API NUMBER: 017 25251

Straight Hole Disposal

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

Approval Date: 07/31/2018
Expiration Date: 01/31/2019

PERMIT TO DRILL

WELL LOCATION: Sec: 01 Twp: 14N Rge: 7W County: CANADIAN

SPOT LOCATION: NW NE NE SE FEET FROM QUARTER: FROM **SOUTH** FROM **WEST**
SECTION LINES: **2520** **450**

Lease Name: MUD BUG SWD **Well No: 1** **Well will be 450 feet from nearest unit or lease boundary.**

Operator Name: **LAGOON WATER LOGISTICS LLC** Telephone: 4056926100 OTC/OCC Number: 24110 0

LAGOON WATER LOGISTICS LLC
209 NW 132ND ST
OKLAHOMA CITY, OK 73114-2305

KUDRON LIVING TRUST
14301 NW EXPRESSWAY
PIEDMONT OK 73078

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

	Name	Depth		Name	Depth
1	WOLFCAMPIAN	2925	6		
2	VIRGILIAN	4925	7		
3			8		
4			9		
5			10		

Spacing Orders: No Spacing
Location Exception Orders:
Increased Density Orders:

Pending CD Numbers:
Special Orders:

Total Depth: 16500 Ground Elevation: 1184 **Surface Casing: 390** Depth to base of Treatable Water-Bearing FM: 140

Under Federal Jurisdiction: No
Fresh Water Supply Well Drilled: No
Surface Water used to Drill: No

PIT 1 INFORMATION

Type of Pit System: ON SITE
Type of Mud System: WATER BASED
Chlorides Max: 4000 Average: 1800
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: 2
Liner not required for Category: 2
Pit Location is BED AQUIFER
Pit Location Formation: DUNCAN

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

Notes:

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.

Category	Description
HYDRAULIC FRACTURING	7/30/2018 - 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
SPACING	7/30/2018 - G71 - N/A - DISPOSAL WELL

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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.