

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

API NUMBER: 137 27146 A

Approval Date: 12/26/2013
Expiration Date: 06/26/2014

Directional Hole Oil & Gas

Amend reason: MOVE SHL

AMEND PERMIT TO DRILL

WELL LOCATION: Sec: 12 Twp: 2S Rge: 4W County: STEPHENS
SPOT LOCATION: SW SE NW NE FEET FROM QUARTER: FROM NORTH FROM EAST
SECTION LINES: 1316 1780

Lease Name: EAST VELMA MIDDLE BLOCK Well No: 304 Well will be 664 feet from nearest unit or lease boundary.
Operator Name: CITATION OIL & GAS CORPORATION Telephone: 2818911000 OTC/OCC Number: 14156 0

CITATION OIL & GAS CORPORATION
PO BOX 690688
HOUSTON, TX 77269-0688

MARK & DIANA HOGGARD
PO BOX 185
FOX OK 73435

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

Name	Depth	Name	Depth
1 HUMPHREYS	4791	6	
2 SIMS	5414	7	
3		8	
4		9	
5		10	

Spacing Orders: 51572
51604

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 7000 Ground Elevation: 1014 **Surface Casing: 2030** Depth to base of Treatable Water-Bearing FM: 370

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.

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 13-25044

DIRECTIONAL HOLE 1

Sec 12 Twp 2S Rge 4W County STEPHENS

Spot Location of End Point: SW SE NW NE

Feet From: NORTH 1/4 Section Line: 1250

Feet From: EAST 1/4 Section Line: 1915

Measured Total Depth: 7002

True Vertical Depth: 7000

End Point Location from Lease,

Unit, or Property Line: 725

Notes:

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.

Category	Description
DEEP SURFACE CASING	12/19/2013 - 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
SPACING - 51572	12/26/2013 - G30 - (UNIT) W2 NE4 & SE4 NE4 & S2 NE4 NE4 12-2S-4W EST EAST VELMA MIDDLE LBOCK SIMS SAND UNIT FOR SIMS
SPACING - 51604	12/26/2013 - G30 - (UNIT) SE4 NE4 & S2 NE4 NE4 & NW4 NE4 & N2 SW4 NE4 12-2S-4W EST VELMA MIDDLE BLOCK HUMPHREYS SAND UNIT FOR HMPR

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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.

137 27146 EAST VELMA MIDDLE BLOCK 304