

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

API NUMBER: 081 24286

Approval Date: 11/28/2016

Expiration Date: 05/28/2017

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 28 Twp: 16N Rge: 6E

County: LINCOLN

SPOT LOCATION:

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 660 760

Lease Name: MILLER

Well No: 1-28

Well will be 660 feet from nearest unit or lease boundary.

Operator Name: BLUE DOLPHIN PRODUCTION LLC

Telephone: 4052855388

OTC/OCC Number: 20881 0

BLUE DOLPHIN PRODUCTION LLC
13120 N MACARTHUR BLVD
OKLAHOMA CITY, OK 73142-3017

RONALD EUGENE MILLER
P O BOX 754
STROUD OK 74079

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

| Name | Depth | Name | Depth |
|----------------|-------|--------------------|-------|
| 1 CLEVELAND | 2330 | 6 MISSISSIPPI LIME | 3655 |
| 2 OSWEGO | 3005 | 7 | |
| 3 PRUE-SKINNER | 3031 | 8 | |
| 4 RED FORK | 3330 | 9 | |
| 5 BARTLESVILLE | 3540 | 10 | |

Spacing Orders: 210694
41642

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 4100

Ground Elevation: 988

Surface Casing: 710

Depth to base of Treatable Water-Bearing FM: 650

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: Yes

PIT 1 INFORMATION

Approved Method for disposal of Drilling Fluids:

Type of Pit System: ON SITE

A. Evaporation/dewater and backfilling of reserve pit.

Type of Mud System: WATER BASED

Chlorides Max: 2500 Average: 1800

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: VANOSS

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 |
|----------------------|--|
| HYDRAULIC FRACTURING | 11/23/2016 - G71 - OCC 165:10-3-10 REQUIRES: 1) THE CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS FOR ALL WELLS BE REPORTED TO FRACFOCUS USING THE FOLLOWING LINK HTTP://FRACFOCUS.ORG/ WITH NOTICE GIVEN 48 HOURS IN ADVANCE OF FRACTURING TO THE LOCAL OCC DISTRICT OFFICE; AND, 2) PRIOR TO COMMENCEMENT OF FRACTURING OPERATIONS FOR HORIZONTAL WELLS, NOTICE ALSO GIVEN FIVE BUSINESS DAYS IN ADVANCE TO OFFSET OPERATORS WITH WELLS COMPLETED IN THE SAME COMMON SOURCE OF SUPPLY WITHIN 1/2 MILE. |
| SPACING - 210694 | 11/28/2016 - G60 - (160) W2 28-16N-6E EST CLVD, OSWG, BRVL, MSSLM |
| SPACING - 41642 | 11/28/2016 - G60 - (160) W2 28-16N-6E EXT 39882 PRSKN, RDFK |

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