

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

API NUMBER: 047 24826

Approval Date: 03/28/2014
Expiration Date: 09/28/2014

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 27 Twp: 21N Rge: 8W County: GARFIELD
SPOT LOCATION: SE SE SW SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 200 1300

Lease Name: RACCOON Well No: 1-27H Well will be 200 feet from nearest unit or lease boundary.

Operator Name: U S ENERGY DEVELOPMENT CORPORATION Telephone: 7166360401 OTC/OCC Number: 23402 0

U S ENERGY DEVELOPMENT CORPORATION
2350 N FOREST RD
GETZVILLE, NY 14068

CHARLES AND CLAUDENE VAUGHN
PO BOX 146
DRUMMOND OK 73735

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

Name	Depth	Name	Depth
1 MISSISSIPPIAN	7113	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 62980

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201401489

Special Orders:

Total Depth: 11955

Ground Elevation: 1245

Surface Casing: 550

Depth to base of Treatable Water-Bearing FM: 470

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: No

PIT 1 INFORMATION

Approved Method for disposal of Drilling Fluids:

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: WATER BASED

Chlorides Max: 8000 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: CEDAR HILLS

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

PERMIT NO: 14-26722

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 27 Twp 21N Rge 8W County GARFIELD

Spot Location of End Point: NE NE NW NW

Feet From: SOUTH 1/4 Section Line: 2440

Feet From: WEST 1/4 Section Line: 1300

Depth of Deviation: 6675

Radius of Turn: 600

Direction: 360

Total Length: 4337

Measured Total Depth: 11955

True Vertical Depth: 7275

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

Notes:

Category

Description

PENDING CD - 201401489

3/25/2014 - G30 - 27-21N-8W
X62980 MSSP
SHL NCT 200 FSL, NCT 1000 FWL
1ST PERF NCT 200 FSL, NCT 1000 FWL
LAST PERF NCT 200 FNL, NCT 1000 FWL
BHL NCT 200 FNL, NCT 1000 FWL
NO OP. NAMED
REC 3/28/14 (CANDLER)

SPACING - 62980

3/25/2014 - G30 - (640) 27-21N-8W
DEL 53277 MSSLM
EXT 60948 MSSP