API No. 42-405-30774

Drilling Permit # 880976

SWR Exception Case/Docket No. 0335927 (R37)

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

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.

FORM W-1 07/2004

Permit Status: Approved

1. RRC Operator No. 665648

2. Operator's Name (as shown on form P-5, Organization Report): PINE WAVE ENERGY PARTNERS OP,LLC

3. Operator Address (include street, city, state, zip): 3100 MONTICELLO AVE NO 840 DALLAS, TX 75205-0000

4. Lease Name: WILLIAMS-CHUMLEY WW

5. Well No. 1HB

GENERAL INFORMATION

6. Purpose of filing (mark ALL appropriate boxes): [X] New Drill [ ] Recompletion [ ] Reclass [ ] Field Transfer [ ] Re-Enter [ ] Amended [ ] Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (mark ALL appropriate boxes): [ ] Vertical [X] Horizontal (Also File Form W-1H) [ ] Directional (Also File Form W-1D) [ ] Sidetrack

8. Total Depth 13300

9. Do you have the right to develop the minerals under any right-of-way ? [X] Yes [ ] No

10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? [ ] Yes [X] No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No. 06

12. County SAN AUGUSTINE

13. Surface Location [X] Land [ ] Bay/Estuary [ ] Inland Waterway [ ] Offshore

14. This well is to be located 3 miles in a E direction from San Augustine which is the nearest town in the county of the well site.

15. Section

16. Block

17. Survey SUBLETT, P A

18. Abstract No. A-44

19. Distance to nearest lease line: ft.

20. Number of contiguous acres in lease, pooled unit, or unitized tract: 1552.96

21. Lease Perpendiculars: 551 ft from the EAST line and 3629 ft from the SOUTH line.

22. Survey Perpendiculars: 551 ft from the EAST line and 462 ft from the NORTHWEST line.

23. Is this a pooled unit? [ ] Yes [X] No

24. Unitization Docket No:

25. Are you applying for Substandard Acreage Field? [ ] Yes (attach Form W-1A) [X] 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	32. Number of Wells on this lease in this Reservoir
06	16032300	CARTHAGE (HAYNESVILLE SHALE)	Gas Well	13290	231.00	3

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.

Name of filer: Paige Burns, Pine Wave Energy Partners

Date submitted: Jun 08, 2022

Phone: (214)8507011

E-mail Address (OPTIONAL): pburns@pinewaveep.com

RRC Use Only Data Validation Time Stamp: Jul 11, 2022 5:30 PM('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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Form W-1H 07/2004

Supplemental Horizontal Well Information

Permit # 880976

Approved Date: Jul 11, 2022

1. RRC Operator No.	2. Operator's Name (exactly as shown on form P-5, Organization Report)	3. Lease Name	4. Well No.
665648	PINE WAVE ENERGY PARTNERS OP,LLC	WILLIAMS-CHUMLEY WW	1HB

Lateral Drainhole Location Information

5. Field as shown on Form W-1: CARTHAGE (HAYNESVILLE SHALE) (Field # 16032300, RRC District 06)

6. Section	7. Block	8. Survey	9. Abstract	10. County of BHL
		WRIGHT, T	306	SAN AUGUSTINE

11. Terminus Lease Line Perpendiculars

477 ft. from the West line. and 10 ft. from the North line

12. Terminus Survey Line Perpendiculars

477 ft. from the West line. and 10 ft. from the North line

13. Penetration Point Lease Line Perpendiculars

1387 ft. from the East line. and 5597 ft. from the South line

Permit Status: Approved

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W-1 Comments

Permit # 880976

Approved Date: Jul 11, 2022

[Jun 8, 2022 9:10 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 Jun 15, 2022 11:14 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jun 27, 2022 4:38 PM]: Problems identified with this permit are resolved.; [RRC STAFF Jun 27, 2022 4:38 PM]: Paige Burns sent revised P-16 and plat. RRC updated the nearest well distance on the W-1.; [RRC STAFF Jun 28, 2022 11:38 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jul 11, 2022 8:00 AM]: Problems identified with this permit are resolved.; [RRC STAFF Jul 11, 2022 8:05 AM]: Paige Burns provided a revised plat with revised NPZ's that isolate the Interior Lease Line Exception.; [RRC STAFF Jul 11, 2022 8:11 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jul 11, 2022 8:11 AM]: Direct email sent to filer to inquire if the exception resolution should now be own offset, or if the service list still needs to be mailed out.; [RRC STAFF Jul 11, 2022 5:28 PM]: Problems identified with this permit are resolved.; [RRC STAFF Jul 11, 2022 5:29 PM]: Own offset selected as the resolution for the exception. The NPZs isolate the Interior Lease Line exception and will removed with an amendment to service notice.