

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

API NUMBER: 045 23275

Approval Date: 11/13/2012
Expiration Date: 05/13/2013

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 29 Twp: 18N Rge: 24W County: ELLIS
SPOT LOCATION: S2 S2 SE SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 200 1980

Lease Name: WORD Well No: 2-29H Well will be 200 feet from nearest unit or lease boundary.
Operator Name: PRIMARY NATURAL RESOURCES III LLC Telephone: 9184950598 OTC/OCC Number: 22514 0

PRIMARY NATURAL RESOURCES III LLC
7134 S YALE AVE STE 430
TULSA, OK 74136-6351

THE JOHNSON FAMILY TRUST
HCR 25
ARNETT OK 73832

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

	Name	Depth	Name	Depth
1	TONKAWA	7859	6	
2	COTTAGE GROVE	8427	7	
3	CLEVELAND	9067	8	
4	MARMATON	9522	9	
5			10	

Spacing Orders: 593696

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201206705
201206706

Special Orders:

Total Depth: 14018

Ground Elevation: 2329

Surface Casing: 1500

Depth to base of Treatable Water-Bearing FM: 550

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: No

PIT 1 INFORMATION

Type of Pit System: CLOSED Closed System Means Steel Pits

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: C

Liner not required for Category: C

Pit Location is BED AQUIFER

Pit Location Formation: CLOUD CHIEF

Approved Method for disposal of Drilling Fluids:

D. One time land application -- (REQUIRES PERMIT)

PERMIT NO: 12-21884

H. CLOSED SYSTEM=STEEL PITS PER OPERATOR OPTION

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 29 Twp 18N Rge 24W County ELLIS

Spot Location of End Point: C N2 NE NW

Feet From: NORTH 1/4 Section Line: 330

Feet From: WEST 1/4 Section Line: 1980

Depth of Deviation: 8902

Radius of Turn: 600

Direction: 90

Total Length: 4174

Measured Total Depth: 14018

True Vertical Depth: 9522

End Point Location from Lease,
Unit, or Property Line: 330

Notes:

Category	Description
DEEP SURFACE CASING	11/13/2012 - G71 - APPROVED CONTINGENT ON NOTIFYING OCC FIELD STAFF IMMEDIATELY OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR SURFACE CASING
PENDING CD - 201206705	11/13/2012 - G30 - 29-18N-24W X593696 TNKW, CGGV, CLVD, MRMN 1ST PERF NCT 200 TO SL, NCT 1650 TO WL LAST PERF NCT 330 TO NL, NCT 1650 TO WL NO OP. NAMED REC 11/5/12 (MCKEOWN)
PENDING CD - 201206706	11/13/2012 - G30 - 29-18N-24W X593696 CLVD, MRMN 1 WELL NO OP. NAMED REC 11/5/12 (MCKEOWN)
SPACING - 593696	11/13/2012 - G30 - (640 HOR) 29-18N-24W EXT 589515 TNKW, CGGV, CLVD, OTHERS EXT 591372 MRMN (SUPERSEDE 127721 TNKW, CGGV, OTHER & SUPERSEDE 140134 CLVD) (NCT 660' FB)

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.