

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

API NUMBER: 137 27162

Approval Date: 01/17/2014

Expiration Date: 07/17/2014

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 05 Twp: 3S Rge: 5W

County: STEPHENS

SPOT LOCATION: NE NW NE NW

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 2475 1815

Lease Name: LOWERY

Well No: 1A

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

Operator Name: BALCO ENERGY INC

Telephone: 5802557500

OTC/OCC Number: 22480 0

BALCO ENERGY INC
P.O. Box 2086
DUNCAN, OK 73534-2086

MARY ADELE TEVINGTON
6119 RIVERA
OKC OK 73112

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

	Name	Depth	Name	Depth
1	PONTOTOC	1	6	
2	HOXBAR	780	7	
3			8	
4			9	
5			10	

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 1500

Ground Elevation: 950

Surface Casing: 0

Depth to base of Treatable Water-Bearing FM: 170

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

Approved Method for disposal of Drilling Fluids:

Type of Pit System: CLOSED Closed System Means Steel Pits

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: C

Liner not required for Category: C

Pit Location is BED AQUIFER

Pit Location Formation: WELLINGTON

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 14-26195

H. CBL REQUIRED; CLOSED SYSTEM=STEEL PITS (PER OPERATOR OPTION)

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	1/16/2014 - 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 IMMEDIATELY. 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)
FRAC FOCUS	1/16/2014 - G71 - THE REQUIREMENT FOR CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS WILL BE EXTENDED TO INCLUDE ALL NON-HORIZONTAL WELLS FOR HYDRAULIC FRACTURING OPERATIONS BEGINNING JANUARY 1, 2014. REFER TO OCC RULE 165:10-3-10 FOR COMPLIANCE REQUIREMENTS. PLEASE REPORT DIRECTLY TO FRACFOCUS USING THE FOLLOWING LINK HTTP://FRACFOCUS.ORG/ OR FOR OCC ASSISTANCE CONTACT DENNIS NISKERN AT 405-522-2977 OR D.NISKERN@OCCEMAIL.COM
REPLACEMENT WELL	1/17/2014 - G30 - LOWERY 1 (API 137-07374) WILL BE PLUGGED UPON SUCCESSFUL COMPLETION OF THIS WELL PER AFFIDAVIT
SPACING	1/17/2014 - G30 - FORMATIONS UNSPACED, 60 ACRE LEASE (NE4 NE4 & W2 NW4 NE4)

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