API NUMBER: 015 23287

Directional Hole Oil & Gas

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

Approval Date: 11/15/2017
Expiration Date: 05/15/2018

PERMIT TO DRILL

WELL LOCATION: Sec: 10 Twp: 5N Rge: 9W County: CADDO

SPOT LOCATION: NE SE SW NW FEET FROM QUARTER: FROM **SOUTH** FROM **WEST**
SECTION LINES: **450** **1065**

Lease Name: WALKER **Well No: 8** **Well will be 450 feet from nearest unit or lease boundary.**

Operator Name: **LAKESHORE OPERATING LLC** Telephone: 8445574673 OTC/OCC Number: 23797 0

LAKESHORE OPERATING LLC
23 1/2 E MADISON AVE STE A
IOLA, KS 66749-3329

WALKER OIL & GAS, LLC
608 STONEMILL BLVD.
YUKON OK 73099

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

	Name	Depth		Name	Depth
1	MARCHAND	6480	6		
2			7		
3			8		
4			9		
5			10		

Spacing Orders: 399561 Location Exception Orders: Increased Density Orders:

Pending CD Numbers: Special Orders:

Total Depth: 7020 Ground Elevation: 1473 **Surface Casing: 920** Depth to base of Treatable Water-Bearing FM: 870

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? Y
Wellhead Protection Area? Y
Pit **is** located in a Hydrologically Sensitive Area.
Category of Pit: 4
Liner not required for Category: 4
Pit Location is BED AQUIFER
Pit Location Formation: RUSH SPRINGS
Mud System Change to Water-Based or Oil-Based Mud Requires an Amended Intent (Form 1000).

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 17-33407
H. PIT 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST

DIRECTIONAL HOLE 1

Sec 10 Twp 5N Rge 9W County CADDO
Spot Location of End Point: C SW SW NW
Feet From: SOUTH 1/4 Section Line: 330
Feet From: WEST 1/4 Section Line: 330
Measured Total Depth: 7020
True Vertical Depth: 6970
End Point Location from Lease,
Unit, or Property Line: 330

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: 5000 Average: 2500

Is depth to top of ground water greater than 10ft below base of pit? Y

Within 1 mile of municipal water well? Y

Wellhead Protection Area? Y

Pit **is** located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is BED AQUIFER

Pit Location Formation: RUSH SPRINGS

Notes:

Category	Description
HYDRAULIC FRACTURING	11/14/2017 - 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
PUBLIC WATER SUPPLY WELL	11/14/2017 - G71 - MUSTANG SALOON, 1 PWS/WPA, NE4 9-5N-9W
SPACING - 399561	11/14/2017 - G57 - (UNIT) NW4 & S2 10-5N-9W EST EAST CEMENT MARCHAND EOR UNIT FOR MRCD

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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.