

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

API NUMBER: 073 25450

Approval Date: 12/02/2016  
Expiration Date: 06/02/2017

Straight Hole Disposal

PERMIT TO DRILL

WELL LOCATION: Sec: 11 Twp: 18N Rge: 5W County: KINGFISHER  
SPOT LOCATION:  SE  NE  NE  SE FEET FROM QUARTER: FROM SOUTH FROM EAST  
SECTION LINES: 2300 295

Lease Name: NEALIS SWD Well No: 1 Well will be 295 feet from nearest unit or lease boundary.  
Operator Name: HINKLE OIL & GAS INC Telephone: 4058480924 OTC/OCC Number: 21639 0

HINKLE OIL & GAS INC  
5600 N MAY AVE STE 295  
OKLAHOMA CITY, OK 73112-4275

ROBERT W AND VICKI L NEALIS  
7242 NORTH MACARTHUR BLVD  
CRESCENT OK 73028

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

| Name     | Depth | Name | Depth |
|----------|-------|------|-------|
| 1 WILCOX | 6900  | 6    |       |
| 2        |       | 7    |       |
| 3        |       | 8    |       |
| 4        |       | 9    |       |
| 5        |       | 10   |       |

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 7250 Ground Elevation: 1049 **Surface Casing: 220** Depth to base of Treatable Water-Bearing FM: 170

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: 4000 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 not located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is NON HSA

Pit Location Formation: FAIRMONT

Approved Method for disposal of Drilling Fluids:

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 16-31882  
H. CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST

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 | 11/30/2016 - 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 <a href="http://fracfocus.org/">HTTP://FRACFOCUS.ORG/</a> 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              | 11/30/2016 - G71 - N/A - DISPOSAL WELL   |

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