

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

API NUMBER: 125 23848

Approval Date: 06/05/2014
Expiration Date: 12/05/2014

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 18 Twp: 9N Rge: 2E

County: POTTAWATOMIE

SPOT LOCATION: C SW NW SE

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 1650 330

Lease Name: SHAWNEE

Well No: 3-18

Well will be 330 feet from nearest unit or lease boundary.

Operator Name: CANNON OPERATING CO LLC

Telephone: 9729414218

OTC/OCC Number: 23102 0

CANNON OPERATING CO LLC
3200 BROADWAY BLVD STE 220
GARLAND, TX 75043-2500

THE JIA REN TRUST
10 TOWN PLAZA #312
DURANGO CO 81301

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

Name	Depth	Name	Depth
1 HUNTON	5575	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 617519

Location Exception Orders:

Increased Density Orders: 201305146

Pending CD Numbers:

Special Orders:

Total Depth: 6500

Ground Elevation: 1079

Surface Casing: 420

Depth to base of Treatable Water-Bearing FM: 350

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: 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 located in a Hydrologically Sensitive Area.

Category of Pit: 1B

Liner required for Category: 1B

Pit Location is BED AQUIFER

Pit Location Formation: GARBER

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

B. Solidification of pit contents.

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

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.

125 23848 SHAWNEE 3-18

Category	Description
FRAC FOCUS	5/30/2014 - 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
PENDING CD - 201405146	6/4/2014 - G72 - N2 SE 18-09N-02E X 617519 HNTN; 1 WELL; CANNON OPERATING LLC; REC 5/23/2014 (JOHNSON)
SPACING - 617519	6/4/2014 - G72 - (80) N2 SE 18-09N-02E LD EST SKNR, RDFK, BRVL, WDFD, HNTN, SLVN, VIOL, SMPS; 330' FB; THE WELL DRILLING AND SPACING UNIT MAY EXIST CONCURRENTLY WITH PRODUCING NON-DRILLING AND SPACING UNITS; THIS WELL DRILLING AND SPACING UNIT SHALL SUPERCEDE EXISTING NON-DEVELOPED NON-DRILLING AND SPACING UNITS FOR THE DURATION OF THE UNIT;

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.