

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

API NUMBER: 153 23547

Approval Date: 08/07/2013

Expiration Date: 02/07/2014

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 03 Twp: 23N Rge: 20W County: WOODWARD
SPOT LOCATION: NE SW SW NE FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 397 363

Lease Name: WITHGOTT Well No: 3-2 Well will be 2243 feet from nearest unit or lease boundary.

Operator Name: CEI PETROLEUM INC Telephone: 9185824284 OTC/OCC Number: 18519 0

CEI PETROLEUM INC
427 S BOSTON AVE STE 400
TULSA, OK 74103-4141

QUINCY K. WITHGOTT LIVING TRUST
933 FRONTIER DR
WOODWARD OK 73801

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

Name	Depth	Name	Depth
1 MORROW SAND	7650	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 35772
63509

Location Exception Orders:

Increased Density Orders: 614435

Pending CD Numbers:

Special Orders:

Total Depth: 8040 Ground Elevation: 2036 **Surface Casing: 800** Depth to base of Treatable Water-Bearing FM: 380

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

PIT 1 INFORMATION

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: WATER BASED

Chlorides Max: 80000 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 AP/TE DEPOSIT

Pit Location Formation: TERRACE

Approved Method for disposal of Drilling Fluids:

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 13-23991
H. CLOSED SYSTEM=STEEL PITS PER OPERATOR OPTION

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.

Category	Description
DEEP SURFACE CASING	8/7/2013 - 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
INCREASED DENSITY - 614435	8/7/2013 - G30 - 3-23N-20W X63509 MWSD 1 WELL CEI PETROLEUM, INC. 8/1/13
SPACING - 35772	8/7/2013 - G30 - (640) 3-23N-20W EST MWSD
SPACING - 63509	8/7/2013 - G30 - (640) 3-23N-20W EXT 35772/38965 MWSD
SURFACE CASING	7/31/2013 - G71 - MIN. 450' PER ORDER 52636

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