



**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**

*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.*

Permit # **895930**  
Approved Date: **Jan 05, 2024**

1. RRC Operator No. <b>101377</b>	2. Operator's Name (exactly as shown on form P-5, Organization Report) <b>VTX ENERGY OPERATING, LLC</b>	3. Lease Name <b>GIRAFFE 19 UNIT S21</b>	4. Well No. <b>21H</b>
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**Lateral Drainhole Location Information**

5. Field as shown on Form W-1 **WOLFBONE (TREND AREA) (Field # 98359800, RRC District 08)**

6. Section <b>19</b>	7. Block <b>C1</b>	8. Survey <b>PSL / LLOYD, J F</b>	9. Abstract <b>1241</b>	10. County of BHL <b>REEVES</b>
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11. Terminus Lease Line Perpendiculars <b>1880</b> ft. from the <b>W</b> line. and <b>10</b> ft. from the <b>S</b> line
12. Terminus Survey Line Perpendiculars <b>1880</b> ft. from the <b>W</b> line. and <b>10</b> ft. from the <b>S</b> line
13. Penetration Point Lease Line Perpendiculars <b>2430</b> ft. from the <b>E</b> line. and <b>2230</b> ft. from the <b>N</b> line

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**W-1 Comments**

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[ Nov 17, 2023 11:41 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 Dec 15, 2023 1:47 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jan 4, 2024 4:31 PM]: Problems identified with this permit are resolved.; [RRC STAFF Jan 4, 2024 4:36 PM]: Michelle Yalung provided a revised well plat and an updated lease plat. The 1,919.63 acres described on the lease plat has been acquired by VTX and is being changed from pooled unit setups to PSA setups. Each tract depicted on the lease plat is now a developmental tract for the PSA development.