

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

API NUMBER: 137 27513

Approval Date: 01/03/2018

Expiration Date: 07/03/2018

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 19 Twp: 1N Rge: 4W County: STEPHENS
SPOT LOCATION: S2 SW NE SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 1580 1650

Lease Name: ELY Well No: 0104 2H-18X Well will be 1580 feet from nearest unit or lease boundary.

Operator Name: NEWFIELD EXPLORATION MID-CON INC Telephone: 2816742521; 9188781 OTC/OCC Number: 20944 0

NEWFIELD EXPLORATION MID-CON INC
4 WATERWAY SQ PL STE 100
SPRING, TX 77380-2764

LLOY E. ELY & SHEILA M. ELY
297297 E. 1730 RD.
DUNCAN OK 73533

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

Name	Depth	Name	Depth
1 MISSISSIPPIAN	8180	6	
2 WOODFORD	9730	7	
3		8	
4		9	
5		10	

Spacing Orders: 642263

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201707766
201707767
201707762
201707765
201707782

Special Orders:

Total Depth: 21218

Ground Elevation: 1064

Surface Casing: 1500

Depth to base of Treatable Water-Bearing FM: 630

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: No

PIT 1 INFORMATION

Type of Pit System: ON SITE

Type of Mud System: AIR

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: 4

Liner not required for Category: 4

Pit Location is BED AQUIFER

Pit Location Formation: PURCELL

Mud System Change to Water-Based or Oil-Based Mud Requires an Amended Intent (Form 1000).

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

F. Haul to Commercial soil farming facility: Sec. 28 Twn. 2N Rng. 4W Cnty. 137 Order No: 665063

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: 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 located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is BED AQUIFER

Pit Location Formation: PURCELL

PIT 3 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: PURCELL

HORIZONTAL HOLE 1

Sec 19 Twp 1N Rge 4W County STEPHENS

Spot Location of End Point: NE NE NW NW

Feet From: NORTH 1/4 Section Line: 50

Feet From: WEST 1/4 Section Line: 1000

Depth of Deviation: 9500

Radius of Turn: 872

Direction: 357

Total Length: 10348

Measured Total Depth: 21218

True Vertical Depth: 10886

End Point Location from Lease,
Unit, or Property Line: 50

Notes:

Category

Description

DEEP SURFACE CASING

12/6/2017 - 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

Category	Description
HYDRAULIC FRACTURING	12/6/2017 - 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
MEMO	12/6/2017 - G71 - PIT 2 & 3 - CLOSED SYSTEM = STEEL PITS PER OPERATOR REQUEST, WBM & OBM CUTTINGS CAPTURED IN STEEL HALF PITS & TRANSFERRED TO BACKYARD ENERGY SERVICES SOUTH SCOOP FACILITY (SE4 28-2N-4W, STEPHENS CO.); PIT 3 - OBM TO VENDOR
PENDING CD - 201707762	12/13/2017 - G60 - (E.O.) 19-1N-4W X642263 WDFD 7 WELLS NEWFIELD EXPLORATION MID-CONTINENT INC. REC. 12/12/17 (DUNN)
PENDING CD - 201707765	12/13/2017 - G60 - (E.O.) 19-1N-4W X642263 WDFD 8 WELLS NEWFIELD EXPLORATION MID-CONTINENT INC. REC. 12/12/17 (DUNN)
PENDING CD - 201707766	12/13/2017 - G60 - (E.O.) 18 & 19-1N-4W EST MULTIUNIT HORIZONTAL WELL X642263 MSSP, WDFD (MSSP IS AN ADJACENT COMMON SOURCE OF SUPPLY TO WDFD) 50% 18-1N-4W 50% 19-1N-4W NEWFIELD EXPLORATION MID-CONTINENT INC. REC. 1/2/18 (DUNN)
PENDING CD - 201707767	12/13/2017 - G60 - (E.O.) 18 & 19-1N-4W X642263 MSSP, WDFD COMPL. INT. (19-1N-4W) NCT 165' FSL, NT 0' FNL, NCT 990' FWL COMPL. INT. (18-1N-4W) NCT 0' FSL, NCT 165' FNL, NCT 990' FWL NEWFIELD EXPLORATION MID-CONTINENT INC. REC. 1/2/18 (DUNN)
SPACING - 642263	12/13/2017 - G60 - (640) 18 & 19-11-4W EST MSSP, WDFD, OTHER COMPL. INT. (MSSP) NLT 660' FB COMPL. INT. (WDFD) NLT 165' FNL/FSL, NLT 330' FEL/FWL (COEXIST WITH SP. ORDER 297379 SCRM, WDFD 18; SP. ORDER 440390 SCMR, WDFD 19; SP. ORDER 441878 SCMR, WDFD 19)

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.

3513727513

PERMIT PLAT

M & M Land Surveying, Inc.
 Phone (580) 226-0446
 520 E Street N.W.
 Ardmore, OK 73401

Company Name: **NEWFIELD EXPLORATION MID-CONTINENT INC.**

Lease Name: ELY 0104 2H-18X

Section 19 Township 1 N Range 4 W, I.B.M., County of Stephens, State of Oklahoma

Elevation Good Location?

Original Location: 1580'FSL - 1650'FWL 1064' GROUND YES

Distance & Direction From Nearest Town: 5.5 miles North of Velma.

N 89°59'03" W

N:448409.38

E:2105231.16

SURFACE LOCATION

DATUM: NAD27

LAT: 34° 32' 25.40"N

LONG: 97° 39' 45.92"W

LAT: 34.540388°N

LONG: 97.662755°W

STATE PLANE

COORDINATES: (US SURVEY FEET)

ZONE: SOUTH ZONE

Y (N): 439428.82

X (E): 2101562.41

DATUM: NAD83

LAT: 34° 32' 25.69"N

LONG: 97° 39' 47.03"W

LAT: 34.540469°N

LONG: 97.663063°W

STATE PLANE

COORDINATES: (US SURVEY FEET)

ZONE: SOUTH ZONE

Y (N): 439470.95

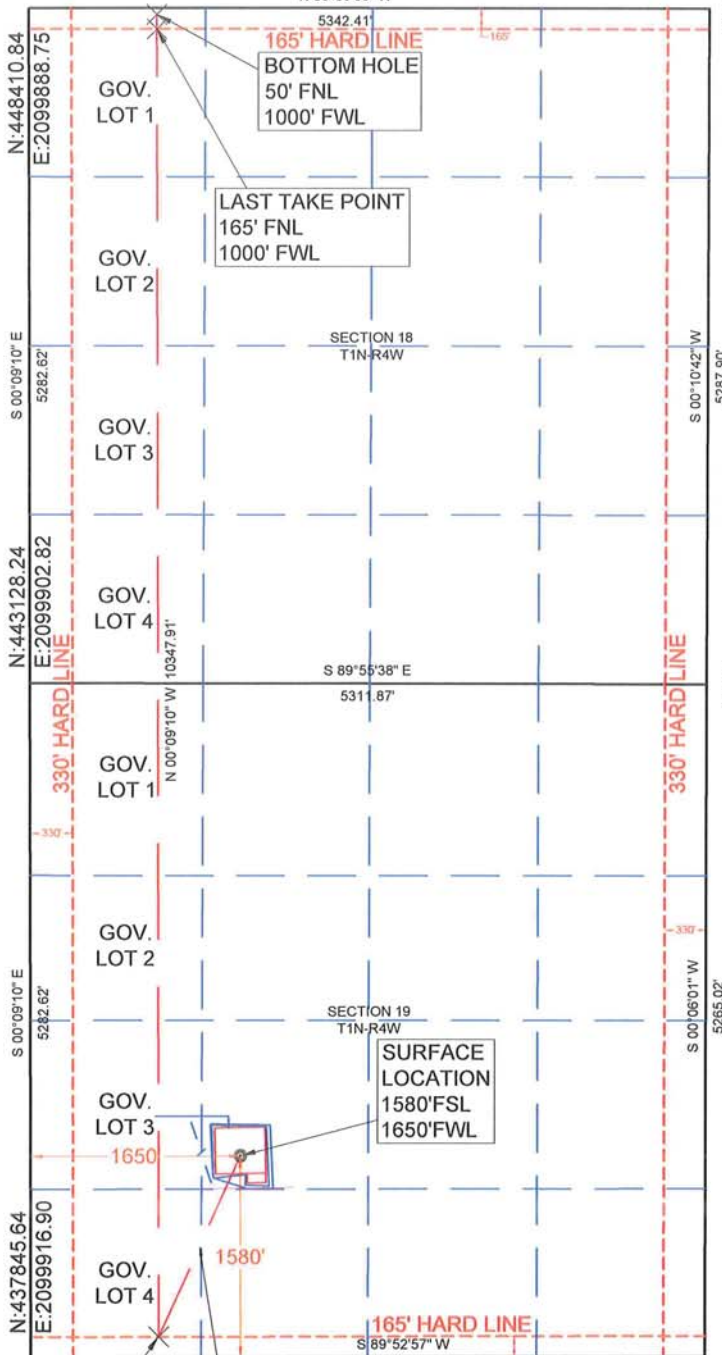
X (E): 2069967.25

DATA DERIVED FROM
 G.P.S. WITH O.P.U.S.
 DATA.

This location has been staked according to the best official survey records available to us. The metrical data shown hereon is for permitting the well location and the section location may or may not be field verified. Please review this plat and notify us immediately of any discrepancy.

CERTIFICATE:

I D. Harry McClintick a Registered Land Surveyor in the State Of Oklahoma, do hereby certify that the above described Well Location was surveyed and staked on the ground as shown and that said plat meets or exceeds the Oklahoma Minimum Technical Standards for the practice of land surveying as adopted by the Oklahoma State Board of Licensure for Professional Engineers and Land Surveyors.



LANDING POINT
 165' FSL
 1000' FWL

N:437856.49
 E:2105205.48



SCALE 1" = 1500'
 0' 1500'

SURVEY BY: M & M Land Surveying, Inc. ~ C.A. No. 3093 (LS)	
DRAWING BY: Bennett-Morris And Associates Land Surveying, P.C.	
© COPYRIGHT 2017 C.A. No. 5975 (LS) ~ Aaron L. Morris, RPLS	
PROJECT NUMBER: 17463	SITE VISIT: (Explanation and Date)
17463	STAKING DATE: 10/31/2017
SHEET: 6 OF 10	DRAWING DATE: 11/06/2017



D. Harry McClintick
 D. Harry McClintick
 PLS. No.1367 CFEDS

3513727513

OKLAHOMA
CORPORATION COMMISSION
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253 Jim Thorpe Building
Telephone: (405) 521-2240
FAX: (405) 521-3099
www.occeweb.com

OIL & GAS CONSERVATION DIVISION



Tim Baker, Director

November 3, 2017

Backyard Energy Services
Conor O'Reily
1601 NW Expressway
Suite 1450
Oklahoma City, OK 73118

Re: Backyard Energy Services, Oil Based Drill Cuttings Treatment Process
Approval of Pilot Project State of Oklahoma.

Dear Mr. O'Reilly,

The Pollution Abatement Department has reviewed the documentation and analyses furnished to us by Backyard energy services, LLC (Backyard) in support of a commercial non-deleterious facility (Facility), filed in Cause P.D. No. 201700132, requesting statewide authority.

It's our understanding that Backyard has an agreement with Newfield Exploration Co. to furnish oil based drill cuttings (Drill Cuttings) for processing into a material that will be used for construction of the companies' drill sites. As a result of our review and technical meetings with Backyard representatives, you will have the ability to recycle/process the operator's drill cuttings for use for construction of the drill sites, until January 31st, 2018, or until a final Commission order issues.

Prior to using the processed material for construction, Backyard will provide the Pollution Abatement Department with the analyses of the processed material to be used, demonstrating it complies with the Target Limits set forth in the Amended Application in Cause PD No. 201700132. Backyard will also furnish the legal location and amount of processed material to be used for the construction of each drill site prior to commencement of construction. Once the construction has been completed, Backyard will prepare a post summary report. Records of the amount of incoming drill cuttings and the amount of outgoing processed material will be kept, as well as dates and the origin of the drill cuttings and the final destination. Such records will be made available to Commission staff upon request. This Facility will not be considered a commercial recycling facility for the purpose of this pilot project. If the project is to continue after January 31st, 2018, a reevaluation may be required by the Pollution Abatement Department in order to determine if additional authorization may be granted by the Commission.

If operations at the facility are terminated prior to January 31st, 2018, the Pollution Abatement department shall be notified immediately.

If there are any questions, please feel free to contact me at 405-521-2240.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Baker".

Tim Baker
Director, OGCD

C: Mike Moore, Terri Grooms, Brad Ice, Gayland Darity, Grant Ellis, Cheri Wheeler

3513727513



Newfield Exploration Company
24 Waterway Avenue | Suite 900
The Woodlands, Texas 77380

October 19, 2017

Oklahoma Corporation Commission
Tim Baker, Director of the Oil and Gas
Conservation Division
2101 N. Lincoln Blvd
Oklahoma City, Oklahoma 73105

*RE: Cause PD. No. 201700132, Backyard Energy Services, LLC Oil Based Drill Cuttings
Treatment Pilot Project, State of Oklahoma*

Dear Mr. Baker:

Please be advised that Newfield Exploration Mid-Con, Inc. (Newfield) understands and agrees it will be the sole operator under a Commission pilot project which will allow Backyard Energy Services, LLC to process Newfield's oil based drill cuttings using the process and requirements outlined in the amended application filed in Cause PD No. 201700132. The results of the processing will be a material that will be used in the construction of Newfield's drill sites.

Newfield further understands the initial pilot project will be for a period of ninety (90) days, or until such time as an order issues if the above referenced cause.

If there are further questions, please do not hesitate to contact Evelyn Smith at (281)674-2521.

Sincerely,

A handwritten signature in black ink that reads "Matt Cooley".

Matt Cooley
Drilling Manager