

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

API NUMBER: 141 20478

Approval Date: 01/30/2014  
Expiration Date: 07/30/2014

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 01 Twp: 3S Rge: 19W County: TILLMAN  
SPOT LOCATION:  NW  SE  SW  SW FEET FROM QUARTER: FROM SOUTH FROM WEST  
SECTION LINES: 335 695

Lease Name: COPELAND Well No: 1 Well will be 335 feet from nearest unit or lease boundary.  
Operator Name: AC OPERATING COMPANY LLC Telephone: 7138819030 OTC/OCC Number: 23061 0

AC OPERATING COMPANY LLC  
952 ECHO LN STE 390  
HOUSTON, TX 77024-2851

JEFF COPELAND INTERESTS, LP  
BOX 715  
HORSESHOE BAY TX 78654

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

	Name	Depth	Name	Depth
1	HENDERSON	3200	6	
2	CANYON	3300	7	
3	STRAWN	4800	8	
4	MISSISSIPPI LIME	5000	9	
5			10	

Spacing Orders: 619582

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 5200

Ground Elevation: 1257

**Surface Casing: 200**

Depth to base of Treatable Water-Bearing FM: 110

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: 1B

Liner required for Category: 1B

Pit Location is AP/TE DEPOSIT

Pit Location Formation: TERRACE

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

H. SOIL COMPACTED PIT, NOTIFY DISTRICT PRIOR TO TESTING SOIL PIT LINER

Notes:

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.

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Category	Description
FRAC FOCUS	1/28/2014 - G71 - THE REQUIREMENT FOR CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS WILL BE EXTENDED TO INCLUDE ALL NON-HORIZONTAL WELLS FOR HYDRAULIC FRACTURING OPERATIONS BEGINNING JANUARY 1, 2014. REFER TO OCC RULE 165:10-3-10 FOR COMPLIANCE REQUIREMENTS. PLEASE REPORT DIRECTLY TO FRACFOCUS USING THE FOLLOWING LINK <a href="http://fracfocus.org/">HTTP://FRACFOCUS.ORG/</a> OR FOR OCC ASSISTANCE CONTACT DENNIS NISKERN AT 405-522-2977 OR D.NISKERN@OCCEMAIL.COM
SPACING	1/30/2014 - G30 - HENDERSON & CANYON UNSPACED, 80 ACRE LEASE (S2 SW4)

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