

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

API NUMBER: 137 26992

Approval Date: 01/03/2013
Expiration Date: 07/03/2013

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 14 Twp: 3S Rge: 5W County: STEPHENS
SPOT LOCATION: NE NW NE NW FEET FROM QUARTER: FROM NORTH FROM WEST
SECTION LINES: 165 1813

Lease Name: SCHOOL LAND Well No: SL-50 Well will be 165 feet from nearest unit or lease boundary.
Operator Name: BANNER OIL & GAS LLC Telephone: 4058316700 OTC/OCC Number: 22792 0

BANNER OIL & GAS LLC
PO Box 13178
Oklahoma City, OK 73113-1178

RON SUTTON
HC 64, BOX 1975
LOCO OK 73442

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

Name	Depth	Name	Depth
1 LOCO	800	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: No Spacing Location Exception Orders: Increased Density Orders:
Pending CD Numbers: Special Orders:

Total Depth: 1150 Ground Elevation: 932 Surface Casing: 0 Depth to base of Treatable Water-Bearing FM: 50

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: 3000 Average: 2000

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: 1A

Liner required for Category: 1A

Pit Location is ALLUVIAL
Pit Location Formation: ALLUVIUM

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

H. 20-MIL PIT LINER REQUIRED; CBL REQUIRED

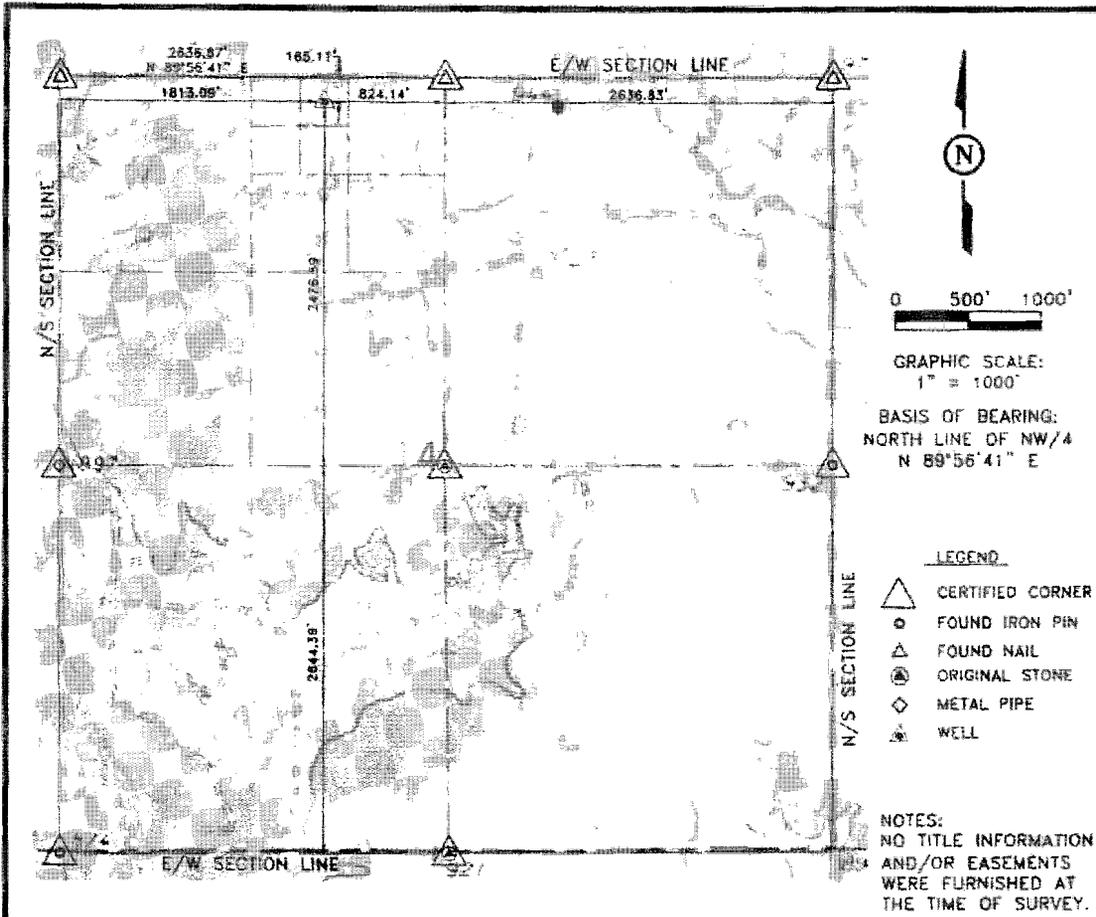
Notes:

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	12/27/2012 - 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
SPACING	12/27/2012 - G75 - FORMATION UNSPACED; 110-ACRE LEASE (S2 NW4 & SE4 NW4 NW4 & W2 NE4 NW4)

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.

API
137-26492



WELL LOCATION: C NE/4 NW/4 NE/4 NW/4 SECTION 14, T3S, R5W, I.M., STEPHENS COUNTY, OKLAHOMA.

LEASE NAME: SCHOOL LAND OPERATOR: BANNER OIL & GAS, LLC

WELL NUMBER: SL-50 ELEVATION: 931.66

DESCRIPTION: 1813.09' F.W.L. & 165.11' F.N.L. OF NW/4.

LATITUDE: 3°18'12" LONGITUDE: -97°41'47"

THIS LOCATION HAS BEEN VERY CAREFULLY STAKED ON THE GROUND ACCORDING TO THE BEST OFFICIAL SURVEY RECORDS, MAPS AND PHOTOGRAPHS AVAILABLE TO US, BUT ITS ACCURACY IS NOT GUARANTEED.

REVIEW THIS PLAT AND NOTIFY US IMMEDIATELY OF ANY POSSIBLE DISCREPANCY.

CERTIFICATE

I, BUDDY R. HOKIT, A REGISTERED LAND SURVEYOR AND AN AUTHORIZED AGENT OF M.J. LEWIS & ASSOCIATES, DO HEREBY CERTIFY THAT THE ABOVE DESCRIBED WELL LOCATION WAS SURVEYED AND STAKED ON GROUND AS SHOWN HEREIN.

SIGNED THIS 18TH DAY OF DECEMBER, 2012.

Buddy R. Hokit
BUDDY R. HOKIT, P.L.S. 1326

SCANNED

COPYRIGHT © 2012 BY M. J. LEWIS & ASSOCIATES, INC.

<p>IF THE SURVEYOR'S SIGNATURE IS NOT IN BLUE INK, AND DOES NOT HAVE A RED SEAL IMPRINT, THE DOCUMENT IS A COPY THAT SHOULD BE ASSUMED TO CONTAIN UNAUTHORIZED ALTERATIONS, AND BE CONSIDERED INVALID. THE CERTIFICATION CONTAINED ON THIS DOCUMENT SHALL NOT APPLY TO ANY COPIES.</p>	<p>A WELL LOCATED IN NW/4 SECTION 14, T3S, R5W, I.M., STEPHENS COUNTY, OKLAHOMA</p>		
	<p>SCALE: 1" = 1000'</p>	<p>DRAWN BY: BJP</p>	<p>REV:</p>
	<p>DRAWN: 12-17-12</p>	<p>PROJECT NO.: 15817</p>	<p>SURVEYED: 12-07-12</p>
<p>M. J. LEWIS & ASSOCIATES, INC. <small>(CAL. 1120) EXP. 04-30-13</small> 707 WEST WALNUT AVENUE DUNCAN, OKLAHOMA 73533 580-285-6402 - fax 580-470-8474 - toll free 877-606-5000 www.mjlsurvey.com</p>		<p>MJLA Surveying - Drafting - Design</p>	