

API No. <u>42-317-40932</u> Drilling Permit # <u>829166</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. 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 2631		5. Well No. 03MB					
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 8950		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 MARTIN		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>20.7</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 31		16. Block 7		17. Survey UL		18. Abstract No. A-U31	
				19. Distance to nearest lease line: 100 ft.		20. Number of contiguous acres in lease, pooled unit, or unitized tract: 480.8	
21. Lease Perpendiculars: <u>293</u> ft from the <u>SOUTH</u> line and <u>592</u> ft from the <u>EAST</u> line.							
22. Survey Perpendiculars: <u>592</u> ft from the <u>E</u> line and <u>293</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			
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	8900	121.00	
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. <div style="text-align: center;"> Richard Whittington, Regulatory Manager </div> <div style="display: flex; justify-content: space-between;"> <div> Name of filer <u>(303)573-3412</u> Phone </div> <div> Date submitted <u>Jul 24, 2017</u> Date submitted </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <u>richard.whittington@qepres.com</u> E-mail Address (OPTIONAL) </div> </div>			
RRC Use Only							
Data Validation Time Stamp: Aug 14, 2017 11:55 AM(Current Version)							

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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Permit #	829166
Approved Date:	Aug 11, 2017

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 2631	4. Well No. 03MB
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 SPRABERRY (TREND AREA) (Field # 85280300, RRC District 08)			
6. Section 26	7. Block 7	8. Survey UL / A-U26	9. Abstract
		10. County of BHL MARTIN	
11. Terminus Lease Line Perpendiculars 1 ft. from the NORTH line. and 508 ft. from the EAST line			
12. Terminus Survey Line Perpendiculars 2639 ft. from the SOUTH line. and 508 ft. from the EAST line			
13. Penetration Point Lease Line Perpendiculars 1 ft. from the SOUTH line. and 508 ft. from the EAST line			

Permit Status: **Approved**

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W-1 Comments

Permit # **829166**

Approved Date: **Aug 11, 2017**

[FILER Jul 24, 2017 6:36 PM]: Thanks for your help and review. Rich; [RRC STAFF Jul 25, 2017 9:58 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jul 28, 2017 8:42 AM]: Problems identified with this permit are resolved.; [RRC STAFF Jul 28, 2017 8:42 AM]: The problem with the p-16 form has been resolved. The new p-16 form has been uploaded. Additionally, the statement of pooling breaks down the acreage in each tract and percentage of mineral interest owners leased.; [RRC STAFF Jul 28, 2017 2:58 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Aug 4, 2017 12:08 PM]: Problems identified with this permit are resolved.; [RRC STAFF Aug 4, 2017 12:36 PM]: In response to the problem letter, Richard Whittington provided a revised P-12 and P-16. He advised that this will not be a PSA, rather it is a pooled unit, for horizontal purposes only.; [RRC STAFF Aug 4, 2017 12:50 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Aug 11, 2017 12:27 PM]: Problems identified with this permit are resolved.; [RRC STAFF Aug 11, 2017 12:49 PM]: Revised Plat, P-12, and P-16 have been uploaded. The lease name on the W1 is now consistent across all documents. The applied for well is now listed on the P-16.

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 829166	DATE PERMIT ISSUED OR AMENDED Aug 11, 2017	DISTRICT * 08			
API NUMBER 42-317-40932	FORM W-1 RECEIVED Jul 24, 2017	COUNTY MARTIN			
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 480.8			
OPERATOR QEP ENERGY COMPANY ATTN SOUTHERN DIV REGULATORY 1050 17TH ST SUITE 800 DENVER, CO 80265-0000		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 2631		WELL NUMBER 03MB			
LOCATION 20.7 miles NE direction from ANDREWS		TOTAL DEPTH 8950			
Section, Block and/or Survey SECTION ◀ 31 BLOCK ◀ 7 ABSTRACT ◀ U31 SURVEY ◀ UL					
DISTANCE TO SURVEY LINES 592 ft. E 293 ft. S		DISTANCE TO NEAREST LEASE LINE 100 ft.			
DISTANCE TO LEASE LINES 293 ft. SOUTH 592 ft. EAST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below			
FIELD(s) and LIMITATIONS: <p align="center">* SEE FIELD DISTRICT FOR REPORTING PURPOSES *</p>					
FIELD NAME LEASE NAME		ACRES NEAREST LEASE	DEPTH 	WELL # NEAREST WE	DIST
----- SPRABERRY (TREND AREA) UL 2631 -----		480.80 100	8,900 	03MB 121	08
----- WELLBORE PROFILE(s) FOR FIELD: Horizontal -----					
RESTRICTIONS: Permitted for oil only. Lateral: TH1 Penetration Point Location Lease Lines: 1.0 F SOUTH L 508.0 F EAST L Terminus Location BH County: MARTIN Section: 26 Block: 7 Abstract: Survey: UL / A-U26 Lease Lines: 1.0 F NORTH L 508.0 F EAST L Survey Lines: 2639.0 F SOUTH L 508.0 F EAST L					
<p align="center">THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS</p> <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>					

RAILROAD COMMISSION OF TEXAS
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DISTANCE TO LEASE LINES 293 ft. SOUTH 592 ft. EAST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: <p align="center">* SEE FIELD DISTRICT FOR REPORTING PURPOSES *</p>		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
WELL # NEAREST WE		
DIST		
<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**

MARTIN (317) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
SANTA ROSA	1,000	1,000		1	12/17/2013
YATES	2,200	2,700		2	12/17/2013
QUEEN	4,100	4,100		3	12/17/2013
GRAYBURG	3,950	4,300		4	12/17/2013
SAN ANDRES	3,500	4,700	Active CO2 flood; high flows; H2S; corrosive	5	12/17/2013
CISCO	8,500	8,500		6	12/17/2013
SPRABERRY	6,500	8,500		7	12/17/2013
DEAN	6,500	9,500		8	12/17/2013
WOLFCAMP	8,600	9,600		9	12/17/2013
PENNSYLVANIAN	9,400	10,600		10	12/17/2013
STRAWN	10,100	10,600		11	12/17/2013
MISSISSIPPIAN	11,100	11,100		12	12/17/2013
FUSSELMAN	10,600	11,600		13	12/17/2013
SILURIAN	11,600	12,100		14	12/17/2013
DEVONIAN	11,500	12,200		15	12/17/2013
ELLENBURGER	13,200	13,200		16	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 July 2017**GAU Number:** 175567**Attention:** QEP ENERGY COMPANY
ATTN SOUTHERN DIV
DENVER, CO 80265**Operator No.:** 684474**API Number:**
County: MARTIN
Lease Name: UL 2631
Lease Number:
Well Number: 02SC
Total Vertical Depth: 12000
Latitude: 32.369820
Longitude: -102.184483
Datum: NAD27**Purpose:** New Drill**Location:** Survey-UL; Block-7; Section-31

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

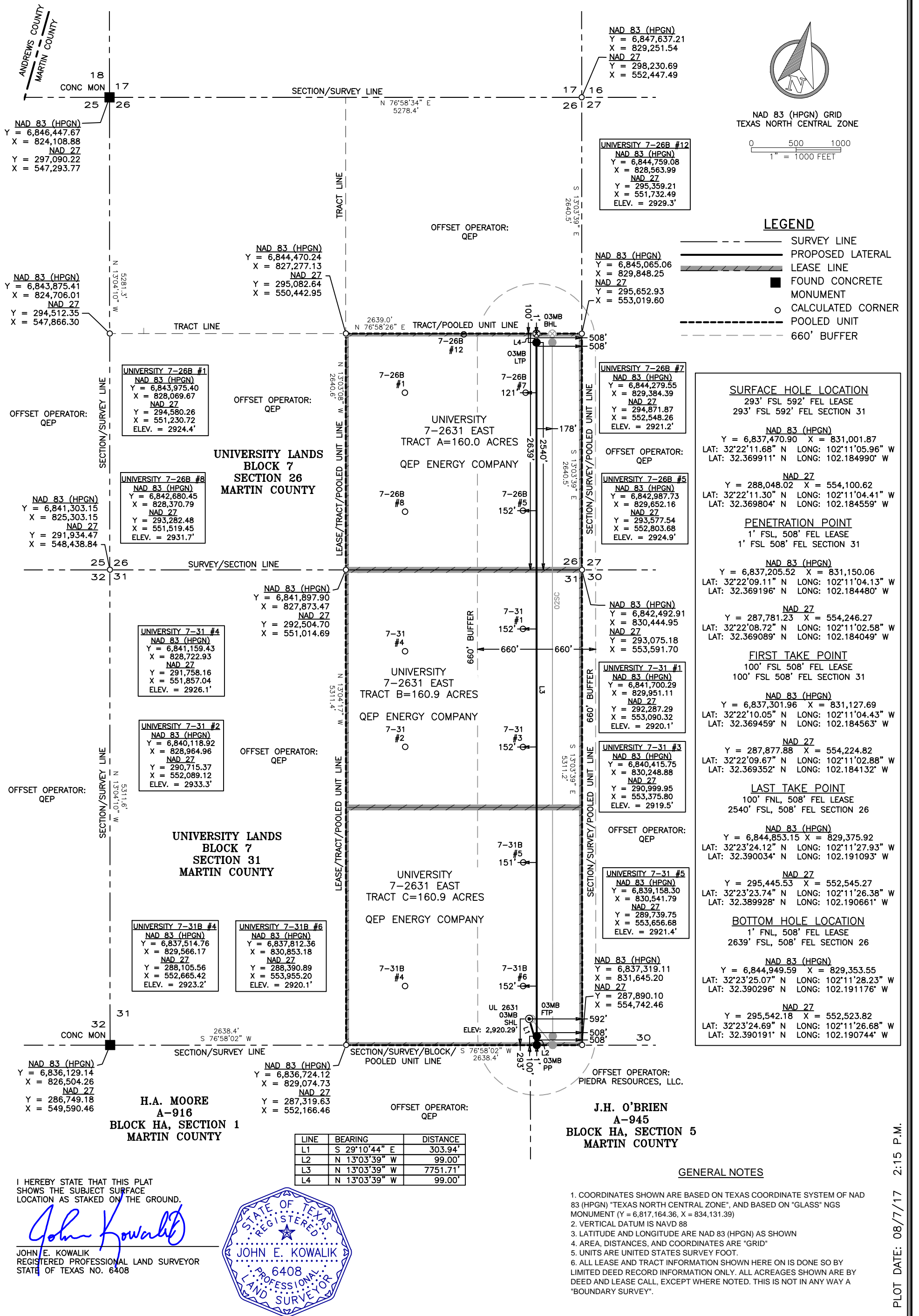
The interval from the land surface to a depth of 350 feet must be protected.

This recommendation is applicable for all wells drilled in this Section 31.

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

This determination is based on information provided when the application was submitted on 07/10/2017. 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



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

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



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www.fscinc.net
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PLAT OF:
A PROPOSED WELL LOCATION FOR:
QEP ENERGY COMPANY
UL 2631 03MB
SITUATED IN THE UNIVERSITY LANDS, BLOCK 7, SECTIONS 31 AND 26, AND BEING APPROXIMATELY 20.7 MILES NORTHEAST OF ANDREWS IN MARTIN COUNTY, TEXAS.



DATE: 08/07/17
DRAWN BY: GG
CHECKED BY: JK
FIELD CREW: BK/DN
PROJECT NO: 2017040567
SCALE: 1" = 1000'
SHEET: 1 OF 1
REVISION: 2

PLOT DATE: 08/7/17 2:15 P.M.