

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

API NUMBER: 039 22434

Approval Date: 05/09/2014

Expiration Date: 11/09/2014

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 26 Twp: 15N Rge: 18W

County: CUSTER

SPOT LOCATION: ☐ NE ☐ NE ☐ NW ☐ NE

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 2340 1240

Lease Name: THE INN

Well No: 1-23H

Well will be 300 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

AMBASSADOR INN, INC  
PO BOX 1167  
GUYMON OK 73942

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

Name	Depth	Name	Depth
1 COTTAGE GROVE	8500	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 135256  
136738

Location Exception Orders: 624498

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 14250

Ground Elevation: 1811

**Surface Casing: 900**

Depth to base of Treatable Water-Bearing FM: 310

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: 6000

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: 14-26735

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 23 Twp 15N Rge 18W County CUSTER

Spot Location of End Point: NE NE NW NE

Feet From: SOUTH 1/4 Section Line: 2340

Feet From: WEST 1/4 Section Line: 1100

Depth of Deviation: 8300

Radius of Turn: 500

Direction: 360

Total Length: 4950

Measured Total Depth: 14250

True Vertical Depth: 8800

End Point Location from Lease,

Unit, or Property Line: 300

## Notes:

### Category

### Description

DEEP SURFACE CASING

5/9/2014 - 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

LOCATION EXCEPTION - 624498

5/9/2014 - G72 - 23-15N-18W X 135256 & 136738 CGGV;  
COMP INT. NCT 300 FNL NCT 300 FSL NCT 1000 FEL;  
SANGUINE GAS EXPLORATION, L.L.C.  
4/25/2014

SPACING - 135256

5/9/2014 - G72 - (640) 23-15N-18W  
EXT OTHERS;  
EXT 134350 CGGV, OTHERS;

SPACING - 136738

5/9/2014 - G72 - (640) 23-15N-18W  
EXT 66346 CGGV, OTHERS;  
EXT OTHERS;  
EST 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.

039 22434 THE INN 1-23H