

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

API NUMBER: 019 26143

Approval Date: 10/08/2014

Expiration Date: 04/08/2015

Straight Hole

Oil & Gas

PERMIT TO DRILL

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

County: CARTER

SPOT LOCATION:

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 400 2049

Lease Name: MS VELDA

Well No: 1-18

Well will be 400 feet from nearest unit or lease boundary.

Operator Name: AVALON EXPLORATION INC

Telephone: 9185230600

OTC/OCC Number: 14147 0

AVALON EXPLORATION INC
15 W 6TH ST STE 2300
TULSA, OK 74119-5401

RUSSELL WAYNE DENNEY JTROS
12562 PRAIRIE VALLEY
LONE GROVE OK 73443

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

	Name	Depth	Name	Depth
1	BAYOU	3700	6	
2	DEESE	5200	7	
3			8	
4			9	
5			10	

Spacing Orders: 68474

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 10500

Ground Elevation: 931

Surface Casing: 900

Depth to base of Treatable Water-Bearing FM: 530

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: 14-28554

Additional Surface Owner

Address

City, State, Zip

DENNEY GAMILY LIV TRUST DTD 7-

12188 PRAIRIE VALLEY ROAD

LONE GROVE, OK 73443

VELDA DENNEY JTROS

12188 PRAIRIE VALLEY RD

LONE GROVE, OK 73443

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.

Category	Description
DEEP SURFACE CASING	9/25/2014 - G76 - 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
FRAC FOCUS	9/25/2014 - G76 - 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
SPACING	10/8/2014 - G72 - BYOU FORMATION UNSPACED 40 ACRE LEASE (SE NE)
SPACING - 68474	10/3/2014 - G72 (40) N2 18-4S-1W EST DEESE