

API No. 42-405-30875		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. A certification of the automated data is available in the RRC's Austin office.</i>				FORM W-1 07/2004		
Drilling Permit # 907880 SWR Exception (R37)						Permit Status: Approved		
1. RRC Operator No. 008555		2. Operator's Name (as shown on form P-5, Organization Report) AETHON ENERGY OPERATING LLC			3. Operator Address (include street, city, state, zip): 12377 MERIT DR SUITE 1200 DALLAS, TX 75251-0000			
4. Lease Name CHIPPER-TEDDY-NOLTE A		5. Well No. 1H						
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 checked="" 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 14700		9. Do you have the right to develop the minerals under a 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 7.5 miles in a NW direction from San Augustine which is the nearest town in the county of the well site.								
15. Section		16. Block		17. Survey HOLMAN, S		18. Abstract No. A-135		
				19. Distance to nearest lease line: ft.		20. Number of contiguous acres in lease, pooled unit, or unitized tract: 2057.35		
21. Lease Perpendiculars: 8821 ft from the SOUTH line and 1119 ft from the WEST line.								
22. Survey Perpendiculars: 3108 ft from the NORTH line and 1119 ft from the WEST 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	31. Distance to Nearest Well in this Reservoir	32. Number of Wells on this lease in this Reservoir
06	16032300	CARTHAGE (HAYNESVILLE SHALE)			Gas Well	14700	783.00	9
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. Weldon Waters, Cons.(Data provided by Oper.) Name of filer (512)4783456 Phone			
					May 20, 2025 Date submitted weldon@milconinc.com E-mail Address (OPTIONAL)			
RRC Use Only					Data Validation Time Stamp: Jul 16, 2025 9:13 AM('As Approved' Version)			

Permit Status: **Approved**

The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.

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

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

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Permit # **907880**

Approved Date: **Jul 16, 2025**

1. RRC Operator No. 008555	2. Operator's Name (exactly as shown on form P-5, Organization Report) AETHON ENERGY OPERATING LLC	3. Lease Name CHIPPER-TEDDY-NOLTE A	4. Well No. 1H
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 YBARBO, A	9. Abstract 327
10. County of BHL SAN AUGUSTINE			
11. Terminus Lease Line Perpendiculars 100 ft. from the South line. and 1643 ft. from the East line			
12. Terminus Survey Line Perpendiculars 2622 ft. from the South line. and 4486 ft. from the West line			
13. Penetration Point Lease Line Perpendiculars 6992 ft. from the North line. and 1767 ft. from the East line			

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W-1 Comments

Permit #	907880
Approved Date:	Jul 16, 2025

[May 20, 2025 1:27 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 May 20, 2025 1:33 PM]: Amending to remove NPZ's and secure Rule 37 exception. Service List attached, requesting Notice by Publication.
FTP: 7492' FNL & 1741' FEL
LTP: 100' FSL & 1643' FEL

All data hereon and all attachments provided by the operator.; [RRC STAFF Jun 23, 2025 9:42 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jun 24, 2025 9:22 AM]: Problems identified with this permit are resolved.; [RRC STAFF Jun 24, 2025 9:23 AM]: Per Weldon Waters (filer); "The newspaper made a mistake and only ran the notices in the paper once on 6/5. We are having them publish the NOA's again on 6/26 & 7/3. Can we get an updated NOA with corrected date that terms out on 7/10?"; [RRC STAFF Jun 24, 2025 9:25 AM]: A new Notice of Application is being created for publication purposes only. All mailed notices were successfully served and do not need to go out again. Protests received from the new publication are considered valid if received by 5pm on the protest deadline date.; [RRC STAFF Jul 7, 2025 10:29 AM]: Publication information attached.; [RRC STAFF Jul 16, 2025 9:13 AM]: Exception Admin Approved. 37(h)(2)(A). Service List; Publication.