

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

API NUMBER: 043 23616

Approval Date: 04/24/2018

Expiration Date: 10/24/2018

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 02 Twp: 17N Rge: 14W

County: DEWEY

SPOT LOCATION:

FEET FROM QUARTER: FROM SOUTH FROM EAST

SECTION LINES: 259 290

Lease Name: WILCOX

Well No: 1-1H

Well will be 259 feet from nearest unit or lease boundary.

Operator Name: COUNCIL OAK RESOURCES LLC

Telephone: 9185130900

OTC/OCC Number: 23853 0

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

A. J. WILCOX
HCR 65, BOX 111
CANTON OK 73724

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

Name	Depth	Name	Depth
1 MISSISSIPPIAN	10466	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 661275

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201802959

Special Orders:

Total Depth: 16300

Ground Elevation: 1824

Surface Casing: 1000

Depth to base of Treatable Water-Bearing FM: 300

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: 18-34310

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: 350000 Average: 250000

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 01 Twp 17N Rge 14W County DEWEY

Spot Location of End Point: NE NW NW NW

Feet From: NORTH 1/4 Section Line: 65

Feet From: WEST 1/4 Section Line: 380

Depth of Deviation: 10396

Radius of Turn: 573

Direction: 5

Total Length: 5004

Measured Total Depth: 16300

True Vertical Depth: 11261

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

Notes:

Category

Description

DEEP SURFACE CASING

4/19/2018 - G71 - APPROVED; NOTIFY OCC FIELD INSPECTOR IMMEDIATELY FOR ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON CONDUCTOR OR SURFACE CASING

HYDRAULIC FRACTURING

4/19/2018 - 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

4/19/2018 - 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

4/19/2018 - G71 - PIT 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST; PIT 2 - OBM TO VENDOR, OBM CUTTINGS PER DISTRICT

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.

043 23616 WILCOX 1-1H

Category	Description
PENDING CD - 201802959	4/19/2018 - G75 - (E.O.) 1-17N-14W X661275 MSSP COMPL. INT. NCT 165' TO SL, NCT 165' TO NL, NCT 330' TO WL COUNCIL OAK RESOURCES, LLC REC 4-23-2018 (JOHNSON)
SPACING - 661275	4/19/2018 - G75 - (640)(HOR) 1-17N-14W VAC 269116 CSTR, MSSLM VAC 269914 KDRK, OTHER EXT 658277 MSSP, OTHER COMPL. INT. NCT 660' FB

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.



Well Location Plat

S.H.L. Sec. 2-17N-14W I.M.
B.H.L. Sec. 1-17N-14W I.M.

Operator: COUNCIL OAK RESOURCES, LLC

Lease Name and No. : WILCOX 1-1H

API 043-23616

Footage : 259' FSL - 290' FEL Gr. Elevation : 1824'

Section: 2 Township: 17N Range: 14W I.M.

County : Dewey State of Oklahoma

Terrain at Loc. : Location fell on a hill with the elevation dropping North to South.



0' 750' 1500' 2250'

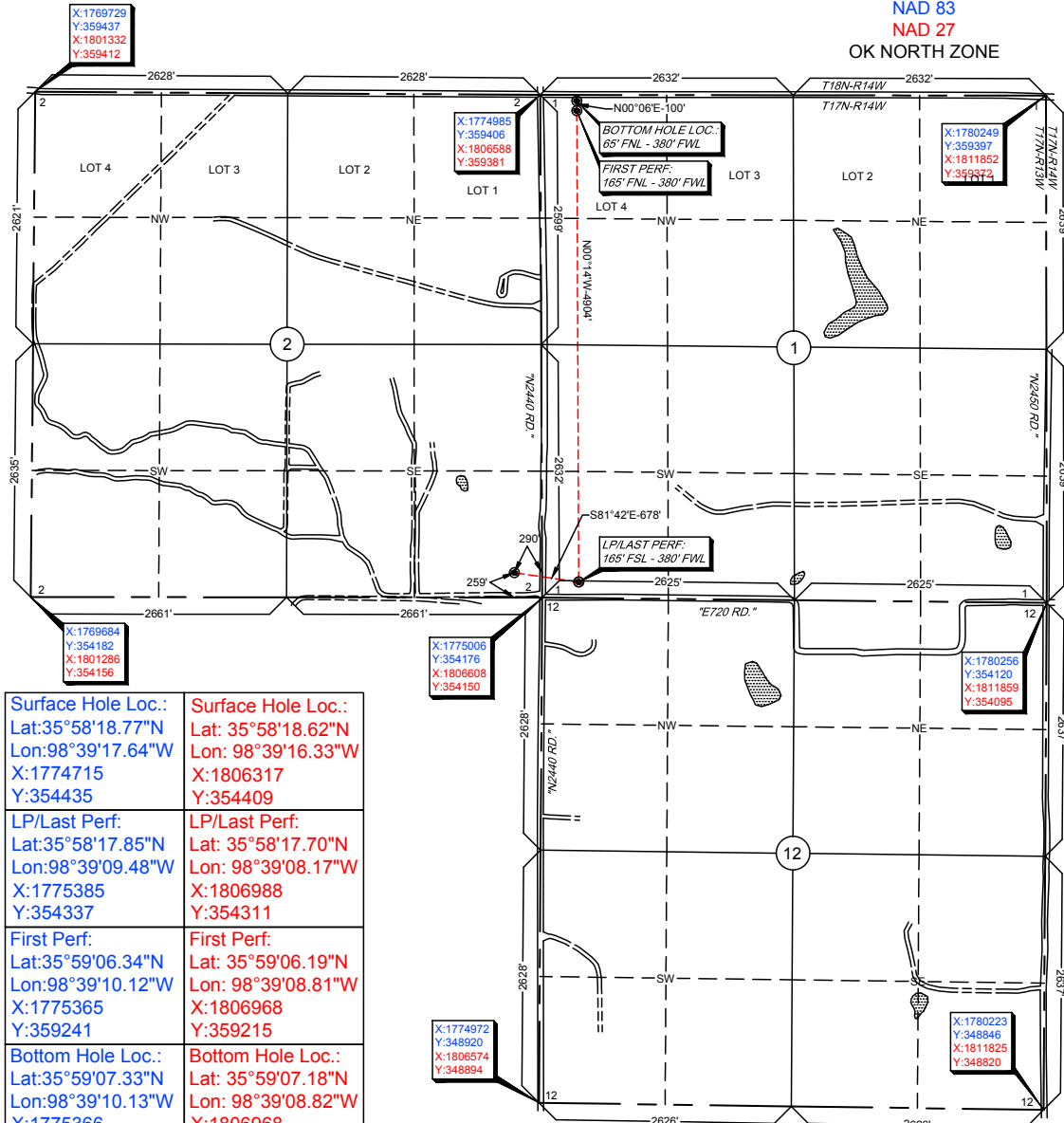
1"=1500'

GPS DATUM

NAD 83

NAD 27

OK NORTH ZONE



Surface Hole Loc.: Lat: 35°58'18.77"N Lon: 98°39'17.64"W X: 1774715 Y: 354435	Surface Hole Loc.: Lat: 35°58'18.62"N Lon: 98°39'16.33"W X: 1806317 Y: 354409
LP/Last Perf.: Lat: 35°58'17.85"N Lon: 98°39'09.48"W X: 1775385 Y: 354337	LP/Last Perf.: Lat: 35°58'17.70"N Lon: 98°39'08.17"W X: 1806988 Y: 354311
First Perf.: Lat: 35°59'06.34"N Lon: 98°39'10.12"W X: 1775365 Y: 359241	First Perf.: Lat: 35°59'06.19"N Lon: 98°39'08.81"W X: 1806968 Y: 359215
Bottom Hole Loc.: Lat: 35°59'07.33"N Lon: 98°39'10.13"W X: 1775366 Y: 359341	Bottom Hole Loc.: Lat: 35°59'07.18"N Lon: 98°39'08.82"W X: 1806968 Y: 359315

-Please note that this location was staked on the ground under the supervision of a Licensed Professional Land Surveyor, but the accuracy of this survey is not guaranteed. Please contact Arkoma Surveying and Mapping promptly if any inconsistency is determined. GPS data is observed from RTK - GPS.

-NOTE: X and Y data shown hereon for Section Corners may NOT have been surveyed on-the-ground, and further, does NOT represent a true Boundary Survey.

-Quarter Section distances may be assumed from a Government Survey Plat or assumed at a proportionate distance from opposing section corners, or occupation thereof, and may not have been measured on-the-ground, and further, does not represent a true boundary survey.

survey and plat by,

Arkoma Surveying and Mapping, PLLC

P.O. Box 238 Wilburton, OK 74578

Ph. 918-465-5711 Fax 918-465-5030

Certificate of Authorization No. 5348

Expires June 30, 2018

Invoice #7733-A

Date Staked : 04/09/18 By : J.L.

Date Drawn : 04/10/18 By : J.K.

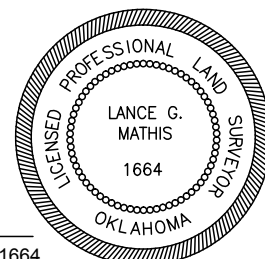
Certification:

This is to certify that this Well Location Plat represents the results of a survey made on the ground performed under the supervision of the undersigned.

LANCE G. MATHIS

04/11/18

OK LPLS 1664



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 2 TOWNSHIP 17N RANGE 14W COUNTY DEWEY

SPOT LOCATION: SE 1/4 SE 1/4 SE 1/4 SE 1/4 FEET FROM QUARTER from SOUTH LINE from EAST LINE
SECTION LINES: 259' 290'

7. Well will be 259' feet from nearest unit or property boundary.

8. LEASE NAME: WILCOX WELL NUMBER: 1-1H

9. NAME OF OPERATOR: COUNCIL OAK RESOURCES EMAIL ADDRESS: CODYD@COUNCILLOAK.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)

A.J. WILCOX

ADDRESS: HC 65 BOX 111

CITY: CANTON STATE: OK ZIP CODE: 73724

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

1) MISSISSIPPIAN 10,466'

2)

3)

4)

5)

6)

7)

8)

9)

10)

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

C.E.O. Hearing 4-23-2018

16. PENDING APPLICATION C.D. NO.

20180 2959

17. LOCATION EXCEPTION ORDER NO.

18. INCREASED DENSITY ORDER NO.

19. TOTAL DEPTH

20. GROUND ELEV.

21. BASE OF TREATABLE WATER

22. SURFACE CASING

23. ALT CASING PROG USED?

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.

C. TYPE OF PIT SYSTEM: ☐ on-site ☐ off-site ☒ closed If off-site, specify location: ☒ Y ☐ ND. 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

26.1. OCC USE ONLY

A. CATEGORY 1A 1B 2 3 4 C

B. PIT LOCATION: Alluvial Plain Terrace Deposit

C. Special area or field rule?

D. DEEP SCA? ☒ Y ☐ NE. CBL required? ☐ Y ☒ NF. SOIL COMPACTED LINER REQUIRED? ☐ Y ☒ NG. 20 mil GEOMEMBRANE LINER REQUIRED? ☐ Y ☒ 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.)

D. One time land application (REQUIRES PERMIT) PERMIT NO. 18-34310

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: Pit 1+2-closed system=steel Pits; Pit 2- OBM to vendor, OBM cuttings, per District

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: Steven A. Dowdy

NAME (Print or Type)

Steven A. Dowdy

PHONE (AC/NO.)

405-692-1555

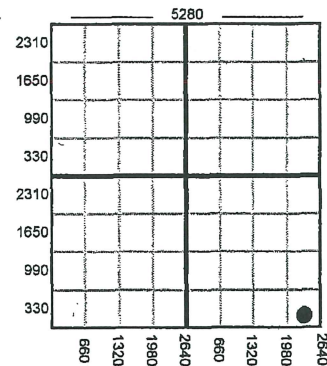
FAX (AC/NO.)

405-692-8392

DATE

04/18/18

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.

11. Is well located on lands under federal jurisdiction?
Y X N12. Will a water well be drilled? Y X N
Will surface water be used? X Y N

13. Date Operation to Begin ASAP

TEMPORARY AUTHORIZATION
TO DRILL

Expiration Date: 4-27-2018

Signature: [Signature]

661275 (640 Ac)

SEC 2
TOWNSHIP 17N
RANGE 14W
WILCOX
1-1H

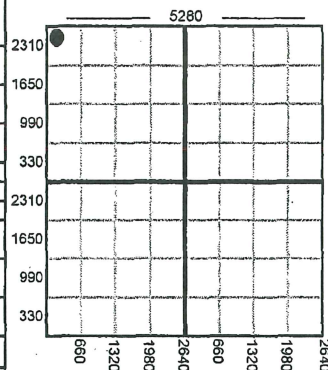
NOTIFY DISTRICT OFFICE 24 HOURS PRIOR TO CEMENTING SURFACE CASING.

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? ☒ 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? ☒ 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 TWP RGE COUNTY
 SPOT LOCATION: 1/4 1/4 1/4 1/4 FEET FROM QUARTER from SOUTH LINE from WEST LINE
 SECTION LINES:
 Measured Total True Vertical BHL from nearest Lease, Unit, Or Property Line:
 Depth Depth
 30. Bottom Hole Location for Horizontal Hole: (LATERALS)
 LATERAL #1: SEC 1 TWP 17N RGE 14W COUNTY DEWEY
 SPOT LOCATION: NE 1/4 NW 1/4 NW 1/4 NW 1/4 FEET FROM QUARTER from NORTH LINE from WEST LINE
 SECTION LINES: 65' 380'
 Depth of Deviation Radius of Turn Direction Total Length
10,396 593 S 5004
 Measured Total True Vertical End Point location from nearest lease, unit
 Depth Depth 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 True Vertical End Point location from nearest lease, unit
 Depth Depth 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 True Vertical End Point location from nearest lease, unit
 Depth Depth or property line:

28. Locate Bottom Hole



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 SD 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

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

Case: 00000000
 Receipt: 1810470007
 Date: 04/17/2018 Time: 13:55
 Payor: COUNCIL OAKS RESOURCES
 Check: 29473 \$500.00
 45 Emerg Walk Thru ITD
 Cashier: ADN

OKLA CORP COMM