

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

API NUMBER: 063 24443

Approval Date: 02/20/2014
Expiration Date: 08/20/2014

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 20 Twp: 7N Rge: 8E

County: HUGHES

SPOT LOCATION: NE NE NW NE

FEET FROM QUARTER: FROM NORTH FROM EAST

SECTION LINES: 200 1340

Lease Name: SHANGHAI

Well No: 17-7H

Well will be 200 feet from nearest unit or lease boundary.

Operator Name: SILVER CREEK OIL & GAS LLC

Telephone: 9406654373; 9725731

OTC/OCC Number: 22726 0

SILVER CREEK OIL & GAS LLC
5525 N MACARTHUR BLVD STE 775
IRVING, TX 75038-2665

ARTY & MARGUERITE HEAROD
6645 E 134 ROAD
HOLDENVILLE OK 74848

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

Name	Depth	Name	Depth
1 MISSISSIPPIAN	3719	6	
2 WOODFORD	4046	7	
3 HUNTON	4216	8	
4 VIOLA	4241	9	
5		10	

Spacing Orders: 620171

Location Exception Orders: 621735

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 9398

Ground Elevation: 920

Surface Casing: 330

Depth to base of Treatable Water-Bearing FM: 280

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: 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: 1B

Liner required for Category: 1B

Pit Location is BED AQUIFER

Pit Location Formation: SEMINOLE

Approved Method for disposal of Drilling Fluids:

- A. Evaporation/dewater and backfilling of reserve pit.
- B. Solidification of pit contents.

F. Haul to Commercial soil farming facility: Sec. 22 Twn. 2N Rng. 9E Cnty. 29 Order No: 537817

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: ON SITE
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: 3
Liner required for Category: 3
Pit Location is BED AQUIFER
Pit Location Formation: SEMINOLE

HORIZONTAL HOLE 1

Sec 17 Twp 7N Rge 8E County HUGHES
Spot Location of End Point: N2 NW NE NE
Feet From: NORTH 1/4 Section Line: 1
Feet From: EAST 1/4 Section Line: 990
Depth of Deviation: 3650
Radius of Turn: 392
Direction: 3
Total Length: 4950
Measured Total Depth: 9398
True Vertical Depth: 4241
End Point Location from Lease,
Unit, or Property Line: 1

Notes:

Table with 2 columns: Category, Description. Contains notes about LOCATION EXCEPTION - 621735, MEMO, and SPACING - 620171.

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