

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

API NUMBER: 071 24826

Approval Date: 11/20/2014
Expiration Date: 05/20/2015

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 16 Twp: 25N Rge: 1E County: KAY
SPOT LOCATION: FEET FROM QUARTER: FROM NORTH FROM EAST
SECTION LINES: 330 2310

Lease Name: DAN Well No: 3-16 Well will be 330 feet from nearest unit or lease boundary.
Operator Name: AEXCO PETROLEUM INC Telephone: 3038631110 OTC/OCC Number: 17342 0

AEXCO PETROLEUM INC
1600 BROADWAY STE 1500
DENVER, CO 80202-4914

RANDALL NEIGHBORS & ANNA NEIGHBORS
9601 SOUTH "R" STREET
PONCA CITY OK 74602

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

Name	Depth	Name	Depth
1 HOOVER	1920	6 RED FORK	4050
2 TONKAWA	2540	7 MISSISSIPPIAN	4210
3 CLEVELAND	3520	8	
4 OSWEGO	3720	9	
5 SKINNER	3930	10	

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 4700 Ground Elevation: 968 **Surface Casing: 400** Depth to base of Treatable Water-Bearing FM: 180

Under Federal Jurisdiction: No Fresh Water Supply Well Drilled: No Surface Water used to Drill: Yes

PIT 1 INFORMATION

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

Approved Method for disposal of Drilling Fluids:

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 14-29047
H. CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST

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
FRAC FOCUS	11/19/2014 - 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
SPACING	11/20/2014 - G76 - FORMATIONS UNSPACED; 160-ACRE LEASE (NE4)
SURFACE CASING	11/19/2014 - G71 - MIN. 250' PER ORDER 240901

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