

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

API NUMBER: 019 25830

Approval Date: 01/24/2013
Expiration Date: 07/24/2013

Directional Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 18 Twp: 4S Rge: 1W County: CARTER
SPOT LOCATION: SW SW NE SW FEET FROM QUARTER: FROM SOUTH FROM EAST
SECTION LINES: 1501 1319

Lease Name: **INTERSERIES SHELL CAR** Well No: **3-18** Well will be **1** feet from nearest unit or lease boundary.
Operator Name: **AVALON EXPLORATION INC** Telephone: 9185230600 OTC/OCC Number: 14147 0

AVALON EXPLORATION INC
110 W 7TH ST STE 2700
TULSA, OK 74119-1104

RAY LONDON COMPANY, LLC
PO BOX 1444
ARDMORE OK 73402

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

Name	Depth	Name	Depth
1 FUSULINID LOW	6200	6 HUNTON	9000
2 TUSSY UP	6600	7 VIOLA	9900
3 TUSSY LOW	6900	8 BROMIDE	10700
4 SYCAMORE	8000	9 OIL CREEK	11000
5 WOODFORD	8500	10 ARBUCKLE	11300

Spacing Orders: 387196
127607

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201208380
201208471

Special Orders:

Total Depth: 11350 Ground Elevation: 990 **Surface Casing: 1200** Depth to base of Treatable Water-Bearing FM: 520

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: 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: 2
Liner not required for Category: 2
Pit Location is BED AQUIFER
Pit Location Formation: GARBER

Approved Method for disposal of Drilling Fluids:

- A. Evaporation/dewater and backfilling of reserve pit.
- B. Solidification of pit contents.
- D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 13-22407

DIRECTIONAL HOLE 1

Sec 18 Twp 4S Rge 1W County CARTER
Spot Location of End Point: NW NW SE SW
Feet From: SOUTH 1/4 Section Line: 1100
Feet From: EAST 1/4 Section Line: 1020
Measured Total Depth: 11350
True Vertical Depth: 11300
End Point Location from Lease,
Unit, or Property Line: 200

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.

Notes:

Category	Description
DEEP SURFACE CASING	1/23/2013 - G71 - APPROVED CONTINGENT ON NOTIFYING OCC FIELD STAFF IMMEDIATELY OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR SURFACE CASING
PENDING CD - 201208380	1/24/2013 - G30 - NE4 SW4 18-4S-1W X98633/127607 FSLDL, TSSYU, TSSYL, OTHERS SHL NCT 1501 FSL, NCT 1261 FWL POE NCT 165 FSL, NCT 165 FWL NE4 SW4 BHL NCT 165 FSL, NCT 165 FWL NE4 SW4 NO OP. NAMED REC 1/22/13 (MCKEOWN)
PENDING CD - 201208471	1/24/2013 - G30 - NE4 SW4 18-4S-1W X98633/127607 FSLDL, OTHER 1 WELL NO OP. NAMED REC 1/22/13 (JOHNSON)
SPACING - 127607	1/23/2013 - G30 - (40) N2 S2 18-4S-1W EXT 98633/108557/112175/112496 FSLDL, TSYU, TSYL, OTHERS
SPACING - 387196	1/23/2013 - G30 - (160) N2 & SW4 18-4S-1W VAC OTHERS EXT 367450 SCMR, WDFD, HNTN, VIOL, BRMD, OLCK, ABCK, 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.