

API NUMBER: 017 25889

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

Approval Date: 12/06/2022

Expiration Date: 06/06/2024

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Section: 28 Township: 12N Range: 6W County: CANADIAN

SPOT LOCATION: ☐ SW ☐ NW ☐ NE ☐ NW
FEET FROM QUARTER: FROM NORTH FROM WEST
SECTION LINES: 388 1587

Lease Name: ANDES 1206 Well No: 3LMH-28 Well will be 388 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

JON NOVOTNY (1/3) AND KRISTEN NOVOTNY, TRUSTEES OF THE
NOVOTNY FAMILY TRUST DATED MAY 29, 2019
771 ELIZABETH STREET
SAN FRANCISCO CA 94114

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

Name	Code	Depth
1 MISSISSIPPIAN	359MSSP	8761

Spacing Orders: 680991

Location Exception Orders: No Exceptions

Increased Density Orders: 729573

Pending CD Numbers: 202204127

Working interest owners' notified: ***

Special Orders: No Special

Total Depth: 14500

Ground Elevation: 1293

Surface Casing: 1500

Depth to base of Treatable Water-Bearing FM: 320

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: 22-38682

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: BED AQUIFER

Pit Location Formation: DUNCAN

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: BED AQUIFER

Pit Location Formation: DUNCAN

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: 28	Township: 12N	Range: 6W	Meridian: IM	Total Length: 4948
County: CANADIAN				Measured Total Depth: 14500
Spot Location of End Point: SE	SW	SE	SW	True Vertical Depth: 9000
Feet From: SOUTH	1/4 Section Line: 165		End Point Location from	
Feet From: WEST	1/4 Section Line: 1931		Lease, Unit, or Property Line: 165	

Additional Surface Owner(s)	Address	City, State, Zip
LARRY G. PELLAR, A SINGLE MAN (1/3)	7230 SMITH ROAD WEST	EL RENO, OK 73036
LARRY G. PELLAR, A SINGLE MAN (1/3)	7230 SMITH ROAD WEST	EL RENO, OK 73112

NOTES:

Category	Description
DEEP SURFACE CASING	[11/3/2022 - 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	[11/3/2022 - GC2] - OCC 165:10-3-10 REQUIRES: 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; 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 6000NHF SHALL BE FOUND HERE: HTTPS://OKLAHOMA.GOV/OCC/DIVISIONS/OIL-GAS/OGCD-FORMS ; AND, 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 FRACFOCUS.ORG
INCREASED DENSITY - 729573	[11/4/2022 - GB7] - 28-12N-6W X680991 MSSP 2 WELLS CANVAS ENERGY LLC 11/02/2022
LOCATION EXCEPTION - 729700 (CD2022-004127)	[11/4/2022 - GB7] - (I.O.) 28-12N-6W X680991 MSSP COMPL. INT. NCT 165' FNL, NCT 165' FSL, NCT 660' FWL CANVAS ENERGY LLC 11/08/2022
MEMO	[11/3/2022 - GC2] - CLOSED SYSTEM=STEEL PITS (REQUIRED - PURCELL CREEK), OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT
SPACING - 680991	[11/4/2022 - GB7] - (640)(HOR) 28-12N-6W EXT MSSP, OTHERS COMPL. INT. NLT 660' FB (COEXIST EXISTING NON-HORIZONTAL SPACING 130956)