

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

API NUMBER: 139 24631

Approval Date: 01/05/2017  
Expiration Date: 07/05/2017

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 26 Twp: 3N Rge: 13ECM County: TEXAS

SPOT LOCATION:  SE  SW  SW  NE FEET FROM QUARTER: FROM NORTH FROM EAST  
SECTION LINES: 2409 2002

Lease Name: SMCU Well No: 113 Well will be 682 feet from nearest unit or lease boundary.

Operator Name: MERIT ENERGY COMPANY Telephone: 9726281569 OTC/OCC Number: 18934 0

MERIT ENERGY COMPANY  
13727 NOEL RD STE 1200  
DALLAS, TX 75240-7312

FREEMAN FAMILY RANCH LTD  
PO BOX 589  
TEXHOMA OK 73949

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

Name	Depth	Name	Depth
1 MORROW UP	6090	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 545042

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 6400 Ground Elevation: 3153 **Surface Casing: 100** Depth to base of Treatable Water-Bearing FM: 50

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

PIT 1 INFORMATION

Type of Pit System: OFF SITE

Type of Mud System: WATER BASED

Chlorides Max: 8000 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 not located in a Hydrologically Sensitive Area.

Category of Pit: 1B

Liner required for Category: 1B

Pit Location is NON HSA

Pit Location Formation: PLEISTOCENE/PLIOCENE

Sec. 26 Twn. 3N Rng. 13E Cnty. 139

SE SE SE

Off Site Pit No. 207316

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

H. SOIL COMPACTED PIT, NOTIFY DISTRICT PRIOR TO TESTING SOIL PIT LINER

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
HYDRAULIC FRACTURING	12/13/2016 - 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 <a href="http://fracfocus.org/">HTTP://FRACFOCUS.ORG/</a> 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.
OFFSITE PIT	1/3/2017 - G71 - 1014 APPROVED; PIT NO. 02-139-2073-16
SPACING - 545042	12/16/2016 - G60 - (UNIT) E2 E2 NW4, W2 NW4 NE4, W2 E2 NW4 NE4, SW4 NE4, NW4 SE4, W2 NE4 SE4, SE4 SE4, E2 SW4 SE4 26-03N-13ECM EST STONEBRAKER MORROW CHANNEL UNIT FOR UPPER MORROW

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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.