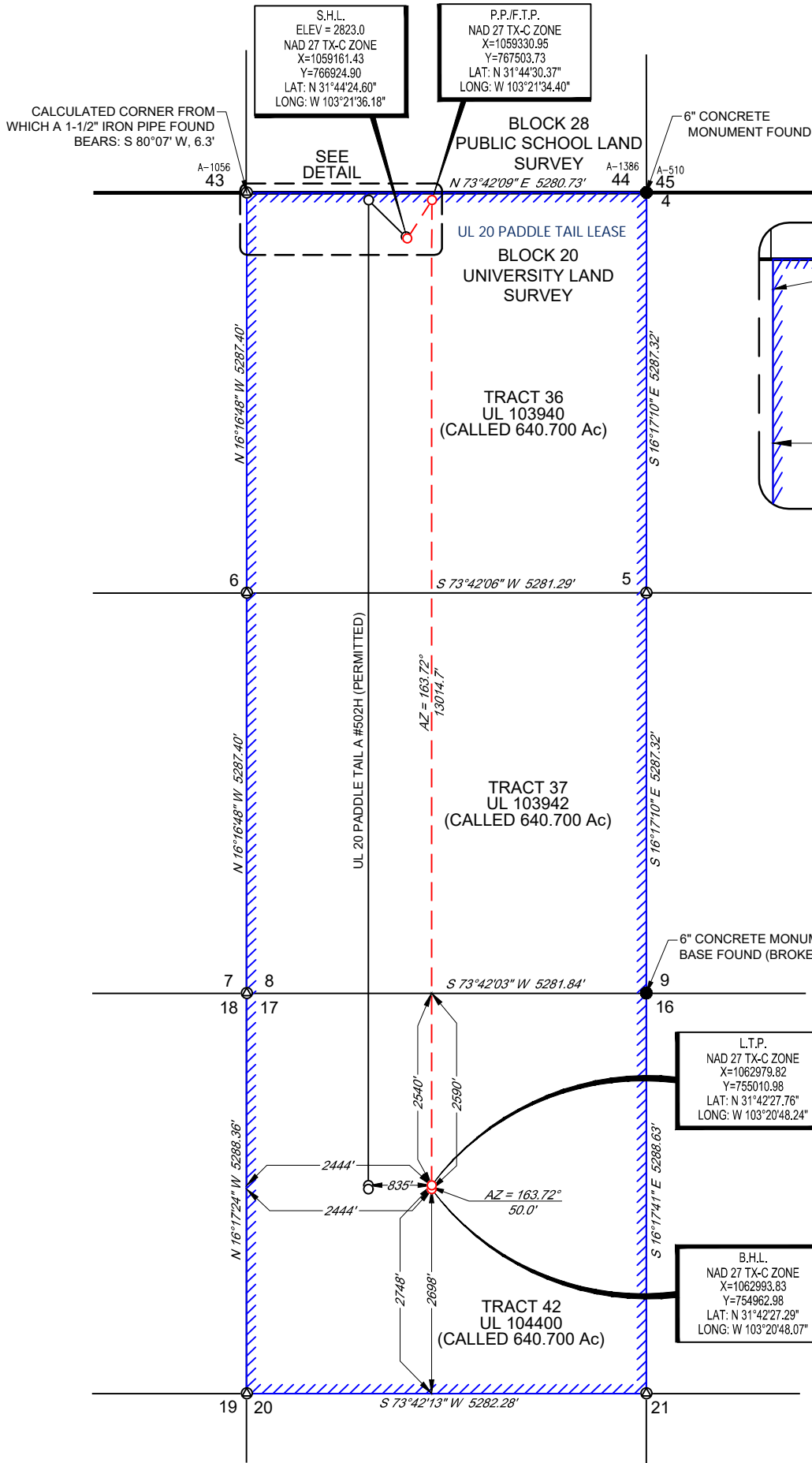
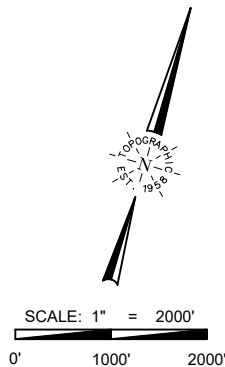
±14.2 MILES NORTHEAST OF MENTONE, TEXAS

DESCRIPTION:

S.H.L./P.P./F.T.P.: SECTION 5, BLOCK 20, UNIVERSITY LAND SURVEY

L.T.P/B.H.L.: SECTION 17, BLOCK 20, UNIVERSITY LAND SURVEY

LOVING COUNTY, TEXAS



PRODUCTIVE LATERAL

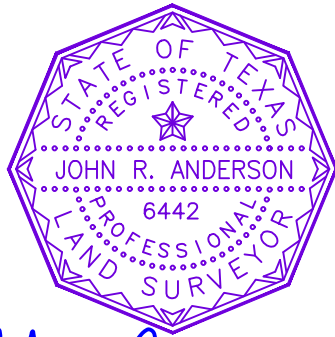
LENGTH (F.T.P TO L.T.P.)	
1	5,187'
2	5,287'
3	2,540'
TOTAL	13,014'

TIES TABLE

POINT	PSA	SURVEY/SECTION
S.H.L.	608' FNWL	608' FNWL & 2119' FSWL
	2119' FSWL	
P.P. / F.T.P.	100' FNWL	100' FNWL & 2444' FSWL
	2444' FSWL	
L.T.P.	2444' FSWL	2540' FNWL & 2444' FSWL
	2748' FSEL	
B.H.L.	2444' FSWL	2590' FNWL & 2444' FSWL
	2698' FSEL	

LEGEND:

- PSA Boundary
- Block/Township Line
- Section Line
- Proposed Well Path
- Existing/Permitted Well Path
- Monument Found
- Calculated Corner
- Well Point



John R. Anderson 7/26/2022
John R. Anderson, R.P.L.S. No. 6442



UL-20-5-P2 UL 20 PADDLE TAIL B #503H	REVISION:		NOTES:	NOTES CONT'D:
	INT	DATE		
DATE: 07/20/2022			1. ORIGINAL DOCUMENT SIZE: 11" X 17" 2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. SURVEY FEET, NORTH AMERICAN DATUM 1927. UNLESS OTHERWISE NOTED. 3. THIS LOCATION AND/OR UNIT/LEASE BOUNDARY HAS BEEN CAREFULLY SURVEYED ON THE GROUND UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE ACCORDING TO THE EVIDENCE, OFFICIAL SURVEY RECORDS, MAPS, AND OTHER DATA PROVIDED BY PERMIAN DELAWARE ENTERPRISES HOLDINGS, LLC. THIS PLAT WAS CREATED FOR THE SOLE PURPOSE OF FILING A PERMIT WITH THE RAILROAD COMMISSION OF TEXAS AND SHOULD NOT BE CONSTRUED AS A "BOUNDARY SURVEY" IN COMPLIANCE WITH T.B.P.L.S. MINIMUM STANDARDS OF PROCEDURES FOR BOUNDARY SURVEYS. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY. 4. ALL ELEVATION VALUES CONTAINED HEREON ARE ORTHOMETRIC ONLY, BASED UPON THE NORTH AMERICAN VERTICAL DATUM OF 1988 (NAVD 88), U.S. SURVEY FEET. 5. ALL MINERAL OWNERSHIP DATA SHOWN HEREIN IS BASED ON INFORMATION PROVIDED BY PERMIAN DELAWARE ENTERPRISES HOLDINGS, LLC OR ITS SUBSIDIARIES & AFFILIATES.	6. THE PRELIMINARY LOCATION HAS BEEN CAREFULLY SURVEYED ON THE GROUND DURING THE DATE OF JULY 2, 2022. 7. S.H.L. = SURFACE HOLE LOCATION 8. P.P. = POINT OF PENETRATION 9. F.T.P. = FIRST TAKE POINT 10. L.T.P. = LAST TAKE POINT 11. B.H.L. = BOTTOM HOLE LOCATION
FILE: LO_UL-20-5-P2_PADDLE_TAIL_B_#503H				
DRAWN BY: A.C.L.				
SHEET: 1 OF 1				