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|---|---------------|--|--|---|---|---|--|
| API No. <u>42-475-36148</u><br>Drilling Permit # <u>738883</u><br>SWR Exception Case/Docket No. _____   |               | <b>RAILROAD COMMISSION OF TEXAS</b><br><b>OIL &amp; GAS DIVISION</b><br><b>APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER</b><br><i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i><br><i>A certification of the automated data is available in the RRC's Austin office.</i> |  |   |   | <b>FORM W-1</b> 07/2004<br>Permit Status: <b>Approved</b>                           |  |
| 1. RRC Operator No.<br><b>631506</b>  |               | 2. Operator's Name (as shown on form P-5, Organization Report)<br><b>P.O.&amp;G. OPERATING, LLC</b>  |  |   | 3. Operator Address (include street, city, state, zip):   |   |  |
| 4. Lease Name<br><b>PO&amp;G UNIVERSITY 18</b>  |               | 5. Well No.<br><b>1</b>  |  |   |   |   |  |
| 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<br><input type="checkbox"/> Amended <input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D) |               |  |  |   |   |   |  |
| 7. Wellbore Profile (mark ALL appropriate boxes): <input checked="" type="checkbox"/> Vertical <input type="checkbox"/> Horizontal (Also File Form W-1H) <input type="checkbox"/> Directional (Also File Form W-1D) <input type="checkbox"/> Sidetrack  |               |  |  |   |   |   |  |
| 8. Total Depth<br><b>3300</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                                    |   |   |  |
| SURFACE LOCATION AND ACREAGE INFORMATION  |               |  |  |   |   |   |  |
| 11. RRC District No.<br><b>08</b>   |               | 12. County<br><b>WARD</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>3.4</u> miles in a <u>SW</u> direction from <u>Wickett</u> which is the nearest town in the county of the well site.  |               |  |  |   |   |   |  |
| 15. Section<br><b>18</b>  |               | 16. Block<br><b>16</b>   |  | 17. Survey<br><b>UL</b>   |   | 18. Abstract No.<br><b>A-U18</b>  |  |
|   |               |  |  | 19. Distance to nearest lease line:<br><b>330</b> ft.   |   | 20. Number of contiguous acres in lease, pooled unit, or unitized tract: <b>640</b> |  |
| 21. Lease Perpendiculars: <u>1320</u> ft from the <u>N</u> line and <u>330</u> ft from the <u>E</u> line.<br>22. Survey Perpendiculars: <u>1320</u> ft from the <u>N</u> line and <u>330</u> ft from the <u>E</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 <b>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  | 81952500      | SEALY, SOUTH (YATES)   |  |   | Oil Well  | 2700  |  |
|   |               |  |  |   |   |   |  |
|   |               |  |  |   |   |   |  |
|   |               |  |  |   |   |   |  |
|   |               |  |  |   |   |   |  |
| BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS   |               |  |  |   |   |   |  |
| <b>Remarks</b><br><br><br><br>  |               |  |  |   | <b>Certificate:</b><br>I certify that information stated in this application is true and complete, to the best of my knowledge. |   |  |
|   |               |  |  |   | _____<br>Name of filer  |   |  |
| RRC Use Only  |               |  |  |   | _____<br>Date submitted   |   |  |
|   |               |  |  |   | _____<br>Phone  |   |  |
| Data Validation Time Stamp: May 19, 2012 3:01 PM( 'As Approved' Version )   |               |  |  |   | _____<br>E-mail Address (OPTIONAL)  |   |  |
|   |               |  |  |   | _____<br>E-mail Address (OPTIONAL)  |   |  |

**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<br><b>738883</b>   | DATE PERMIT ISSUED OR AMENDED<br><b>May 19, 2012</b> | DISTRICT<br><b>* 08</b>  |                     |
| API NUMBER<br><b>42-475-36148</b>  | FORM W-1 RECEIVED<br><b>Apr 24, 2012</b>             | COUNTY<br><b>WARD</b>  |                     |
| TYPE OF OPERATION<br><b>NEW DRILL</b>  | WELLBORE PROFILE(S)<br><b>Vertical</b>               | ACRES<br><b>640</b>  |                     |
| OPERATOR<br><b>P.O.&amp;G. OPERATING, LLC</b>  |  | NOTICE<br>This permit and any allowable assigned may be<br>revoked if payment for fee(s) submitted to the<br>Commission is not honored.<br><b>District Office Telephone No:</b><br><b>(432) 684-5581</b> |                     |
| LEASE NAME<br><b>PO&amp;G UNIVERSITY 18</b>  |  | WELL NUMBER<br><b>1</b>  |                     |
| LOCATION<br><b>3.4 miles SW direction from WICKETT</b>   |  | TOTAL DEPTH<br><b>3300</b>   |                     |
| Section, Block and/or Survey<br>SECTION <b>18</b> BLOCK <b>16</b> ABSTRACT <b>U18</b><br>SURVEY <b>UL</b>  |  |  |                     |
| DISTANCE TO SURVEY LINES<br><b>1320 ft. N    330 ft. E</b>   |  | DISTANCE TO NEAREST LEASE LINE<br><b>330 ft.</b>   |                     |
| DISTANCE TO LEASE LINES<br><b>1320 ft. N    330 ft. E</b>  |  | DISTANCE TO NEAREST WELL ON LEASE<br><b>See FIELD(s) Below</b>   |                     |
| FIELD(s) and LIMITATIONS:<br><p align="center"><b>* SEE FIELD DISTRICT FOR REPORTING PURPOSES *</b></p>  |  |  |                     |
| FIELD NAME<br>LEASE NAME   |  | ACRES<br>NEAREST LEASE   | DEPTH<br>NEAREST WE |
| SEALY, SOUTH (YATES)<br>PO&G UNIVERSITY 18   |  | 640.00<br>330  | 2,700<br>0          |
| WELL #<br>NEAREST WE   |  |  |                     |
| DIST<br>08   |  |  |                     |
| RESTRICTIONS:    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.  |  |  |                     |
| <p align="center"><b>THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS</b></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> |  |  |                     |

Groundwater  
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Date April 6, 2012

GAU File No.: SC- 7319

API Number 47500000

Attention: CRISTINA FINNNEY

RRC Lease No. 000000

SC\_631506\_47500000\_000000\_7319.pdf

PO&G OPERATING LLC  
5847 SAN FELIPE  
STE 3200  
HOUSTON TX 77057

P-5# 631506

--Measured--

330 ft FEL

1320 ft FNL

MRL: SURVEY

Digital Map Location:

X-coord/Long 103.04227

Y-coord/Lat 31.53555

Datum 27

Zone

County WARD

Lease & Well No. PO&G UNIVERSITY #1801

Purpose ND

Location SUR-UL, BLK-16, SEC-18, -- [TD=3000] , [RRC 08] ,

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


The interval from the land surface to the base of the SANTA ROSA, which is estimated to occur at a depth between 925 and 1000 feet, must be protected.

Moreover, the interval from the land surface to a depth of 450 feet contains superior quality water which must be isolated from water in underlying beds.

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.

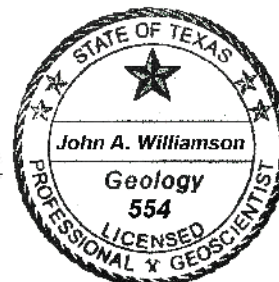
Sincerely,

  
Digitally signed by John Williamson  
DN: c=US, st=TEXAS, l=Austin,  
o=Railroad Commission of Texas,  
cn=John Williamson,  
email=John.Williamson@rrc.state.tx.us  
Date: 2012.04.06 07:36:47 -05'00'

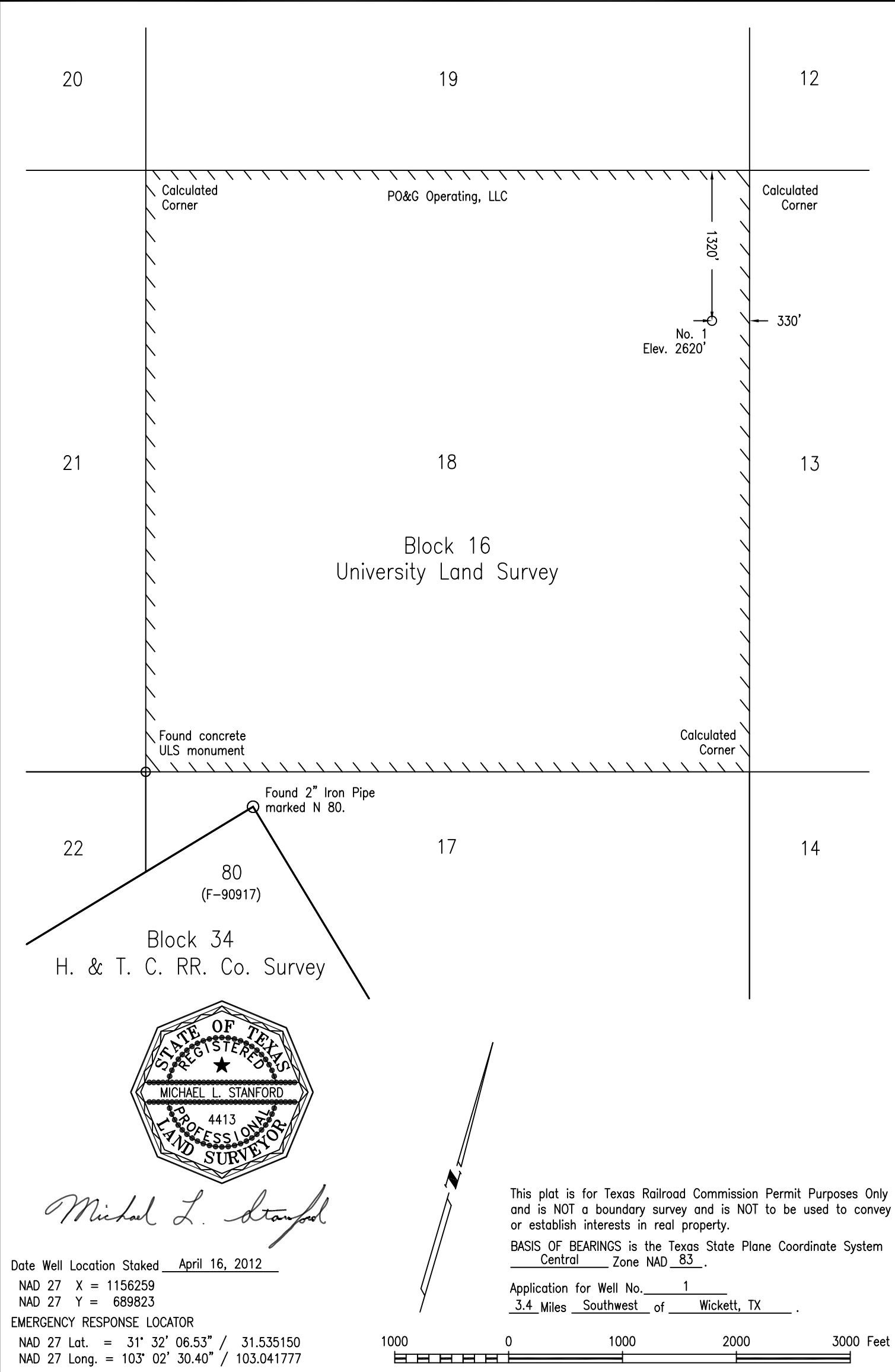
John A. Williamson, P.G.

Geologist, Groundwater Advisory Unit  
Oil & Gas Division

GEOLOGIST SEAL



The seal appearing on this document was authorized by John A. Williamson On 4/6/2012  
Note: Alteration of this electronic document will invalidate the digital signature.



|   |                |                  |  |  |
|---|----------------|------------------|--|--|
| P. O. & G. Operating, LLC<br>University 18 No. 1 – 1320’ FNL & 330’ FEL<br>Section 18, Block 16, University Land Survey<br>Ward County, Texas |                |                  | STANFORD SURVEYING COMPANY<br>P.O. BOX 8490<br>MIDLAND, TEXAS 79708-8490<br>432-699-5708 |  |
| DRAWN BY Joshua Naumann   | DATE 4-17-2012 | SCALE 1" = 1000' | FILE NAME A-6805   |  |