

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

API NUMBER: 039 22426

Approval Date: 01/24/2014

Expiration Date: 07/24/2014

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 33 Twp: 15N Rge: 16W

County: CUSTER

SPOT LOCATION: ☐ NE ☐ NE ☐ NW ☐ NE

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 2440 1240

Lease Name: LEALON

Well No: 1-28H

Well will be 200 feet from nearest unit or lease boundary.

Operator Name: SANGUINE GAS EXPLORATION LLC

Telephone: 9184964774

OTC/OCC Number: 21381 0

SANGUINE GAS EXPLORATION LLC
PO BOX 700720
TULSA, OK 74170-0720

THE LEALON F MILLER 2001 REVOCABLE LIVING TRUST
21282 SE 15TH ST
HARRAH OK 73045

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

Name	Depth	Name	Depth
1 COTTAGE GROVE	8625	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 601384

Location Exception Orders: 620148

Increased Density Orders: 619366

Pending CD Numbers:

Special Orders:

Total Depth: 13700

Ground Elevation: 1789

Surface Casing: 900

Depth to base of Treatable Water-Bearing FM: 440

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: 20000 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: 14-26277

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 AP/TE DEPOSIT

Pit Location Formation: TERRACE

HORIZONTAL HOLE 1

Sec 28 Twp 15N Rge 16W County CUSTER

Spot Location of End Point: NW NE NW NE

Feet From: SOUTH 1/4 Section Line: 2440

Feet From: WEST 1/4 Section Line: 800

Depth of Deviation: 8175

Radius of Turn: 500

Direction: 360

Total Length: 4525

Measured Total Depth: 13700

True Vertical Depth: 8675

End Point Location from Lease,
Unit, or Property Line: 200

Notes:

Category	Description
DEEP SURFACE CASING	1/22/2014 - G71 - APPROVED CONTINGENT ON NOTIFYING OCC FIELD STAFF IMMEDIATELY OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR SURFACE CASING
INCREASED DENSITY - 619366	1/24/2014 - G30 - 28-15N-16W X601384 CCGV 1 WELL NO OP. NAMED 12/18/13
LOCATION EXCEPTION - 620148	1/24/2014 - G30 - (I.O.) 28-15N-16W X601384 CCGV COMP. INT. NCT 300 FNL, NCT 300 FSL, NCT 1000 FEL SANGUINE GAS EXPLORATION, L.L.C. 1/10/14
MEMO	1/22/2014 - G71 - PITS 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR OPTION, PIT 2 - OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT
SPACING - 601384	1/24/2014 - G30 - (640 HOR) 28-15N-16W EST CCGV POE TO BHL NLT 660' FB (SUPERSEDE NON-DEVELOPED NON-HORIZONTAL SPACING UNITS)
SURFACE CASING	1/22/2014 - G71 - MIN. 500' PER ORDER 42589

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039 22426 LEALON 1-28H