

API No. <u>42-405-30779</u> Drilling Permit # <u>881227</u> SWR Exception Case/Docket No. <u>0335672</u> (R37)		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. 945936		2. Operator's Name (as shown on form P-5, Organization Report) XTO ENERGY INC.			3. Operator Address (include street, city, state, zip): 6141 PALUXY DR TYLER, TX 75703-0000		
4. Lease Name BISON-HIGGINBOTHAM			5. Well No. 2H				
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 16000		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. 06		12. County SAN AUGUSTINE		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>12</u> miles in a <u>SW</u> direction from <u>San Augustine</u> which is the nearest town in the county of the well site.							
15. Section		16. Block		17. Survey HIGGINBOTHAM, J		18. Abstract No. A-525	
				19. Distance to nearest lease line: _____ ft.		20. Number of contiguous acres in lease, pooled unit, or unitized tract: 1867.36	
21. Lease Perpendiculars: <u>1068</u> ft from the <u>W</u> line and <u>320</u> ft from the <u>S</u> line.							
22. Survey Perpendiculars: <u>616</u> ft from the <u>N</u> line and <u>1068</u> ft from the <u>W</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	
06	16032300	CARTHAGE (HAYNESVILLE SHALE)			Gas Well	10520	
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>Joanna Bass, Regulatory Coordinator</u> Name of filer </div> <div> <u>Jun 15, 2022</u> Date submitted </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <u>(430)2054555</u> Phone </div> <div> <u>joanna.bass@exxonmobil.com</u> E-mail Address (OPTIONAL) </div> </div>		
RRC Use Only Data Validation Time Stamp: Aug 16, 2022 10:03 AM('As Approved' 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>

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Approved Date:	Aug 16, 2022

1. RRC Operator No. 945936	2. Operator's Name (exactly as shown on form P-5, Organization Report) XTO ENERGY INC.	3. Lease Name BISON-HIGGINBOTHAM	4. Well No. 2H
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 ANDERSON, J	9. Abstract 5
		10. County of BHL SHELBY	
11. Terminus Lease Line Perpendiculars 2845 ft. from the N line. and 1583 ft. from the W line			
12. Terminus Survey Line Perpendiculars 318 ft. from the S line. and 13478 ft. from the W line			
13. Penetration Point Lease Line Perpendiculars 459 ft. from the S line. and 825 ft. from the W line			

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W-1 Comments

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[Jun 14, 2022 3:49 PM]: 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 Jun 15, 2022 2:09 PM]: Unleased interest in tract 8 of the Higginbotham DU, service list attached.; [RRC STAFF Jun 21, 2022 9:06 AM]: Joanna Bass via email: "...surveyor sent updated plats and the BHL and LTP now combined."; [RRC STAFF Jun 23, 2022 11:47 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jun 24, 2022 1:50 PM]: Problems identified with this permit are resolved.; [RRC STAFF Jun 24, 2022 1:50 PM]: Joanna Bass sent revised plat. RRC updated the wellbore profile on the W-1.; [RRC STAFF Jul 18, 2022 9:23 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Aug 16, 2022 10:01 AM]: Problems identified with this permit are resolved.