

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

API NUMBER: 065 20287

Approval Date: 10/08/2014  
Expiration Date: 04/08/2015

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 05 Twp: 2S Rge: 23W County: JACKSON  
SPOT LOCATION: C N2 N2 NW FEET FROM QUARTER: FROM SOUTH FROM WEST  
SECTION LINES: 2310 1320

Lease Name: MNYK Well No: 2-5 Well will be 330 feet from nearest unit or lease boundary.  
Operator Name: GULF EXPLORATION LLC Telephone: 4058403371 OTC/OCC Number: 20983 0

GULF EXPLORATION LLC  
9701 N BROADWAY EXT  
OKLAHOMA CITY, OK 73114-6316

M & N JONES & Y & K HOLMES  
1011 NORTH 14TH STREET  
PONCA CITY OK 74601

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

	Name	Depth	Name	Depth
1	CISCO	4150	6	
2	CANYON	5000	7	
3	STRAWN	5900	8	
4			9	
5			10	

Spacing Orders: 617067

Location Exception Orders: 631263

Increased Density Orders: 631264

Pending CD Numbers:

Special Orders:

Total Depth: 6000

Ground Elevation: 1381

**Surface Casing: 280**

Depth to base of Treatable Water-Bearing FM: 120

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: No

PIT 1 INFORMATION

Type of Pit System: CLOSED Closed System Means Steel Pits

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: C

Liner not required for Category: C

Pit Location is ALLUVIAL

Pit Location Formation: ALLUVIUM

Approved Method for disposal of Drilling Fluids:

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

PERMIT NO: 14-28361

H. CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST

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.

065 20287 MNYK 2-5

Category	Description
FRAC FOCUS	9/9/2014 - 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 <a href="http://fracfocus.org/">HTTP://FRACFOCUS.ORG/</a> OR FOR OCC ASSISTANCE CONTACT DENNIS NISKERN AT 405-522-2977 OR D.NISKERN@OCCEMAIL.COM
INCREASED DENSITY - 631264	10/7/2014 - G76 - 5-2S-23W X617067 CNYN 4 WELLS GULF EXPLORATION LLC 09/30/2014
LOCATION EXCEPTION - 631263	10/7/2014 - G76 - 5-2S-23W X617067 CSCO, CNYN, STRN, OTHERS 330 FNL, 1320 FWL GULF EXPLORATION, LLC 09/30/2014
SPACING - 617067	10/7/2014 - G76 - (640) 5-2S-23W VAC 415584 CNYN, STRN, OTHERS VAC 185669 CNYN, STRN, OTHERS EXT (HOR) OTHERS EXT (VER) 605503 CSCO, CNYN, STRN, OTHERS

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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.

API # 065-20287

## GULF EXPLORATION, L.L.C.

September 9, 2014

Oklahoma Corporation Commission  
Oil and Gas Conservation Division  
Jim Thorpe Building  
P.O. Box 52000-2000  
Oklahoma City, Oklahoma 73152-2000

Re: Drilling Permit Application  
MNYK # 2-5  
C N/2 N/2 NW/4 SE/4 Section 5-T2S-R23W  
Jackson County, Oklahoma

Dear Sirs:


This letter will serve as an attachment to Form 1000 (Application For Intent To Drill) for the above captioned well in regards to be in compliance with Order # 277435 regarding ground water protection in this part of Jackson County, Oklahoma. The following items will satisfy the order:

- Item B: A closed system will be used for this well utilizing steel pits. We have submitted Soil Farm Permit # 14-28361 on the Form 1000 in order to dispose of drilling fluids using this method to spread cuttings and drilling mud as permitted.
- Item C.1.: Surface Casing will be 8.625" and set at a depth of  $\pm 280'$  (7 Joints). It will be drilled with a 12.25" bit.
- Item C.2.: Centralizers will be placed at 260', 220', 120' and 40'.
- Item D: Surface casing cement will have a cement sheath at least 1 1/2" thickness in the annulus and have a compressive strength of at least 500 psig.
- Item E: Wells in the immediate area have not encountered problems with lost circulation in the Flowerpot Formation. We do not anticipate the need for setting an intermediate string of casing for this well.
- Item F: Production Casing will be set to OCC standards to achieve cathodic protection.
- Item G1: If a dry hole is drilled, a cement plug will be set at a depth required by the OCC Field Office ( 100') below the surface casing, with cement circulated from that depth to the surface. Cement will have a minimum compressive strength of 500 PSI within 8 hours setting time. After the drill pipe has been removed, the remaining volume of surface casing will be filled with cement, cut off 6' below GL, and a cap welded in place.
- Item G.2.: Plugging Operations will be performed according to OCC Rules and Regulations as required by the OCC Field Inspector.

- Item H:** A Gamma Ray Log will be run from total depth to surface casing and submitted to the OCC as required by rule.
- Item I:** Cathodic protection standards will be maintained throughout drilling and completion operations according to OCC Rules.
- Item J:** Appropriate OCC Forms will be submitted at the conclusion of drilling and completion operations as required by rule to include Forms 1002A (Completion Report), 1002C (Cementing Report), and Form 1003 if the well is plugged.

Should you require additional information or have questions regarding this application please contact me at 405.840.3371.

Sincerely,



Pat McGraw  
GULF EXPLORATION, L.L.C.