

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

API NUMBER: 039 22491

Approval Date: 11/17/2016
Expiration Date: 05/17/2017

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 01 Twp: 15N Rge: 20W County: CUSTER
SPOT LOCATION: NW NW NW NW FEET FROM QUARTER: FROM NORTH FROM WEST
SECTION LINES: 272 198

Lease Name: MK Well No: 1-35HLC Well will be 198 feet from nearest unit or lease boundary.
Operator Name: DUNCAN OIL PROPERTIES INC Telephone: 4052721800 OTC/OCC Number: 15876 0

DUNCAN OIL PROPERTIES INC
100 PARK AVE STE 1200
OKLAHOMA CITY, OK 73102-8023

MIKE KAUK
8514 NORTH 2110 ROAD
BUTLER OK 73625

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

Name	Depth	Name	Depth
1 CLEVELAND	9675	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 180990 Location Exception Orders: 634899 Increased Density Orders: 634830
647880 647879

Pending CD Numbers:

Special Orders:

Total Depth: 15409 Ground Elevation: 0 Surface Casing: 1500 Depth to base of Treatable Water-Bearing FM: 330

Under Federal Jurisdiction: No Fresh Water Supply Well Drilled: No Surface Water used to Drill: Yes

PIT 1 INFORMATION

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: WATER BASED

Chlorides Max: 90000 Average: 5000

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 BED AQUIFER

Pit Location Formation: CLOUD CHIEF

Approved Method for disposal of Drilling Fluids:

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 16-31829

E. Haul to Commercial pit facility: Sec. 24 Twn. 14N Rng. 24W Cnty. 129 Order No: 372833

H. SEE MEMO

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: 200000

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 BED AQUIFER

Pit Location Formation: CLOUD CHIEF

HORIZONTAL HOLE 1

Sec 35 Twp 16N Rge 20W County DEWEY

Spot Location of End Point: W2 NE NW NE

Feet From: NORTH 1/4 Section Line: 330

Feet From: EAST 1/4 Section Line: 1750

Depth of Deviation: 9979

Radius of Turn: 465

Direction: 347

Total Length: 4700

Measured Total Depth: 15409

True Vertical Depth: 9995

End Point Location from Lease,
Unit, or Property Line: 330

Notes:

Category

Description

DEEP SURFACE CASING

11/16/2016 - 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

11/16/2016 - 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.

INCREASED DENSITY - 634830

11/17/2016 - G64 - (F.O.) 35-16N-20W
X180990 CLVD
1 WELL
DUNCAN OIL PROPERTIES, INC.
1-6-2015

INCREASED DENSITY - 647879

11/17/2016 - G64 - EXT 634830 UNTIL 1-6-2017

LOCATION EXCEPTION - 634899

11/17/2016 - G64 - (F.O.) 35-16N-20W
X180990 CLVD, OTHERS
SHL (1-15N-20W) NCT 150' FNL, NCT 150' FWL
COMPL. INT. NCT 330' FSL, NCT 330' FNL, NCT 600' FEL
DUNCAN OIL PROPERTIES, INC.
1-7-2015

LOCATION EXCEPTION - 647880

11/17/2016 - G64 - EXT 634899 UNTIL 1-7-2017

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The duration of this permit is SIX MONTHS, except as otherwise provided by Rule 165: 10-3-1.

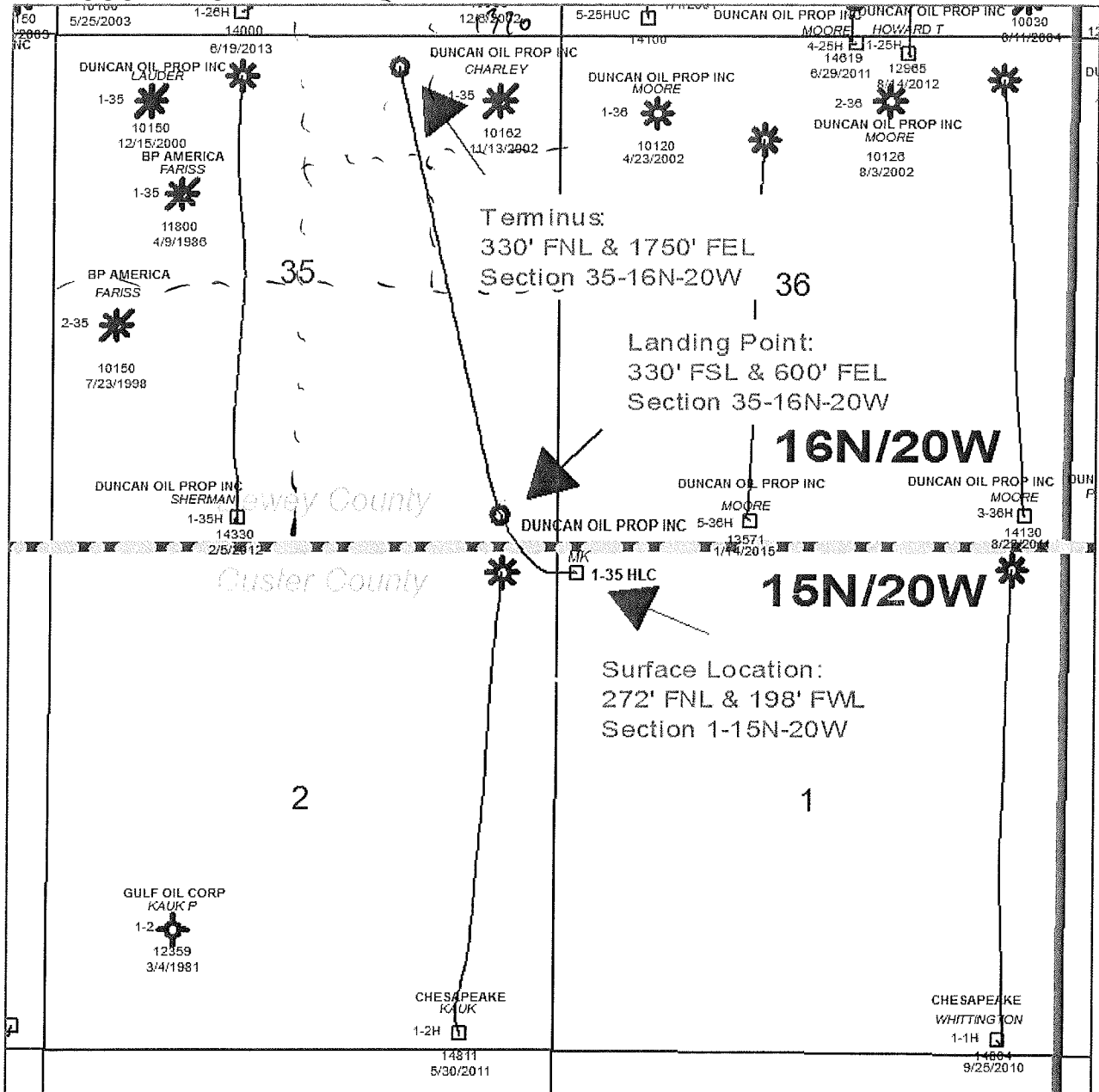
Rule 165: 10-3-4 (c) (7) (e) - The Operator shall give 24 Hours notice by telephone to the appropriate District Office of the Conservation Division as to when Surface Casing will be run.

Category	Description
MEMO	11/16/2016 - G71 - PITS 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST, PIT 2 - OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT
SPACING - 180990	11/17/2016 - G64 - (640) 35-16N-20W EXT 167073 CLVD, OTHERS

This permit does not address the right of entry or settlement of surface damages.
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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: 039 22491

2646



Duncan Oil Properties, Inc.
 100 Park Avenue Building, Suite 3200
 Oklahoma City, Oklahoma 73102
 (405) 272-1800

Section 35-16N-20W
 Dewey County, Oklahoma

Location Plat

Scale:	1" = 2,000'
Date:	9 November, 2015