

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

API NUMBER: 017 24914

Approval Date: 06/24/2016
Expiration Date: 12/24/2016

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 35 Twp: 12N Rge: 7W

County: CANADIAN

SPOT LOCATION: SE SE SE SW

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 165 2395

Lease Name: MCKINNEY 1207

Well No: 1-35WH

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

MCKINNEY INVESTMENTS LP
414 MAPLE STREET, SUITE 1
YUKON OK 73099

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

Name	Depth	Name	Depth
1 WOODFORD	9912	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 645698

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 15307

Ground Elevation: 1380

Surface Casing: 1000

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

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: 3000

H. SEE MEMO

Is depth to top of ground water greater than 10ft below base of pit? Y

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

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 AP/TE DEPOSIT

Pit Location Formation: TERRACE

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 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

HORIZONTAL HOLE 1

Sec 35 Twp 12N Rge 7W County CANADIAN

Spot Location of End Point: N2 NW NW NE

Feet From: NORTH 1/4 Section Line: 65

Feet From: EAST 1/4 Section Line: 2310

Depth of Deviation: 9544

Radius of Turn: 692

Direction: 3

Total Length: 4676

Measured Total Depth: 15307

True Vertical Depth: 9912

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

Notes:

Category

Description

COMPLETION INTERVAL

6/23/2016 - G60 - COMPLETION INTERVAL WILL BE NLT 165' FNL AND FSL PER OPERATOR

DEEP SURFACE CASING

6/23/2016 - G71 - APPROVED; NOTIFY OCC FIELD INSPECTOR IMMEDIATELY OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR SURFACE CASING

HYDRAULIC FRACTURING

6/23/2016 - 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.

MEMO

6/23/2016 - G71 - PITS 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST, PIT 2 - OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT

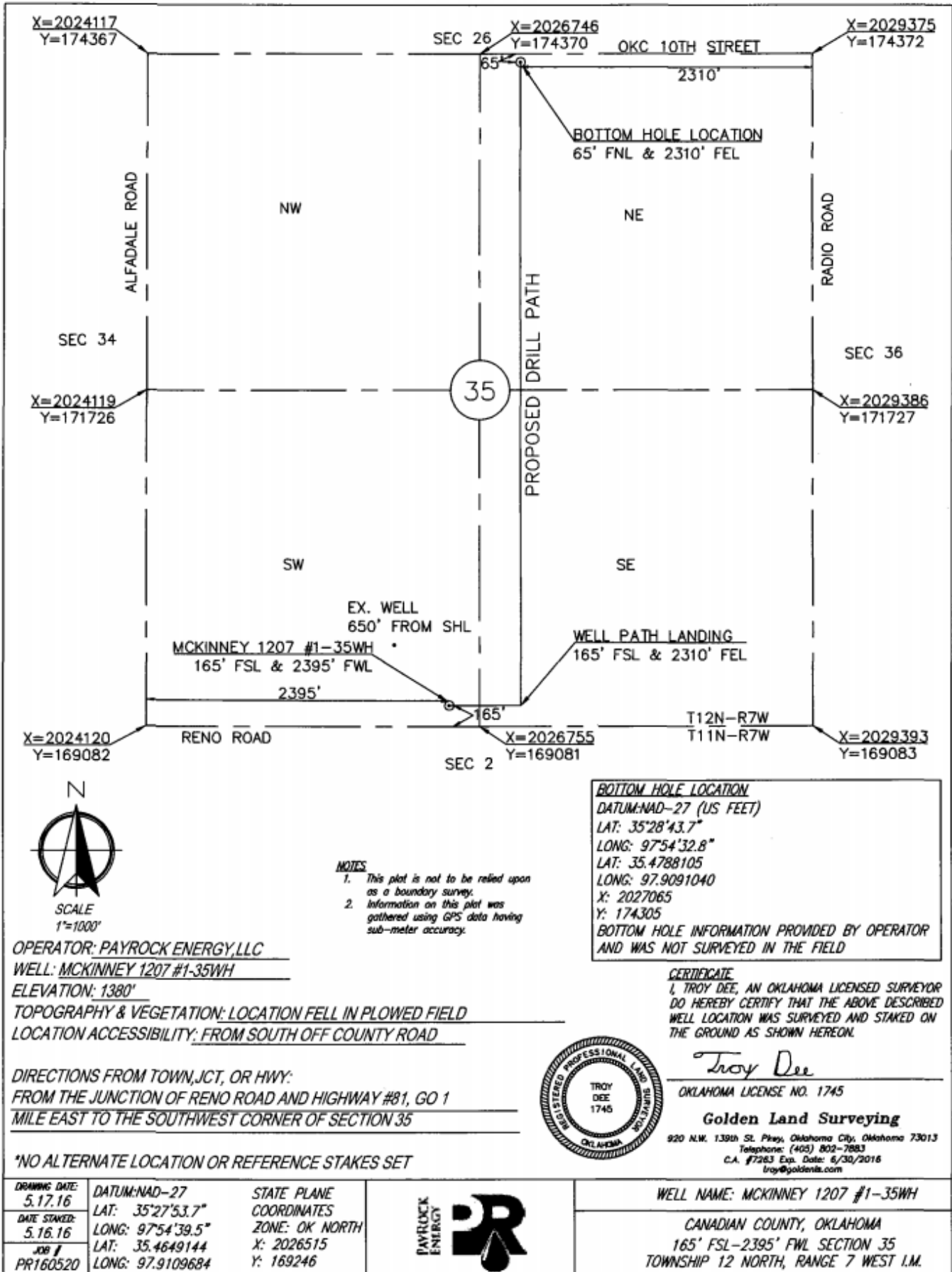
SPACING - 645698

6/23/2016 - G60 - (640) 35-12N-7W
VAC OTHERS
EST WDFD, OTHERS
COMPL. INT. NLT 165' FNL OR FSL, NLT 330' FEL OR FWL

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.



BOTTOM HOLE LOCATION
 DATUM: NAD-27 (US FEET)
 LAT: 35°28'43.7"
 LONG: 97°54'32.8"
 LAT: 35.4788105
 LONG: 97.9091040
 X: 2027065
 Y: 174305
 BOTTOM HOLE INFORMATION PROVIDED BY OPERATOR
 AND WAS NOT SURVEYED IN THE FIELD

- NOTES**
1. This plot is not to be relied upon as a boundary survey.
 2. Information on this plot was gathered using GPS data having sub-meter accuracy.

CERTIFICATE
 I, TROY DEE, AN OKLAHOMA LICENSED SURVEYOR DO HEREBY CERTIFY THAT THE ABOVE DESCRIBED WELL LOCATION WAS SURVEYED AND STAKED ON THE GROUND AS SHOWN HEREON.

Troy Dee
 OKLAHOMA LICENSE NO. 1745



Golden Land Surveying
 920 N.W. 139th St. Pkwy, Oklahoma City, Oklahoma 73013
 Telephone: (405) 802-7883
 C.A. #7263 Exp. Date: 6/30/2018
 troy@goldenla.com

OPERATOR: PAYROCK ENERGY, LLC
WELL: MCKINNEY 1207 #1-35WH
ELEVATION: 1380'
TOPOGRAPHY & VEGETATION: LOCATION FELL IN PLOWED FIELD
LOCATION ACCESSIBILITY: FROM SOUTH OFF COUNTY ROAD

DIRECTIONS FROM TOWN, JCT, OR HWY:
FROM THE JUNCTION OF RENO ROAD AND HIGHWAY #81, GO 1 MILE EAST TO THE SOUTHWEST CORNER OF SECTION 35

***NO ALTERNATE LOCATION OR REFERENCE STAKES SET**

DRAWING DATE: 5.17.16	DATUM: NAD-27 LAT: 35°27'53.7"	STATE PLANE COORDINATES ZONE: OK NORTH X: 2026515 Y: 169246
DATE STAKED: 5.16.16	LONG: 97°54'39.5"	
JOB # PR160520	LAT: 35.4649144 LONG: 97.9109684	



WELL NAME: MCKINNEY 1207 #1-35WH
CANADIAN COUNTY, OKLAHOMA
165' FSL-2395' FWL SECTION 35
TOWNSHIP 12 NORTH, RANGE 7 WEST I.M.