

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

API NUMBER: 107 23621

Approval Date: 08/01/2019

Expiration Date: 02/01/2021

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 23 Twp: 10N Rge: 9E

County: OKFUSKEE

SPOT LOCATION: ☐ SW ☐ SW ☐ NW ☐ NE

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 1510 200

Lease Name: PALMER

Well No: 2

Well will be 190 feet from nearest unit or lease boundary.

Operator Name: LU-RAY PETROLEUM LLC

Telephone: 4054244006

OTC/OCC Number: 11011 0

LU-RAY PETROLEUM LLC
5300 N BRYANT AVE
OKLAHOMA CITY, OK 73121-1607

BEN & HELEN TEICHROEB
224 OKEMAH ST.
OKEMAH OK 74859

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

	Name	Depth	Name	Depth
1	CALVIN	1090	6	
2			7	
3			8	
4			9	
5			10	

Spacing Orders: 467690

Location Exception Orders: 687722

Increased Density Orders: 694966

Pending CD Numbers:

Special Orders:

Total Depth: 1200

Ground Elevation: 809

Surface Casing: 0

Depth to base of Treatable Water-Bearing FM: 160

Cement will be circulated from Total Depth to the Ground Surface on the Production Casing String.

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: No

PIT 1 INFORMATION

Type of Pit System: ON SITE

Type of Mud System: AIR

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

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.

H. CBL REQUIRED

Category of Pit: 4

Liner not required for Category: 4

Pit Location is AP/TE DEPOSIT

Pit Location Formation: TERRACE

Mud System Change to Water-Based or Oil-Based Mud Requires an Amended Intent (Form 1000).

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
ALTERNATE CASING	7/29/2019 - G71 - APPROVED; COPY OF CBL NEEDS TO BE SUBMITTED TO THE TECHNICAL STAFF IMMEDIATELY. A COMPLETION ATTEMPT, IN CASES WHERE THE PROTECTION OF THE TREATABLE WATER IS QUESTIONABLE, IS STRICTLY PROHIBITED. RULE 165: 10-3-4 (D)(4)(C)
HYDRAULIC FRACTURING	<p>7/29/2019 - 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: OCCWEB.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>
INCREASED DENSITY - 694966	<p>8/1/2019 - GB1 - NW4 NE4 23-10N-9E X467690 CVLN 3 WELLS LU-RAY PETROLEUM, LLC 4/22/2019</p>
LOCATION EXCEPTION - 687722	<p>8/1/2019 - GB1 - (F.O.) NW4 NE4 23-10N-9E X467690 CLVN 190' FSL, 200' FWL NW4 NE4 23-10N-9E LU-RAY PETROLEUM, LLC 12/5/2018</p>
SPACING - 467690	<p>8/1/2019 - GB1 - (40) N2 NE4 23-10N-9E EXT OTHERS EST CLVN, OTHERS</p>

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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.

107 23621 PALMER 2

Page 2 of 2

Jessica McLain

From: Jackie Reed <jackie@cloer.us>
Sent: Friday, August 23, 2019 2:00 PM
To: Jessica McLain
Cc: Dan Walkup; Sandy Delozier; Ray Cloer
Subject: RE: Palmer 2 & 3

Hi Jessica,

I apologize for the confusion. I will let our Geologist know to do separate plats with wells labeled in the future. That makes complete sense.

Yes, you are correct. Just switch the names.

I really appreciate your help with this and, again, apologize for the confusion.

Jackie Reed

Lu-Ray Petroleum, LLC
405-424-4006

From: Jessica McLain [mailto:Jessica.McLain@occ.ok.gov]
Sent: Friday, August 23, 2019 1:46 PM
To: Jackie Reed <jackie@cloer.us>; Dan Walkup <Dan.Walkup@occ.ok.gov>
Cc: Sandy Delozier <Sandy.Delozier@occ.ok.gov>; Ray Cloer <ray@cloer.us>
Subject: RE: Palmer 2 & 3

Jackie,

After looking into this issue, I just wanted to verify with you what you are needing done. I believe you are only wanting to switch the well #'s around (meaning Palmer 3 needs to be Palmer 2; Palmer 2 needs to be Palmer 3), correct? If that is the case, I can file an OCC correction to correct the well numbers. We apologize for the confusion, but the plat you provided us was not clear (wells were not labeled with well names). In the future, please supply the plat with one well per plat and have the well name clearly labeled. Also to re-iterate please expedite any well needing approved in less than 1 month from submittal date. Thanks so much!

Respectfully,

Jessica McLain
Oil and Gas Specialist
Oklahoma Corporation Commission
Post Office Box 52000
Oklahoma City, Ok 73105
(405) 521-2305
jessica.mclain@occ.ok.gov - *please note my new email address!*

From: Jackie Reed [mailto:jackie@cloer.us]
Sent: Thursday, August 22, 2019 4:44 PM
To: Dan Walkup <Dan.Walkup@occ.ok.gov>
Cc: Sandy Delozier <Sandy.Delozier@occ.ok.gov>; Jessica McLain <Jessica.McLain@occ.ok.gov>; Ray Cloer