

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

API NUMBER: 045 23456

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

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 13 Twp: 19N Rge: 25W County: ELLIS
SPOT LOCATION: SW SE SW SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 220 840

Lease Name: KENNY Well No: 1-24HA Well will be 220 feet from nearest unit or lease boundary.
Operator Name: TRIAD ENERGY INC Telephone: 4058424312 OTC/OCC Number: 10399 0

TRIAD ENERGY INC
6 NE 63RD ST STE 220
OKLAHOMA CITY, OK 73105-1401

KENNETH KNOWLES & CHARLENE KNOWLES,
TRUSTEES
HCR 63, BOX 6
ARNETT OK 73832

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

Name	Depth	Name	Depth
1 CLEVELAND	8790	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 262130 Location Exception Orders: 602147 Increased Density Orders: 622611
616187

Pending CD Numbers:

Special Orders:

Total Depth: 14000 Ground Elevation: 2333 **Surface Casing: 800** 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: ON SITE
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: 1B

Liner required for Category: 1B

Pit Location is BED AQUIFER

Pit Location Formation: OGALLALA

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

H. SOIL COMPACTED PIT, NOTIFY DISTRICT PRIOR TO TESTING SOIL PIT LINER

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 24 Twp 19N Rge 25W County ELLIS

Spot Location of End Point: SW SE SW SW

Feet From: SOUTH 1/4 Section Line: 250

Feet From: WEST 1/4 Section Line: 710

Depth of Deviation: 7949

Radius of Turn: 895

Direction: 181

Total Length: 4645

Measured Total Depth: 14000

True Vertical Depth: 8905

End Point Location from Lease,
Unit, or Property Line: 250

Notes:

Category	Description
INCREASED DENSITY - 622611	3/28/2014 - G75 - 24-19N-25W X262130 CLVD 1 WELL NO OP. NAMED 3-13-2014
LOCATION EXCEPTION - 602147	3/28/2014 - G75 - (I.O.) 24-19N-25W X262130 CLVD 1ST PERF NCT 330 FNL, NCT 660 FWL LAST PERF NCT 330 FSL, NCT 660 FWL BHL NCT 250 FSL, NCT 660 FWL NO OP. NAMED 9-18-2012
LOCATION EXCEPTION - 616187	3/28/2014 - G75 - EXTEND 602147 UNTIL 9-18-2014
SPACING - 262130	3/28/2014 - G75 - (640) 24-19N-25W EXT 92369/104550/105512 CLVD, OTHERS EXT OTHERS