

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

API NUMBER: 119 24197

Approval Date: 03/19/2014
Expiration Date: 09/19/2014

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 35 Twp: 19N Rge: 2E County: PAYNE
SPOT LOCATION: NE SE SE SE FEET FROM QUARTER: FROM SOUTH FROM EAST
SECTION LINES: 363 325

Lease Name: CLARY 2 18N 2E Well No: 1WH Well will be 325 feet from nearest unit or lease boundary.

Operator Name: AMERICAN ENERGY-WOODFORD LLC Telephone: 4054188001 OTC/OCC Number: 23358 0

AMERICAN ENERGY-WOODFORD LLC
PO BOX 18756
OKLAHOMA CITY, OK 73154-0756

JOHN J VOCKER, JR
4713 E BELMONT ST
SIOUX FALLS SD 74074

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

| | Name | Depth | Name | Depth |
|---|---------------|-------|------|-------|
| 1 | MISSISSIPPIAN | 4300 | 6 | |
| 2 | WOODFORD | 4450 | 7 | |
| 3 | SYLVAN | 4500 | 8 | |
| 4 | | | 9 | |
| 5 | | | 10 | |

Spacing Orders: 622635

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201401195

Special Orders:

Total Depth: 9750

Ground Elevation: 943

Surface Casing: 260

Depth to base of Treatable Water-Bearing FM: 210

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: Yes

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: 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: C

Liner not required for Category: C

Pit Location is BED AQUIFER

Pit Location Formation: OSCAR

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

PERMIT NO: 14-26405

H. CLOSED SYSTEM=STEEL PITS PER OPERATOR OPTION

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 02 Twp 18N Rge 2E County PAYNE

Spot Location of End Point: S2 SE SE SE

Feet From: SOUTH 1/4 Section Line: 165

Feet From: EAST 1/4 Section Line: 330

Depth of Deviation: 3600

Radius of Turn: 1000

Direction: 180

Total Length: 4750

Measured Total Depth: 9750

True Vertical Depth: 4500

End Point Location from Lease,
Unit, or Property Line: 165

| Additional Surface Owner | Address | City, State, Zip |
|--------------------------|---------------------|----------------------|
| NATHAN BELLER | 1704 S PERKINS ROAD | STILLWATER, OK 74074 |

Notes:

Category

Description

PENDING CD - 201401195

3/19/2014 - G30 - (E.O.) 2-18N-2E
X201400735 MSSP, WDFD, SLVN, OTHER
1ST PERF NCT 165 FNL, NCT 330 FEL
LAST PERF NCT 165 FSL, NCT 330 FEL
NO OP. NAMED
REC 3/10/14 (MCKEOWN)

SPACING - 622635

3/19/2014 - G30 - (640 HOR) 2-18N-2E
EXT 611900 MSSP, WDFD, SLVN, OTHER
POE TO BHL (MSSP) NLT 660' FB
POE TO BHL (WDFD, SLVN) NLT 330' FB