

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

API NUMBER: 105 41259

Approval Date: 07/08/2019

Expiration Date: 01/08/2021

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 03 Twp: 25N Rge: 17E County: NOWATA  
SPOT LOCATION:     FEET FROM QUARTER: FROM SOUTH FROM EAST  
SECTION LINES: 1815 1980

Lease Name: REED COBB Well No: WATERS 2 Well will be 165 feet from nearest unit or lease boundary.  
Operator Name: WATERS MATERIALS CO LLC Telephone: 9795330721 OTC/OCC Number: 23726 0

WATERS MATERIALS CO LLC  
916 COUNTY ROAD 123  
WHARTON, TX 77488-5166

KENTON AND NANCY KIMBALL  
PO BOX 678  
STRATFORD OK 79084

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

|   | Name             | Depth | Name | Depth |
|---|------------------|-------|------|-------|
| 1 | BARTLESVILLE     | 350   | 6    |       |
| 2 | MISSISSIPPI LIME | 750   | 7    |       |
| 3 |                  |       | 8    |       |
| 4 |                  |       | 9    |       |
| 5 |                  |       | 10   |       |

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 900 Ground Elevation: 695 Surface Casing: 0 Depth to base of Treatable Water-Bearing FM: 90

**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: ON SITE

A. Evaporation/dewater and backfilling of reserve pit.

Type of Mud System: AIR

Is depth to top of ground water greater than 10ft below base of pit? Y

H. CBL REQUIRED

Within 1 mile of municipal water well? N

Wellhead Protection Area? N

Pit is not located in a Hydrologically Sensitive Area.

Category of Pit: 4

Liner not required for Category: 4

Pit Location is NON HSA

Pit Location Formation: FT SCOTT

Mud System Change to Water-Based or Oil-Based Mud Requires an Amended Intent (Form 1000).

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     | 7/8/2019 - GB1 - 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)   |
| HYDRAULIC FRACTURING | <p>6/26/2019 - 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              | 7/1/2019 - GB1 - FORMATIONS UNSPACED (BRVL, MSSLM); 180-ACRE LEASE (S2 N2 SE4, S2 SE4, S2 SW4 SW4, SE4 SW4)   |