

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

API NUMBER: 009 21874

Approval Date: 12/21/2012  
Expiration Date: 06/21/2013

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 17 Twp: 11N Rge: 21W County: BECKHAM  
SPOT LOCATION:  NW  NW  NW  NE FEET FROM QUARTER: FROM NORTH FROM EAST  
SECTION LINES: 200 2440

Lease Name: SMITH Well No: 2-17H Well will be 200 feet from nearest unit or lease boundary.  
Operator Name: APACHE CORPORATION Telephone: 9184914900 OTC/OCC Number: 6778 0

APACHE CORPORATION  
6120 S YALE AVE STE 1500  
TULSA, OK 74136-4224

ERNEST SMITH & VEDA SMITH LIVING TRUST  
2701 NORTH PIONEER ROAD  
ELK CITY OK 73644

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

Name	Depth	Name	Depth
1 DES MOINES	12200	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 131148 Location Exception Orders: 596695 Increased Density Orders: 596454

Pending CD Numbers: Special Orders:

Total Depth: 18000 Ground Elevation: 2048 Surface Casing: 1500 Depth to base of Treatable Water-Bearing FM: 400

Under Federal Jurisdiction: No Fresh Water Supply Well Drilled: No Surface Water used to Drill: No

PIT 1 INFORMATION

Type of Pit System: ON SITE  
Type of Mud System: WATER BASED  
Chlorides Max: 25000 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: ELK CITY

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

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

H. SEE MEMO

PERMIT NO: 12-22232

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: ELK CITY

HORIZONTAL HOLE 1

Sec 17 Twp 11N Rge 21W County BECKHAM
Spot Location of End Point: S2 S2 S2 S2
Feet From: SOUTH 1/4 Section Line: 200
Feet From: WEST 1/4 Section Line: 2640
Depth of Deviation: 12218
Radius of Turn: 573
Direction: 182
Total Length: 4882
Measured Total Depth: 18000
True Vertical Depth: 13050
End Point Location from Lease,
Unit, or Property Line: 200

Notes:

Table with 2 columns: Category, Description. Rows include DEEP SURFACE CASING, INCREASED DENSITY - 596454, LOCATION EXCEPTION - 596695, MEMO, and SPACING - 131148.

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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.

