

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

API NUMBER: 087 21956 A

Approval Date: 12/04/2014
Expiration Date: 06/04/2015

Straight Hole Oil & Gas

PERMIT TO DEEPEN

WELL LOCATION: Sec: 26 Twp: 5N Rge: 4W

County: MCCLAIN

SPOT LOCATION: SE NW NE SW

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 2050 1850

Lease Name: BEAR CREEK

Well No: 1-26

Well will be 590 feet from nearest unit or lease boundary.

Operator Name: ELDER CRAIG OIL AND GAS LLC

Telephone: 4059177860

OTC/OCC Number: 20621 0

ELDER CRAIG OIL AND GAS LLC
PO BOX 7267
EDMOND, OK 73013-9791

MARGERY FAULKENBERRY
28 RR 2
LINDSAY OK 73052

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

| | Name | Depth | Name | Depth |
|---|---------------|-------|------|-------|
| 1 | MISSISSIPPIAN | 9100 | 6 | |
| 2 | WOODFORD | 9330 | 7 | |
| 3 | HUNTON | 9540 | 8 | |
| 4 | VIOLA | 10285 | 9 | |
| 5 | | | 10 | |

Spacing Orders: 601536
20066

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 10570

Ground Elevation: 1010

Surface Casing: 417 IP

Depth to base of Treatable Water-Bearing FM: 160

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: 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. 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 |
|---------------------|--|
| FRAC FOCUS | 12/4/2014 - 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 - 20066 | 12/4/2014 - G91 - (40) 26-5N-4W EST HNTN |
| SPACING - 601536 | 12/4/2014 - G91 - (40) NE4 SW4 26-5N-4W EST MSSP, WDFD, VIOL, OTHERS |
| WATERSHED STRUCTURE | 12/4/2014 - G71 - WELL WITHIN 1/2 MILE OF AN OKLAHOMA CONSERVATION COMMISSION WATERSHED STRUCTURE. CONTACT THE LOCAL CONSERVATION DISTRICT OFFICE AT (405) 527-3452 PRIOR TO DRILLING |

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