

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

API NUMBER: 045 23256

Approval Date: 10/05/2012
Expiration Date: 04/05/2013

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 16 Twp: 20N Rge: 26W County: ELLIS
SPOT LOCATION: SW SW SW SE FEET FROM QUARTER: FROM SOUTH FROM EAST
SECTION LINES: 300 2407

Lease Name: KELLN Well No: 16-7H Well will be 300 feet from nearest unit or lease boundary.
Operator Name: JONES ENERGY LTD Telephone: 5123282953 OTC/OCC Number: 21043 0

JONES ENERGY LTD
807 LAS CIMAS PKWY STE 350
AUSTIN, TX 78746-6193

GRAYSON KELLN
RT 2, BOX 98
SHATTUCK OK 73385

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

Name	Depth	Name	Depth
1 CLEVELAND	7890	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 122784

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201205928
201205930

Special Orders:

Total Depth: 12378 Ground Elevation: 2410 **Surface Casing: 620** Depth to base of Treatable Water-Bearing FM: 560

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: 100000 Average: 5000

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: 1B

Liner required for Category: 1B

Pit Location is BED AQUIFER

Pit Location Formation: OGALLALA

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

H. SOIL COMPACTED PIT, NOTIFY DISTRICT PRIOR TO TESTING SOIL PIT LINER

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.

HORIZONTAL HOLE 1

Sec 16 Twp 20N Rge 26W County ELLIS

Spot Location of End Point: S2 N2 N2 N2

Feet From: NORTH 1/4 Section Line: 500

Feet From: EAST 1/4 Section Line: 2640

Depth of Deviation: 7484

Radius of Turn: 650

Direction: 355

Total Length: 3873

Measured Total Depth: 12378

True Vertical Depth: 8134

End Point Location from Lease,
Unit, or Property Line: 500

Notes:

Category	Description
PENDING CD - 201205928	10/5/2012 - G30 - 16-20N-26W X122784 CLVD 2 WELLS NO OP. NAMED REC 10/5/12 (M.PORTER)
PENDING CD - 201205930	10/5/2012 - G30 - 16-20N-26W X122784 CLVD SHL NCT 300 FSL, NCT 2407 FEL POE NCT 950 FSL, NCT 2640 FEL BHL NCT 500 FNL, NCT 2640 FEL NO OP. NAMED REC 10/5/12 (M.PORTER)
SPACING - 122784	10/5/2012 - G30 - (640) 16-20N-26W EST CLVD, OTHERS