

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

API NUMBER: 119 24437

Approval Date: 04/04/2018

Expiration Date: 10/04/2018

Straight Hole

Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 04 Twp: 20N Rge: 4E

County: PAYNE

SPOT LOCATION: ☐ NW ☐ SE ☐ SW ☐ NE

FEET FROM QUARTER: FROM NORTH FROM EAST

SECTION LINES: 2230 1725

Lease Name: CANDY

Well No: 1

Well will be 405 feet from nearest unit or lease boundary.

Operator  
Name: KLO LLC

Telephone: 9185999327; 9185999

OTC/OCC Number: 16112 0

KLO LLC  
321 S FRANKFORT AVE  
TULSA, OK 74120-2428

CANDY VINDUSKA  
2857 230TH  
MARION KS 66891-

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

|   | Name         | Depth |    | Name     | Depth |
|---|--------------|-------|----|----------|-------|
| 1 | CHECKERBOARD | 3140  | 6  | SKINNER  | 3665  |
| 2 | CLEVELAND    | 3240  | 7  | RED FORK | 3705  |
| 3 | BIG LIME     | 3290  | 8  |          |       |
| 4 | OSWEGO       | 3360  | 9  |          |       |
| 5 | PRUE         | 3565  | 10 |          |       |

Spacing Orders: 670975

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 3800

Ground Elevation: 1065

**Surface Casing: 210**

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: 2

Liner not required for Category: 2

Pit Location is BED AQUIFER

Pit Location Formation: OSCAR

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

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.

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| Category             | Description  |
|----------------------|--|
| HYDRAULIC FRACTURING | <p>3/7/2018 - G71 - OCC 165:10-3-10 REQUIRES:</p> <p>1) PRIOR TO COMMENCEMENT OF HYDRAULIC FRACTURING OPERATIONS FOR HORIZONTAL WELLS, NOTICE GIVEN FIVE BUSINESS DAYS IN ADVANCE TO OFFSET OPERATORS WITH WELLS COMPLETED IN THE SAME COMMON SOURCE OF SUPPLY WITHIN 1/2 MILE;</p> <p>2) WITH NOTICE ALSO GIVEN 48 HOURS IN ADVANCE OF HYDRAULIC FRACTURING ALL WELLS TO BOTH THE OCC CENTRAL OFFICE AND LOCAL DISTRICT OFFICES, USING THE "FRAC NOTICE FORM" FOUND AT THE FOLLOWING LINK: <a href="http://OCCWEB.COM/OG/OGFORMS.HTML">OCCWEB.COM/OG/OGFORMS.HTML</a>; AND,</p> <p>3) THE CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS FOR ALL WELLS TO BE REPORTED TO FRACFOCUS WITHIN 60 DAYS AFTER THE CONCLUSION THE HYDRAULIC FRACTURING OPERATIONS, USING THE FOLLOWING LINK: <a href="http://FRACFOCUS.ORG">FRACFOCUS.ORG</a></p> |
| SPACING - 670975     | <p>4/3/2018 - G58 - (40) NE4 4-20N-4E</p> <p>VAC 600797 CCKB, CLVD, OSWG, SKNR, RDFK, OTHER</p> <p>EST CCKB, CLVD, BGLM, OSWG, PRUE, SKNR, RDFK</p>  |

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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.

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