

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

API NUMBER: 137 26982

Approval Date: 12/20/2012  
Expiration Date: 06/20/2013

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 16 Twp: 3S Rge: 4W

County: STEPHENS

SPOT LOCATION:  SW  SW  SE  SW

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 165 1485

Lease Name: LAWS

Well No: 1-16

Well will be 165 feet from nearest unit or lease boundary.

Operator Name: HMD OIL COMPANY INC

Telephone: 5804447241

OTC/OCC Number: 22925 0

HMD OIL COMPANY INC  
911 W BROADWAY ST STE 204  
ARDMORE, OK 73401-4528

DONALD SULLIVAN  
RT. 1, BOX 94B  
LOCO OK 73442

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

Name	Depth	Name	Depth
1 HOXBAR	1000	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 22317

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201207631

Special Orders:

Total Depth: 2000

Ground Elevation: 915

**Surface Casing: 0**

Depth to base of Treatable Water-Bearing FM: 320

**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: 1500 Average: 1000

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: WELLINGTON

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	12/19/2012 - G71 - APPROVED WITH THE FOLLOWING CONDITIONS: 1) DRILLING FLUID WILL BE MUD PRIOR TO TOTAL DEPTH; AND, 2) A COPY OF THE CBL TO BE REVIEWED AND APPROVED BY OCC TECHNICAL STAFF PRIOR TO ANY COMPLETION WORK BEING COMMENCED
PENDING CD - 201207631	12/20/2012 - G75 - SE4 SW4 16-3S-4W X22317 HXBR 165 FSL, 165 FWL NO OP. NAMED REC 12-18-2012 (PETERSON)
SPACING - 22317	12/20/2012 - G75 - (40) SW4 16-3S-4W EST HXBR
SURFACE LOCATION	12/20/2012 - G75 - 165' FSL, 1485' FWL SW4 16-3S-4W PER OPERATOR

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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.