

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

API NUMBER: 017 24902

Approval Date: 05/10/2016
Expiration Date: 11/10/2016

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 20 Twp: 14N Rge: 7W County: CANADIAN
SPOT LOCATION: NW NE NE NW FEET FROM QUARTER: FROM NORTH FROM WEST
SECTION LINES: 165 2200

Lease Name: SCHROEDER 14 07 Well No: 2-17MH Well will be 165 feet from nearest unit or lease boundary.

Operator Name: PAYROCK ENERGY LLC Telephone: 4056088077 OTC/OCC Number: 23215 0

PAYROCK ENERGY LLC
3200 QUAIL SPRINGS PKWY STE 130
OKLAHOMA CITY, OK 73134-2612

ALLAN ALBERT BRODERSEN
16260 NORTH COUNTRY CLUB ROAD
OKARCHE OK 73762

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

Name	Depth	Name	Depth
1	MISSISSIPPIAN	8894	6
2			7
3			8
4			9
5			10

Spacing Orders: 635310

Location Exception Orders: 642087

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 14311

Ground Elevation: 1224

Surface Casing: 1000

Depth to base of Treatable Water-Bearing FM: 320

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: 5000 Average: 4000

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 not located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is NON HSA

Pit Location Formation: CHICKASHA

H. SEE MEMO

E. Haul to Commercial pit facility: Sec. 31 Twn. 12N Rng. 8W Cnty. 17 Order No: 587498

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.

PIT 2 INFORMATION

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: OIL BASED

Chlorides Max: 300000 Average: 225000

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 not located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is NON HSA

Pit Location Formation: CHICKASHA

HORIZONTAL HOLE 1

Sec 17 Twp 14N Rge 7W County CANADIAN

Spot Location of End Point: NW NE NE NW

Feet From: NORTH 1/4 Section Line: 65

Feet From: WEST 1/4 Section Line: 2200

Depth of Deviation: 8561

Radius of Turn: 692

Direction: 360

Total Length: 4663

Measured Total Depth: 14311

True Vertical Depth: 8949

End Point Location from Lease,
Unit, or Property Line: 65

Notes:

Category

Description

DEEP SURFACE CASING

5/6/2016 - G71 - APPROVED; NOTIFY OCC FIELD INSPECTOR IMMEDIATELY FOR ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON CONDUCTOR OR SURFACE CASING

HYDRAULIC FRACTURING

5/6/2016 - G71 - OCC 165:10-3-10 REQUIRES: 1) THE CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS FOR ALL WELLS BE REPORTED TO FRACFOCUS USING THE FOLLOWING LINK [HTTP://FRACFOCUS.ORG/](http://fracfocus.org/) WITH NOTICE GIVEN 48 HOURS IN ADVANCE OF FRACTURING TO THE LOCAL OCC DISTRICT OFFICE; AND, 2) PRIOR TO COMMENCEMENT OF FRACTURING OPERATIONS FOR HORIZONTAL WELLS, NOTICE ALSO GIVEN FIVE BUSINESS DAYS IN ADVANCE TO OFFSET OPERATORS WITH WELLS COMPLETED IN THE SAME COMMON SOURCE OF SUPPLY WITHIN 1/2 MILE.

LOCATION EXCEPTION - 642087

5/6/2016 - G75 - (I.O.) 17-14N-7W
X635310 MSSP, OTHERS
COMPL. INT. NCT 165 FSL, NCT 165 FNL, NCT 1200 FWL
PAYROCK ENERGY, L.L.C.
6-17-2015

MEMO

5/6/2016 - G71 - PIT 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST; PIT 2 - OBM TO VENDOR, OBM CUTTINGS PER DISTRICT

SPACING - 635310

5/6/2016 - G75 - (640)(HOR) 17-14N-7W
VAC 138606 MCSTR, MSSLM, OTHER SE4
VAC OTHER
EST MSSP, OTHERS
COMPL. INT. NLT 660' FB
(COEXIST SP. ORDER # 180410 MCSTR, MSLCR NE4; ORDER # 131722 MSLCR NW4; ORDER # 138606 MCSTR, MSSLM SW4)

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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.

017 24902 SCHROEDER 14 07 2-17MH