

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

API NUMBER: 019 26007

Approval Date: 11/13/2013

Expiration Date: 05/13/2014

Straight Hole

Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 18 Twp: 4S Rge: 1W

County: CARTER

SPOT LOCATION: C NW SE

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 1980 660

Lease Name: LONDON COMPANY

Well No: 1-18

Well will be 660 feet from nearest unit or lease boundary.

Operator
Name: AVALON EXPLORATION INC

Telephone: 9185230600

OTC/OCC Number: 14147 0

AVALON EXPLORATION INC
110 W 7TH ST STE 2700
TULSA, OK 74119-1104

RAY LONDON COMPANY, LLC
PO BOX 1444
ARDMORE OK 73402

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

	Name	Depth		Name	Depth
1	BAYOU	3700	6	FUSULINID LOW	6900
2	LONE GROVE UP	5200	7	TUSSY UP	7400
3	LONE GROVE MID	5800	8	TUSSY LOW	7700
4	LONE GROVE LOW	6000	9	DORNICK HILLS	8200
5	FUSULINID UP	6200	10	PENN BASAL UNCONF SAND	8500

Spacing Orders: 127607

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 8800

Ground Elevation: 938

Surface Casing: 900

Depth to base of Treatable Water-Bearing FM: 490

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: Yes

PIT 1 INFORMATION

Type of Pit System: ON SITE

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: 2

Liner not required for Category: 2

Pit Location is BED AQUIFER

Pit Location Formation: WELLINGTON

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

B. Solidification of pit contents.

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

PERMIT NO: 13-22407

Notes:

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.

019 26007 LONDON COMPANY 1-18

Category	Description
DEEP SURFACE CASING	11/12/2013 - 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 - 127607	11/13/2013 - G30 - (40) N2 S2 18-4S-1W EXT 98633/108557 BYOU, LGRVU, LGRVM, LGRVL, FSLDU, FSLDL, TSSYU, TSSYL, DKHL, BPUNC