

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

API NUMBER: 139 24597

Approval Date: 10/30/2013
Expiration Date: 04/30/2014

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 14 Twp: 6N Rge: 11ECM County: TEXAS

SPOT LOCATION: NW NW NW NE FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 2490 150

Lease Name: NORTHWEST FLATS UNIT Well No: 7-11 Well will be 150 feet from nearest unit or lease boundary.

Operator Name: SCOUT ENERGY MANAGEMENT LLC Telephone: 9722771373 OTC/OCC Number: 23138 0

SCOUT ENERGY MANAGEMENT LLC
14400 MIDWAY RD
DALLAS, TX 75244-3509

CRAIG SWANSON
7025 WALDEN ROAD NE
CEDAR RAPIDS IA 52402

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

Name	Depth	Name	Depth
1 MORROW	4500	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 159735

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 4750

Ground Elevation: 3570

Surface Casing: 1580

Depth to base of Treatable Water-Bearing FM: 730

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: WATER BASED

Chlorides Max: 35000 Average: 5000

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: 1B

Liner required for Category: 1B

Pit Location is BED AQUIFER

Pit Location Formation: OGALLALA

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

H. SOIL COMPACTED PIT, NOTIFY DISTRICT PRIOR TO TESTING SOIL PIT LINER

Additional Surface Owner

Address

City, State, Zip

THEODORE WAHLIN

6006 RIDGEWOOD CIRCLE

DOWNERS GROVE, IL 60516

SHARON ANDERSON

2 FERN COURT

WAKE ZURICH, IL 60047

VIVIAN SWANSON

1731 MEDICAL CENTER DR

ANAHEIM, CA 92801

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.

Notes:

Category

Description

DEEP SURFACE CASING

10/21/2013 - G71 - APPROVED CONTINGENT ON NOTIFYING OCC FIELD STAFF IMMEDIATELY OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR SURFACE CASING

SPACING - 159735

10/23/2013 - G30 - (UNIT) 14-6N-11ECM OKLAHOMA & 24-35S-42W KANSAS EST NORTHWEST FLATS UNIT FOR MRRWA

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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.

139 24597 NORTHWEST FLATS UNIT 7-11