

|  |  |   |
|--|--|---|
| API No. <u>42-475-38397</u><br>Drilling Permit # <u>879742</u><br>SWR Exception Case/Docket No. <u>0334913 (R37)</u>   | <b>RAILROAD COMMISSION OF TEXAS<br/>OIL &amp; GAS DIVISION</b><br><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.<br/>A certification of the automated data is available in the RRC's Austin office.</i> | <b>FORM W-1</b> 07/2004<br><br>Permit Status: <b>Approved</b>   |
| 1. RRC Operator No. <u>653216</u>  | 2. Operator's Name (as shown on form P-5, Organization Report) <u>PERCUSSION PETROLEUM OPER II,LLC</u>   | 3. Operator Address (include street, city, state, zip):<br><u>1001 FANNIN STREET STE 2200<br/>HOUSTON, TX 77002</u>   |
| 4. Lease Name <u>UL BENNY EAST 18-29-30 WA</u>   |  | 5. Well No. <u>1H</u>   |
| <b>GENERAL INFORMATION</b>   |  |   |
| 6. Purpose of filing (mark ALL appropriate boxes):<br><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):<br><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>13500</u>  | 9. Do you have the right to develop the minerals under any right-of-way ?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   | 10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   |
| <b>SURFACE LOCATION AND ACREAGE INFORMATION</b>  |  |   |
| 11. RRC District No. <u>08</u>   | 12. County <u>WARD</u>   | 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>PYOTE</u> which is the nearest town in the county of the well site.  |  |   |
| 15. Section <u>29</u>  | 16. Block <u>18</u>  | 17. Survey <u>UL</u>  |
| 18. Abstract No. <u>A-U108</u>   |  | 19. Distance to nearest lease line: _____ ft.   |
| 20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>801.18</u>   |  |   |
| 21. Lease Perpendiculars: <u>989</u> ft from the <u>EAST</u> line and <u>200</u> ft from the <u>NORTH</u> line.  |  |   |
| 22. Survey Perpendiculars: <u>989</u> ft from the <u>EAST</u> line and <u>200</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:   | 25. Are you applying for Substandard Acreage Field? <input type="checkbox"/> Yes (attach Form W-1A) <input checked="" type="checkbox"/> No  |
| <b>FIELD INFORMATION</b> 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  |
| 32. Number of Wells on this lease in this Reservoir  |  |   |
| <u>08</u>  | <u>71052900</u>  | <u>PHANTOM (WOLFCAMP)</u>   |
| <u>Oil or Gas Well</u>   | <u>13500</u>   | <u>165.00</u>   |
|  |  | <u>4</u>  |
|  |  |   |
|  |  |   |
| <b>BOTTOMHOLE LOCATION INFORMATION</b> is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)   |  |   |
| <b>Remarks</b><br>See W1 Comments attached   |  | <b>Certificate:</b><br>I certify that information stated in this application is true and complete, to the best of my knowledge.<br><br><u>Karen Zornes</u> <u>May 04, 2022</u><br>Name of filer    Date submitted<br><br><u>(281)872-9300</u> <u>kzornes@ntglobal.com</u><br>Phone    E-mail Address (OPTIONAL) |
| <b>RRC Use Only</b> Data Validation Time Stamp: <u>May 13, 2022 5:13 PM( Current Version )</u>   |  |   |

**RAILROAD COMMISSION OF TEXAS  
OIL & GAS DIVISION**

**Form W-1H** 07/2004  
**Supplemental Horizontal Well Information**

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

**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 # **879742**  
Approved Date: **May 13, 2022**

|                                      |   |   |                          |
|--------------------------------------|---|---|--------------------------|
| 1. RRC Operator No.<br><b>653216</b> | 2. Operator's Name (exactly as shown on form P-5, Organization Report)<br><b>PERCUSSION PETROLEUM OPER II,LLC</b> | 3. Lease Name<br><b>UL BENNY EAST 18-29-30 WA</b> | 4. Well No.<br><b>1H</b> |
|--------------------------------------|---|---|--------------------------|

**Lateral Drainhole Location Information**

5. Field as shown on Form W-1 **PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)**

|                         |                       |                        |             |                                  |
|-------------------------|-----------------------|------------------------|-------------|----------------------------------|
| 6. Section<br><b>30</b> | 7. Block<br><b>18</b> | 8. Survey<br><b>UL</b> | 9. Abstract | 10. County of BHL<br><b>WARD</b> |
|-------------------------|-----------------------|------------------------|-------------|----------------------------------|

|   |
|---|
| 11. Terminus Lease Line Perpendiculars<br><b>100</b> ft. from the <b>SOUTH</b> line. and <b>330</b> ft. from the <b>WEST</b> line         |
| 12. Terminus Survey Line Perpendiculars<br><b>100</b> ft. from the <b>SOUTH</b> line. and <b>1081</b> ft. from the <b>SOUTHWEST</b> line  |
| 13. Penetration Point Lease Line Perpendiculars<br><b>2311</b> ft. from the <b>EAST</b> line. and <b>1</b> ft. from the <b>NORTH</b> line |

Permit Status: **Approved**

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

**RAILROAD COMMISSION OF TEXAS  
OIL & GAS DIVISION**

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

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**W-1 Comments**

Permit # **879742**

Approved Date: **May 13, 2022**

[ May 4, 2022 8:36 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.; [RRC STAFF May 10, 2022 4:53 PM]: Changed bottom hole survey info to reflect plat and RRC GIS.; [RRC STAFF May 10, 2022 4:53 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF May 11, 2022 10:29 AM]: Revised P-16 attached. Well count corrected per RRC records, GIS. Distance to nearest well corrected per plat.; [RRC STAFF May 11, 2022 10:35 AM]: Problems identified with this permit are resolved.; [RRC STAFF May 11, 2022 12:08 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF May 12, 2022 2:54 PM]: Attached revised P-16 from filer.; [RRC STAFF May 12, 2022 2:55 PM]: Problems identified with this permit are resolved.

# Railroad Commission of Texas

## PERMIT TO DRILL, RE-COMPLETE, OR RE-ENTER ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

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### CONDITIONS AND INSTRUCTIONS

**Permit Invalidation.** It is the operator's responsibility to make sure that the permitted location complies with Commission density and spacing rules in effect on the spud date. The permit becomes invalid automatically if, because of a field rule change or the drilling of another well, the stated location is not in compliance with Commission field rules on the spud date. If this occurs, application for an exception to Statewide Rules 37 and 38 must be made and a special permit granted prior to spudding. Failure to do so may result in an allowable not being assigned and/or enforcement procedures being initiated.

**Notice Requirements. Per H.B 630, signed May 8, 2007,** the operator is required to provide notice to the surface owner no later than the 15th business day after the Commission issues a permit to drill. Please refer to subchapter Q Sec. 91.751-91.755 of the Texas Natural Resources Code for applicability.

**Permit expiration.** This permit expires two (2) years from the date of issuance shown on the original permit. The permit period will not be extended.

**Drilling Permit Number.** The drilling permit number shown on the permit **MUST** be given as a reference with any notification to the district (see below), correspondence, or application concerning this permit.

**Rule 37 Exception Permits.** This Statewide Rule 37 exception permit is granted under either provision Rule 37 (h)(2)(A) or 37(h)(2)(B). Be advised that a permit granted under Rule 37(h)(2)(A), notice of application, is subject to the General Rules of Practice and Procedures and if a protest is received under Section 1.3, "Filing of Documents," and/or Section 1.4, "Computation of Time," the permit may be deemed invalid.

#### Before Drilling

**Fresh Water Sand Protection.** The operator must set and cement sufficient surface casing to protect all usable-quality water, as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GWAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas stating the depth to which water needs protection, Write: Railroad Commission of Texas, Groundwater Advisory Unit (GWAU), P.O. Box 12967, Austin, TX 78711-3087. File a copy of the letter with the appropriate district office.

**Accessing the Well Site.** If an OPERATOR, well equipment TRANSPORTER or WELL service provider must access the well site from a roadway on the state highway system (Interstate, U.S. Highway, State Highway, Farm-to-Market Road, Ranch-to-Market Road, etc.), an access permit is required from TxDOT. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

**Water Transport to Well Site.** If an operator intends to transport water to the well site through a temporary pipeline laid above ground on the state's right-of-way, an additional TxDOT permit is required. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

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#### \*NOTIFICATION

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The operator is **REQUIRED** to notify the district office when setting surface casing, intermediate casing, and production casing, or when plugging a dry hole. The district office **MUST** also be notified if the operator intends to re-enter a plugged well or re-complete a well into a different regulatory field. Time requirements are given below. The drilling permit number **MUST** be given with such notifications.

#### During Drilling

**Permit at Drilling Site.** A copy of the Form W-1 Drilling Permit Application, the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout drilling operations.

**\*Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification **MUST** be able to advise the district office of the drilling permit number.

**\*Notification of Re-completion/Re-entry.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the initiation of drilling or re-completion operations. The individual giving notification MUST be able to advise the district office of the drilling permit number.

### Completion and Plugging Reports

**Hydraulic Fracture Stimulation using Diesel Fuel:** Most operators in Texas do not use diesel fuel in hydraulic fracturing fluids. Section 322 of the Energy Policy Act of 2005 amended the Underground Injection Control (UIC) portion of the federal Safe Drinking Water Act (42 USC 300h(d)) to define "underground injection" to *EXCLUDE* "...the underground injection of fluids or propping agents (*other than diesel fuels*) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities." (italic and underlining added.) Therefore, hydraulic fracturing may be subject to regulation under the federal UIC regulations if diesel fuel is injected or used as a propping agent. EPA defined "diesel fuel" using the following five (5) Chemical Abstract Service numbers: 68334-30-5 Primary Name: Fuels, diesel; 68476-34-6 Primary Name: Fuels, diesel, No. 2; 68476-30-2 Primary Name: Fuel oil No. 2; 68476-31-3 Primary Name: Fuel oil, No. 4; and 8008-20-6 Primary Name: Kerosene. As a result, an injection well permit would be required before performing hydraulic fracture stimulation using diesel fuel as defined by EPA on any well in Texas. Hydraulic fracture stimulation using diesel fuel as defined by EPA on a well in Texas without an injection well permit could result in enforcement action.

**Producing Well.** Statewide Rule 16 states that the operator of a well shall file with the Commission the appropriate completion report within ninety (90) days after completion of the well or within one hundred and fifty (150) days after the date on which the drilling operation is completed, whichever is earlier. Completion of the well in a field authorized by this permit voids the permit for all other fields included in the permit unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date on the existing permit. Statewide Rule 40(d) requires that upon successful completion of a well in the same reservoir as any other well previously assigned the same acreage, proration plats and P-15s or P-16s (if required) or a lease plat and P-16 must be submitted with no double assignment of acreage unless authorized by rule.

**Dry or Noncommercial Hole.** Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or non-commercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one-year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).

**Intention to Plug.** The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.

**\*Notification of Plugging a Dry Hole.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of four (4) hours prior to beginning plugging operations. The individual giving the notification MUST be able to advise the district office of the drilling permit number and all water protection depths for that location as stated in the Groundwater Advisory Unit letter.

DIRECT INQUIRIES TO: DRILLING PERMIT SECTION, OIL AND GAS DIVISION

PHONE  
(512) 463-6751

MAIL:  
PO Box 12967  
Austin, Texas, 78711-2967



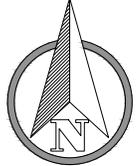


**RAILROAD COMMISSION OF TEXAS  
OIL & GAS DIVISION  
SWR #13 Formation Data**

**WARD (475) County**

| Formation                         | Remarks                    | Geological Order | Effective Date |
|-----------------------------------|----------------------------|------------------|----------------|
| RUSTLER                           |                            | 1                | 02/09/2020     |
| YATES                             |                            | 2                | 02/09/2020     |
| SEVEN RIVERS                      |                            | 3                | 02/09/2020     |
| QUEEN                             |                            | 4                | 02/09/2020     |
| CAPITAN REEF                      | high flows                 | 5                | 02/09/2020     |
| SAN ANDRES                        | high flows, H2S, corrosive | 6                | 02/09/2020     |
| DELAWARE                          |                            | 7                | 02/09/2020     |
| GLORIETA                          |                            | 8                | 02/09/2020     |
| HOLT                              |                            | 9                | 02/09/2020     |
| CLEARFORK                         |                            | 10               | 02/09/2020     |
| TUBB                              |                            | 11               | 02/09/2020     |
| CHERRY CANYON                     |                            | 12               | 02/09/2020     |
| BONE SPRING                       |                            | 13               | 02/09/2020     |
| WICHITA ALBANY                    |                            | 14               | 02/09/2020     |
| WOLFCAMP                          |                            | 15               | 02/09/2020     |
| PENNSYLVANIAN                     |                            | 16               | 02/09/2020     |
| ATOKA                             |                            | 17               | 02/09/2020     |
| DEVONIAN                          |                            | 18               | 02/09/2020     |
| FUSSELMAN                         |                            | 19               | 02/09/2020     |
| MONTOYA                           |                            | 20               | 02/09/2020     |
| WADDELL                           |                            | 21               | 02/09/2020     |
| ELLENBURGER                       |                            | 22               | 02/09/2020     |
| PRECAMBRIAN<br>(UNDIFFERENTIATED) |                            | 23               | 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>



0 1000' 2000'  
1" = 2000 FEET

UNIVERSITY LAND  
SECTION 32, BLOCK 18

UNIVERSITY LAND  
SECTION 28, BLOCK 18

UNIVERSITY LAND  
ABSTRACT NO. U108  
SECTION 29, BLOCK 18  
UL LEASE #118524  
480.53 CALLED  
ACRES

UNIVERSITY LAND  
SECTION 20, BLOCK 18

W.L. DOWNING  
SECTION 31, BLOCK 18

A.J. WILSON  
ABSTRACT NO. 807  
SECTION 40

UNIVERSITY LAND  
SECTION 19, BLOCK 18

H. & T.M. C. R.R. CO.  
ABSTRACT NO. 260  
SECTION 165

UNIVERSITY LAND  
ABSTRACT NO. U109  
SECTION 30, BLOCK 18

LEGEND  
—— SURVEY LINE  
- - - LEASE LINE

| LINE | BEARING       | DISTANCE  |
|------|---------------|-----------|
| L1   | S 82°16'37" W | 1336.97'  |
| L2   | S 16°14'44" E | 99.00'    |
| L3   | S 16°15'24" E | 10369.18' |

| LEASE NUMBER | LESSOR                       | ACREAGE | LATERAL LENGTH |
|--------------|------------------------------|---------|----------------|
| #118524      | UNIVERSITY LANDS, SECTION 29 | 480.53  | 5187.01'       |
| #42942       | UNIVERSITY LANDS, SECTION 30 | 320.65  | 5182.17'       |
| TOTAL        |                              | 801.18  | 10,369.18'     |

WELL LOCATION INFORMATION:

| SHL                   | FTP                     |
|-----------------------|-------------------------|
| 989' FEL & 200' FNL   | 2,311' FELL & 100' FNLL |
| 989' FELL & 200' FNLL | NAD 27 TXC              |
| NAD 27 TXC            | Y = 708,238.98          |
| Y = 708,513.69        | X = 1,082,690.52        |
| X = 1,083,987.67      | LAT. = 31.580625 °N     |
| LAT. = 31.581474 °N   | LONG. = 103.279393 °W   |
| LONG. = 103.275253 °W | NAD 83 TXC              |
| NAD 83 TXC            | Y = 10,550,814.55       |
| Y = 10,551,089.26     | X = 1,379,155.47        |
| X = 1,380,452.64      | LAT. = 31.580756 °N     |
| LAT. = 31.581605 °N   | LONG. = 103.279840 °W   |
| LONG. = 103.275699 °W |                         |
| POP                   | LTP/BHL                 |
| 2,311' FELL & 1' FNLL | 100' FSL & 1,081' FSWL  |
|                       | 100' FSLL & 330' FWLL   |
| NAD 27 TXC            | NAD 27 TXC              |
| Y = 708,334.02        | Y = 698,284.38          |
| X = 1,082,662.83      | X = 1,085,593.27        |
| LAT. = 31.580884 °N   | LAT. = 31.553478 °N     |
| LONG. = 103.279490 °W | LONG. = 103.269232 °W   |
| NAD 83 TXC            | NAD 83 TXC              |
| Y = 10,550,909.60     | Y = 10,540,859.79       |
| X = 1,379,127.78      | X = 1,382,058.33        |
| LAT. = 31.581015 °N   | LAT. = 31.553610 °N     |
| LONG. = 103.279937 °W | LONG. = 103.269677 °W   |

GENERAL NOTES

- COORDINATES SHOWN ARE BASED ON TEXAS PLANE COORDINATE SYSTEM OF NAD 27, TEXAS CENTRAL ZONE 4203
- VERTICAL DATUM IS NAVD 88
- LATITUDE AND LONGITUDE ARE NAD 27 AS SHOWN
- AREA, DISTANCES, AND COORDINATES ARE "GRID".
- UNITS ARE UNITED STATES SURVEY FOOT.
- ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".



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

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

PLAT OF:

A PROPOSED WELL LOCATION FOR:  
**PERCUSSION PETROLEUM OPER II, LLC.**  
**UL BENNY EAST 18-29-30 WA 1H**

SITUATED IN THE UNIVERSITY LANDS SECTIONS 29 & 30, BLOCK 18, AND BEING APPROXIMATELY 10.1 MILES NORTHWEST OF PYOTE IN WARD COUNTY, TEXAS.

DATE: 05-03-2022  
DRAWN BY: RS  
CHECKED BY: CH  
FIELD CREW: DN  
PROJECT NO: 2022040778  
SCALE: 1" = 2000'  
SHEET: 1 OF 1  
REVISION: 1



550 Bailey Ave., 205 - Fort Worth, TX 76107  
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TBPE Firm 17957 | TBPLS Firm 10193887  
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