

API NUMBER: 017 25768 B

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

Approval Date: 02/11/2022
Expiration Date: 08/11/2023

Multi Unit Oil & Gas

Amend reason: UPDATE BHL & ORDERS

AMEND PERMIT TO DRILL

WELL LOCATION: Section: 18 Township: 12N Range: 8W County: CANADIAN

SPOT LOCATION: ☐ NE ☐ NW ☐ NW ☐ NE FEET FROM QUARTER: FROM NORTH FROM EAST
SECTION LINES: 310 2169

Lease Name: GRANT MORTON 18_19-12N-8W Well No: 1MHX Well will be 310 feet from nearest unit or lease boundary.
Operator Name: PALOMA OPERATING CO INC Telephone: 7136548534 OTC/OCC Number: 23932 0

PALOMA OPERATING CO INC
1100 LOUISIANA ST STE 5100
HOUSTON, TX 77002-5220

EUGENE M. LORENZO REVOCABLE TRUST
1916 SOUTH HEASTON ROAD
EL RENO OK 73036

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

| Name | Code | Depth |
|---------------|---------|-------|
| 1 MISSISSIPPI | 351MISS | 10300 |

Spacing Orders: 180828 Location Exception Orders: 724071 Increased Density Orders: 724598
144779 724348
724068

Pending CD Numbers: 202202138

Working interest owners' notified: ***

Special Orders: No Special

Total Depth: 24000 Ground Elevation: 1426

Surface Casing: 1000

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: No

Approved Method for disposal of Drilling Fluids:

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 22-38106
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 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: DOG CREEK

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 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: DOG CREEK

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.

MULTI UNIT HOLE 1

| | | | | |
|--------------------------------|------------------------|-----------|-----------------------------------|-----------------------------|
| Section: 19 | Township: 12N | Range: 8W | Meridian: IM | Total Length: 10200 |
| County: CANADIAN | | | | Measured Total Depth: 24000 |
| Spot Location of End Point: SE | SW | SE | SW | True Vertical Depth: 11000 |
| Feet From: SOUTH | 1/4 Section Line: 65 | | End Point Location from | |
| Feet From: WEST | 1/4 Section Line: 1700 | | Lease, Unit, or Property Line: 65 | |

NOTES:

| Category | Description |
|-----------------------------|--|
| DEEP SURFACE CASING | [2/10/2022 - GC2] - APPROVED; NOTIFY OCC FIELD INSPECTOR IMMEDIATELY OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR SURFACE CASING |
| HYDRAULIC FRACTURING | <p>[2/10/2022 - 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 HYDRAULIC FRACTURING OPERATIONS. FORM 6000NHF SHALL BE USED AND IS FOUND AT THIS LINK: OCCEWEB.COM/OG/OGFORMS.HTML; 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 FRACFOCUS.ORG</p> |
| INCREASED DENSITY - 724348 | <p>[7/12/2022 - G56] - 18-12N-8W X180828 MISS 1 WELL PALOMA OP CO, INC 3/21/2022</p> |
| INCREASED DENSITY - 724598 | <p>[7/12/2022 - G56] - 19-12N-8W X144779 MISS 2 WELLS PALOMA OP CO, INC. 3/31/2022</p> |
| LOCATION EXCEPTION - 724071 | <p>[7/12/2022 - G56] - (I.O.) 18 & 19-12N-8W X180828 MISS 18-12N-8W X144779 MISS 19-12N-8W COMPL INT (18-12N-8W) NCT 165' FNL, NCT 0' FSL, NCT 330' FWL COMPL INT (19-12N-8W) NCT 0' FNL, NCT 165' FSL, NCT 330' FWL PALOMA OP CO, INC 3/9/2022</p> |
| MEMO | [2/10/2022 - GC2] - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST, OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT |
| PENDING CD - 202202138 | <p>[7/12/2022 - G56] - (I.O.) 18-12N-8W X165:10-3-28(C)(2)(B) MISS (GRANT MORTON 18_19-12N-8W 1MHX) MAY BE CLOSER THAN 600' TO DENWALT 1-18 WELL NO OP NAMED REC 7/5/2022 (MYLES)</p> |
| SPACING - 144779 | <p>[2/10/2022 - G56] - (640) 19-12N-8W EXT OTHERS EXT 139651 MISS, OTHERS</p> |
| SPACING - 180828 | <p>[2/10/2022 - G56] - (640) 18-12N-8W EXT 86236/VAR/167299 MISS, OTHERS</p> |
| SPACING - 724068 | <p>[7/12/2022 - G56] - (I.O.) 18 & 19-12N-8W EST MULTIUNIT HORIZONTAL WELL X180828 MISS 18-12N-8W X144779 MISS 19-12N-8W 50% 18-12N-8W 50% 19-12N-8W PALOMA OP CO, INC 3/9/2022</p> |

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.

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