

API No. <u>42-383-41831</u> Drilling Permit # <u>902185</u> SWR Exception <u>(R37)</u>		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. 100168		2. Operator's Name (as shown on form P-5, Organization Report) DE IV OPERATING, LLC			3. Operator Address (include street, city, state, zip): 3724 HULEN STREET FORT WORTH, TX 76107-0000		
4. Lease Name UL OG EAST L 1219-27			5. Well No. 4412H				
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 checked="" 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 8700		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. 7C		12. County REAGAN		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>10.1</u> miles in a <u>NW</u> direction from <u>BIG LAKE</u> which is the nearest town in the county of the well site.							
15. Section 1219	16. Block	17. Survey D&SE RR CO		18. Abstract No. A-119	19. Distance to nearest lease line: ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 751.56	
21. Lease Perpendiculars: <u>314</u> ft from the <u>NORTH</u> line and <u>850</u> ft from the <u>EAST</u> line. 22. Survey Perpendiculars: <u>314</u> ft from the <u>NORTH</u> line and <u>850</u> ft from the <u>EAST</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	
7C	85279200	SPRABERRY (TREND AREA)		Oil or Gas Well	8700	512.00	
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="display: flex; justify-content: space-between;"> <div> <u>Rocky Riley, Regulatory Manager</u> Name of filer <u>(817)928-3260</u> Phone </div> <div> <u>Sep 25, 2024</u> Date submitted <u>rriley@depermian.com</u> E-mail Address (OPTIONAL) </div> </div>			
RRC Use Only							
Data Validation Time Stamp: Oct 22, 2024 9:37 AM('As Approved' Version)							

Permit Status: **Approved**

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

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1. RRC Operator No. 100168	2. Operator's Name (exactly as shown on form P-5, Organization Report) DE IV OPERATING, LLC	3. Lease Name UL OG EAST L 1219-27	4. Well No. 4412H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 SPRABERRY (TREND AREA) (Field # 85279200, RRC District 7C)			
6. Section 27	7. Block 58	8. Survey UNIVERSITY LANDS	9. Abstract 366
10. County of BHL REAGAN			
11. Terminus Lease Line Perpendiculars 100 ft. from the SOUTH line. and 1319 ft. from the WEST line			
12. Terminus Survey Line Perpendiculars 100 ft. from the SOUTH line. and 1320 ft. from the EAST line			
13. Penetration Point Lease Line Perpendiculars 314 ft. from the NORTH line. and 850 ft. from the EAST line			

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W-1 Comments

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[Sep 25, 2024 8:00 AM]: 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 Sep 25, 2024 8:02 AM]: AMENDING TO ADD ADDITIONAL ALLOCATION TRACT & EXTEND LATERAL. SWR 37 NOTICES WERE PREVIOUSLY DISTRIBUTED FOR TRACTS MARKED 'ULM'; ADDITIONAL NOTICE NOT REQUIRED.; [RRC STAFF Sep 26, 2024 5:01 PM]: Notification is required due to a new point of exception being created with this amendment that did not exist on the first approval. The wellbore previously stopped in Section 1220 with the LTP being 100 feet from the south lease line. On the initial permit this well was not exceptional to the south line of Tract 3. On this amendment however, the wellbore is being extended and is now crossing the south line of Tract 3 which creates a new exception that did not previously exist on the first permit approval and this new exception requires notice.; [RRC STAFF Oct 22, 2024 9:37 AM]: Exception Admin Approved. 37(h)(2)(A). Service List; Own Offset.