

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

API NUMBER: 019 26079

Approval Date: 06/11/2014

Expiration Date: 12/11/2014

Directional Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 25 Twp: 2S Rge: 3W

County: CARTER

SPOT LOCATION: ☐ NW ☐ NW ☐ NE ☐ SE

FEET FROM QUARTER: FROM NORTH FROM EAST

SECTION LINES: 215 1118

Lease Name: GRAHAM DEESE UNIT

Well No: 45-10

Well will be 1118 feet from nearest unit or lease boundary.

Operator Name: CITATION OIL & GAS CORPORATION

Telephone: 2818911000

OTC/OCC Number: 14156 0

CITATION OIL & GAS CORPORATION
PO BOX 690688
HOUSTON, TX 77269-0688

BENNY O. & EDDIE LOU HILL
P.O. BOX 215
GRAHAM TX 73437

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

| Name | Depth | Name | Depth |
|---------|-------|------|-------|
| 1 DEESE | 1756 | 6 | |
| 2 | | 7 | |
| 3 | | 8 | |
| 4 | | 9 | |
| 5 | | 10 | |

Spacing Orders: 91401

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 3530

Ground Elevation: 997

Surface Casing: 600

Depth to base of Treatable Water-Bearing FM: 540

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: Yes

PIT 1 INFORMATION

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: WATER BASED

Chlorides Max: 7000 Average: 2000

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: WELLINGTON

Approved Method for disposal of Drilling Fluids:

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

PERMIT NO: 14-27173

H. CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST

DIRECTIONAL HOLE 1

Sec 25 Twp 2S Rge 3W County CARTER

Spot Location of End Point: NW NW NE SE

Feet From: SOUTH 1/4 Section Line: 2342

Feet From: EAST 1/4 Section Line: 1081

Measured Total Depth: 3530

True Vertical Depth: 3500

End Point Location from Lease,

Unit, or Property Line: 1081

Notes:

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.

| Category | Description |
|-----------------|--|
| FRAC FOCUS | 6/10/2014 - G75 - THE REQUIREMENT FOR CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS WILL BE EXTENDED TO INCLUDE ALL NON-HORIZONTAL WELLS FOR HYDRAULIC FRACTURING OPERATIONS BEGINNING JANUARY 1, 2014. REFER TO OCC RULE 165:10-3-10 FOR COMPLIANCE REQUIREMENTS. PLEASE REPORT DIRECTLY TO FRACFOCUS USING THE FOLLOWING LINK HTTP://FRACFOCUS.ORG/ OR FOR OCC ASSISTANCE CONTACT DENNIS NISKERN AT 405-522-2977 OR D.NISKERN@OCCEMAIL.COM |
| SPACING - 91401 | 6/10/2014 - G75 - (UNIT) SE4 LESS SW4 SW4 SE4 & NE4 LESS N2 NE4 NE4 25-2S-3W EST GRAHAM DEESE UNIT FOR DEESS |