

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

API NUMBER: 043 23519 A

Approval Date: 06/01/2017
Expiration Date: 12/01/2017

Horizontal Hole Oil & Gas

Amend reason: CHANGE SURFACE CASING DEPTH; UPDATE ORDERS

AMEND PERMIT TO DRILL

WELL LOCATION: Sec: 03 Twp: 19N Rge: 17W County: DEWEY
SPOT LOCATION: SE SW SE NE FEET FROM QUARTER: FROM NORTH FROM EAST
SECTION LINES: 2345 780

Lease Name: ANNEVA 3/34-20-17 Well No: 1H Well will be 780 feet from nearest unit or lease boundary.
Operator Name: TAPSTONE ENERGY LLC Telephone: 4057021600 OTC/OCC Number: 23467 0

TAPSTONE ENERGY LLC
100 E MAIN ST
OKLAHOMA CITY, OK 73104-2509

SANDER FAMILY REVOCABLE TRUST
P. O. BOX 425
SEILING OK 73663

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

| Name | Depth | Name | Depth |
|--------------------------------------|-------|------|-------|
| 1 MISSISSIPPIAN (LESS UPPER CHESTER) | 10300 | 6 | |
| 2 | | 7 | |
| 3 | | 8 | |
| 4 | | 9 | |
| 5 | | 10 | |

Spacing Orders: 664323

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201701557
201702230
201702231
201701611
201702229

Special Orders:

Total Depth: 17900 Ground Elevation: 1791 Surface Casing: 1500 Depth to base of Treatable Water-Bearing FM: 110

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: 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 located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is BED AQUIFER

Pit Location Formation: RUSH SPRINGS

Approved Method for disposal of Drilling Fluids:

D. One time land application -- (REQUIRES PERMIT)

PERMIT NO: 17-32550

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: RUSH SPRINGS

HORIZONTAL HOLE 1

Sec 34 Twp 20N Rge 17W County WOODWARD

Spot Location of End Point: N2 N2 NE NE

Feet From: NORTH 1/4 Section Line: 165

Feet From: EAST 1/4 Section Line: 660

Depth of Deviation: 9795

Radius of Turn: 750

Direction: 2

Total Length: 6927

Measured Total Depth: 17900

True Vertical Depth: 10300

End Point Location from Lease,
Unit, or Property Line: 165

Notes:

Category

Description

DEEP SURFACE CASING

6/8/2017 - 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

5/31/2017 - 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

INTERMEDIATE CASING

5/31/2017 - G71 - DUE TO THE KNOWN POTENTIAL RISK OF ENCOUNTERING AN OVER-PRESSURED ZONE IN THE MORROW SERIES IN THIS AREA, THE TECHNICAL MANAGER RECOMMENDS SETTING AN INTERMEDIATE STRING OF CASING IMMEDIATELY ABOVE THE MORROW SERIES

MEMO

5/31/2017 - G71 - PIT 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST; PIT 2 - OBM TO VENDOR, OBM CUTTINGS PER DISTRICT

PENDING CD - 201701557

5/31/2017 - G75 - (640)(HOR) 3-19N-17W
VAC 151390 MCSTR
EXT 646339 MSLUC
COMPL. INT. NLT 660' FB
REC 5-8-2017 (DUNN)

PENDING CD - 201701611

5/31/2017 - G75 - 3-19N-17W
X201701557 MSLUC
1 WELL
NO OP. NAMED
REC 5-15-2017 (NORRIS)

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 |
|------------------------|---|
| PENDING CD - 201702229 | 5/31/2017 - G75 - (I.O.) 3-19N-17W X165:10-3-28(C)(2)(B) MSLUC (ANNEVA 3/34-20-17 1H) MAY BE CLOSER THAN 600' TO SANDER TRUST 3/10-19-17 1H TAPSTONE ENERGY, LLC REC 5-30-2017 (NORRIS) |
| PENDING CD - 201702230 | 6/13/2017 - G75 - (I.O.) 34-20N-17W & 3-19N-17W EST MULTIUNIT HORIZONTAL WELL X664323 MSLUC 34-20N-17W X201701557 MSLUC 3-19N-17W 33.3% 3-19N-17W 66.7% 34-20N-17W TAPSTONE ENERGY, LLC REC 5-30-2017 (NORRIS) |
| PENDING CD - 201702231 | 6/13/2017 - G75 - (I.O.) 34-20N-17W & 3-19N-17W X664323 MSLUC 34-20N-17W X201701557 MSLUC 3-19N-17W COMPL. INT. (3-19N-17W) NCT 1320' FSL, NCT 0' FNL, NCT 400' FEL COMPL. INT. (34-20N-17W) NCT 0' FSL, NCT 165' FNL, NCT 400' FEL TAPSTONE ENERGY, LLC REC 5-30-2017 (NORRIS) |
| SPACING - 664323 | 6/13/2017 - G75 - (640)(HOR) 34-20N-17W VAC 55987 CRLM EXT 646339 MSLUC, OTHER COMPL. INT. NLT 660' FB |

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.