

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

API NUMBER: 143 76081 A

Approval Date: 04/14/2017
Expiration Date: 10/14/2017

Straight Hole Oil & Gas

PERMIT TO DEEPEN

WELL LOCATION: Sec: 07 Twp: 22N Rge: 14E County: TULSA
SPOT LOCATION: C SW NE NE FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 1650 1650

Lease Name: KILMER Well No: 2 Well will be 330 feet from nearest unit or lease boundary.

Operator Name: GATEWAY RESOURCES USA INC Telephone: 9183332115; 9183332 OTC/OCC Number: 18192 0

GATEWAY RESOURCES USA INC
1821 SE ARBOR DR
BARTLESVILLE, OK 74006-7004

ROY ASHLEY
11800 EAST 163RD STREET NORTH
COLLINSVILLE OK 74021

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

Name	Depth	Name	Depth
1 OSWEGO	500	6 RIVERTON	1220
2 MULKY	540	7 BURGESS	1250
3 IRON POST	550	8 MISSISSIPPI	1330
4 BARTLESVILLE	1200	9	
5 ROWE COAL	1210	10	

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 1550 Ground Elevation: 662 **Surface Casing: 0** Depth to base of Treatable Water-Bearing FM: 40

Cement will be circulated from Total Depth to the Ground Surface on the Production Casing String.

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 not located in a Hydrologically Sensitive Area.

Category of Pit: 2

Liner not required for Category: 2

Pit Location is NON HSA

Pit Location Formation: SEMINOLE

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

H. CBL REQUIRED

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
ALTERNATE CASING	4/13/2017 - G71 - APPROVED WITH THE FOLLOWING CONDITIONS: 1) DRILLING FLUID WILL BE MUD PRIOR TO TOTAL DEPTH TO PROTECT SHALLOW SANDS; AND, 2) COPY OF CBL NEEDS TO BE SUBMITTED TO OCC TECHNICAL STAFF IMMEDIATELY. A COMPLETION ATTEMPT, IN CASES WHERE THE PROTECTION OF THE TREATABLE WATER IS QUESTIONABLE, IS STRICTLY PROHIBITED PER OCC 165:10-3-4(D)(4)(C)
HYDRAULIC FRACTURING	4/13/2017 - 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 TTP://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	4/14/2017 - G75 - FORMATIONS UNSPACED; 10-ACRE LEASE (SW4 NE4 NE4)

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