

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

API NUMBER: 141 20518

Approval Date: 04/06/2018

Expiration Date: 10/06/2018

Straight Hole

Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 08 Twp: 3S Rge: 18W

County: TILLMAN

SPOT LOCATION: ☐ NE ☐ SW ☐ NW ☐ SE

FEET FROM QUARTER: FROM SOUTH FROM EAST

SECTION LINES: 1840 2280

Lease Name: VARNER-FILLMORE TRUST

Well No: 1

Well will be 2280 feet from nearest unit or lease boundary.

Operator Name: AC OPERATING COMPANY LLC

Telephone: 7138819030

OTC/OCC Number: 23061 0

AC OPERATING COMPANY LLC
952 ECHO LN STE 390
HOUSTON, TX 77024-2851

THE VARNER-FILLMORE TRUST
P.O. BOX 165
DAVIDSON OK 73530

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

	Name	Depth	Name	Depth
1	HENDERSON	3710	6	
2	CANYON	3850	7	
3	STRAWN	4660	8	
4	BASAL STRAWN	5395	9	
5	MISSISSIPPIAN	5610	10	

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 6000

Ground Elevation: 1270

Surface Casing: 160

Depth to base of Treatable Water-Bearing FM: 110

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: Yes

Surface Water used to Drill: No

PIT 1 INFORMATION

Type of Pit System: ON SITE

Type of Mud System: WATER BASED

Chlorides Max: 5000 Average: 3000

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: 1B

Liner required for Category: 1B

Pit Location is AP/TE DEPOSIT

Pit Location Formation: TERRACE

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

H. MIN. SOIL COMPACTED PIT, NOTIFY DISTRICT PRIOR TO TESTING SOIL PIT LINER

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.

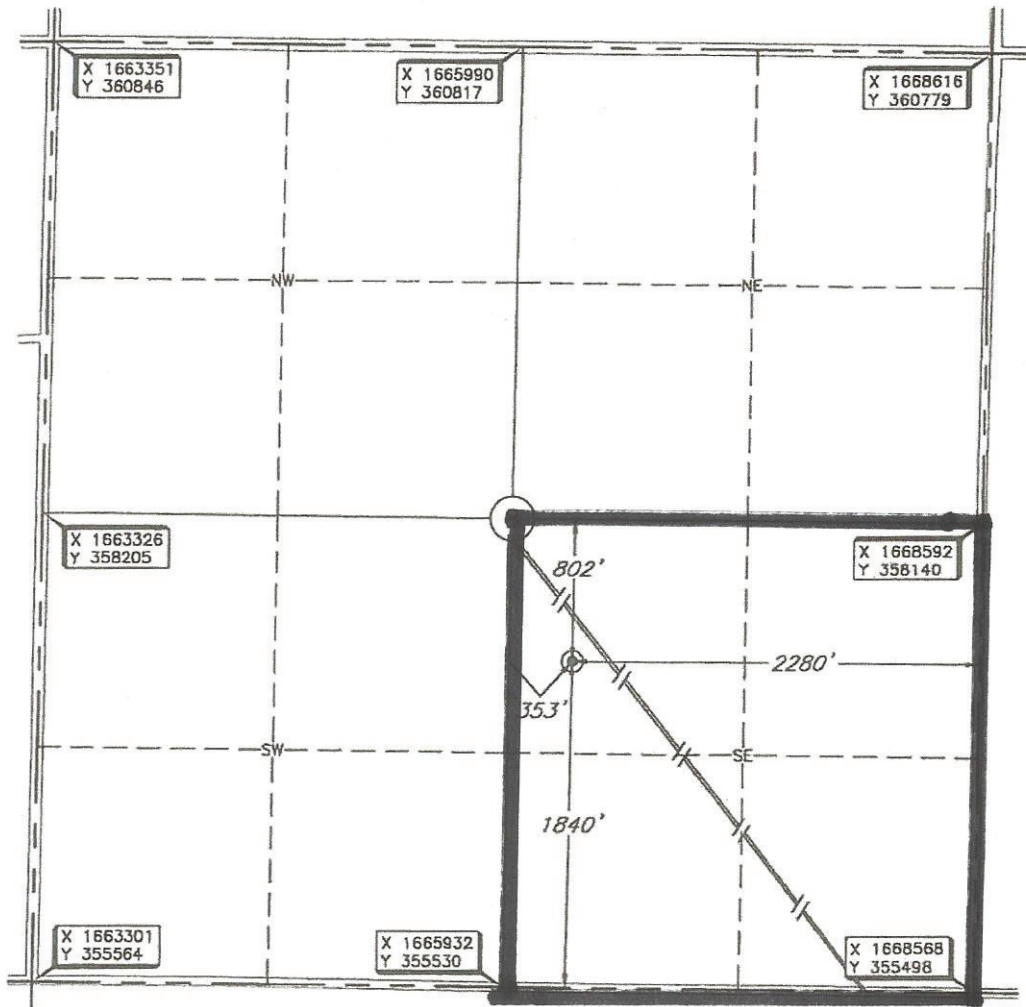
Category	Description
HYDRAULIC FRACTURING	<p>3/26/2018 - G71 - OCC 165:10-3-10 REQUIRES:</p> <p>1) PRIOR TO COMMENCEMENT OF HYDRAULIC FRACTURING OPERATIONS FOR HORIZONTAL WELLS, NOTICE GIVEN FIVE BUSINESS DAYS IN ADVANCE TO OFFSET OPERATORS WITH WELLS COMPLETED IN THE SAME COMMON SOURCE OF SUPPLY WITHIN 1/2 MILE;</p> <p>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,</p> <p>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</p>
SPACING	<p>4/2/2018 - G57 - FORMATIONS UNSPACED; LEASE OUTLINE 160-ACRES SE4 8-3S-18W PER OPERATOR</p>

TOPOGRAPHIC LAND SURVEYORS OF OKLAHOMA13800 WIRELESS WAY, OKLA. CITY, OKLA. 73134 * LOCAL (405) 843-4847 * OUT OF STATE (800) 654-3219
Certificate of Authorization No. 1293 LS

TILLMAN

County, Oklahoma

1840' FSL-2280' FEL Section 8 Township 3S Range 18W I.M.

THE INFORMATION SHOWN HEREIN IS
FOR CONSTRUCTION PURPOSES ONLY.

Operator: AC EXPLORATION, LLC

Lease Name: VARNER-FILLMORE TRUST

Well No.: 1

ELEVATION:

1270' Gr. at Stake

Topography & Vegetation Loc. fell in pasture with terraces, \pm 157' SW of NW-SE pipelinesGood Drill Site? Yes Reference Stakes or Alternate Location
Stakes Set None

Best Accessibility to Location From South off county road

Distance & Direction

from Hwy Jct or Town From the junction of US Hwy 183 & St. Hwy 5 in Frederick, Oklahoma, go \pm 6 milesSouth on US Hwy 183, then \pm 2.9 miles West to the Southeast Corner of Section 8, T3S-R18W.

DATUM: NAD-27

LAT: 34°18'37.2" N

LONG: 99°06'18.1" W

LAT: 34.310331130° N

LONG: 99.105030287° W

STATE PLANE

COORDINATES (US FEET):

ZONE: OK SOUTH

X: 1666305

Y: 357366

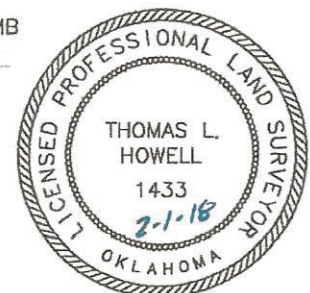
Date of Drawing: Jan. 31, 2018

Invoice # 287525 Date Staked: Jan. 30, 2018

NMB

CERTIFICATE:

I, Thomas L. Howell, an Oklahoma Licensed Land Surveyor and an authorized agent of Topographic Land Surveyors of Oklahoma, do hereby certify to the information shown herein.

Thomas L. Howell
Oklahoma Reg. No. 1433This information was
gathered with a GPS receiver
with \pm 1 foot Horiz./Vert. accuracy.