

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

API NUMBER: 073 24827

Approval Date: 04/01/2013
Expiration Date: 10/01/2013

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 11 Twp: 16N Rge: 5W

County: KINGFISHER

SPOT LOCATION: SE SE SW SW

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 125 1060

Lease Name: FARRAR

Well No: 1-14H

Well will be 125 feet from nearest unit or lease boundary.

Operator Name: PAYNE EXPLORATION COMPANY

Telephone: 4058439419

OTC/OCC Number: 918 0

PAYNE EXPLORATION COMPANY
7005 N ROBINSON AVE
OKLAHOMA CITY, OK 73116-9044

MEL BOLLENBACH
14736 N COUNCIL
OKC OK 73142

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

Name	Depth	Name	Depth
1 HUNTON	7010	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 599945

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201302168

Special Orders:

Total Depth: 12200

Ground Elevation: 966

Surface Casing: 450

Depth to base of Treatable Water-Bearing FM: 270

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: Yes

PIT 1 INFORMATION

Type of Pit System: CLOSED Closed System Means Steel Pits

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: C

Liner not required for Category: C

Pit Location is ALLUVIAL

Pit Location Formation: ALLUVIUM

Approved Method for disposal of Drilling Fluids:

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

PERMIT NO: 13-22895

H. CLOSED SYSTEM=STEEL PITS REQUIRED - CIMARRON RIVER

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 14 Twp 16N Rge 5W County KINGFISHER

Spot Location of End Point: S2 S2 SE SW

Feet From: SOUTH 1/4 Section Line: 200

Feet From: WEST 1/4 Section Line: 1980

Depth of Deviation: 6570

Radius of Turn: 630

Direction: 175

Total Length: 5070

Measured Total Depth: 12200

True Vertical Depth: 7200

End Point Location from Lease,
Unit, or Property Line: 200

Notes:

Category	Description
PENDING CD - 201302168	3/25/2013 - G30 - W2 14-16N-5W X599945 HNTN SHL NCT 125 FSL, NCT 1060 FWL 11-16N-5W 1ST PERF NCT 200 FNL, NCT 660 FWL 14-16N-5W LAST PERF NCT 200 FSL, NCT 660 FEL 14-16N-5W PAYNE EXPLORATION COMPANY REC 3/29/13 (DECKER)
SPACING - 599945	3/25/2013 - G30 - (320 HOR) 14-16N-5W EXT 596230 HNTN, OTHERS VAC OTHER POE TO BHL: NCT 660' FB

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