

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: 06/04/2015

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

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: 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

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.  
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.

027 21462 SWEAT EQUITY 1-18

| 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 <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 |
| LOCATION EXCEPTION - 622493 | 6/3/2014 - G75 - W2 NW4 18-7N-1W<br>X210074 PRUE, SKNR, HART, OSBR, HNTN, VIOL, SMPD, OTHERS<br>700 FNL, 480 FWL<br>XANADU EXPLOR. CO.<br>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<br>EXT 208614 PRUE, SKNR, HART, OSBR, HNTN, VIOL, OTHERS<br>EST SMPD, OTHERS  |
| SURFACE CASING              | 6/2/2014 - G71 - MIN. 840' PER ORDER # 54655  |

**Xanadu Exploration Company**

320 S Boston Ave., Suite 2000  
Tulsa, OK 74103  
Phone 918-584-3802  
Fax 918-585-1753

October 22, 2014

Oklahoma Corporation Commission  
Oil & Gas Conservation Division  
P.O. Box 52000  
Oklahoma City, OK 73152

RE: Sweat Equity #1-18  
NW/4 Sec. 18-T7N-R1W  
Cleveland County, Oklahoma

12-4-14  
OCT # 027-21462  
Exp: 12/4/14  
OP # 19754  
Sweat Exp: 9/5/15

Dear Sir or Madam,

Please use this letter as Xanadu Exploration Company's request for a six month extension on the Permit to Drill for the above mentioned well. Enclosed is a copy of the original Permit to Drill.

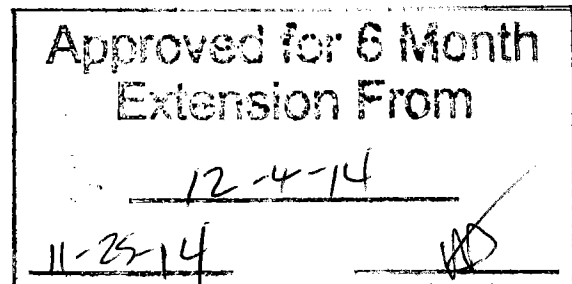
Please feel free to contact me with any questions.

Sincerely,

*Sara Evans*

Sara Evans  
Petroleum Engineer

Enclosure



**RECEIVED**

OCT 24 2014

OKLAHOMA CORPORATION  
COMMISSION