

API No. <u>42-479-45382</u> Drilling Permit # <u>908348</u> SWR Exception <u>(R37)</u>		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.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>			FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. <u>100291</u>		2. Operator's Name (as shown on form P-5, Organization Report) KIMMERIDGE TEXAS GAS, LLC		3. Operator Address (include street, city, state, zip): 730 TOWN AND COUNTRY BLVD STE 400 HOUSTON, TX 77024-0000		
4. Lease Name NEEDMORE-SCIBIENSKI D		5. Well No. <u>140H</u>				
GENERAL INFORMATION						
6. Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☒ Reclass ☐ Field Transfer ☐ Re-Enter ☒ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)						
7. Wellbore Profile (mark ALL appropriate boxes): ☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack						
8. Total Depth 15000		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☒ Yes ☐ No		
SURFACE LOCATION AND ACREAGE INFORMATION						
11. RRC District No. <u>04</u>		12. County WEBB		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore		
14. This well is to be located <u>13.9</u> miles in a <u>NW</u> direction from <u>LAREDO</u> which is the nearest town in the county of the well site.						
15. Section 1462		16. Block WEBB CSL		17. Survey WEBB CSL		
18. Abstract No. A-502		19. Distance to nearest lease line: ft. 13424.91		20. Number of contiguous acres in lease, pooled unit, or unitized tract: 13424.91		
21. Lease Perpendiculars: <u>285</u> ft from the <u>NW</u> line and <u>1968</u> ft from the <u>SW</u> line. 22. Survey Perpendiculars: <u>285</u> ft from the <u>NW</u> line and <u>13870</u> ft from the <u>NE</u> line.						
23. Is this a pooled unit? ☐ Yes ☒ No		24. Unitization Docket No:		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ 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	
01	39744500	HAWKVILLE (EAGLEFORD SHALE)		Gas Well	14000	
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.		
				Name of filer <u>Gayle Foord, Regulatory Analyst</u> Date submitted <u>May 30, 2025</u> <u>(713)6006062</u> <u>gfoord@ktqllc.com</u> Phone E-mail Address (OPTIONAL)		
RRC Use Only Data Validation Time Stamp: Jun 6, 2025 7:32 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 # **908348**

Approved Date: **Jun 06, 2025**

1. RRC Operator No. 100291	2. Operator's Name (exactly as shown on form P-5, Organization Report) KIMMERIDGE TEXAS GAS, LLC	3. Lease Name NEEDMORE-SCIBIENSKI D	4. Well No. 140H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 HAWKVILLE (EAGLEFORD SHALE) (Field # 39744500, RRC District 01)			
6. Section 3/86	7. Block	8. Survey CITY OF LAREDO	9. Abstract 232
10. County of BHL WEBB			
11. Terminus Lease Line Perpendiculars 103 ft. from the SE line. and 3777 ft. from the SW line			
12. Terminus Survey Line Perpendiculars 103 ft. from the SE line. and 64078 ft. from the NE line			
13. Penetration Point Lease Line Perpendiculars 106 ft. from the NW line. and 760 ft. from the SW line			

Permit Status:

Approved

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W-1 Comments

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[May 30, 2025 12:40 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 Jun 3, 2025 12:09 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jun 3, 2025 12:59 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jun 5, 2025 3:39 PM]: Filer submitted a lease plat that shows the entirety of both tracts.; [RRC STAFF Jun 5, 2025 3:41 PM]: Problem sent - "Allocation wells need to show the entire unit on a plat. Please submit a single plat that shows the entirety of both tracts or you may submit a plat for each of the tracts."; [RRC STAFF Jun 6, 2025 7:32 AM]: Problems identified with this permit are resolved.; [RRC STAFF Jun 6, 2025 7:32 AM]: Exception Admin Approved. 37(h)(2)(B). Own Offset.