

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

API NUMBER: 043 23615

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: 259 270

Lease Name: PALMER

Well No: 1-12H

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	10484	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201802569  
201802960

Special Orders:

Total Depth: 16300

Ground Elevation: 1823

**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: 18-34311

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 12 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: 380

Depth of Deviation: 10372

Radius of Turn: 573

Direction: 175

Total Length: 5028

Measured Total Depth: 16300

True Vertical Depth: 11289

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](http://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](http://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.

043 23615 PALMER 1-12H

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 - 201802569	4/19/2018 - G75 - (E.O.)(640)(HOR) 12-17N-14W VAC 101867 MSSLM EXT 658277 MSSP, OTHERS POE TO BHL NCT 660' FB COUNCIL OAK RESOURCES, LLC REC 4-23-2018 (JOHNSON)
PENDING CD - 201802960	4/19/2018 - G75 - (E.O.) 12-17N-14W X201802569 MSSP COMPL. INT. NCT 165' TO NL, NCT 165' TO SL, NCT 330' TO WL COUNCIL OAK RESOURCES, LLC REC 4-23-2018 (JOHNSON)

## 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 &gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;

(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' 270'

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

8. LEASE NAME: PALMER WELL NUMBER: 1-12H

9. NAME OF OPERATOR: COUNCIL OAK RESOURCES

EMAIL ADDRESS:

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 10,484'

2)

3)

4)

5)

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

(E.O.) Hearings 4-23-2018  
201802569, 2960

16. PENDING APPLICATION C.D. NO.

17. LOCATION EXCEPTION ORDER NO.

18. INCREASED DENSITY ORDER NO.

19. TOTAL DEPTH 16,300' 20. GROUND ELEV. 1823' 21. BASE OF TREATABLE WATER 300' 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? X Y N If yes, fill out line 25.2 on top reverse side.

A. TYPE OF MUD SYSTEM: X 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 X 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 X N Off-Site Pit No. \_\_\_\_\_

F. WELLHEAD PROTECTION AREA? Y X N

26.1 OCC USE ONLY A. CATEGORY 1A 1B 2 3 4 C B. PIT LOCATION: Alluvial Plain Terrace Deposit Bedrock Aquifer Other H.S.A. Non-H.S.A. Fr: Terrace C. Special area or field rule? D. DEEP SCA? X Y N E. CBL required? Y X N F. SOIL COMPACTED LINER REQUIRED? Y X N G. 20 mil GEOMEMBRANE LINER REQUIRED? Y X 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. 18-34311  
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: \_\_\_\_\_  
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.

**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.  
 PIT #2 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 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 True Vertical BHL from nearest Lease, Unit, Or Property Line:  
 Depth Depth  
 30. Bottom Hole Location for Horizontal Hole: (LATERALS)

LATERAL #1: SEC 12 TWP 17N RGE 14W COUNTY DEWEY  
 SPOT LOCATION: SE 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  
10,372 573 175 5028  
 Measured Total True Vertical End Point location from nearest lease, unit  
 Depth Depth or property line: 65'

LATERAL #2: SEC TWP 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: \_\_\_\_\_  
 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 14W COUNTY DEWEY  
 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: \_\_\_\_\_

**31. AFFIDAVIT FOR ALTERNATIVE CASING PROGRAM**

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

- This well WILL ☐ WILL NOT ☐ penetrate any known lost circulation zones.
- During the drilling of this well, withdrawals from any water well within 1/4 mile WILL ☐ WILL NOT ☐ exceed 50 gallons per minute.
- 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.
- 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

- 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**
- 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

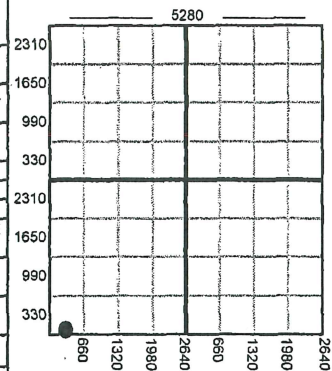
- SURETY  
 A. NONE filed. 5/11/18  
 B. EXPIRED: Date \_\_\_\_\_  
 C. OUTSTANDING CONTEMPT ORDER.

**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*

**28. Locate Bottom Hole**



- If more than two drainholes are proposed, attach separate sheet indicating the necessary information.
- Direction must be stated in degrees azimuth.
- 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.

Date: 04/17/2018 Time: 13:56  
 Case: 000000000 Cashier: ADN  
 Payor: COUNCIL OAKS RESOURCES  
 Check: 29473 \$500.00  
 45 Emerg Walk Thru ITD  
 RECEIPT 1810470007  
 OKLA CORP COMM



## COUNCIL OAK RESOURCES