

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

API NUMBER: 063 24787

Approval Date: 04/20/2018  
Expiration Date: 10/20/2018

Straight Hole Stratigraphic Test

PERMIT TO DRILL

WELL LOCATION: Sec: 22 Twp: 6N Rge: 11E County: HUGHES  
SPOT LOCATION:  SE  SW  SW  SW FEET FROM QUARTER: FROM SOUTH FROM WEST  
SECTION LINES: 234 425

Lease Name: BONELL Well No: 1-22W Well will be 234 feet from nearest unit or lease boundary.  
Operator Name: CANYON CREEK ENERGY OPERATING LLC Telephone: 9185616737 OTC/OCC Number: 23443 0

CANYON CREEK ENERGY OPERATING LLC  
2431 E 61ST ST STE 400  
TULSA, OK 74136-1237

D & D HUGHES, LLC  
2601 PIONEER LANE  
MOORE OK 73160

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

| Name     | Depth | Name | Depth |
|----------|-------|------|-------|
| 1 SYLVAN | 6290  | 6    |       |
| 2        |       | 7    |       |
| 3        |       | 8    |       |
| 4        |       | 9    |       |
| 5        |       | 10   |       |

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 6290 Ground Elevation: 770 **Surface Casing: 1000** Depth to base of Treatable Water-Bearing FM: 170

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

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: SENORA

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

Approved Method for disposal of Drilling Fluids:

F. Haul to Commercial soil farming facility: Sec. 14 Twn. 7N Rng. 9E Cnty. 63 Order No: 551649  
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: 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: SENORA

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: SENORA

Notes:

Category

Description

DEEP SURFACE CASING

4/20/2018 - 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

MEMO

4/20/2018 - G71 - PITS 2 & 3 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST, PIT 3 - OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT

SPACING

4/20/2018 - G58 - NA - THIS WELL HAS BEEN APPROVED AS A STRATIGRAPHIC TEST WITH THE INTENT TO SET SURFACE CASING ONLY. OPERATOR WILL FILE AN AMENDED FORM 1000 CHANGING THE TYPE OF DRILLING OPERATION AT A LATER DATE