

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

API NUMBER: 137 27532

Approval Date: 04/18/2018
Expiration Date: 10/18/2018

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 18 Twp: 1S Rge: 5W County: STEPHENS
SPOT LOCATION: SW SE SW SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 230 940

Lease Name: MCKINLEY TAYLOR Well No: 5 Well will be 230 feet from nearest unit or lease boundary.
Operator Name: HARMON C E OIL INC Telephone: 9186638515 OTC/OCC Number: 10266 0

HARMON C E OIL INC
5555 E 71ST ST STE 9300
TULSA, OK 74136-6559

BIA
2015 LONNIE ABBOTT BLVD
ADA OK 74820

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

| Name | Depth | Name | Depth |
|----------|-------|------|-------|
| 1 HOXBAR | 2640 | 6 | |
| 2 | | 7 | |
| 3 | | 8 | |
| 4 | | 9 | |
| 5 | | 10 | |

Spacing Orders: 663313

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201801972

Special Orders:

Total Depth: 2900

Ground Elevation: 1109

Surface Casing: 560

Depth to base of Treatable Water-Bearing FM: 480

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 located in a Hydrologically Sensitive Area.

Category of Pit: 2

Liner not required for Category: 2

Pit Location is BED AQUIFER

Pit Location Formation: PURCELL

Approved Method for disposal of Drilling Fluids:

E. Haul to Commercial pit facility: Sec. 16 Twn. 5N Rng. 2W Cnty. 87 Order No: 589782

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.

137 27532 MCKINLEY TAYLOR 5

| Category | Description |
|------------------------|---|
| HYDRAULIC FRACTURING | <p>4/10/2018 - G71 - OCC 165:10-3-10 REQUIRES:</p> <p>1) PRIOR TO COMMENCEMENT OF HYDRAULIC FRACTURING OPERATIONS FOR HORIZONTAL WELLS, NOTICE GIVEN FIVE BUSINESS DAYS IN ADVANCE TO OFFSET OPERATORS WITH WELLS COMPLETED IN THE SAME COMMON SOURCE OF SUPPLY WITHIN 1/2 MILE;</p> <p>2) WITH NOTICE ALSO GIVEN 48 HOURS IN ADVANCE OF HYDRAULIC FRACTURING ALL WELLS TO BOTH THE OCC CENTRAL OFFICE AND LOCAL DISTRICT OFFICES, USING THE "FRAC NOTICE FORM" FOUND AT THE FOLLOWING LINK: OCCEWEB.COM/OG/OGFORMS.HTML; AND,</p> <p>3) THE CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS FOR ALL WELLS TO BE REPORTED TO FRACFOCUS WITHIN 60 DAYS AFTER THE CONCLUSION THE HYDRAULIC FRACTURING OPERATIONS, USING THE FOLLOWING LINK: FRACFOCUS.ORG</p> |
| PENDING CD - 201801972 | <p>4/16/2018 - G57 - E2 SW4 SW4 18-1S-5W X663313 HXBR 1 WELL NO OP. NAMED REC 4-3-2018 (DUNN)</p> |
| SPACING - 663313 | <p>4/16/2018 - G57 - (20) SW4 SW4 18-1S-5W SU NW/SE EST HXBR</p> |