

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

API NUMBER: 137 27340

Approval Date: 10/03/2014

Expiration Date: 04/03/2015

Straight Hole

Injection

PERMIT TO DRILL

WELL LOCATION: Sec: 14 Twp: 3S Rge: 5W

County: STEPHENS

SPOT LOCATION:  C  W2  NE

FEET FROM QUARTER: FROM NORTH FROM EAST

SECTION LINES: 1320 1980

Lease Name: JOHNSON

Well No: J-58I

Well will be 660 feet from nearest unit or lease boundary.

Operator Name: BANNER OIL & GAS LLC

Telephone: 4052850197

OTC/OCC Number: 22792 0

BANNER OIL & GAS LLC  
PO BOX 13178  
OKLAHOMA CITY, OK 73113-1178

RON SUTTON  
BOX 1975  
HC 64  
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: 1200

Ground Elevation: 932

Surface Casing: 0

Depth to base of Treatable Water-Bearing FM: 60

**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. CBL REQUIRED; 20-MIL PIT 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 | 8/4/2014 - G76 - APPROVED - 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       | 8/4/2014 - G76 - 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 <a href="http://fracfocus.org/">HTTP://FRACFOCUS.ORG/</a> OR FOR OCC ASSISTANCE CONTACT DENNIS NISKERN AT 405-522-2977 OR D.NISKERN@OCCEMAIL.COM |
| SPACING          | 10/2/2014 - G76 - N/A INJECTION WELL                                                                                                                                                                                                                                                                                                                                                                                                                                                      |