

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

API NUMBER: 117 23584 A

Approval Date: 11/04/2014
Expiration Date: 05/04/2015

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 26 Twp: 20N Rge: 8E County: PAWNEE
SPOT LOCATION: SE SW SE SE FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 200 1690

Lease Name: JAGUAR Well No: 1-26H Well will be 200 feet from nearest unit or lease boundary.
Operator Name: U S ENERGY DEVELOPMENT CORPORATION Telephone: 7166360401 OTC/OCC Number: 23402 0

U S ENERGY DEVELOPMENT CORPORATION
2350 N FOREST RD
GETZVILLE, NY 14068-1296

LEON & KELLI SUE CATER TRUST
P.O. BOX 582361
TULSA OK 74158

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

Name	Depth	Name	Depth
1 MISSISSIPPI	2725	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 621427 Location Exception Orders: 625895 Increased Density Orders:

Pending CD Numbers: Special Orders:

Total Depth: 7530 Ground Elevation: 797 Surface Casing: 500 Depth to base of Treatable Water-Bearing FM: 250

Under Federal Jurisdiction: No Fresh Water Supply Well Drilled: No Surface Water used to Drill: No

PIT 1 INFORMATION

Type of Pit System: ON SITE
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: 2

Liner not required for Category: 2

Pit Location is BED AQUIFER
Pit Location Formation: TORPEDO

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

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 26 Twp 20N Rge 8E County PAWNEE

Spot Location of End Point: NE NW NE NE

Feet From: SOUTH 1/4 Section Line: 2440

Feet From: WEST 1/4 Section Line: 1690

Depth of Deviation: 2250

Radius of Turn: 600

Direction: 360

Total Length: 4337

Measured Total Depth: 7530

True Vertical Depth: 2850

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

Notes:

Category	Description
LOCATION EXCEPTION - 625895	11/4/2014 - G75 - (I.O.) 26-20N-8E X621427 MISS SHL NCT 200 FSL, NCT 660 FEL FIRST PERF NCT 200 FSL, NCT 660 FEL LAST PERF NCT 200 FNL, NCT 660 FEL BHL NCT 200 FNL, NCT 660 FEL U.S. ENERGY DEVELOPMENT CORP. 5-23-2014
SPACING - 621427	11/4/2014 - G75 - (640/40) 26-20N-8E EST (40) OTHERS EST (640) MISS, OTHER