

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

API NUMBER: 063 24769

Approval Date: 02/12/2018

Expiration Date: 08/12/2018

Horizontal Hole Oil & Gas

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: 190 575

Lease Name: LINCOLN

Well No: 1-14-11WH

Well will be 190 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
2798 N 394 RD
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: 670966
671757

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201705689
201705690

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

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: 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

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 18-33779
H. CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST

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.

HORIZONTAL HOLE 1

Sec 11 Twp 8N Rge 12E County HUGHES

Spot Location of End Point: N2 NE NE NE

Feet From: NORTH 1/4 Section Line: 165

Feet From: EAST 1/4 Section Line: 330

Depth of Deviation: 4501

Radius of Turn: 492

Direction: 2

Total Length: 10227

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 |
| PENDING CD - 201705689 | 1/24/2018 - G58 - (I.O.) 11 & 14-8N-12E EST. MULTIUNIT HORIZONTAL WELL X671757 WDFD (11 & 14-8N-12E) 50% 14-8N-12E 50% 11-8N-12E NO OP. NAMED REC 12/18/2017 (JOHNSON) |
| PENDING CD - 201705690 | 1/24/2018 - G58 - (I.O.) 11 & 14-8N-12E X671757 WDFD (11 & 14-8N-12E) COMPL. INT. (14-8N-12E) NCT 0' FNL, NCT 165' FSL, NCT 330' FEL COMPL. INT. (11-8N-12E) NCT 0' FSL, NCT 165' FNL, NCT 330' FEL NO OP. NAMED REC 12/18/2017 (JOHNSON) |
| PENDING CD - 201800557 | 1/24/2018 - G58 - (640)(HOR) 11 & 14-8N-12E VAC 670966 WDFD, OTHERS REC 2/12/2018 (DUNN) |
| SPACING - 671757 | 1/24/2018 - G58 - (640)(HOR) 11 & 14-8N-12E EST WDFD, OTHERS COMPL. INT. NLT 165' FNL & FSL, NCT 330' FEL & FWL (EXIST CONCURRENTLY WITH PREVIOUSLY FORMED NON-HORIZONTAL DRILLING AND SPACING UNIT) |

This permit does not address the right of entry or settlement of surface damages.

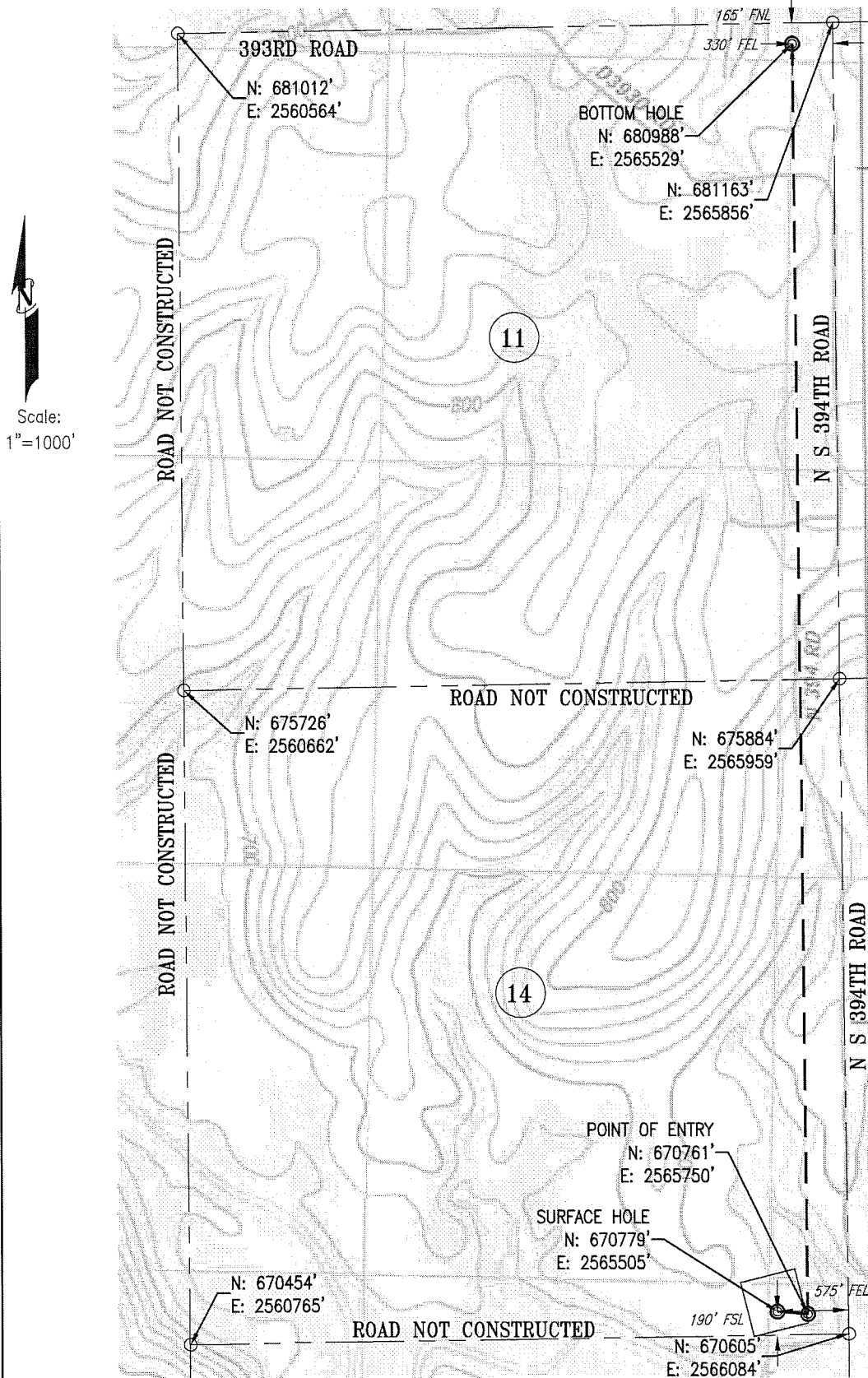
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063 24769 LINCOLN 1-14-11WH

BOTTOM HOLE EXHIBIT

HUGHES County, Oklahoma Sections 11 & 14, Township 8N, Range 12E I.M.



Scale:
1"=1000'

Above Background data from
U.S.G.S. Topographic Map
Contour Interval 10'

SURFACE HOLE: 575' FEL & 190' FSL Sec. 14-T8N-R12E
POINT OF ENTRY: 330' FEL & 165' FSL Sec. 14-T8N-R12E
BOTTOM HOLE: 330' FEL & 165' FNL Sec. 11-T8N-R12E



Operator: CALYX ENERGY III, LLC
Well Name: LINCOLN 1-14-11WH

W17-018

Keystone Engineering
and Land Surveying, Inc.