

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

API NUMBER: 045 23407

Approval Date: 11/01/2013
Expiration Date: 05/01/2014

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 16 Twp: 18N Rge: 24W County: ELLIS
SPOT LOCATION: SW SE SW SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 225 800

Lease Name: GROSS Well No: 1-16H Well will be 225 feet from nearest unit or lease boundary.

Operator Name: PRIMARY NATURAL RESOURCES III LLC Telephone: 9184950598 OTC/OCC Number: 22514 0

PRIMARY NATURAL RESOURCES III LLC
7134 S YALE AVE STE 430
TULSA, OK 74136-6351

FAYE & JANE GROSS
P.O. BOX 39
ARNETT OK 73832

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

Name	Depth	Name	Depth
1 CLEVELAND	9278	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 475998

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201306537
201306536

Special Orders:

Total Depth: 13710

Ground Elevation: 2324

Surface Casing: 1500

Depth to base of Treatable Water-Bearing FM: 600

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: 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: C

Liner not required for Category: C

Pit Location is AP/TE DEPOSIT

Pit Location Formation: TERRACE

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 13-24786
H. CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST

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 16 Twp 18N Rge 24W County ELLIS

Spot Location of End Point: C N2 NW NW

Feet From: NORTH 1/4 Section Line: 330

Feet From: WEST 1/4 Section Line: 660

Depth of Deviation: 8678

Radius of Turn: 600

Direction: 359

Total Length: 4089

Measured Total Depth: 13710

True Vertical Depth: 9278

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

Notes:

Category	Description
DEEP SURFACE CASING	10/31/2013 - G71 - APPROVED; NOTIFY OCC FIELD INSPECTOR IMMEDIATELY FOR ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON CONDUCTOR OR SURFACE CASING
PENDING CD - 201306536	10/31/2013 - G75 - 16-18N-24W X475998 CLVD 1 WELL NO OP. NAMED REC 10-29-2013 (JOHNSON)
PENDING CD - 201306537	10/31/2013 - G75 - (I.O.) 16-18N-24W XOTHER X475998 CLVD POE NCT 330 TO SL, NCT 660 TO WL BHL NCT 330 TO NL, NCT 660 TO WL NO OP. NAMED REC 10-29-2013 (JOHNSON)
SPACING - 475998	10/31/2013 - G75 - (640) 16-18N-24W EXT 203575 CLVD, OTHERS

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.