

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

API NUMBER: 027 21462

Approval Date: 06/04/2014
Expiration Date: 12/04/2014

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 18 Twp: 7N Rge: 1W County: CLEVELAND
SPOT LOCATION: NE SW NW NW FEET FROM QUARTER: FROM NORTH FROM WEST
SECTION LINES: 700 480

Lease Name: SWEAT EQUITY Well No: 1-18 Well will be 480 feet from nearest unit or lease boundary.
Operator Name: XANADU EXPLORATION COMPANY Telephone: 9185843802 OTC/OCC Number: 19754 0

XANADU EXPLORATION COMPANY
320 S BOSTON AVE STE 2000
TULSA, OK 74103-4709

MARGARET R. STROUHAL, TRUSTEE
3612 MAGGIE CIRCLE
NORMAN OK 73072

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

Name	Depth	Name	Depth
1 PRUE	6370	6 VIOLA	7290
2 SKINNER	6530	7 SIMPSON DENSE	7560
3 HART	6700	8	
4 OSBORN	6780	9	
5 HUNTON	7000	10	

Spacing Orders: 210074

Location Exception Orders: 622493

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 7750

Ground Elevation: 1109

Surface Casing: 840

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: CLOSED Closed System Means Steel Pits

Type of Mud System: WATER BASED

Chlorides Max: 3000 Average: 2000

Is depth to top of ground water greater than 10ft below base of pit? Y

Within 1 mile of municipal water well? Y

Wellhead Protection Area? Y

Pit is located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is AP/TE DEPOSIT

Pit Location Formation: TERRACE

Approved Method for disposal of Drilling Fluids:

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

PERMIT NO: 14-27203

H. CLOSED SYSTEM=STEEL PITS (REQUIRED - CANADIAN RIVER)

Notes:

This permit does not address the right of entry or settlement of surface damages.

027 21462 SWEAT EQUITY 1-18

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.

Category	Description
FRAC FOCUS	6/2/2014 - G71 - THE REQUIREMENT FOR CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS WILL BE EXTENDED TO INCLUDE ALL NON-HORIZONTAL WELLS FOR HYDRAULIC FRACTURING OPERATIONS BEGINNING JANUARY 1, 2014. REFER TO OCC RULE 165:10-3-10 FOR COMPLIANCE REQUIREMENTS. PLEASE REPORT DIRECTLY TO FRACFOCUS USING THE FOLLOWING LINK HTTP://FRACFOCUS.ORG/ OR FOR OCC ASSISTANCE CONTACT DENNIS NISKERN AT 405-522-2977 OR D.NISKERN@OCCEMAIL.COM
LOCATION EXCEPTION - 622493	6/3/2014 - G75 - W2 NW4 18-7N-1W X210074 PRUE, SKNR, HART, OSBR, HNTN, VIOL, SMPD, OTHERS 700 FNL, 480 FWL XANADU EXPLOR. CO. 3-11-2014
MUNICIPAL WATER WELLS	6/2/2014 - G71 - BEN'S MOBILE HOME PARK, 1 WELL, SE4 7-7N-1W & PECAN TREE ESTATES, 1 WELL, CENTER 11-7N-2W
SPACING - 210074	6/3/2014 - G75 - (80) 18-7N-1W SU NE/SW EXT 208614 PRUE, SKNR, HART, OSBR, HNTN, VIOL, OTHERS EST SMPD, OTHERS
SURFACE CASING	6/2/2014 - G71 - MIN. 840' PER ORDER # 54655

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