

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

API NUMBER: 137 27150

Approval Date: 01/03/2014  
Expiration Date: 07/03/2014

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 10 Twp: 3S Rge: 5W County: STEPHENS  
SPOT LOCATION:  SE  NW  SE  SW FEET FROM QUARTER: FROM SOUTH FROM WEST  
SECTION LINES: 851 1789

Lease Name: PRICE Well No: 1B Well will be 469 feet from nearest unit or lease boundary.  
Operator Name: TAYLOR OIL COMPANY Telephone: 5804442485 OTC/OCC Number: 19583 0

TAYLOR OIL COMPANY  
P.O. Box 188  
VELMA, OK 73491-0188

CITATION OIL & GAS  
P.O. BOX 690688  
HOUSTON TX 77269

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

	Name	Depth	Name	Depth
1	PERMIAN	350	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: 400 Ground Elevation: 937 **Surface Casing: 0** Depth to base of Treatable Water-Bearing FM: 70

**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: 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: 1B

Liner required for Category: 1B

Pit Location is AP/TE DEPOSIT

Pit Location Formation: TERRACE

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

H. SOIL COMPACTED PIT, NOTIFY DISTRICT PRIOR TO TESTING SOIL PIT LINER; 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	12/4/2013 - G71 - APPROVED WITH THE FOLLOWING CONDITIONS: 1) DRILLING FLUID WILL BE MUD PRIOR TO TOTAL DEPTH; AND, 2) COPY OF CBL NEEDS TO BE SUBMITTED TO OCC TECHNICAL STAFF IMMEDIATELY. A COMPLETION ATTEMPT, IN CASES WHERE THE PROTECTION OF THE TREATABLE WATER IS QUESTIONABLE, IS STRICTLY PROHIBITED PER OCC 165:10-3-4(D)(4)(C)
FORMATION	1/2/2014 - G75 - TOP OF HOXBAR (LOCO) AT APPROXIMATELY 600'; FORMATIONS ABOVE 600' ARE PERMIAN PER GEOLOGIST FOR OPERATOR
SPACING	12/16/2013 - G75 - FORMATION UNSPACED; 80-ACRE LEASE (E2 SW4)

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137 27150 PRICE 1B