

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

API NUMBER: 043 23613

Approval Date: 04/20/2018

Expiration Date: 10/20/2018

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 09 Twp: 18N Rge: 14W County: DEWEY
SPOT LOCATION: SE SW SE SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 245 1700

Lease Name: EVANS Well No: 4-9-1XH Well will be 245 feet from nearest unit or lease boundary.

Operator Name: DERBY EXPLORATION LLC Telephone: 4056393786 OTC/OCC Number: 24143 0

DERBY EXPLORATION LLC
PO BOX 779
OKLAHOMA CITY, OK 73101-0779

JERRY EVANS
67778 N. 2390 RD
CANTON OK 73724

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

| Name | Depth | Name | Depth |
|------|---------------|------|-------|
| 1 | MISSISSIPPIAN | 9362 | 6 |
| 2 | | | 7 |
| 3 | | | 8 |
| 4 | | | 9 |
| 5 | | | 10 |

Spacing Orders: 676450

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201800960
201800962
201802981
201802579

Special Orders:

Total Depth: 19920 Ground Elevation: 1938 **Surface Casing: 700** Depth to base of Treatable Water-Bearing FM: 500

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? Y

Wellhead Protection Area? Y

Pit is located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is AP/TE DEPOSIT

Pit Location Formation: TERRACE

Approved Method for disposal of Drilling Fluids:

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 18-33932
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? Y

Wellhead Protection Area? Y

Pit is located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is AP/TE DEPOSIT

Pit Location Formation: TERRACE

HORIZONTAL HOLE 1

Sec 04 Twp 18N Rge 14W County DEWEY

Spot Location of End Point: N2 N2 NE NW

Feet From: NORTH 1/4 Section Line: 50

Feet From: WEST 1/4 Section Line: 1980

Depth of Deviation: 8504

Radius of Turn: 800

Direction: 360

Total Length: 10159

Measured Total Depth: 19920

True Vertical Depth: 10071

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

Notes:

Category

Description

HYDRAULIC FRACTURING

4/18/2018 - 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

INTERMEDIATE CASING

4/18/2018 - 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

PENDING CD - 201800962

4/19/2018 - G57 - (E.O.) 9 & 4-18N-14W
X676450 MSSP 9-18N-14W
X201800960 MSSP 4-18N-14W
SHL (9-18N-14W) SW4
COMPL. INT. (9-18N-14W) NCT 165' FSL, NCT 0' FNL, NCT 330' FWL COMPL. INT. (4-18N-14W)
NCT 0' FSL, NCT 165' FNL, NCT 330' FWL NO OP. NAMED
REC 4-6-2018 (P. PORTER)

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.

043 23613 EVANS 4-9-1XH

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 - 201802579 | 4/19/2018 - G57 - (E.O.) 9 & 4-18N-14W EST MULTIUNIT HORIZONTAL WELL X676450 MSSP 9-18N-14W X201800960 MSSP 4-18N-14W 50% 9-18N-14W 50% 4-18N-14W NO OP. NAMED REC 4-6-2018 (P. PORTER) |
| PENDING CD - 201802981 | 4/20/2018 - G57 - (E.O.) 9-18N-14W X201800515 MSSP 1 WELL DERBY EXPLORATION, LLC. REC 4-20-2018 (THOMAS) |
| PENDING SPACING - 201800960 | 4/19/2018 - G57 - (1280) 4 & 9-18N-14W** VAC 95923 CSTR 9-18N-14W VAC 249771 CSTR 4-18N-14W EST CSTR, MSSP ++, WDFD, HNTN REC 4-3-2018 (THOMAS) |
| | **DMOA & AMENDED AT HEARING TO (640) 4-18N-14W PER ATTORNEY FOR OPERATOR |
| | ++MSSP CORRECTED TO MSNLC AT HEARING PER ATTORNEY FOR OPERATOR |
| PUBLIC WATER SUPPLY WELL | 4/18/2018 - G71 - COUNTRY INN BAR - 1 PWS/WPA, NW/4 9-18N-14W |
| SPACING - 676450 | 4/19/2018 - G57 - (640)(HOR) 9-18N-14W VAC 95923 CSTR EST MSSP, OTHERS POE TO BHL (MSSP, HNTN) NLT 660' FB |

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