

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

API NUMBER: 095 20633

Approval Date: 01/16/2014  
Expiration Date: 07/16/2014

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 17 Twp: 5S Rge: 6E County: MARSHALL  
SPOT LOCATION:  SE  NE  NW  NW FEET FROM QUARTER: FROM SOUTH FROM WEST  
SECTION LINES: 2290 1265

Lease Name: CALICO JACK Well No: 6-17H Well will be 350 feet from nearest unit or lease boundary.  
Operator Name: MERIT ENERGY COMPANY Telephone: 9726281569 OTC/OCC Number: 18934 0

MERIT ENERGY COMPANY  
13727 NOEL RD STE 1200  
DALLAS, TX 75240-7312

GENE & MARY MARGARET WATKINS  
P. O. BOX 807  
MADILL OK 73446

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

Name	Depth	Name	Depth
1 WOODFORD	8520	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 532639 Location Exception Orders: 618726 Increased Density Orders: 618724

Pending CD Numbers:

Special Orders:

Total Depth: 13795 Ground Elevation: 798 **Surface Casing: 840** Depth to base of Treatable Water-Bearing FM: 790

Under Federal Jurisdiction: No Fresh Water Supply Well Drilled: No Surface Water used to Drill: Yes

PIT 1 INFORMATION

Approved Method for disposal of Drilling Fluids:

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: WATER BASED

Chlorides Max: 8000 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 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: CADD0

F. Haul to Commercial soil farming facility: Sec. 28 Twn. 5S Rng. 3W Cnty. 19 Order No: 533041

H. SEE MEMO

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.

PIT 2 INFORMATION

Type of Pit System:

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: CADDO

PIT 3 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: CADDO

HORIZONTAL HOLE 1

Sec 17 Twp 5S Rge 6E County MARSHALL

Spot Location of End Point: SE SW SE SW

Feet From: SOUTH 1/4 Section Line: 1

Feet From: WEST 1/4 Section Line: 1686

Depth of Deviation: 8280

Radius of Turn: 500

Direction: 179

Total Length: 5087

Measured Total Depth: 13795

True Vertical Depth: 8625

End Point Location from Lease,  
Unit, or Property Line: 1

Notes:

Category	Description
INCREASED DENSITY - 618724	1/16/2014 - G30 - 17-5S-6E X532639 WDFD 4 WELLS MERIT ENERGY COMPANY 12/3/13

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Category	Description
LOCATION EXCEPTION - 618726	1/16/2014 - G30 - (I.O.) 17-5S-6E X532639 SCMR, WDFD, HNTN SHL NCT 330 FNL, NCT 660 FWL 1ST PERF NCT 165 FNL, NCT 1320 FWL LAST PERF NCT 165 FSL, NCT 1320 FWL MERIT ENERGY COMPANY 12/3/13
MEMO	1/16/2014 - G71 - PITS 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR OPTION, PIT 2 - OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT
SPACING - 532639	1/16/2014 - G30 - (640) 17-5S-6E EXT 531472 SCMR, WDFD, HNTN, OTHERS

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Office of the Conservation Division as to when Surface Casing will be run.