

OKLAHOMA CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
P.O. BOX 52000
OKLAHOMA CITY, OK 73152-2000
(Rule 165:10-3-1)

API NUMBER: 043 23629 A

Approval Date: 05/21/2018

Expiration Date: 11/21/2018

Horizontal Hole Oil & Gas

Amend reason: OCC CORRECTION

AMEND PERMIT TO DRILL

WELL LOCATION: Sec: 24 Twp: 17N Rge: 14W

County: DEWEY

SPOT LOCATION:

FEET FROM QUARTER: FROM NORTH FROM WEST

SECTION LINES: 2400 275

Lease Name: MARIAN

Well No: 1-24-25XH

Well will be 225 feet from nearest unit or lease boundary.

Operator Name: COUNCIL OAK RESOURCES LLC

Telephone: 9185130925

OTC/OCC Number: 23853 0

COUNCIL OAK RESOURCES LLC
6120 S YALE AVE STE 1200
TULSA, OK 74136-4241

FRED W HOLSAPPLE
244252 EAST 74 ROAD
OAKWOOD OK 73658

Formation(s) (Permit Valid for Listed Formations Only):

	Name	Depth	Name	Depth
1	MISSISSIPPIAN	10742	6	
2	WOODFORD	11479	7	
3			8	
4			9	
5			10	

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201802828
201803230
201803228
201803227
201803229

Special Orders:

Total Depth: 19000

Ground Elevation: 1872

Surface Casing: 1000

Depth to base of Treatable Water-Bearing FM: 280

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: Yes

PIT 1 INFORMATION

Approved Method for disposal of Drilling Fluids:

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: WATER BASED

Chlorides Max: 65000 Average: 6500

Is depth to top of ground water greater than 10ft below base of pit? Y

Within 1 mile of municipal water well? N

Wellhead Protection Area? N

Pit is located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is AP/TE DEPOSIT

Pit Location Formation: TERRACE

D. One time land application -- (REQUIRES PERMIT)

PERMIT NO: 18-34380

H. SEE MEMO

This permit does not address the right of entry or settlement of surface damages.

The duration of this permit is SIX MONTHS, except as otherwise provided by Rule 165: 10-3-1.

Rule 165: 10-3-4 (c) (7) (e) - The Operator shall give 24 Hours notice by telephone to the appropriate District Office of the Conservation Division as to when Surface Casing will be run.

PIT 2 INFORMATION

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: OIL BASED

Chlorides Max: 300000 Average: 200000

Is depth to top of ground water greater than 10ft below base of pit? Y

Within 1 mile of municipal water well? N

Wellhead Protection Area? N

Pit is located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is AP/TE DEPOSIT

Pit Location Formation: TERRACE

HORIZONTAL HOLE 1

Sec 25 Twp 17N Rge 14W County DEWEY

Spot Location of End Point: SE SW SW SW

Feet From: SOUTH 1/4 Section Line: 65

Feet From: WEST 1/4 Section Line: 400

Depth of Deviation: 10400

Radius of Turn: 477

Direction: 175

Total Length: 7851

Measured Total Depth: 19000

True Vertical Depth: 11524

End Point Location from Lease,
Unit, or Property Line: 65

Notes:

Category

Description

DEEP SURFACE CASING

4/26/2018 - G71 - APPROVED; NOTIFY OCC FIELD INSPECTOR IMMEDIATELY OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR SURFACE CASING

HYDRAULIC FRACTURING

4/26/2018 - G71 - OCC 165:10-3-10 REQUIRES:

1) PRIOR TO COMMENCEMENT OF HYDRAULIC FRACTURING OPERATIONS FOR HORIZONTAL WELLS, NOTICE GIVEN FIVE BUSINESS DAYS IN ADVANCE TO OFFSET OPERATORS WITH WELLS COMPLETED IN THE SAME COMMON SOURCE OF SUPPLY WITHIN 1/2 MILE;

2) WITH NOTICE ALSO GIVEN 48 HOURS IN ADVANCE OF HYDRAULIC FRACTURING ALL WELLS TO BOTH THE OCC CENTRAL OFFICE AND LOCAL DISTRICT OFFICES, USING THE "FRAC NOTICE FORM" FOUND AT THE FOLLOWING LINK: OCCEWEB.COM/OG/OGFORMS.HTML; AND,

3) THE CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS FOR ALL WELLS TO BE REPORTED TO FRACFOCUS WITHIN 60 DAYS AFTER THE CONCLUSION THE HYDRAULIC FRACTURING OPERATIONS, USING THE FOLLOWING LINK: FRACFOCUS.ORG

INTERMEDIATE CASING

4/26/2018 - G71 - DUE TO THE KNOWN POTENTIAL RISK OF ENCOUNTERING AN OVER-PRESSURED ZONE IN THE MORROW SERIES IN THIS AREA, THE TECHNICAL MANAGER RECOMMENDS SETTING AN INTERMEDIATE STRING OF CASING IMMEDIATELY ABOVE THE MORROW SERIES

MEMO

4/26/2018 - G71 - PITS 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST, PIT 2 - OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT

This permit does not address the right of entry or settlement of surface damages.

043 23629 MARIAN 1-24-25XH

The duration of this permit is SIX MONTHS, except as otherwise provided by Rule 165: 10-3-1.

Rule 165: 10-3-4 (c) (7) (e) - The Operator shall give 24 Hours notice by telephone to the appropriate District Office of the Conservation Division as to when Surface Casing will be run.

Category	Description
PENDING CD - 201802828	<p>5/2/2018 - G58 - (E.O.)(640)(HOR) 24-17N-14W VAC 111422 CSTR EST. MSSP, WDFD, OTHERS COMPL. INT. (MSSP) NCT 660' FB COMPL. INT. (WDFD) NCT 165' FNL & FSL, NCT 330' FEL & FWL REC 5/18/2018 (DUNN)</p>
PENDING CD - 201803227	<p>5/14/2018 - G58 - (E.O.)24 & 25-17N-14W EST MULTIUNIT HORIZONTAL WELL X201803230 MSSP, WDFD (25-17N-14W) X201802828 MSSP, WDFD (24-17N-14W) 33 1/3% 24-17N-14W 63 2/3%** 25-17N-14W NO OP. NAMED HEARING 5/18/2018</p> <p>**S/B 66 2/3% TO BE CORRECTED AT HEARING PER ATTORNEY FOR OP.</p>
PENDING CD - 201803228	<p>5/2/2018 - G58 - (E.O.) 25 & 24-17N-14W X201803230 MSSP, WDFD (25-17N-14W) X201802828 MSSP, WDFD (24-17N-14W) COMPL. INT. (24-17N-14W) NCT 165' FNL, NCT 0' FSL, NCT 330' FWL COMPL. INT. (25-17N-14W) NCT 0' FNL, NCT 165' FSL, NCT 330' FWL NO OP. NAMED REC 5/18/2018 (DUNN)</p>
PENDING CD - 201803229	<p>5/14/2018 - G58 - 24-17N-14W X201802828 MSSP 1 WELL NO OP. NAMED REC 5/18/2018 (DUNN)</p>
PENDING CD - 201803230	<p>5/2/2018 - G58 - (E.O.)(640)(HOR) 25-17N-14W VAC 66559** MSSLM, HNTN** EXT 201802828 MSSP, WDFD, OTHER COMPL. INT. (MSSP) NCT 660' FB COMPL. INT. (WDFD) NCT 165' FNL & FSL, NCT 330' FEL & FWL REC 5/18/2018 (DUNN)</p> <p>**S/B VAC 99559 MSSLM, HNTN, CSTR TO BE CORRECTED ON ORDER SUBMITTED TO OCC PER ATTORNEY FOR OP.</p>

APPLICATION TO DRILL, RECOMPLETE OR REENTER

FORM 1000
REV. 2014

FILE ORIGINAL ONLY

PLEASE TYPE OR USE BLACK INK

1. OTC/OCC OPERATOR NUMBER

23853

2. API NUMBER

OKLAHOMA CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
JIM THORPE BUILDING
P.O. BOX 52000
OKLAHOMA CITY, OK 73152-2000
(RULE 165:10-3-1)

BATCH NUMBER (OCC USE ONLY)

WALK THROUGH

3. NOTICE OF INTENT TO:

(CHECK ONLY ONE)

☒ DRILL ☐ RECOMPLETE ☐ REENTER ☐ DEEPEN ☐ AMEND - REASON

NOTE: ATTACH COPY OF 1002-A IF RECOMPLETION OR REENTRY.

4. TYPE OF DRILLING OPERATION >>>>>>> (NOTE: If directional or horizontal, see reverse side for bottom hole location)

A. ☐ STRAIGHT HOLE ☐ DIRECTIONAL HOLE ☒ HORIZONTAL HOLEB. ☒ OIL/GAS ☐ INJECTION ☐ DISPOSAL ☐ WATER SUPPLY ☐ STRAT TEST ☐ SERVICE WELL

5. WELL LOCATION:

SECTION 24 TOWNSHIP 17N RANGE 14W COUNTY DEWEY

SPOT LOCATION: SW 1/4 SW 1/4 NW 1/4 FEET FROM QUARTER from NORTH LINE from WEST LINE
SECTION LINES: 2400' 225'

7. Well will be 225' feet from nearest unit or property boundary.

8. LEASE NAME: MARIAN WELL NUMBER: 1-24-25XH

9. NAME OF OPERATOR: COUNCIL OAK RESOURCES EMAIL ADDRESS: CODYD@COUNCILOAK.NET

ADDRESS 6120 S YALE SUITE 1200 PHONE (AC/NUMBER) 918-513-0900

CITY TULSA STATE OK ZIP CODE 74136

10. SURFACE OWNER (ONE ONLY, ATTACH SHEET FOR ADDITIONAL OWNERS)

FRED W. HOLSAPPLE

ADDRESS 244252 E 74RD

CITY OAKWOOD STATE OK ZIP CODE 73658

14. LIST TARGET FORMATIONS AND DEPTHS OF EACH BELOW (LIMITED TO TEN)

1) MISSISSIPPIAN 10,742'

2) WOODFORD 11,479'

3)

4)

5)

6)

7)

8)

9)

10)

15. SPACING ORDER NUMBER(S) AND SIZE UNIT(S):

201802828-T & 201803230-T (640 Ac)

16. PENDING APPLICATION C.D. NO.

201803227

17. LOCATION EXCEPTION ORDER NO.

201803228-T

18. INCREASED DENSITY ORDER NO.

201803229-T

19. TOTAL DEPTH 19,000' 20. GROUND ELEV. 1872' 21. BASE OF TREATABLE WATER 280' 22. SURFACE CASING 1000' 23. ALT CASING PROG USED? Y X N

24. ALTERNATIVE CASING PROCEDURE, check box and fill in blank (AFFIDAVIT REQUIRED, see reverse side, line 31.)

A. Cement will be circulated from total depth to ground surface on the production casing string.

B. Cement will be circulated from depth to depth by use of a two stage cementing tool.

25.1. PIT INFORMATION: Using more than one pit or mud system? ☒ Y ☐ N If yes, fill out line 25.2 on top reverse side.A. TYPE OF MUD SYSTEM: ☒ WATER BASED ☐ OIL BASED ☐ GAS BASED (AIR DRILL)

B. EXPECTED MUD CHLORIDE CONTENT: maximum: 65,000 ppm; average: 6,500 ppm.

PIT #1 C. TYPE OF PIT SYSTEM: on-site off-site ☒ closed if off-site, specify location:D. IS DEPTH TO TOP OF GROUND WATER GREATER THAN 10 FT BELOW BASE OF PIT? ☒ Y ☐ NE. WITHIN 1 MILE OF MUNICIPAL WATER WELL? ☒ Y ☐ NF. WELLHEAD PROTECTION AREA? ☐ Y ☒ N

Off-Site Pit No.

26.1 OCC USE ONLY	A. CATEGORY 1A 1B 2 3 4 C	B. PIT LOCATION: Alluvial Plain <input checked="" type="checkbox"/> Terrace Deposit	Bedrock Aquifer	Other H.S.A. <input checked="" type="checkbox"/> Non-H.S.A. Fm: Terrace
	C. Special area or field rule?	D. DEEP SCA? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	E. CBL required? <input type="checkbox"/> Y <input type="checkbox"/> N	
	F. SOIL COMPACTED LINER REQUIRED? <input type="checkbox"/> Y <input type="checkbox"/> N	G. 20 mil GEOMEMBRANE LINER REQUIRED? <input type="checkbox"/> Y <input type="checkbox"/> N		

27. PROPOSED METHOD FOR DISPOSAL OF DRILLING FLUIDS (MUST BE COMPLETED)

A. Evaporation/dewater and backfilling of reserve pit.

B. Public Landfill: Location

C. Annular Injection (REQUIRES PERMIT and surface casing set 200 feet below base of treatable water-bearing formation.) PERMIT NO.

☒ D. One time land application (REQUIRES PERMIT) PERMIT NO. 18-34380

E. Haul to Commercial pit facility; Specify site:

Order No.

F. Haul to Commercial soil farming facility; Specify site:

Order No.

G. Haul to recycling/re-use facility; Specify site:

Order No.

☒ H. Other, Specify:

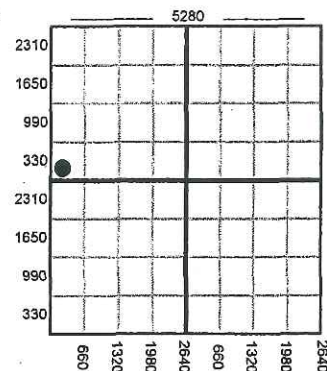
Closed system, Steel Pits, RTN mud to vendor, Land apply cuttings

I hereby certify I am authorized to submit this two page application prepared by me or under my supervision.

The facts and proposals made herein are true, correct and complete to the best of my knowledge and belief.

SIGNATURE	NAME (Print or Type)	PHONE (AC/NO.)	FAX (AC/NO.)	DATE
<i>Steven A. Dowdy</i>	Steven A. Dowdy	405-692-1555	405-692-8392	04/24/18

NOTICE: Approval is void if operations have not commenced within six months of the date of approval. An approved permit must be posted at the location during drilling and completion operations. File the Form 1001A, Spud Report, within fourteen days of commencement of operations.



SEC 24
TOWNSHIP 17N
RANGE 14W
WELL NAME MARIAN

TEMPORARY AUTHORIZATION TO DRILL
Expiration Date: 5/23/2018
Signature: Virginia Hallinger
Emergency Hearings 5/18/2018

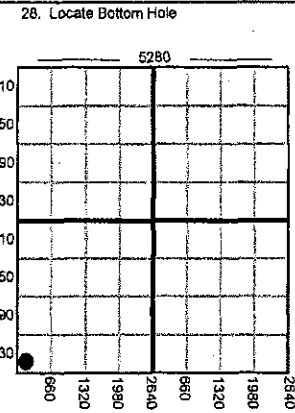
NOTIFY DISTRICT OFFICE 24 HOURS PRIOR TO CEMENTING SURFACE CASING.

25.2. PIT INFORMATION:

A. TYPE OF MUD SYSTEM: WATER BASED ☒ OIL BASED ☐ GAS BASED (AIR DRILL) ☐
 B. EXPECTED MUD CHLORIDE CONTENT: maximum: 350,000 ppm; average: 250,000 ppm.
 C. TYPE OF PIT SYSTEM: on-site ☒ off-site ☐ closed ☒ If off-site, specify location: _____
 D. IS DEPTH TO TOP OF GROUND WATER GREATER THAN 10 FT BELOW BASE OF PIT? X Y ☐ N ☐
 E. WITHIN 1 MILE OF MUNICIPAL WATER WELL? Y ☒ N ☐
 F. WELLHEAD PROTECTION AREA? Y ☒ N ☐ Off-Site Pit No. _____

26.2 OCC USE ONLY A. CATEGORY 1A 1B 2 3 4 C Fm: Terrace
 B. PIT LOCATION: Alluvial Plain ☒ Terrace Deposit ☐ Bedrock Aquifer ☐ Other H.S.A. ☐ Non-H.S.A. ☐
 C. Special area or field rule? _____ D. DEEP SCA? X Y ☐ N E. CBL? Y ☐ N
 F. SOIL COMPACTED LINER REQUIRED? Y ☒ N G. 20 mil GEOMEMBRANE LINER REQUIRED Y ☐ N ☐

29. Bottom Hole Location SEC 25 TWP 17N RGE 14W COUNTY DEWEY
 SPOT LOCATION: 1/4 1/4 1/4 1/4 FEET FROM QUARTER from SOUTH LINE from WEST LINE
 SECTION LINES: _____
 Measured Total Depth _____ True Vertical Depth _____ BHL from nearest Lease, Unit, Or Property Line: _____
 30. Bottom Hole Location for Horizontal Hole: (LATERALS)
 LATERAL #1: SEC 25 TWP 17N RGE 14W COUNTY DEWEY
 SPOT LOCATION: SW 1/4 SW 1/4 SW 1/4 SW 1/4 FEET FROM QUARTER from SOUTH LINE from WEST LINE
 SECTION LINES: _____
 Depth of Deviation _____ Radius of Turn _____ Direction _____ Total Length _____
 Measured Total Depth 19,000 True Vertical Depth 11,524' End Point location from nearest lease, unit or property line: 65'
 LATERAL #2: SEC _____ TWP _____ RGE _____ COUNTY _____
 SPOT LOCATION: 1/4 1/4 1/4 1/4 FEET FROM QUARTER from SOUTH LINE from WEST LINE
 SECTION LINES: _____
 Depth of Deviation _____ Radius of Turn _____ Direction _____ Total Length _____
 Measured Total Depth _____ True Vertical Depth _____ End Point location from nearest lease, unit or property line: _____
 LATERAL #3: SEC _____ TWP _____ RGE _____ COUNTY _____
 SPOT LOCATION: 1/4 1/4 1/4 1/4 FEET FROM QUARTER from SOUTH LINE from WEST LINE
 SECTION LINES: _____
 Depth of Deviation _____ Radius of Turn _____ Direction _____ Total Length _____
 Measured Total Depth _____ True Vertical Depth _____ End Point location from nearest lease, unit or property line: _____



1. If more than two drainholes are proposed, attach separate sheet indicating the necessary information.
2. Direction must be stated in degrees azimuth.
3. Please note the horizontal drainhole and its end point must be located within the legal boundaries of the lease or spacing unit. Directional surveys are required for all drainholes and directional wells.

31. AFFIDAVIT FOR ALTERNATIVE CASING PROGRAM

(Signature on front of this form attests to this affidavit)

1. This well WILL ☒ WILL NOT ☐ penetrate any known lost circulation zones.
2. During the drilling of this well, withdrawals from any water well within 1/4 mile WILL ☒ WILL NOT ☐ exceed 50 gallons per minute.
3. The projected depth of the well IS ☒ IS NOT ☐ less than 100 feet from the top of any enhanced recovery project or gas storage facility.
4. List the following for all water wells within 1/4 mile of this well. (Information concerning some water wells may be obtained from the OKLAHOMA WATER RESOURCES BOARD, 3800 N. Classen Blvd., Oklahoma City, OK 73118). IF NO WATER WELLS FOUND, SO STATE. (ATTACH ADDITIONAL SHEET IF NECESSARY)

Name of Owner/Operator	Address of Owner/Operator	Location (Nearest 1/4 1/4 1/4 1/4)	Depth of Well

5. A cement bond log is required to be run and submitted from not less than 100 feet below the base of the treatable water-bearing formation to the surface. **OCC USE ONLY**
6. If casing depth is more than 250 feet deeper than base of the treatable water-bearing formation, operator must submit a letter of request listing reasons and precautions to be taken.

INTENT TO DRILL CHECKLIST
 APPROVED 5/11/18 REJECTED ☐

OCC USE ONLY

OCC USE ONLY

1. SURETY 5/11/18
 A. NONE filed.
 B. EXPIRED: Date _____
 C. OUTSTANDING CONTEMPT ORDER.

4. GEOLOGY

DO NOT WRITE INSIDE THIS BOX

Temp. Auth. to Drill; Issued 5/16/2018

Deep Surface Casing approved; notify OCC field inspector immediately for any loss of circulation or failure to circulate cement to surface on any conductor or surface casing

Intermediate Casing; Risk of encountering an over-pressured zone in Morrow Series, technical manager recommends setting an intermediate string of casing above Morrow Series.

Cashier: 000000000
 Payor: COUNCIL OAK RESOURCES
 Check: 29524
 45 Emerg Well
 Date: 04/24/2018
 Time: 13:44
 RECEIPT 1810790044
 OKLA CORP COM