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

API NUMBER: 063 24767 A

Approval Date: 02/12/2018
Expiration Date: 08/12/2018

Horizontal Hole Oil & Gas

Amend reason: ADD PIT INFORMATION FOR AIR RIG TO SET SURFACE AND MODIFY EXISTING PIT INFORMATION AND DISPOSAL OF FLUIDS

AMEND PERMIT TO DRILL

WELL LOCATION: Sec: 14 Twp: 8N Rge: 12E County: HUGHES

SPOT LOCATION: SW SE SE SE FEET FROM QUARTER: FROM **SOUTH** FROM **EAST**
SECTION LINES: **193** **560**

Lease Name: LINCOLN **Well No: 1-23-26WH** **Well will be 193 feet from nearest unit or lease boundary.**

Operator Name: **CALYX ENERGY III LLC** Telephone: 9189494224 OTC/OCC Number: 23515 0

CALYX ENERGY III LLC
6120 S YALE AVE STE 1480
TULSA, OK 74136-4226

MIDDLE CREEK, LLC
2438 N 390
DUST OK 74839

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

	Name	Depth		Name	Depth
1	WOODFORD	4800	6		
2			7		
3			8		
4			9		
5			10		

Spacing Orders: 671206
670971

Location Exception Orders: 673867

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 15500 Ground Elevation: 672 **Surface Casing: 1500** Depth to base of Treatable Water-Bearing FM: 180

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

PIT 1 INFORMATION

Type of Pit System: ON SITE
Type of Mud System: AIR

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: 4
Liner not required for Category: 4
Pit Location is ALLUVIAL
Pit Location Formation: ALLUVIUM

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.
B. Solidification of pit contents.

H. SEE MEMO

Mud System Change to Water-Based or Oil-Based Mud Requires an Amended Intent (Form 1000).

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: WATER BASED

Chlorides Max: 8000 Average: 5000

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 ALLUVIAL

Pit Location Formation: ALLUVIUM

HORIZONTAL HOLE 1

Sec 26 Twp 8N Rge 12E County PITTSBURG

Spot Location of End Point: S2 SE SE SE

Feet From: SOUTH 1/4 Section Line: 165

Feet From: EAST 1/4 Section Line: 330

Depth of Deviation: 4407

Radius of Turn: 350

Direction: 170

Total Length: 10544

Measured Total Depth: 15500

True Vertical Depth: 4900

End Point Location from Lease,
Unit, or Property Line: 165

Notes:

Category	Description
DEEP SURFACE CASING	1/23/2018 - 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	1/23/2018 - 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
LOCATION EXCEPTION - 673867	5/10/2018 - G58 - (I.O.) 14, 23, & 26-8N-12E X671206 WDFD (23-8N-12E) X670971 WDFD (26-8N-12E) COMPL. INT. (23-8N-12E) NCT 0' FSL, NCT 0' FNL, NCT 330' FEL COMPL. INT. (26-8N-12E) NCT 0' FNL, NCT 330' FSL, NCT 330' FEL NO OP. NAMED 2/23/2018
MEMO	5/9/2018 - G71 - PIT 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST, WBM/CUTTINGS CAPTURED IN CONCRETE-LINED PIT, SOLIDFIED AND HELD UNTIL DISPOSAL APPROVED BY OCC

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
SPACING - 670971	1/24/2018 - G58 - (640)(HOR) 26-8N-12E EST WDFD, OTHERS COMPL. INT. (WDFD) NLT 165' FNL & FSL, NLT 330' FEL & FWL (EXIST CONCURRENTLY WITH PREVIOUSLY FORMED NON-HORIZONTAL DRILLING AND SPACING UNIT)
SPACING - 671206	1/24/2018 - G58 - (640)(HOR) 23-8N-12E EST WDFD, OTHERS COMPL. INT. (WDFD) NLT 165' FNL & FSL, NLT 330' FEL & FWL (EXIST CONCURRENTLY WITH PREVIOUSLY FORMED NON-HORIZONTAL DRILLING AND SPACING UNIT)
SPACING - 674067	5/10/2018 - G58 - (I.O.) 14,23, & 26-8N-12E EST MULTIUNIT HORIZONTAL WELL X671206 WDFD (23-8N-12E) X670971 WDFD (26-8N-12E) NO OP. NAMED 2/26/2018

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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.