

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

API NUMBER: 117 23530

Approval Date: 04/11/2013
Expiration Date: 10/11/2013

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 18 Twp: 22N Rge: 4E

County: PAWNEE

SPOT LOCATION: N2 N2 NE NW

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 2387 1980

Lease Name: CASEY HUDGINS

Well No: 18-1H

Well will be 250 feet from nearest unit or lease boundary.

Operator Name: HIGHMOUNT OPERATING LLC

Telephone: 4057495263; 4057495

OTC/OCC Number: 22912 0

HIGHMOUNT OPERATING LLC
14000 QUAIL SPRINGS PKWY FL 600
OKLAHOMA CITY, OK 73134-2616

CHARLES MARSHAL HUDGINS
339346 E. 4200 RD.
MORRISON OK 73061

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

| Name | Depth | Name | Depth |
|------|---------------|------|-------|
| 1 | MISSISSIPPIAN | 3834 | 6 |
| 2 | | | 7 |
| 3 | | | 8 |
| 4 | | | 9 |
| 5 | | | 10 |

Spacing Orders: 609633

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201301839

Special Orders:

Total Depth: 8800

Ground Elevation: 993

Surface Casing: 380

Depth to base of Treatable Water-Bearing FM: 280

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: OSCAR

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

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 18 Twp 22N Rge 4E County PAWNEE

Spot Location of End Point: SW SW SW SE

Feet From: SOUTH 1/4 Section Line: 150

Feet From: WEST 1/4 Section Line: 327

Depth of Deviation: 3200

Radius of Turn: 950

Direction: 180

Total Length: 4650

Measured Total Depth: 8800

True Vertical Depth: 3925

End Point Location from Lease,
Unit, or Property Line: 150

Notes:

Category

Description

PENDING CD - 201301839

4/5/2013 - G30 - 18-22N-4E
X201300907 MSSP, OTHERS
SHL 250 FNL, 660 FWL**
1ST PERF NCT 660 FNL, NCT 1980 FWL
LAST PERF NCT 150 FSL, NCT 1980 FEL
NO OP. NAMED
REC 4/9/13 (NORRIS)

**SHL TO BE CORRECTED AT HEARING FOR FINAL ORDER LOCATION EXCEPTION PER OPERATOR

SPACING - 609633

4/5/2013 - G30 - (80/640) 18-22N-4E
(640 HOR) EXT 600151 MSSP, OTHER
(80) EXT OTHERS
POE TO BHL: NCT 660' FB
(SUPERCEDE EXISTING NON-DEVELOPED NON-HORIZONTAL SPACING UNITS)