API NUMBER: 081 24292

Straight Hole Oil & Gas

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

Approval Date: 05/19/2017
Expiration Date: 11/19/2017

PERMIT TO DRILL

WELL LOCATION: Sec: 16 Twp: 12N Rge: 4E County: LINCOLN

SPOT LOCATION: NW | SE | SE | SE

FEET FROM QUARTER: FROM **SOUTH** FROM **EAST**

SECTION LINES: **350** **350**

Lease Name: STATE **Well No: 1-16** **Well will be 350 feet from nearest unit or lease boundary.**

Operator Name: NICHOLS OPERATING LLC Telephone: 8127533600 OTC/OCC Number: 24005 0

NICHOLS OPERATING LLC
8157 S 100 W
FORT BRANCH, IN 47648-8105

COMMISSIONERS OF THE LAND OFFICE
204 N. ROBINSON, SUITE 900
OKLAHOMA CITY OK 73102

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

	Name	Depth		Name	Depth
1	CLEVELAND	3300	6	MISSISSIPPIAN	4865
2	PRUE	4100	7	WOODFORD	5200
3	SKINNER	4265	8	MISENER-HUNTON	5290
4	BARTLESVILLE	4590	9		
5	PENN BASAL UNCONF SAND	4720	10		

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 6000 Ground Elevation: 956 **Surface Casing: 1000** Depth to base of Treatable Water-Bearing FM: 130

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

PIT 1 INFORMATION

Type of Pit System: CLOSED Closed System Means Steel Pits

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: C

Liner not required for Category: C

Pit Location is BED AQUIFER

Pit Location Formation: OSCAR

Approved Method for disposal of Drilling Fluids:

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 17-32507

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
DEEP SURFACE CASING	5/9/2017 - G71 - APPROVED; NOTIFY OCC FIELD INSPECTOR IMMEDIATELY FOR ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON CONDUCTOR OR SURFACE CASING
HYDRAULIC FRACTURING	5/8/2017 - 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 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	5/19/2017 - G75 - FORMATIONS UNSPACED; 160-ACRE LEASE (SE4)
SURFACE LOCATION	5/19/2017 - G75 - 350' FSL, 350' FEL SE4 16-12N-4E PER OPERATOR

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