

API No. <u>42-211-35640</u> Drilling Permit # <u>847047</u> SWR Exception Case/Docket No. <u>0316586</u> (R37)		<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>877099</b>		2. Operator's Name (as shown on form P-5, Organization Report) <b>UNIT PETROLEUM COMPANY</b>		3. Operator Address (include street, city, state, zip): <b>P O BOX 702500</b> <b>TULSA, OK 74170-0000</b>			
4. Lease Name <b>FRANCIS 5859 WXL</b>		5. Well No. <b>4H</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>13500</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>10</b>		12. County <b>HEMPHILL</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>18.5</u> miles in a <u>SE</u> direction from <u>CANADIAN</u> which is the nearest town in the county of the well site.							
15. Section <b>58</b>	16. Block <b>M1</b>	17. Survey <b>H&amp;GN RR CO / OWEN, F H</b>		18. Abstract No. <b>A-1268</b>	19. Distance to nearest lease line: <u>1</u> ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: <b>1295.5</b>	
21. Lease Perpendiculars: <u>453</u> ft from the <u>N</u> line and <u>986</u> ft from the <u>W</u> line. 22. Survey Perpendiculars: <u>453</u> ft from the <u>N</u> line and <u>986</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			
<b>FIELD INFORMATION    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	31. Distance to Nearest Well in this Reservoir	
10	13147285	BUFFALO WALLOW (GRANITE WASH)		Oil or Gas Well	13500	380.00	
<b>BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)</b>							
<b>Remarks</b> See W1 Comments attached				<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>Barry Hagemann, Consultant</u>            Name of filer         </div> <div> <u>Nov 20, 2018</u>            Date submitted         </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <u>(512)4809600</u>            Phone         </div> <div> <u>hagemann@texasrrc.com</u>            E-mail Address (OPTIONAL)         </div> </div>			
<b>RRC Use Only</b> Data Validation Time Stamp:    Nov 28, 2018 4:06 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 #	847047
Approved Date:	Nov 28, 2018

1. RRC Operator No. 877099	2. Operator's Name (exactly as shown on form P-5, Organization Report) UNIT PETROLEUM COMPANY	3. Lease Name FRANCIS 5859 WXL	4. Well No. 4H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1      BUFFALO WALLOW (GRANITE WASH) (Field # 13147285, RRC District 10)			
6. Section 59	7. Block M1	8. Survey H&GN RR CO	9. Abstract 149
10. County of BHL HEMPHILL			
11. Terminus Lease Line Perpendiculars 2644 ft. from the        S        line. and    450 ft. from the        W        line			
12. Terminus Survey Line Perpendiculars 2644 ft. from the        S        line. and    450 ft. from the        W        line			
13. Penetration Point Lease Line Perpendiculars 200 ft. from the        N        line. and    450 ft. from the        W        line			

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**W-1 Comments**

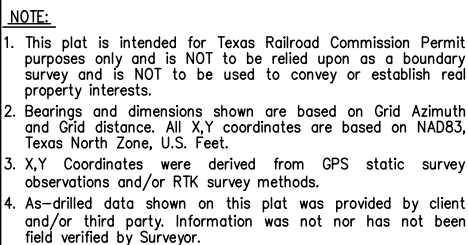
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[ Nov 20, 2018 4:04 PM]: Commission Staff expresses no opinion as to whether a 100% ownership interest in each of the leases alone or in combination with a "production sharing agreement" confers the right to drill across lease/unit lines or whether 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.

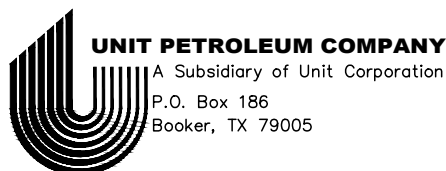
The foregoing statements are not, and should not be construed as, a final opinion or decision of the Railroad Commission.; [RRC STAFF Nov 26, 2018 2:51 PM]: Well count revised per RRC records.; [RRC STAFF Nov 27, 2018 4:29 PM]: Well count is correct at 6. There are 4 previous allocation permits, and a standalone well on the Johnson, L.A. tract.

COMPANY	UNIT PETROLEUM COMPANY		LEASE	FRANCIS 5859 WXL		WELL NO.	4H	
SECTION	58	BLOCK NO.	M-1	SURVEY NAME	H. & G.N.		LOCATION	453' FNL 986' FWL
COUNTY	HEMPHILL		STATE	TEXAS		TOPOGRAPHY AND VEGETATION EXISTING PAD		
LATITUDE	35°38'50.07"		LONGITUDE	-100°20'27.69"		NAD83	ELEVATION	2741' NGVD29 DATE STAKED 6/9/17
DIRECTION	FROM NEAREST TOWN APPROXIMATELY 18.5 MILES SOUTHEAST OF CANADIAN, TEXAS							



THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD  
NOTES OF ACTUAL SURVEYS MADE BY MYSELF OR OTHERS UNDER MY  
SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE  
BEST OF MY KNOWLEDGE AND BELIEF.

SIGNED: \_\_\_\_\_ DATED: 11/15/18



FRANCIS 5859 WXL #4H	
FIELD:	KB,KV,GPS
DRAWN:	CT
DATE:	11/15/18
CHECKED:	MLS
SHEET:	1 OF 4
REVISION:	

JOB NO.	C218-352-1
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