

API No. <u>42-405-30419</u> Drilling Permit # <u>710566</u> SWR Exception Case/Docket No. _____		<b>RAILROAD COMMISSION OF TEXAS</b> <b>OIL &amp; GAS DIVISION</b> <b>APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER</b> <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>				<b>FORM W-1</b> 07/2004 Permit Status: <b>Approved</b>	
1. RRC Operator No. <b>788997</b>		2. Operator's Name (as shown on form P-5, Organization Report) <b>SM ENERGY COMPANY</b>		3. Operator Address (include street, city, state, zip): <b>777 N ELDRIDGE PARKWAY STE 1000</b> <b>HOUSTON, TX 77079</b>			
4. Lease Name <b>MAGELLAN</b>		5. Well No. <b>1H</b>					
<b>GENERAL INFORMATION</b>							
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 <b>14000</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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
<b>SURFACE LOCATION AND ACREAGE INFORMATION</b>							
11. RRC District No. <b>06</b>		12. County <b>SAN AUGUSTINE</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>1.7</u> miles in a <u>NE</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 <b>QUIRK, E</b>		18. Abstract No. <b>A-35</b>	
				19. Distance to nearest lease line: <b>330</b> ft.		20. Number of contiguous acres in lease, pooled unit, or unitized tract: <b>547.86</b>	
21. Lease Perpendiculars: <u>3497</u> ft from the <u>S (OFF LSE)</u> line and <u>8062</u> ft from the <u>W (OFF LSE)</u> line. 22. Survey Perpendiculars: <u>3497</u> ft from the <u>SOUTH</u> line and <u>8062</u> ft from the <u>WEST</u> line.							
23. Is this a pooled unit? <input checked="" type="checkbox"/> Yes <input 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	
06	16032300	CARTHAGE (HAYNESVILLE SHALE)		Gas Well	13500	0.00	
<b>BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)</b>							
<b>Remarks</b> [RRC STAFF Feb 22, 2011 6:57 PM]: Manual Review ok. Density met.				<b>Certificate:</b> 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>Charla Rolph, Agent</u>            Name of filer         </div> <div> <u>Feb 17, 2011</u>            Date submitted         </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <u>(903)9843443</u>            Phone         </div> <div> <u>watsonreport@cablelynx.com</u>            E-mail Address (OPTIONAL)         </div> </div>			
<b>RRC Use Only</b>							
Data Validation Time Stamp: Feb 22, 2011 7:02 PM( 'As Approved' Version )							

Permit Status: <b>Approved</b>  <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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**RAILROAD COMMISSION OF TEXAS  
OIL & GAS DIVISION**

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

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Permit #	710566
Approved Date: Feb 22, 2011	

1. RRC Operator No. <b>788997</b>	2. Operator's Name (exactly as shown on form P-5, Organization Report) <b>SM ENERGY COMPANY</b>	3. Lease Name <b>MAGELLAN</b>	4. Well No. <b>1H</b>
<b>Lateral Drainhole Location Information</b>			
5. Field as shown on Form W-1 <b>CARTHAGE (HAYNESVILLE SHALE) (Field # 16032300, RRC District 06)</b>			
6. Section	7. Block	8. Survey <b>GARRETT, W</b>	9. Abstract <b>432</b>
		10. County of BHL <b>SAN AUGUSTINE</b>	
11. Terminus Lease Line Perpendiculars <b>330</b> ft. from the <b>SOUTH</b> line. and <b>598</b> ft. from the <b>WEST</b> line			
12. Terminus Survey Line Perpendiculars <b>2125</b> ft. from the <b>NORTH</b> line. and <b>601</b> ft. from the <b>WEST</b> line			
13. Penetration Point Lease Line Perpendiculars <b>330</b> ft. from the <b>NORTH</b> line. and <b>1149</b> ft. from the <b>WEST</b> line			

CURSORY REVIEW OF AREA  
REVEALED NO WATER WELLS  
WITHIN 1,320 FEET OF  
PROPOSED SURFACE LOCATION

## ERICSSON UNIT

PROPOSED SURFACE LOCATION  
X= 3,926,957'  
Y= 735,897'  
Lat= 31.5426593°N  
Lon= 94.1446551°W

GROUND ELEVATION = 386'

PROPOSED FIRST TAKE POINT  
X= 3,926,995'  
Y= 735,501'  
Lat= 31.5415654°N  
Lon= 94.1446044°W

TRACT	ACREAGE
1	15.82 *
2	0.26 *
3	15.75 *
4	118.29 *
4A	1.93 *
5	6.04
6	124.33
7	41.92 *
8	52.51 *
9	27.04
10	8.52
11	1.72
12	4.85
13	0.70
14	21.83
15	5.62
16	38.34
17	39.21 *
18	3.53 *
19	15.29 *
20	4.36 *
TOTAL = 547.86 ACRES	

\* Denotes Calculated/ Scaled Acreage

70.6 AC Represents Scaled/Calculated  
Acreage Calls

70.6 AC Represents Deed Acreage Calls

IR = Found Iron Rod

CM = Found Concrete Monument

IP = Found Iron Pipe

AXLE = Found Axle

FC = Fence Corner

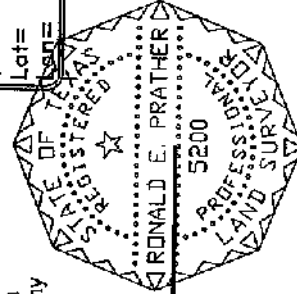
I hereby certify that the proposed location  
is correctly shown hereon to the best of my  
knowledge and belief.

*Ronald E. Prather*

RONALD E. PRATHER  
PROFESSIONAL LAND SURVEYOR  
TEXAS REGISTRATION NO. 5200

**C&C Technologies**  
SURVEY SERVICES  
230 E. KATIE JACKSON ROAD, LAWRENCE, TX 75053-2650  
REGISTRATION NUMBER: 1000 10-9

FILE: L:\TEXAS\SAN AUGUSTINE\101052\1D1052B-1.DWG



**SMA  
ENERGY**

SM ENERGY COMPANY

330 MARSHALL STREET, SUITE 1200  
SHREVEPORT, LOUISIANA 71101

MAGELLAN NO. 1-H  
SAN AUGUSTINE CO., TX.

DATE: FEB. 16, 2011

BL-13 S

0' PLAN 1000'  
SCALE IN FEET

This plat is NOT intended to represent a "BOUNDARY  
SURVEY". This plat was prepared for the safe use of SM  
Energy Company. The tract outlines and acreage shown  
are based upon information provided by SM Energy  
Company. Location staked from tract lines as evidenced  
by occupation.

EDMUND  
QUIRK  
A-35

LASALLE UNIT

MAGELLAN  
547.86 AC

T N B GREER  
A-122

W GARRETT  
A-432

S W HORTON  
A-144  
CORTES UNIT

PROPOSED SURFACE  
LOC'N - MAGELLAN NO.  
1-H  
Located 8,062 feet from  
the West line and 3,497  
feet from the South line of  
the EDMUND QUIRK  
SURVEY A-35.

PROPOSED FIRST TAKE  
PT. - MAGELLAN NO. 1-H  
Located 330 feet from the  
North unit line and 1,149 feet  
from the West unit line.

PROPOSED LAST TAKE  
PT. - MAGELLAN NO. 1-H  
Located 330 feet from the  
South unit line and 598 feet  
from the West unit line.

PROPOSED END OF  
LATERAL - MAGELLAN  
NO. 1-H  
Located 601 feet from the  
West line and 2,125 feet  
from the North line of the W.  
GARRETT SURVEY A-432.

Located approx. 1.7 miles N88°16'E of  
San Augustine, Texas.

PROPOSED LAST TAKE POINT  
X= 3,927,488'  
Y= 730,340'  
Lat= 31.5273254°N  
Lon= 94.1439442°W

PROPOSED BHL  
X= 3,927,498'  
Y= 730,241'  
Lat= 31.5270507°N  
Lon= 94.1439315°W

LAMBERT GRID NORTH  
NAD 1983 TX. C.Z.