

|   |                 |  |  |   |  |  |  |
|---|-----------------|--|--|---|--|--|--|
| API No. <u>42-255-35217</u><br>Drilling Permit # <u>820991</u><br>SWR Exception Case/Docket No. _____   |                 | <b>RAILROAD COMMISSION OF TEXAS</b><br><b>OIL &amp; GAS DIVISION</b><br><b>APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER</b><br><i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i><br><i>A certification of the automated data is available in the RRC's Austin office.</i> |  |   |  | <b>FORM W-1</b> 07/2004<br>Permit Status: <b>Approved</b>                              |  |
| 1. RRC Operator No.<br><b>338746</b>  |                 | 2. Operator's Name (as shown on form P-5, Organization Report)<br><b>GULFTEX ENERGY III, LP</b>  |  |   | 3. Operator Address (include street, city, state, zip):<br><br><b>17806 W INTERSTATE 10 STE 405<br/>SAN ANTONIO, TX 78257-8221</b> |  |  |
| 4. Lease Name<br><b>MIKA</b>  |                 | 5. Well No.<br><b>102H</b>   |  |   |  |  |  |
| <b>GENERAL INFORMATION</b>  |                 |  |  |   |  |  |  |
| 6. Purpose of filing (mark ALL appropriate boxes):<br><input checked="" type="checkbox"/> New Drill <input type="checkbox"/> Recompletion <input type="checkbox"/> Reclass <input type="checkbox"/> Field Transfer <input type="checkbox"/> Re-Enter<br><input type="checkbox"/> Amended <input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D)  |                 |  |  |   |  |  |  |
| 7. Wellbore Profile (mark ALL appropriate boxes):<br><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<br><b>11500</b>  |                 | 9. Do you have the right to develop the minerals under any right-of-way ?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   |  | 10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |  |  |  |
| <b>SURFACE LOCATION AND ACREAGE INFORMATION</b>   |                 |  |  |   |  |  |  |
| 11. RRC District No.<br><b>02</b>   |                 | 12. County<br><b>KARNES</b>  |  | 13. Surface Location<br><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>9.5</u> miles in a <u>NE</u> direction from <u>Karnes</u> which is the nearest town in the county of the well site.   |                 |  |  |   |  |  |  |
| 15. Section   | 16. Block       | 17. Survey<br><b>GARY, I</b>   |  | 18. Abstract No.<br><b>A-124</b>  | 19. Distance to nearest lease line:<br><b>100</b> ft.  | 20. Number of contiguous acres in lease, pooled unit, or unitized tract: <b>140.25</b> |  |
| 21. Lease Perpendiculars: <u>452</u> ft from the <u>NE</u> line and <u>571</u> ft from the <u>NW</u> line.<br>22. Survey Perpendiculars: <u>599</u> ft from the <u>NW</u> line and <u>971</u> ft from the <u>SW</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   |  |
| <b>02</b>   | <b>86950300</b> | <b>SUGARKANE (AUSTIN CHALK)</b>  |  | <b>Oil Well</b>   | <b>11500</b>   | <b>300.00</b>  |  |
|   |                 |  |  |   |  |  |  |
|   |                 |  |  |   |  |  |  |
|   |                 |  |  |   |  |  |  |
| <b>BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)</b>  |                 |  |  |   |  |  |  |
| <b>Remarks</b><br>[RRC STAFF Dec 19, 2016 10:04 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Dec 19, 2016 10:06 AM]: Changed distance to nearest lease line to match plat.; [RRC STAFF Dec 19, 2016 10:13 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Dec 20, 2016 10:37 AM]: Changed BHL abstract number to match plat and RRC GIS. Changed BHL survey line call to match plat.; [RRC STAFF Dec 20, 2016 12:23 PM]: Problems identified with this permit are resolved.; [RRC STAFF Dec 20, 2016 12:24 PM]: As per Jim Butler: Attached are plats with the surface owner tracts removed. |                 |  |  | <b>Certificate:</b><br>I certify that information stated in this application is true and complete, to the best of my knowledge.<br><br><div style="display: flex; justify-content: space-between;"> <div> <u>Jim Butler, Geo/Engineering Tech</u><br/>           Name of filer<br/><br/> <u>(210)4134794</u><br/>           Phone         </div> <div> <u>Dec 06, 2016</u><br/>           Date submitted<br/><br/> <u>jtbgas@yahoo.com</u><br/>           E-mail Address (OPTIONAL)         </div> </div> |  |  |  |
| <b>RRC Use Only</b>   |                 |  |  | Data Validation Time Stamp: Dec 21, 2016 2:32 PM( '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> |          |

**RAILROAD COMMISSION OF TEXAS  
OIL & GAS DIVISION**

**Form W-1H** 07/2004  
**Supplemental Horizontal Well Information**

**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 #       | 820991       |
| Approved Date: | Dec 21, 2016 |

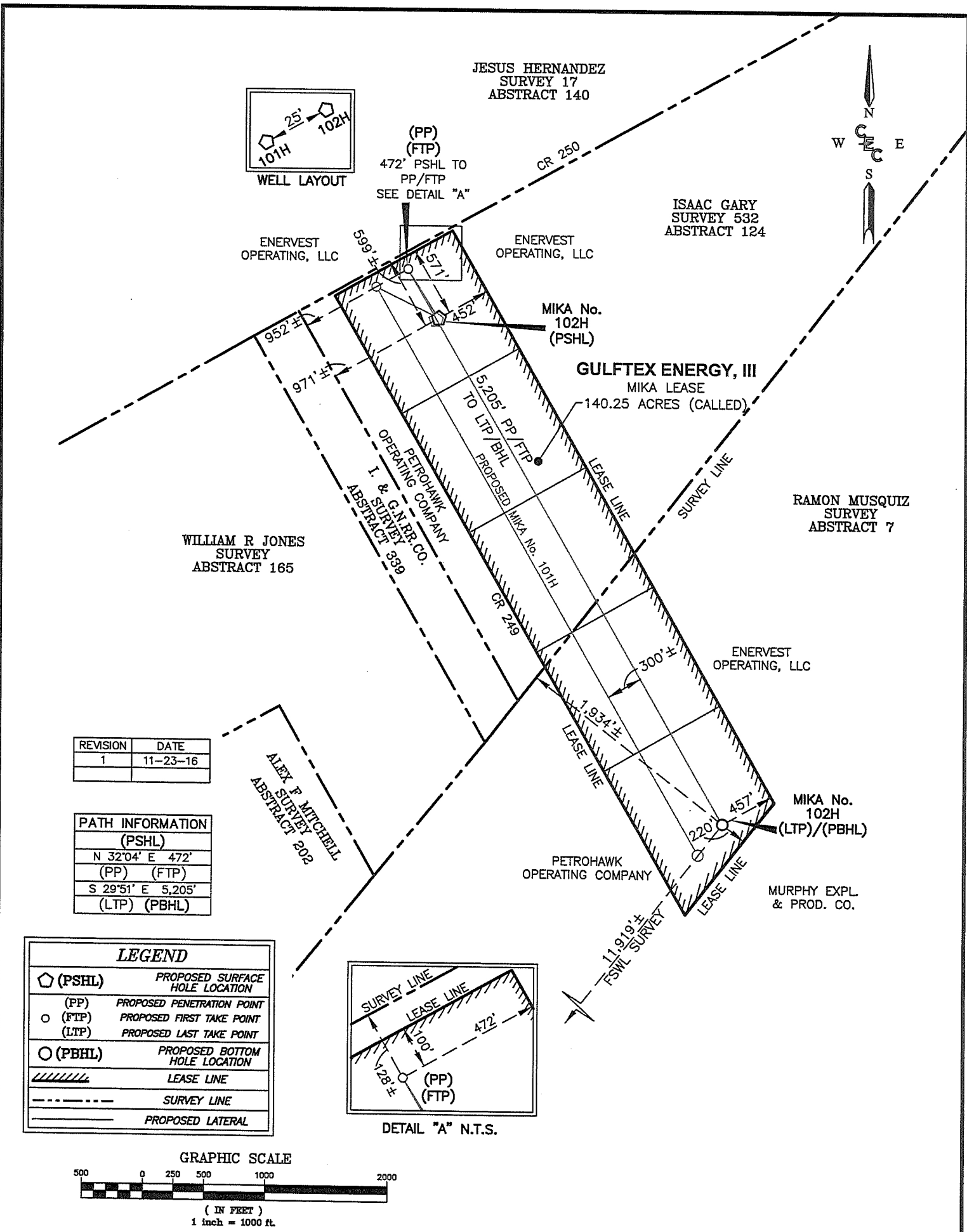
|                                      |   |                              |                            |
|--------------------------------------|---|------------------------------|----------------------------|
| 1. RRC Operator No.<br><b>338746</b> | 2. Operator's Name (exactly as shown on form P-5, Organization Report)<br><b>GULFTEX ENERGY III, LP</b> | 3. Lease Name<br><b>MIKA</b> | 4. Well No.<br><b>102H</b> |
|--------------------------------------|---|------------------------------|----------------------------|

**Lateral Drainhole Location Information**

|                               |   |
|-------------------------------|---|
| 5. Field as shown on Form W-1 | <b>SUGARKANE (AUSTIN CHALK) (Field # 86950300, RRC District 02)</b> |
|-------------------------------|---|

|            |          |                                |                         |                                    |
|------------|----------|--------------------------------|-------------------------|------------------------------------|
| 6. Section | 7. Block | 8. Survey<br><b>MUSQUIZ, R</b> | 9. Abstract<br><b>7</b> | 10. County of BHL<br><b>KARNES</b> |
|------------|----------|--------------------------------|-------------------------|------------------------------------|

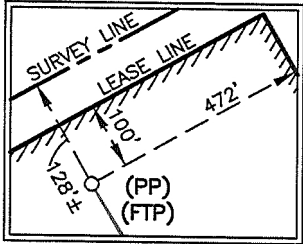
|  |   |  |  |  |
|--|---|--|--|--|
|  | 11. Terminus Lease Line Perpendiculars<br><b>457</b> ft. from the <b>NE</b> line. and <b>220</b> ft. from the <b>SE</b> line          |  |  |  |
|  | 12. Terminus Survey Line Perpendiculars<br><b>1934</b> ft. from the <b>NW</b> line. and <b>11919</b> ft. from the <b>SW</b> line      |  |  |  |
|  | 13. Penetration Point Lease Line Perpendiculars<br><b>100</b> ft. from the <b>NW</b> line. and <b>472</b> ft. from the <b>NE</b> line |  |  |  |



| REVISION | DATE     |
|----------|----------|
| 1        | 11-23-16 |

| PATH INFORMATION  |  |
|-------------------|--|
| (PSHL)            |  |
| N 32°04' E 472'   |  |
| (PP) (FTP)        |  |
| S 29°51' E 5,205' |  |
| (LTP) (PBHL)      |  |

| LEGEND   |                                |
|----------|--------------------------------|
| ○ (PSHL) | PROPOSED SURFACE HOLE LOCATION |
| (PP)     | PROPOSED PENETRATION POINT     |
| ○ (FTP)  | PROPOSED FIRST TAKE POINT      |
| (LTP)    | PROPOSED LAST TAKE POINT       |
| ○ (PBHL) | PROPOSED BOTTOM HOLE LOCATION  |
| ////     | LEASE LINE                     |
| ---      | SURVEY LINE                    |
| ---      | PROPOSED LATERAL               |



DETAIL "A" N.T.S.

### GULFTEX ENERGY, III

MIKA No. 102H LOCATION  
MIKA LEASE  
140.25 ACRES (CALLED)  
SITUATED IN THE  
ISAAC GARY SURVEY 532, ABSTRACT 124 &  
RAMON MUSQUIZ SURVEY, ABSTRACT 7  
KARNES COUNTY, TEXAS

|             |          |   |
|-------------|----------|---|
| JOB NO:     | S0440114 | WARNING: THIS PLAT MAY NOT SHOW ALL CROSSINGS OF PIPELINES OR CABLES. USE THE TEXAS ONE CALL SYSTEM BEFORE EXCAVATION ON THIS PROPERTY. |
| SCALE:      | 1"=1000' |   |
| DRAWN BY:   | E.A.S.   |   |
| CHECKED BY: | O.N.M.   |   |
| FIELD DATE: | 11-24-16 |   |
| QUAD:       | ECLETO   |   |

This Plat represents a WELL LOCATION prepared from field work, deeds and other available information. Prepared for the sole purpose of submitting to the Texas Railroad Commission for a drilling permit and is not intended to be a boundary survey. This plat is for the exclusive use of GULFTEX ENERGY, III.

L. Ray Inman, R.P.L.S., No. 4496 - Texas  
Date 11-28-16

### MIKA No. 102H LOCATION

STATE PLANE COORDINATES - TEXAS SOUTH CENTRAL ZONE - NAD 1927  
**PROPOSED SURFACE LOCATION (PSHL)**  
N: 432323 E: 2364974 ELEVATION: 358'  
GEOGRAPHIC NAD 27: Lat: 29°01'02.89" Long: 97°51'28.77"  
GEOGRAPHIC NAD 83: Lat: 29°01'03.79" Long: 97°51'29.77"  
LEASE: 571' FNWL & 452' FNEL SURVEY: 599± FNWL & 971± FSWL  
BEARS: N 15°12' E ~ 9.5 MILES FROM (KARNES CITY, TEXAS)

### PENETRATION POINT (PP) & FIRST TAKE POINT (FTP)

N: 432723 E: 2364723  
GEOGRAPHIC NAD 27: Lat: 29°01'06.87" Long: 97°51'31.55"  
GEOGRAPHIC NAD 83: Lat: 29°01'07.77" Long: 97°51'32.56"  
LEASE: 100' FNWL & 472' FNEL SURVEY: 128± FNWL & 952± FSWL

### LAST TAKE POINT (LTP) & PROPOSED BOTTOM LOCATION (PBHL)

N: 428208 E: 2367314  
GEOGRAPHIC NAD 27: Lat: 29°00'21.92" Long: 97°51'02.87"  
GEOGRAPHIC NAD 83: Lat: 29°00'22.82" Long: 97°51'03.87"  
LEASE: 457' FNEL & 220' FSEL SURVEY: 1,934± FNWL & 11,919± FSWL