

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

API NUMBER: 085 21190

Approval Date: 07/19/2013

Expiration Date: 01/19/2014

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 02 Twp: 6S Rge: 1E

County: LOVE

SPOT LOCATION: NE SE SE NE

FEET FROM QUARTER: FROM SOUTH FROM EAST

SECTION LINES: 495 165

Lease Name: HOWARD

Well No: 1-2

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

Operator Name: WILLIAMS R J OIL & GAS LLC

Telephone: 5804906169

OTC/OCC Number: 19861 0

WILLIAMS R J OIL & GAS LLC
P.O. Box 1931
ARDMORE, OK 73402-1931

CRAIG & GINGER SCHMERSAL
BOX 130
OVERBROOK OK 73453

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

| Name | Depth | Name | Depth |
|---------|-------|------|-------|
| 1 DEESE | 1 | 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: 1200

Ground Elevation: 793

Surface Casing: 0

Depth to base of Treatable Water-Bearing FM: 520

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: 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: 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. CBL REQUIRED, 20-MIL LINER 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 | 7/10/2013 - G71 - APPROVED CONTINGENT ON (1) MUDDING UP PRIOR TO TD TO PROTECT SHALLOW SANDS & (2) COPY OF CBL NEEDS TO BE SUBMITTED TO THE TECHNICAL STAFF AS SOON AS POSSIBLE. A COMPLETION ATTEMPT, IN CASES WHERE THE PROTECTION OF THE TREATABLE WATER IS QUESTIONABLE, IS STRICTLY PROHIBITED. RULE 165: 10-3-4 (D) (4)(C) |
| SPACING | 7/12/2013 - G30 - FORMATION UNSPACED, 10 ACRE LEASE (SE4 SE4 NE4) |

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