

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

API NUMBER: 119 24234

Approval Date: 06/20/2014
Expiration Date: 12/20/2014

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 26 Twp: 18N Rge: 4E County: PAYNE
SPOT LOCATION: NW NW NE NE FEET FROM QUARTER: FROM NORTH FROM EAST
SECTION LINES: 40 1095

Lease Name: STILES 23-18N-4E Well No: 2MH Well will be 40 feet from nearest unit or lease boundary.

Operator Name: AMERICAN ENERGY-WOODFORD LLC Telephone: 4056085574; 4054188 OTC/OCC Number: 23358 0

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

DARRELL LEE & BILLIE J STILES
3112 WEST DRANDSTAFF ROAD
CUSHING OK 74023

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

Name	Depth	Name	Depth
1 MISSISSIPPIAN	3600	6	
2 WOODFORD	3705	7	
3 MISENER-HUNTON	3800	8	
4		9	
5		10	

Spacing Orders: 623500

Location Exception Orders: 201404250

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 9000

Ground Elevation: 806

Surface Casing: 880

Depth to base of Treatable Water-Bearing FM: 630

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: VANOSS

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 14-27398
H. CLOSED SYSTEM=STEEL PITS (REQUIRED - CIMARRON RIVER)

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 18N Rge 4E County PAYNE

Spot Location of End Point: NW NE NW NE

Feet From: NORTH 1/4 Section Line: 165

Feet From: EAST 1/4 Section Line: 1900

Depth of Deviation: 2810

Radius of Turn: 780

Direction: 360

Total Length: 4420

Measured Total Depth: 9000

True Vertical Depth: 3800

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

Notes:

Category	Description
PENDING CD - 201404250	6/19/2014 - G72 - 23-18N-04E (E.O.) X 623500 MSSP, WDFD, MSRH; COMP INT. NCT 165 FNL NCT 165 FSL NCT 1320 FEL; AMERICAN ENERGY - WOODFORD, LLC; REC 6/20/2014 (NORRIS)
SPACING - 623500	6/19/2014 - G72 - (640 HORZ) 23-18N-04E EXT 611426 MSSP, WDFD, MSRH; POE TO BHL WDFD 330' FB, ALL OTHERS 660'FB; COEXIST WITH VOLUNTARY MISS UNIT S2 23.

APPLICATION TO DRILL, RECOMPLETE OR REENTER

FORM 1000
REV. 2009

FILE ORIGINAL ONLY

PLEASE TYPE OR USE BLACK INK

1. OTC/OCC OPERATOR NUMBER
23358

2. API NUMBER
11924234

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

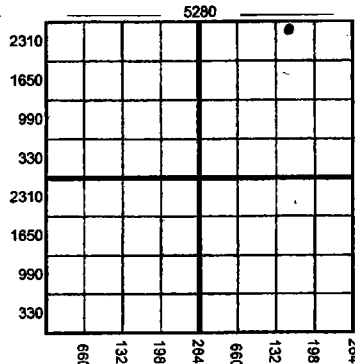
BATCH NUMBER (OCC USE ONLY)

WALK THROUGH

3. NOTICE OF INTENT TO: (CHECK ONLY ONE)
 DRILL RECOMPLETE REENTER DEEPEN AMEND - REASON
 NOTE: ATTACH COPY OF 1002-A IF RECOMPLETION OR REENTRY.

4. TYPE OF DRILLING OPERATION >>>>>> (NOTE: If directional or horizontal, see reverse side for bottom hole location)
 A. STRAIGHT HOLE DIRECTIONAL HOLE HORIZONTAL HOLE
 B. OIL/GAS INJECTION DISPOSAL WATER SUPPLY STRAT TEST SERVICE WELL

6. LOCATE WELL AND OUTLINE LEASE OR SPACING UNIT IN INK.



5. WELL LOCATION:

SECTION	26	TOWNSHIP	18N	RANGE	4E	COUNTY	PAYNE
SPOT LOCATION:		NW 1/4 NW 1/4 NE 1/4 NE 1/4		FEET FROM QUARTER from N LINE from E LINE		40 1095	

7. Well will be 40 feet from nearest unit or property boundary.

8. LEASE NAME: **STILES 23-18N-4E** WELL NUMBER: **2MH**

9. NAME OF OPERATOR: **American Energy - Woodford, LLC** EMAIL ADDRESS: **arianna.bedell@aep-LP.com**
 ADDRESS: **301 NW 63rd, Suite 600** PHONE (AC/NUMBER): **405-608-5574**
 CITY: **Oklahoma City** STATE: **OK** ZIP CODE: **73116**

10. SURFACE OWNER (ONE ONLY, ATTACH SHEET FOR ADDITIONAL OWNERS)
Darrell Lee Stiles and Billie J. Stiles

ADDRESS: **3112 West Drandstaff Road**

CITY: **Cushing** STATE: **OK** ZIP CODE: **74023**

11. Is well located on lands under federal jurisdiction? Y N

12. Will a water well be drilled? Y N
 Will surface water be used? Y N

13. Date Operation to Begin **ASAP**

14. LIST TARGET FORMATIONS AND DEPTHS OF EACH BELOW (LIMITED TO TEN)

1)	MISSISSIPPIAN 3600	6)
2)	WOODFORD 3705	7)
3)	MISENER-HUNTON 3800	8)
4)		9)
5)		10)

TEMPORARY AUTHORIZATION TO DRILL

Expiration Date: **6-26-2014**

Signature: *William H. Hulley*

640: 623500
165:10-3-1-1

15. SPACING ORDER NUMBER(S) AND SIZE UNIT(S):

16. PENDING APPLICATION C.D. NO.

17. LOCATION EXCEPTION ORDER NO. **201404250**

18. INCREASED DENSITY ORDER NO.

19. TOTAL DEPTH **9,000** 20. GROUND ELEV. **806** 21. BASE OF TREATABLE WATER **630** 22. SURFACE CASING **830** 23. ALT CASING PROG USED? Y N

24. ALTERNATIVE CASING PROCEDURE, check box and fill in blank (AFFIDAVIT REQUIRED, see reverse side, line 31.)

A. Cement will be circulated from total depth to ground surface on the production casing string.

B. Cement will be circulated from _____ depth to _____ depth by use of a two stage cementing tool.

25.1. PIT INFORMATION: Using more than one pit or mud system? Y N If yes, fill out line 25.2 on top reverse side.

A. TYPE OF MUD SYSTEM: WATER BASED OIL BASED GAS BASED (AIR DRILL)

B. EXPECTED MUD CHLORIDE CONTENT: maximum: **5000** ppm; average: **3000** ppm.

C. TYPE OF PIT SYSTEM: on-site off-site closed If off-site, specify location: _____

D. IS DEPTH TO TOP OF GROUND WATER GREATER THAN 10 FT BELOW BASE OF PIT? Y N

E. WITHIN 1 MILE OF MUNICIPAL WATER WELL? Y N

F. WELLHEAD PROTECTION AREA? Y N Off-Site Pit No. _____

26.1 OCC USE ONLY

A. CATEGORY 1A 1B 2 3 4

B. PIT LOCATION: Alluvial Plain Terrace Deposit Bedrock Aquifer Other H.S.A. Non-H.S.A. Fr: **Terrace**

C. Special area or field rule? _____ D. DEEP SCA? Y N E. CBL required? Y N

F. SOIL COMPACTED LINER REQUIRED? Y N G. 20 mil GEOMEMBRANE LINER REQUIRED? Y N

27. PROPOSED METHOD FOR DISPOSAL OF DRILLING FLUIDS (MUST BE COMPLETED)

A. Evaporation/dewater and backfilling of reserve pit.

B. Solidification of pit contents.

C. Annular Injection (REQUIRES PERMIT and surface casing set 200 feet below base of treatable water-bearing formation.)

D. One time land application (REQUIRES PERMIT) PERMIT NO. **14-27398**

E. Haul to Commercial pit facility; Specify site: _____ Order No. _____

F. Haul to Commercial soil farming facility; Specify site: _____ Order No. _____

G. Haul to recycling/re-use facility; Specify site: _____ Order No. _____

H. Other, Specify: **closed system = steel pits (required - Cimarron River)**

I hereby certify I am authorized to submit this two page application prepared by me or under my supervision.
 The facts and proposals made herein are true, correct and complete to the best of my knowledge and belief.

SIGNATURE: *Fonda Manwell* NAME (Print or Type) **Fonda Manwell; Regulatory Manager** PHONE (AC/NO.) **405-608-5574** FAX _____ DATE **6/18/14**

NOTICE: Approval is void if operations have not commenced within six months of the date of approval. An approved permit must be posted at the location during drilling and completion operations.
 File the Form 1001A, Spud Report, within fourteen days of commencement of operations.

26
18N
4E
SEC TOWNSHIP RANGE
STILES 26-18N-4E
WELL NAME # 2MH

NOTIFY DISTRICT OFFICE 24 HOURS PRIOR TO CEMENTING SURFACE CASING.

25.2. PIT INFORMATION:

- A. TYPE OF MUD SYSTEM: WATER BASED OIL BASED GAS BASED (AIR DRILL)
 B. EXPECTED MUD CHLORIDE CONTENT: maximum: ppm; average: ppm.
 C. TYPE OF PIT SYSTEM: on-site off-site closed if off-site, specify location:
 D. IS DEPTH TO TOP OF GROUND WATER GREATER THAN 10 FT BELOW BASE OF PIT? Y N
 E. WITHIN 1 MILE OF MUNICIPAL WATER WELL? Y N
 F. WELLHEAD PROTECTION AREA? Y N

Off-Site Pit No.

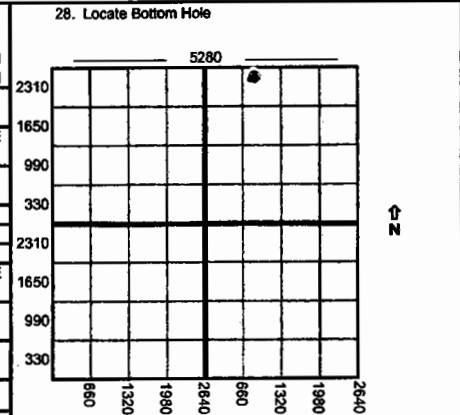
26.2 OCC USE ONLY A. CATEGORY 1A 1B 2 3 4 C Fm:
 B. PIT LOCATION: Alluvial Plain Terrace Deposit Bedrock Aquifer Other H.S.A. Non-H.S.A.
 C. Special area or field rule? D. DEEP SCA? Y N E. CBL? Y N
 F. SOIL COMPACTED LINER REQUIRED? Y N G. 20 mil GEOMEMBRANE LINER REQUIR Y N

29 Bottom Hole Location SEC TWP RGE COUNTY
 for Directional Hole:
 SPOT LOCATION: 1/4 1/4 1/4 1/4 FEET FROM QUARTER from SOUTH LINE from WEST LINE
 SECTION LINES:
 Measured Total True Vertical BHL from nearest Lease, Unit, Or Property Line:
 Depth Depth

30. Bottom Hole Location for Horizontal Hole: (LATERALS)
 LATERAL #: SEC 23 TWP 18N RGE 4E COUNTY
 SPOT LOCATION: 1/4 1/4 1/4 1/4 FEET FROM QUARTER from N PAYNE LINE from E LINE
 SECTION LINES: 165 1900
 Depth of Deviation Radius of Turn Direction Total Length
2810 780 360 4420
 Measured Total True Vertical End Point location from nearest lease, unit
 Depth Depth 9,000 3800 or property line: 165

LATERAL #2: SEC TWP RGE COUNTY
 SPOT LOCATION: 1/4 1/4 1/4 1/4 FEET FROM QUARTER from SOUTH LINE from WEST LINE
 SECTION LINES:
 Depth of Deviation Radius of Turn Direction Total Length
 Measured Total True Vertical End Point location from nearest lease, unit
 Depth Depth or property line:

LATERAL #3: SEC TWP RGE COUNTY
 SPOT LOCATION: 1/4 1/4 1/4 1/4 FEET FROM QUARTER from SOUTH LINE from WEST LINE
 SECTION LINES:
 Depth of Deviation Radius of Turn Direction Total Length
 Measured Total True Vertical End Point location from nearest lease, unit
 Depth Depth or property line:



1. If more than two drainholes are proposed, attach separate sheet indicating the necessary information.
2. Direction must be stated in degrees azimuth.
3. Please note the horizontal drainhole and its end point must be located within the legal boundaries of the lease or spacing unit. Directional surveys are required for all drainholes and directional wells.

31. AFFIDAVIT FOR ALTERNATIVE CASING PROGRAM (Signature on front of this form attests to this affidavit)
 1. This well WILL WILL NOT penetrate any known lost circulation zones.
 2. During the drilling of this well, withdrawals from any water well within 1/4 mile WILL WILL NOT exceed 50 gallons per minute.
 3. The projected depth of the well IS IS NOT less than 100 feet from the top of any enhanced recovery project or gas storage facility.
 4. List the following for all water wells within 1/4 mile of this well. (Information concerning some water wells may be obtained from the OKLAHOMA WATER RESOURCES BOARD, 3800 N. Classen Blvd., Oklahoma City, OK 73118). IF NO WATER WELLS FOUND, SO STATE. (ATTACH ADDITIONAL SHEET IF NECESSARY)

Name of Owner/Operator	Address of Owner/Operator	Location (Nearest 1/4 1/4 1/4 1/4)	Depth of Well

5. A cement bond log is required to be run and submitted from not less than 100 feet below the base of the treatable water-bearing formation to the surface. **OCC USE ONLY**
6. If casing depth is more than 250 feet deeper than base of the treatable water-bearing formation, operator must submit a letter of request listing reasons and precautions to be taken.

INTENT TO DRILL CHECKLIST APPROVED OCC USE ONLY OCC USE ONLY

1. SURETY
 A. NONE filed.
 B. EXPIRED: Date 6-17-15
 C. OUTSTANDING CONTEMPT ORDER.

4. GEOLOGY

DO NOT WRITE INSIDE THIS BOX

DATE: 06/18/2014 TIME: 16:21
 Case: 000000000 Cashier: JRT
 Payor: AMERICAN ENERGY-WOODFORD, LL
 Check: 5181 \$500.00
 45 Emerg Walk Thru ITD

OKLA CORP COMM
 RECEIPT 1409080190