

API NUMBER: 051 24765

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

Approval Date: 02/24/2020

Expiration Date: 08/24/2021

Straight Hole

Disposal

## PERMIT TO DRILL

WELL LOCATION: Section: 01 Township: 8N Range: 7W County: GRADY

SPOT LOCATION: ☐ NE ☐ NW ☐ NW ☐ NW FEET FROM QUARTER: FROM NORTH FROM WEST  
SECTION LINES: 200 475

Lease Name: STEELHORSE SWD Well No: 1 Well will be 200 feet from nearest unit or lease boundary.

Operator Name: LAGOON WATER LOGISTICS LLC Telephone: 4059006900 OTC/OCC Number: 24110 0

LAGOON WATER LOGISTICS LLC  
101 N ROBINSON AVE STE 400  
OKLAHOMA CITY, OK 73102-5502

TIM OSBORN  
3115 EAST TYLER DR  
TUTTLE OK 73089

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

	Name	Code	Depth
1	SHAWNEE	406SHWN	5670
2	HEEBNER	406HBNR	6411
3	TONKAWA	406TNKW	6933
4	WADE	405WADE	7190
5	MEDRANO	405MDRN	7837

	Name	Code	Depth
6	COTTAGE GROVE	405CGGV	8225

Spacing Orders: No Spacing

Location Exception Orders: No Exceptions

Increased Density Orders: No Density Orders

Pending CD Numbers: No Pending

Special Orders: No Special Orders

Total Depth: 9220

Ground Elevation: 0

Surface Casing: 1500

Depth to base of Treatable Water-Bearing FM: 310

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: 19-36897  
H. CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST

### 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 not located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is: NON HSA

Pit Location Formation: CHICKASHA

### NOTES:

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.

Category	Description
HYDRAULIC FRACTURING	<p>2/18/2020 - 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: <a href="http://OCCWEB.COM/OG/OGFORMS.HTML">OCCWEB.COM/OG/OGFORMS.HTML</a>; 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: <a href="http://FRACFOCUS.ORG">FRACFOCUS.ORG</a></p>
SPACING	2/19/2020 - G71 - N/A - DISPOSAL WELL