

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

API NUMBER: 017 24915

Approval Date: 06/29/2016
Expiration Date: 12/29/2016

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 09 Twp: 11N Rge: 7W County: CANADIAN
SPOT LOCATION: NW SE SW SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 340 980

Lease Name: **OPPEL** Well No: **1H-16-21** Well will be **340** feet from nearest unit or lease boundary.
Operator Name: **CITIZEN ENERGY II LLC** Telephone: 9189494680 OTC/OCC Number: 23559 0

CITIZEN ENERGY II LLC
320 S BOSTON AVE STE 1300
TULSA, OK 74103-4702

DALE D. OPPEL
16995 EAST 780 ROAD
KINGFISHER OK 73750

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

| Name | Depth | Name | Depth |
|------------|-------|------|-------|
| 1 WOODFORD | 10700 | 6 | |
| 2 | | 7 | |
| 3 | | 8 | |
| 4 | | 9 | |
| 5 | | 10 | |

Spacing Orders: 653390 Location Exception Orders: Increased Density Orders:

Pending CD Numbers: 201601203 Special Orders:
201601202

Total Depth: 21300 Ground Elevation: 1384 **Surface Casing: 1000** Depth to base of Treatable Water-Bearing FM: 390

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 not located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is NON HSA

Pit Location Formation: DOG CREEK

Approved Method for disposal of Drilling Fluids:

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 16-31336
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 not located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is NON HSA

Pit Location Formation: DOG CREEK

HORIZONTAL HOLE 1

Sec 21 Twp 11N Rge 7W County CANADIAN

Spot Location of End Point: SE SW SW SW

Feet From: SOUTH 1/4 Section Line: 1

Feet From: WEST 1/4 Section Line: 360

Depth of Deviation: 10200

Radius of Turn: 750

Direction: 185

Total Length: 9922

Measured Total Depth: 21300

True Vertical Depth: 10700

End Point Location from Lease,
Unit, or Property Line: 1

Notes:

Category

Description

DEEP SURFACE CASING

6/29/2016 - G71 - APPROVED; NOTIFY OCC FIELD INSPECTOR IMMEDIATELY FOR ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON CONDUCTOR OR SURFACE CASING

HYDRAULIC FRACTURING

6/29/2016 - G71 - OCC 165:10-3-10 REQUIRES: 1) THE CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS FOR ALL WELLS BE REPORTED TO FRACFOCUS USING THE FOLLOWING LINK [HTTP://FRACFOCUS.ORG/](http://fracfocus.org/) WITH NOTICE GIVEN 48 HOURS IN ADVANCE OF FRACTURING TO THE LOCAL OCC DISTRICT OFFICE; AND, 2) PRIOR TO COMMENCEMENT OF FRACTURING OPERATIONS FOR HORIZONTAL WELLS, NOTICE ALSO GIVEN FIVE BUSINESS DAYS IN ADVANCE TO OFFSET OPERATORS WITH WELLS COMPLETED IN THE SAME COMMON SOURCE OF SUPPLY WITHIN 1/2 MILE.

MEMO

6/29/2016 - G71 - PIT 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST; PIT 2 - OBM TO VENDOR, OBM CUTTINGS PER DISTRICT

PENDING CD - 201601202

6/29/2016 - G75 - (I.O.) 16 & 21-11N-7W
EST MULTIUNIT HORIZONTAL WELL
X653390 WDFD, OTHER
50% 16-11N-7W
50% 21-11N-7W
NO OP. NAMED
REC 6-29-2016 (MCKEOWN)

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Category

Description

PENDING CD - 201601203

6/29/2016 - G75 - (I.O.) 16 & 21-11N-7W
X653390 WDFD, OTHER
SHL (21-11N-7W) 165 TO SL, 330 TO WL **
COMPL. INT. (21-11N-7W) NCT 165 TO SL, NCT 0 TO NL, NCT 330 TO WL ++
COMPL. INT. (16-11N-7W) NCT 0 TO SL, NCT 165 TO NL, NCT 330 TO WL ++
NO OP. NAMED
REC 6-29-2016 (MCKEOWN)

** ITD HAS SHL AS 340 FSL, 980 FWL 9-11N-7W; TO BE CORRECTED AT HEARING FOR FINAL ORDER LOCATION EXCEPTION PER OPERATOR

++ ITD HAS LATERAL DRILLED IN OPPOSITE DIRECTION; TO BE CORRECTED AT HEARING FOR FINAL ORDER LOCATION EXCEPTION PER OPERATOR

SPACING - 653390

6/29/2016 - G75 - (640)(HOR) 16 & 21-11N-7W
EST WDFD, OTHER
POE TO BHL NCT 165' TO NL & SL, NCT 330' TO EL & WL

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