| PI NUMBER: 045 23791<br>rizontal Hole Oil & Gas<br>Itti Unit  | OIL & GAS CON<br>P.O.<br>OKLAHOMA        | PORATION COMMISSION<br>NSERVATION DIVISION<br>. BOX 52000<br>CITY, OK 73152-2000<br>e 165:10-3-1) | Approval Date: 04/17/2019<br>Expiration Date: 10/17/2020                         |
|---|--|---|--|
|   | PERI                                     | MIT TO DRILL  |  |
|   | <u></u>                                  |   |  |
| WELL LOCATION: Sec: 26 Twp: 18N Rge: 24   | 6W County: ELLIS                         |   |  |
| SPOT LOCATION: NW NE NE   | FEET FROM QUARTER: FROM NORTI            | H FROM EAST   |  |
|   | SECTION LINES: 235                       | 1020  |  |
| Lease Name: COATES 26/35 AP   | Well No: #1H                             | Well will b   | e 235 feet from nearest unit or lease boundary.                                  |
| Operator MEWBOURNE OIL COMPANY<br>Name:   | Tel                                      | lephone: 9035612900   | OTC/OCC Number: 6722 0   |
|   |  |   |  |
|   |  | LEGACY LAND MAI   |  |
| MEWBOURNE OIL COMPANY   |  |   |  |
| PO BOX 7698   |  | 6808 NEW AUTHON   |  |
| TYLER, TX   | 75701                                    | ATTN: JAMES W. C  | OATES, MANAGER   |
| ,   |  | WEATHERFORD   | TX 76088   |
| 3<br>4<br>5   |  | 8<br>9<br>10  |  |
| Spacing Orders: 132355<br>143526  | Location Exception Orders:               |   | Increased Density Orders:  |
| Panding CD Numbers 201001500  |  |   | Special Orders:  |
| Pending CD Numbers: 201901590<br>201901589  |  |   |  |
| -   | 367 Surface Casin                        | l <b>g: 1999</b> Dep  | th to base of Treatable Water-Bearing FM: 590                                    |
| 201901589   | Sign Surface Casin<br>Fresh Water Supply | -   | th to base of Treatable Water-Bearing FM: 590<br>Surface Water used to Drill: No |
| 201901589<br>Total Depth: 20425 Ground Elevation: 2<br>Under Federal Jurisdiction: No   |  | -   | Surface Water used to Drill: No  |
| 201901589<br>Total Depth: 20425 Ground Elevation: 2<br>Under Federal Jurisdiction: No<br>PIT 1 INFORMATION  | Fresh Water Supply                       | / Well Drilled: No  | Surface Water used to Drill: No  |
| 201901589<br>Total Depth: 20425 Ground Elevation: 2<br>Under Federal Jurisdiction: No   | Fresh Water Supply                       | / Well Drilled: No<br>Approved Method for disposal of Dri<br>D. One time land application (RE     | Surface Water used to Drill: No  |
| 201901589<br>Total Depth: 20425 Ground Elevation: 2<br>Under Federal Jurisdiction: No<br>PIT 1 INFORMATION<br>Type of Pit System: CLOSED Closed System Means<br>Type of Mud System: WATER BASED<br>Chlorides Max: 25000 Average: 7500   | Fresh Water Supply Steel Pits            | / Well Drilled: No<br>Approved Method for disposal of Dri   | Surface Water used to Drill: No  |
| 201901589<br>Total Depth: 20425 Ground Elevation: 2<br>Under Federal Jurisdiction: No<br>PIT 1 INFORMATION<br>Type of Pit System: CLOSED Closed System Means<br>Type of Mud System: WATER BASED<br>Chlorides Max: 25000 Average: 7500<br>Is depth to top of ground water greater than 10ft below b  | Fresh Water Supply Steel Pits            | / Well Drilled: No<br>Approved Method for disposal of Dri<br>D. One time land application (RE     | Surface Water used to Drill: No  |
| 201901589<br>Total Depth: 20425 Ground Elevation: 2<br>Under Federal Jurisdiction: No<br>PIT 1 INFORMATION<br>Type of Pit System: CLOSED Closed System Means<br>Type of Mud System: WATER BASED<br>Chlorides Max: 25000 Average: 7500<br>Is depth to top of ground water greater than 10ft below b<br>Within 1 mile of municipal water well? N  | Fresh Water Supply Steel Pits            | / Well Drilled: No<br>Approved Method for disposal of Dri<br>D. One time land application (RE     | Surface Water used to Drill: No  |
| 201901589<br>Total Depth: 20425 Ground Elevation: 2<br>Under Federal Jurisdiction: No<br>PIT 1 INFORMATION<br>Type of Pit System: CLOSED Closed System Means<br>Type of Mud System: WATER BASED<br>Chlorides Max: 25000 Average: 7500<br>Is depth to top of ground water greater than 10ft below b<br>Within 1 mile of municipal water well? N<br>Wellhead Protection Area? N   | Fresh Water Supply Steel Pits            | / Well Drilled: No<br>Approved Method for disposal of Dri<br>D. One time land application (RE     | Surface Water used to Drill: No  |
| 201901589<br>Total Depth: 20425 Ground Elevation: 2<br>Under Federal Jurisdiction: No<br>PIT 1 INFORMATION<br>Type of Pit System: CLOSED Closed System Means<br>Type of Mud System: WATER BASED<br>Chlorides Max: 25000 Average: 7500<br>Is depth to top of ground water greater than 10ft below b<br>Within 1 mile of municipal water well? N<br>Wellhead Protection Area? N<br>Pit is located in a Hydrologically Sensitive Area.                       | Fresh Water Supply Steel Pits            | / Well Drilled: No<br>Approved Method for disposal of Dri<br>D. One time land application (RE     | Surface Water used to Drill: No  |
| 201901589<br>Total Depth: 20425 Ground Elevation: 2<br>Under Federal Jurisdiction: No<br>PIT 1 INFORMATION<br>Type of Pit System: CLOSED Closed System Means<br>Type of Mud System: WATER BASED<br>Chlorides Max: 25000 Average: 7500<br>Is depth to top of ground water greater than 10ft below b<br>Within 1 mile of municipal water well? N<br>Wellhead Protection Area? N<br>Pit is located in a Hydrologically Sensitive Area.<br>Category of Pit: C | Fresh Water Supply Steel Pits            | / Well Drilled: No<br>Approved Method for disposal of Dri<br>D. One time land application (RE     | Surface Water used to Drill: No  |
| 201901589<br>Total Depth: 20425 Ground Elevation: 2<br>Under Federal Jurisdiction: No<br>PIT 1 INFORMATION<br>Type of Pit System: CLOSED Closed System Means<br>Type of Mud System: WATER BASED<br>Chlorides Max: 25000 Average: 7500<br>Is depth to top of ground water greater than 10ft below b<br>Within 1 mile of municipal water well? N<br>Wellhead Protection Area? N<br>Pit <b>is</b> located in a Hydrologically Sensitive Area.                | Fresh Water Supply Steel Pits            | / Well Drilled: No<br>Approved Method for disposal of Dri<br>D. One time land application (RE     | Surface Water used to Drill: No  |

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 located in a Hydrologically Sensitive Area. Category of Pit: C Liner not required for Category: C

Pit Location is AP/TE DEPOSIT Pit Location Formation: TERRACE

## HORIZONTAL HOLE 1

Sec 35 Twp 18N Rge 26W County ELLIS Spot Location of End Point: С S2 S2 SE Feet From: SOUTH 1/4 Section Line: 330 Feet From: EAST 1/4 Section Line: 1320 Depth of Deviation: 10059 Radius of Turn: 573 Direction: 183 Total Length: 9466 Measured Total Depth: 20425 True Vertical Depth: 10630 End Point Location from Lease, Unit, or Property Line: 330

| Notes:               |   |
|----------------------|---|
| Category             | Description   |
| DEEP SURFACE CASING  | 4/15/2019 - G71 - APPROVED; NOTIFY OCC FIELD INSPECTOR IMMEDIATELY OF ANY LOSS OF<br>CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR<br>SURFACE CASING  |
| HYDRAULIC FRACTURING | 4/15/2019 - G71 - OCC 165:10-3-10 REQUIRES:   |
|                      | 1) PRIOR TO COMMENCEMENT OF HYDRAULIC FRACTURING OPERATIONS FOR HORIZONTAL<br>WELLS, NOTICE GIVEN FIVE BUSINESS DAYS IN ADVANCE TO OFFSET OPERATORS WITH<br>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<br>WELLS TO BOTH THE OCC CENTRAL OFFICE AND LOCAL DISTRICT OFFICES, USING THE<br>"FRAC NOTICE FORM" FOUND AT THE FOLLOWING LINK:<br>OCCEWEB.COM/OG/OGFORMS.HTML; AND, |
|                      | 3) THE CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS FOR ALL WELLS<br>TO BE REPORTED TO FRACFOCUS WITHIN 60 DAYS AFTER THE CONCLUSION THE<br>HYDRAULIC FRACTURING OPERATIONS, USING THE FOLLOWING LINK: FRACFOCUS.ORG                 |
| MEMO                 | 4/15/2019 - G71 - PITS 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST, PIT 2 -<br>OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT  |

| Category               | Description  |
|------------------------|--|
| PENDING CD - 201901589 | 4/17/2019 - G56 - (I.O.) 26 & 35-18N-26W<br>ESTABLISH MULTIUNIT HORIZONTAL WELL<br>X132355 OSWG, CHRK 26-18N-26W<br>X143526 OSWG, CHRK 35-18N-26W<br>(OSWG IS AN ADJACENT COMMON SOURCE OF SUPPLY TO CHRK)<br>50% 26-18N-26W<br>50% 35-18N-26W<br>NO OP NAMED<br>REC 4/1/2019 (NORRIS) |
| PENDING CD - 201901590 | 4/17/2019 - G56 - (I.O.) 26 & 35-18N-26W<br>X132355 OSWG, CHRK 26-18N-26W<br>X143526 OSWG, CHRK 35-18N-26W<br>COMPL INT (26-18N-26W) NCT 330' FNL, NCT 0' FSL, NCT 1100' FEL<br>COMPL INT (35-18N-26W) NCT 0' FNL, NCT 330' FSL, NCT 1100' FEL<br>NO OP NAMED<br>REC 4/1/2019 (NORRIS) |
| SPACING - 132355       | 4/17/2019 - G56 - (640) 26-18N-26W<br>EST OTHER<br>EXT OTHERS<br>EXT 86890 OSWG, OTHERS<br>EXT 88225 CHRK  |
| SPACING - 143526       | 4/17/2019 - G56 - (640) 35-18N-26W<br>EST OTHER<br>EXT OTHERS<br>EXT 86890/132355 OSWG, OTHERS<br>EXT 88225/132355 CHRK  |

