

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

API NUMBER: 017 25171

Approval Date: 02/06/2018

Expiration Date: 08/06/2018

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 13 Twp: 12N Rge: 8W

County: CANADIAN

SPOT LOCATION:

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 283 340

Lease Name: RED CLOUD 13-12N-8W

Well No: 2WH

Well will be 283 feet from nearest unit or lease boundary.

Operator Name: PALOMA OPERATING CO INC

Telephone: 7136508509

OTC/OCC Number: 23932 0

PALOMA OPERATING CO INC
1100 LOUISIANA ST STE 5100
HOUSTON, TX 77002-5220

BLAIR & RICHARDSON PROPERTIES LLC
3004 S. REFORMATORY RD.
EL RENO OK 73036

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

Name	Depth	Name	Depth
1 WOODFORD	10824	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 586385

Location Exception Orders: 665783

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 15856

Ground Elevation: 1403

Surface Casing: 1500

Depth to base of Treatable Water-Bearing FM: 360

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: No

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: 5000 Average: 1500

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 not located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is NON HSA

Pit Location Formation: DOG CREEK

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

PERMIT NO: 17-33669

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 not located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is NON HSA

Pit Location Formation: DOG CREEK

HORIZONTAL HOLE 1

Sec 13 Twp 12N Rge 8W County CANADIAN

Spot Location of End Point: NE NE NW NW

Feet From: NORTH 1/4 Section Line: 65

Feet From: WEST 1/4 Section Line: 1060

Depth of Deviation: 10447

Radius of Turn: 477

Direction: 5

Total Length: 4660

Measured Total Depth: 15856

True Vertical Depth: 10824

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

Notes:

Category

Description

DEEP SURFACE CASING

1/30/2018 - 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

1/30/2018 - 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

LOCATION EXCEPTION - 665783

2/5/2018 - G75 - (I.O.) 13-12N-8W
X586385 WDFD
COMPL. INT. NCT 165' FSL, NCT 165' FNL, NCT 450' FWL
PALOMA OP. CO., INC.
7-10-2017

MEMO

1/30/2018 - G71 - PIT 1 & 2 - CLOSED SYSTEM=STEEL PITS (REQUIRED - LAKE EL RENO); 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.

017 25171 RED CLOUD 13-12N-8W 2WH

Category

SPACING - 586385

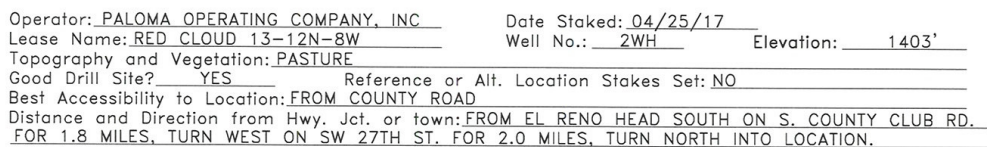
Description

2/5/2018 - G75 - (640) 13-12N-8W
EXT 166108 WDFD

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.



NOTE: This is a plot of a proposed well location and does not represent a true boundary survey. The information shown herein shall not be relied upon for the location or establishment of land boundary lines. All of the positions shown herein have not been verified as being actual Section, Quarter or Property corners. Positions shown in (Parentheses) are based upon local occupation and improvements or calculated per proportional measurement and/or G.L.O. record distances. Review this plot and notify Gateway Services Group, LLC immediately of any possible discrepancy.

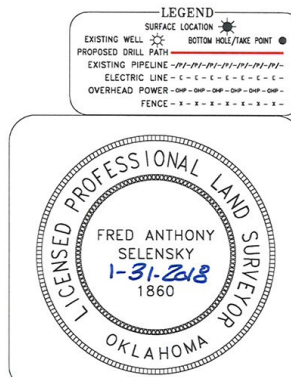


EXHIBIT "A" PRELIMINARY
PALOMA OPERATING COMPANY, INC
RED CLOUD 13-12N-8W 2WH
283' FSL - 340' FWL
SECTION 13, T 12 N - R 08 W, I.M.,
CANADIAN COUNTY, OKLAHOMA

DRAWN BY: CLC		DATE: 04/27/17	CHK'D: BDW
GATEWAY NO.: 17-0205-001 R6		SCALE: 1"=1000'	
PAD#:		WELL#:	
REV.	DWN.	DESCRIPTION	DATE
5	CLC	NAME CHANGE	01/25/18
6	TLM	NAME CHANGE	01/30/18
3	CLC	NAME CHANGE LLC TO INC	05/18/17
4	CLC	HORIZONTAL SPODE CUNG	04/13/18