

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

API NUMBER: 083 24027

Approval Date: 10/24/2012
Expiration Date: 04/24/2013

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 19 Twp: 18N Rge: 3W

County: LOGAN

SPOT LOCATION: NE NE NW NE

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 2390 1142

Lease Name: MCPHAIL

Well No: 1-19H

Well will be 250 feet from nearest unit or lease boundary.

Operator Name: SLAWSON EXPLORATION CO INC

Telephone: 4052320201

OTC/OCC Number: 17313 0

SLAWSON EXPLORATION CO INC
204 N ROBINSON AVE STE 2300
OKLAHOMA CITY, OK 73102-6891

LANE & JOY MCPHAIL
12451 W CO RD 75
CRESCENT OK 73028

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

| | Name | Depth | Name | Depth |
|---|-------------|-------|------|-------|
| 1 | MISSISSIPPI | 5770 | 6 | |
| 2 | WOODFORD | 6130 | 7 | |
| 3 | | | 8 | |
| 4 | | | 9 | |
| 5 | | | 10 | |

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201201154

Special Orders:

Total Depth: 11000

Ground Elevation: 1070

Surface Casing: 330

Depth to base of Treatable Water-Bearing FM: 280

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: GARBER

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

H. PIT 2 - 20-MIL LINER REQUIRED, OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT

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.

PIT 2 INFORMATION

Type of Pit System: ON SITE
Type of Mud System: OIL BASED
Chlorides Max: 300000 Average: 200000
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: 3
Liner required for Category: 3
Pit Location is BED AQUIFER
Pit Location Formation: GARBER

HORIZONTAL HOLE 1

Sec 19 Twp 18N Rge 3W County LOGAN
Spot Location of End Point: C S2 S2 SE
Feet From: SOUTH 1/4 Section Line: 330
Feet From: WEST 1/4 Section Line: 1320
Depth of Deviation: 5630
Radius of Turn: 600
Direction: 180
Total Length: 11000
Measured Total Depth: 11000
True Vertical Depth: 6200
End Point Location from Lease,
Unit, or Property Line: 330

Notes:

Table with 2 columns: Category, Description. Includes notes on completion intervals and pending CD status.

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.