

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

API NUMBER: 039 22448

Approval Date: 10/28/2014
Expiration Date: 04/28/2015

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 31 Twp: 14N Rge: 16W County: CUSTER
SPOT LOCATION: SW SW SE SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 200 1600

Lease Name: CARMILETA Well No: 1-31H 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

JIM & CARMILETA HUGHES
22765 EAST 950 ROAD
ARAPAHO OK 73620

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

Name	Depth	Name	Depth
1	CHEROKEE	11546	6
2			7
3			8
4			9
5			10

Spacing Orders: 156398

Location Exception Orders: 631558

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 16810

Ground Elevation: 1673

Surface Casing: 900

Depth to base of Treatable Water-Bearing FM: 420

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: 14-28426

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 31 Twp 14N Rge 16W County CUSTER

Spot Location of End Point: NW NW NE NW

Feet From: SOUTH 1/4 Section Line: 2440

Feet From: WEST 1/4 Section Line: 1600

Depth of Deviation: 10980

Radius of Turn: 550

Direction: 180

Total Length: 4330

Measured Total Depth: 16810

True Vertical Depth: 11730

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

Notes:

Category

Description

DEEP SURFACE CASING

9/29/2014 - 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 - 631558

10/24/2014 - G72 - 31-14N-16W (I.O.)
X 156398 CHRK,
COMP INT. NCT 300 FNL NCT 300 FSL NCT 990 FWL,
SANGUINE GAS EXPLORATION, L.L.C.
10/7/2014

MEMO

10/24/2014 - G71 - PITS 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST, PIT 2 - OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT

SPACING - 156398

10/24/2014 - G72 - (640) 31-14N-16W
EXT 153092 CHRK, OTHERS

SURFACE CASING

9/29/2014 - G71 - MIN. 500' PER ORDER # 42589

WATERSHED STRUCTURE

9/29/2014 - G71 - WELL WITHIN 1/2 MILE OF AN OKLAHOMA CONSERVATION COMMISSION WATERSHED STRUCTURE. CONTACT THE LOCAL CONSERVATION DISTRICT OFFICE AT (580) 323-4875 PRIOR TO DRILLING

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