

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

API NUMBER: 081 24295

Approval Date: 06/07/2017

Expiration Date: 12/07/2017

Straight Hole

Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 21 Twp: 16N Rge: 5E

County: LINCOLN

SPOT LOCATION: C SW NE

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 660 660

Lease Name: JOHNSON

Well No: #1

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

Operator Name: K S OIL COMPANY INC

Telephone: 4056345115

OTC/OCC Number: 2739 0

K S OIL COMPANY INC
3100 S BERRY RD STE 210
NORMAN, OK 73072-7480

LARRY JOHNSON
1917 HILLSIDE RD
ABILENE TX 79603

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

| | Name | Depth | | Name | Depth |
|---|------------|-------|----|-----------|-------|
| 1 | JONES /SD/ | 3225 | 6 | PINK LIME | 3650 |
| 2 | OSWEGO | 3320 | 7 | RED FORK | 3660 |
| 3 | PRUE | 3385 | 8 | | |
| 4 | VERDIGRIS | 3430 | 9 | | |
| 5 | SKINNER | 3500 | 10 | | |

Spacing Orders: 600677
663095

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201702073

Special Orders:

Total Depth: 3750

Ground Elevation: 0

Surface Casing: 1000

Depth to base of Treatable Water-Bearing FM: 880

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: Yes

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: VANOSS

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

D. One time land application -- (REQUIRES PERMIT)

PERMIT NO: 17-32594

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 | 5/16/2017 - 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 |
| PENDING CD - 201702073 | 5/22/2017 - G60 - 21-16N-5E X600677 PRUE 1 WELL NO OP. NAMED REC. 5/9/17 (LORENZ) |
| SPACING | 5/22/2017 - G60 - FORMATIONS UNSPACED: JONS, VRDG, SKNR, PKLM: 160-ACRE LEASE (NE4) |
| SPACING - 600677 | 5/22/2017 - G60 - (160) NE4 21-16N-5E VAC 45187 RDFK VAC 45457 RDFK EST OSWG, PRUE, OTHERS |
| SPACING - 663095 | 5/22/2017 - G60 - (160) 21-16N-5E NPT 600677 TO BE 660' FB |