

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

API NUMBER: 071 24788 A

Approval Date: 08/07/2014
Expiration Date: 02/07/2015

Straight Hole Oil & Gas

Amend reason: CORRECT QUARTER SECTION; TOTAL DEPTH

AMEND PERMIT TO DRILL

WELL LOCATION: Sec: 05 Twp: 28N Rge: 1E

County: KAY

SPOT LOCATION:

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 990 330

Lease Name: TRENARY

Well No: 9

Well will be 330 feet from nearest unit or lease boundary.

Operator Name: DEMCO OIL & GAS COMPANY

Telephone: 5803634223; 5803634

OTC/OCC Number: 7223 0

DEMCO OIL & GAS COMPANY
1335 S 6TH ST
BLACKWELL, OK 74631-4203

DEMCO OIL & GAS COMPANY
1335 S. 6TH STREET
BLACKWELL OK 74631

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

| | Name | Depth | Name | Depth | |
|---|--------------|-------|------|------------------|------|
| 1 | HOTSON | 600 | 6 | MISSISSIPPI CHAT | 3250 |
| 2 | NEVA | 695 | 7 | MISSISSIPPI LIME | 3265 |
| 3 | NEWKIRK SD | 1400 | 8 | WILCOX | 3315 |
| 4 | HOOVER | 1870 | 9 | | |
| 5 | BARTLESVILLE | 3240 | 10 | | |

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 3426

Ground Elevation: 1096

Surface Casing: 200

Depth to base of Treatable Water-Bearing FM: 140

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: 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: WELLINGTON

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

Notes:

This permit does not transfer 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 |
|------------|---|
| FRAC FOCUS | 9/9/2014 - G76 - 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 HTTP://FRACFOCUS.ORG/ OR FOR OCC ASSISTANCE CONTACT DENNIS NISKERN AT 405-522-2977 OR D.NISKERN@OCCEMAIL.COM |
| SPACING | 9/9/2014 - G91 - FORMATIONS UNSPACED; 160-ACRE LEASE (NE4) |

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.