

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

API NUMBER: 045 23526

Approval Date: 10/10/2014  
Expiration Date: 04/10/2015

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 16 Twp: 16N Rge: 23W County: ELLIS  
SPOT LOCATION:  SW  SW  SE  SW FEET FROM QUARTER: FROM SOUTH FROM WEST  
SECTION LINES: 300 1640

Lease Name: CONSERVATION 21 Well No: 3H Well will be 300 feet from nearest unit or lease boundary.  
Operator Name: ENCINO OPERATING LLC Telephone: 2812547042 OTC/OCC Number: 23270 0

ENCINO OPERATING LLC  
675 BERING DR STE 360  
HOUSTON, TX 77057-2266

STATE OF OKLAHOMA, DEPT OF WILDLIFE  
1801 N. LINCOLN, BOX 53456  
OKLAHOMA CITY OK 73105

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

	Name	Depth	Name	Depth
1	TONKAWA	8320	6	
2			7	
3			8	
4			9	
5			10	

Spacing Orders: 582452 Location Exception Orders: 631204 Increased Density Orders: 631470

Pending CD Numbers:

Special Orders:

Total Depth: 12643 Ground Elevation: 2075 **Surface Casing: 1500** Depth to base of Treatable Water-Bearing FM: 420

Under Federal Jurisdiction: Yes 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: 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: RUSH SPRINGS

Approved Method for disposal of Drilling Fluids:

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

PERMIT NO: 14-28221

H. SEE MEMO

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: CLOSED Closed System Means Steel Pits

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: C

Liner not required for Category: C

Pit Location is BED AQUIFER

Pit Location Formation: RUSH SPRINGS

HORIZONTAL HOLE 1

Sec 21 Twp 16N Rge 23W County ROGER MILLS

Spot Location of End Point: W2 SE SE SW

Feet From: SOUTH 1/4 Section Line: 330

Feet From: WEST 1/4 Section Line: 1986

Depth of Deviation: 7600

Radius of Turn: 306

Direction: 179

Total Length: 4620

Measured Total Depth: 12700

True Vertical Depth: 8400

End Point Location from Lease,  
Unit, or Property Line: 330

Notes:

Category	Description
INCREASED DENSITY - 631470	10/9/2014 - G91 - 21-16N-23W X 582452 TNKW 2 WELLS ENCINO OPERATING, LLC. 10-3-2014
LOCATION EXCEPTION - 631204	10/9/2014 - G91 - (I.O.) 21-16N-23W X 582452 TNKW COMPL. INT. NCT 330 FNL, NCT 330 FSL, NCT 1500 FWL ENCINO OPERATING, LLC. 9-26-2014
MEMO	10/9/2014 - G71 - PITS 1 & 2 - CLOSED SYSTEM=STEEL PITS (REQUIRED - CANADIAN RIVER), PIT 2 - OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT
SPACING - 582452	10/9/2014 - G91 - (640)(HOR) 21-16N-23W EST TNKW, OTHER POE TO BHL NCT 660' FB

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Office of the Conservation Division as to when Surface Casing will be run.