

API NUMBER: 017 25957

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

Approval Date: 05/04/2023

Expiration Date: 11/04/2024

Horizontal Hole

Oil & Gas

**PERMIT TO DRILL**

WELL LOCATION: Section: 11 Township: 12N Range: 7W County: CANADIAN

SPOT LOCATION:     FEET FROM QUARTER: FROM NORTH FROM WEST  
SECTION LINES: 327 584

Lease Name: SANFORD 1207 Well No: 3LMH-2 Well will be 327 feet from nearest unit or lease boundary.

Operator Name: CANVAS ENERGY LLC Telephone: 4054788770; 4054264481; OTC/OCC Number: 16896 0

CANVAS ENERGY LLC  
4700 GAILLARDIA PARKWAY STE 200  
OKLAHOMA CITY, OK 73142-1839

DAVID H. RATLIFF & JANE G. RATLIFF JOINT LIVING TRUST  
1403 RINEHART DR  
EL RENO OK 73036

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

Name	Code	Depth
1 MISSISSIPPIAN	359MSSP	9147

Spacing Orders: 687903

Location Exception Orders: No Exceptions

Increased Density Orders: No Density

Pending CD Numbers: 202301250

Working interest owners' notified: DNA

Special Orders: No Special

202301248

Total Depth: 15500

Ground Elevation: 1309

Surface Casing: 1500

Depth to base of Treatable Water-Bearing FM: 300

Deep surface casing has been approved

Under Federal Jurisdiction: No  
Fresh Water Supply Well Drilled: No  
Surface Water used to Drill: Yes

Approved Method for disposal of Drilling Fluids:

D. One time land application -- (REQUIRES PERMIT)

PERMIT NO: 23-39018

H. (Other)

SEE MEMO

**PIT 1 INFORMATION**

Type of Pit System: CLOSED Closed System Means Steel Pits

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: C

Liner not required for Category: C

Pit Location is: ALLUVIAL

Pit Location Formation: ALLUVIUM

**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: ALLUVIAL

Pit Location Formation: ALLUVIUM

This permit does not address the right of entry or settlement of surface damages. The duration of this permit is 18 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**

Section: 2	Township: 12N	Range: 7W	Meridian: IM	Total Length: 4862
	County: CANADIAN			Measured Total Depth: 15500
Spot Location of End Point: NW	NW	NE	NW	True Vertical Depth: 9450
Feet From: <b>NORTH</b>	1/4 Section Line: 165			End Point Location from
Feet From: <b>WEST</b>	1/4 Section Line: 1610			Lease, Unit, or Property Line: 165

**NOTES:**

Category	Description
DEEP SURFACE CASING	[4/27/2023 - GC2] - APPROVED; (1) NOTIFY OCC FIELD INSPECTOR IMMEDIATELY OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR SURFACE CASING. (2) SUBSEQUENT WELLS ON SAME PAD WILL NOT BE ALLOWED DEEP SURFACE CASING IN THE EVENT OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR SURFACE CASING.
HYDRAULIC FRACTURING	<p>[4/27/2023 - GC2] - OCC 165:10-3-10 REQUIRES:</p> <p>1) NOTICE SHALL BE GIVEN AT LEAST 5 BUSINESS DAYS PRIOR TO COMMENCEMENT OF HYDRAULIC FRACTURING OPERATIONS ON A HORIZONTAL WELL TO OPERATORS PRODUCING WELLS WITHIN 1 MILE OF THE COMPLETION INTERVAL OF THE SUBJECT WELL. THE NOTICE TO SUCH OPERATORS SHALL CONTAIN THE INFORMATION IN FORM 6000NOO. IF THE HYDRAULIC FRACTURING OPERATIONS SCHEDULE CHANGES AFTER NOTICE HAS BEEN PROVIDED, RESULTING IN A DELAY OF OPERATIONS OF MORE THAN 5 DAYS FROM THE INITIAL NOTICE, NEW NOTICE IS REQUIRED TO BE GIVEN;</p> <p>2) NOTICE WILL BE GIVEN TO THE OCC CENTRAL OFFICE AND LOCAL DISTRICT OFFICES AT LEAST 48 HOURS PRIOR TO COMMENCEMENT OF FRACTURING OPERATIONS. FORM 6000NH SHALL BE FOUND HERE: <a href="https://oklahoma.gov/occ/divisions/oil-gas/ogcd-forms">HTTPS://OKLAHOMA.GOV/OCC/DIVISIONS/OIL-GAS/OGCD-FORMS</a>; AND,</p> <p>3) THE CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS FOR ALL WELLS IS TO BE REPORTED TO FRACFOCUS WITHIN 60 DAYS AFTER THE CONCLUSION OF HYDRAULIC FRACTURING OPERATIONS, FOUND AT <a href="http://FRACFOCUS.ORG">FRACFOCUS.ORG</a></p>
MEMO	[4/27/2023 - GC2] - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST, OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT
PENDING CD - 202301248	<p>[5/4/2023 - G56] - 2-12N-7W</p> <p>X687903 MSSP</p> <p>3 WELLS</p> <p>NO OP NAMED</p> <p>REC 5/2/2023 (P. PORTER)</p>
PENDING CD - 202301250	<p>[5/4/2023 - G56] - (I.O.) 2-12N-7W</p> <p>X687903 MSSP</p> <p>X165:10-3-28(C)(2)(B) MSSP</p> <p>MAY BE CLOSER THAN 600' TO ALFADALE FARMS 2-1 (017-20916)</p> <p>COMPL INT NCT 165' FNL, NCT 165' FSL, NCT 660' FWL</p> <p>NO OP NAMED</p> <p>REC 5/2/2023 (P. PORTER)</p>
SPACING - 687903	<p>[5/4/2023 - G56] - (640)(HOR) 2-12N-7W</p> <p>EXT 633065 MSSP</p> <p>COMPL INT NLT 660' FB</p> <p>(COEXIST WITH SP # 134617)</p>