

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

API NUMBER: 139 24579

Approval Date: 07/11/2013
Expiration Date: 01/11/2014

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 31 Twp: 5N Rge: 15ECM County: TEXAS

SPOT LOCATION: N2 NE NE SE FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 2442 2310

Lease Name: HERZIG C Well No: 1 Well will be 330 feet from nearest unit or lease boundary.

Operator Name: OXY USA INC Telephone: 7132157000; 6206294 OTC/OCC Number: 9012 0

OXY USA INC
P.O. Box 27757
HOUSTON, TX 77227-7757

THOMAS A OR PHYLLIS STEVENS, TRUSTEES
RT 3, BOX 172
GUYMON OK 73942

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

| Name | Depth | Name | Depth |
|-------------|-------|------|-------|
| 1 MORROW UP | 6100 | 6 | |
| 2 | | 7 | |
| 3 | | 8 | |
| 4 | | 9 | |
| 5 | | 10 | |

Spacing Orders: 36361

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201303923

Special Orders:

Total Depth: 7070

Ground Elevation: 3165

Surface Casing: 1800

Depth to base of Treatable Water-Bearing FM: 530

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: 25000 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: OGALLALA

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.

139 24579 HERZIG C 1

| Category | Description |
|------------------------|---|
| DEEP SURFACE CASING | 7/9/2013 - 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 - 201303923 | 7/11/2013 - G30 - 31-5N-15ECM X36361 MRRWU XOTHER 2442 FSL, 330 FEL NO OP. NAMED REC 7/8/13 (CANDLER) |
| SPACING - 36361 | 7/11/2013 - G30 - (640) 31-5N-15ECM EST MRRWU |

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