

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

API NUMBER: 017 25153

Approval Date: 01/02/2018
Expiration Date: 07/02/2018

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 12 Twp: 11N Rge: 9W

County: CANADIAN

SPOT LOCATION: NW NW NE NE

FEET FROM QUARTER: FROM NORTH FROM EAST

SECTION LINES: 270 1300

Lease Name: DAKOTA 12-11N-9W

Well No: 1H

Well will be 270 feet from nearest unit or lease boundary.

Operator Name: PALOMA OPERATING CO INC

Telephone: 7136508509

OTC/OCC Number: 23932 0

PALOMA OPERATING CO INC
1100 LOUISIANA ST STE 5100
HOUSTON, TX 77002-5220

HUNTER MORRIS
2401 NORTH CR. 1287
MIDLAND TX 79707

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

Name	Depth	Name	Depth
1 MISSISSIPPI LIME	12024	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 527969

Location Exception Orders: 671575

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 17144

Ground Elevation: 1369

Surface Casing: 1500

Depth to base of Treatable Water-Bearing FM: 320

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: No

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

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: DOG CREEK

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

PERMIT NO: 17-33553

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 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: DOG CREEK

HORIZONTAL HOLE 1

Sec 12 Twp 11N Rge 9W County CANADIAN

Spot Location of End Point: SW SE SE SE

Feet From: SOUTH 1/4 Section Line: 65

Feet From: EAST 1/4 Section Line: 400

Depth of Deviation: 11907

Radius of Turn: 382

Direction: 170

Total Length: 4637

Measured Total Depth: 17144

True Vertical Depth: 12300

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

Notes:

Category

Description

DEEP SURFACE CASING

12/15/2017 - 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

12/15/2017 - G71 - OCC 165:10-3-10 REQUIRES:

1) PRIOR TO COMMENCEMENT OF HYDRAULIC FRACTURING OPERATIONS FOR HORIZONTAL WELLS, NOTICE GIVEN FIVE BUSINESS DAYS IN ADVANCE TO OFFSET OPERATORS WITH WELLS COMPLETED IN THE SAME COMMON SOURCE OF SUPPLY WITHIN 1/2 MILE;

2) WITH NOTICE ALSO GIVEN 48 HOURS IN ADVANCE OF HYDRAULIC FRACTURING ALL WELLS TO BOTH THE OCC CENTRAL OFFICE AND LOCAL DISTRICT OFFICES, USING THE "FRAC NOTICE FORM" FOUND AT THE FOLLOWING LINK: OCCEWEB.COM/OG/OGFORMS.HTML; AND,

3) THE CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS FOR ALL WELLS TO BE REPORTED TO FRACFOCUS WITHIN 60 DAYS AFTER THE CONCLUSION THE HYDRAULIC FRACTURING OPERATIONS, USING THE FOLLOWING LINK: FRACFOCUS.ORG

LOCATION EXCEPTION - 671575

1/2/2018 - G57 - (E.O.) 12-11N-9W
X527969 MSSLM
COMPL. INT. NCT 165' FNL, NCT 165' FSL, NCT 330' FEL
PALOMA PARTNERS, IV, LLC.
REC 12-5-2017 (JACKSON)

MEMO

12/15/2017 - G71 - PITS 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST, PIT 2 - OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT

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

SPACING - 527969

1/2/2018 - G57 - (640) 12-11N-9W
EXT 130069 MSSLM, OTHERS
EXT OTHERS

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.

TOPOGRAPHIC LAND SURVEYORS OF OKLAHOMA

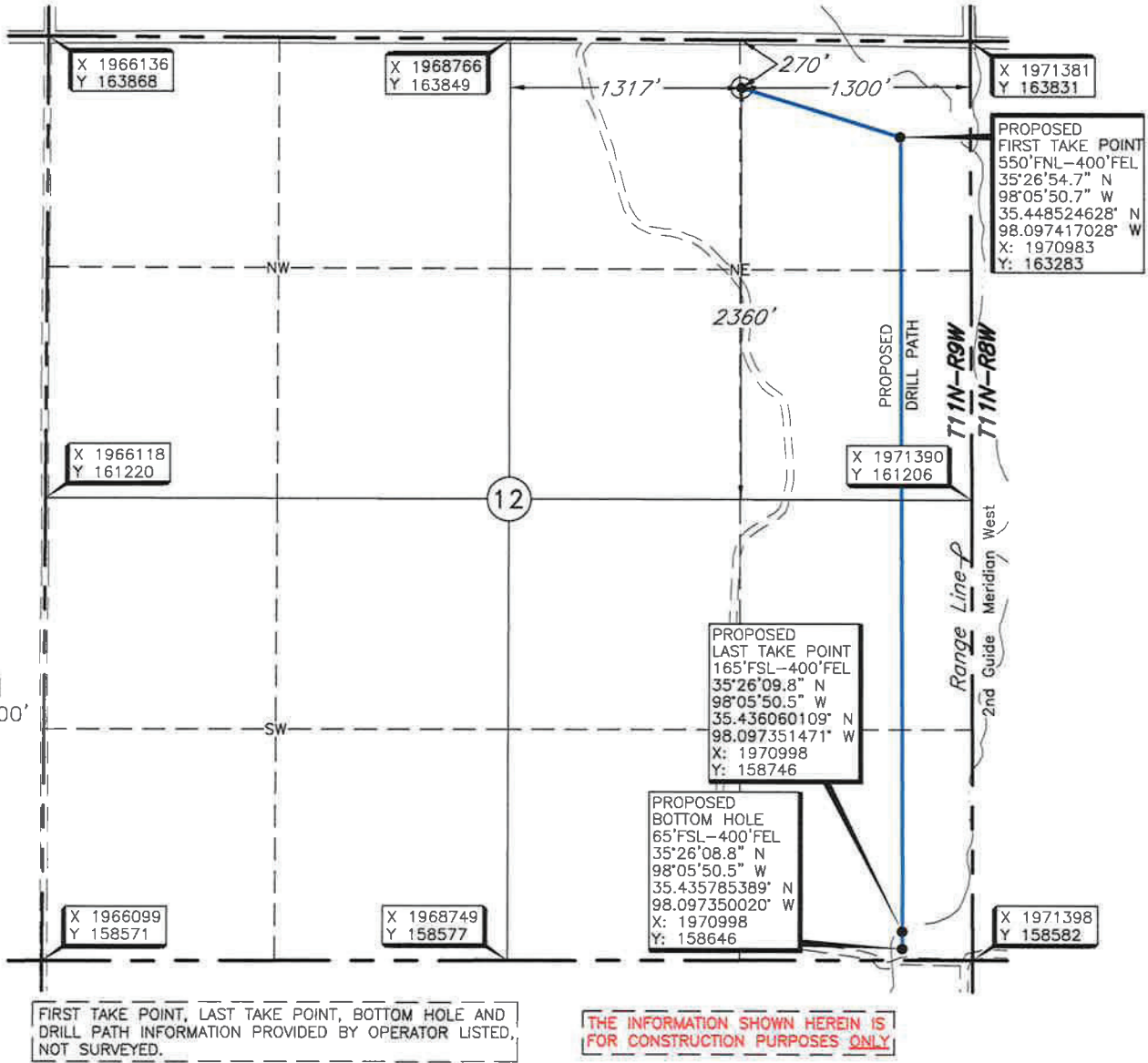
6709 NORTH CLASSEN BLVD., OKLA. CITY, OKLA. 73116 * LOCAL (405) 843-4847 * OUT OF STATE (800) 654-3219
 Certificate of Authorization No. 1293 LS

CANADIAN

County, Oklahoma

API: 017 25153

270'FNL-1300'FEL Section 12 Township 11N Range 9W I.M.



Operator: PALOMA OPERATING COMPANY, INC.

Lease Name: DAKOTA 12-11N-9W

Well No.: 1H

ELEVATION:
1369' Gr. at Stake

Topography & Vegetation Loc. fell in terraced pasture

Good Drill Site? Yes Reference Stakes or Alternate Location Stakes Set None

Best Accessibility to Location From North off county road

Distance & Direction From Hwy Jct or Town From the junction of I-40 & Calumet Exit, go ± 5.5 miles South on Calumet Road, then ± 1 mile East to the Northeast Corner of Section 12, T11N-R9W.

DATUM: NAD-27
 LAT: 35°26'57.5" N
 LONG: 98°06'01.6" W
 LAT: 35.449308326° N
 LONG: 98.100441490° W
 STATE PLANE COORDINATES (US FEET):
 ZONE: OK NORTH
 X: 1970082
 Y: 163570

Revision A Date of Drawing: Dec. 15, 2017
 Invoice # 285215 Date Staked: Dec. 14, 2017 NMB

CERTIFICATE:

I, Thomas L. Howell an Oklahoma Licensed Land Surveyor and an authorized agent of Topographic Land Surveyors of Oklahoma, do hereby certify to the information shown herein.

Thomas L. Howell
 Oklahoma Reg. No. 1433



This information was gathered with a GPS receiver with ±1 foot Horiz./Vert. accuracy.