

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

API NUMBER: 047 25018

Approval Date: 03/16/2015

Expiration Date: 09/16/2015

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 28 Twp: 21N Rge: 8W

County: GARFIELD

SPOT LOCATION:

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 200 1650

Lease Name: COTTONTAIL

Well No: 3-28H

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

DAVE WATSON, LINDA ALLEN, MARILYN TARRON
16542 SANDSTONE CIRCLE
CHOCTAW OK 73020

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

| Name | Depth | Name | Depth |
|-------------|-------|------|-------|
| 1 MISS SAND | 7123 | 6 | |
| 2 | | 7 | |
| 3 | | 8 | |
| 4 | | 9 | |
| 5 | | 10 | |

Spacing Orders: 62980

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201501026

Special Orders:

Total Depth: 12180

Ground Elevation: 1252

Surface Casing: 530

Depth to base of Treatable Water-Bearing FM: 440

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: 8000 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 BED AQUIFER

Pit Location Formation: CEDAR HILLS

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

PERMIT NO: 15-29684

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 28 Twp 21N Rge 8W County GARFIELD

Spot Location of End Point: NE NW NE NE

Feet From: SOUTH 1/4 Section Line: 2443

Feet From: WEST 1/4 Section Line: 1671

Depth of Deviation: 6700

Radius of Turn: 600

Direction: 1

Total Length: 4537

Measured Total Depth: 12180

True Vertical Depth: 7300

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

Notes:

Category

Description

BOTTOM-HOLE LOCATION

3/12/2015 - G75 - 200' FNL, 2433' FSL, 1671' FWL, 1000' FEL NE4 28-21N-8W PER SURVEY PLAT

PENDING CD - 201501026

3/11/2015 - G75 - (I.O.) 28-21N-8W
X62980 MSSND
SHL NCT 200 FSL, NCT 660 FEL
COMPL. INT. NCT 200 FSL, NCT 200 FNL, NCT 660 FEL
BHL NCT 200 FNL, NCT 660 FEL
NO OP. NAMED
REC 3-13-2015 (NORRIS)

SPACING - 62980

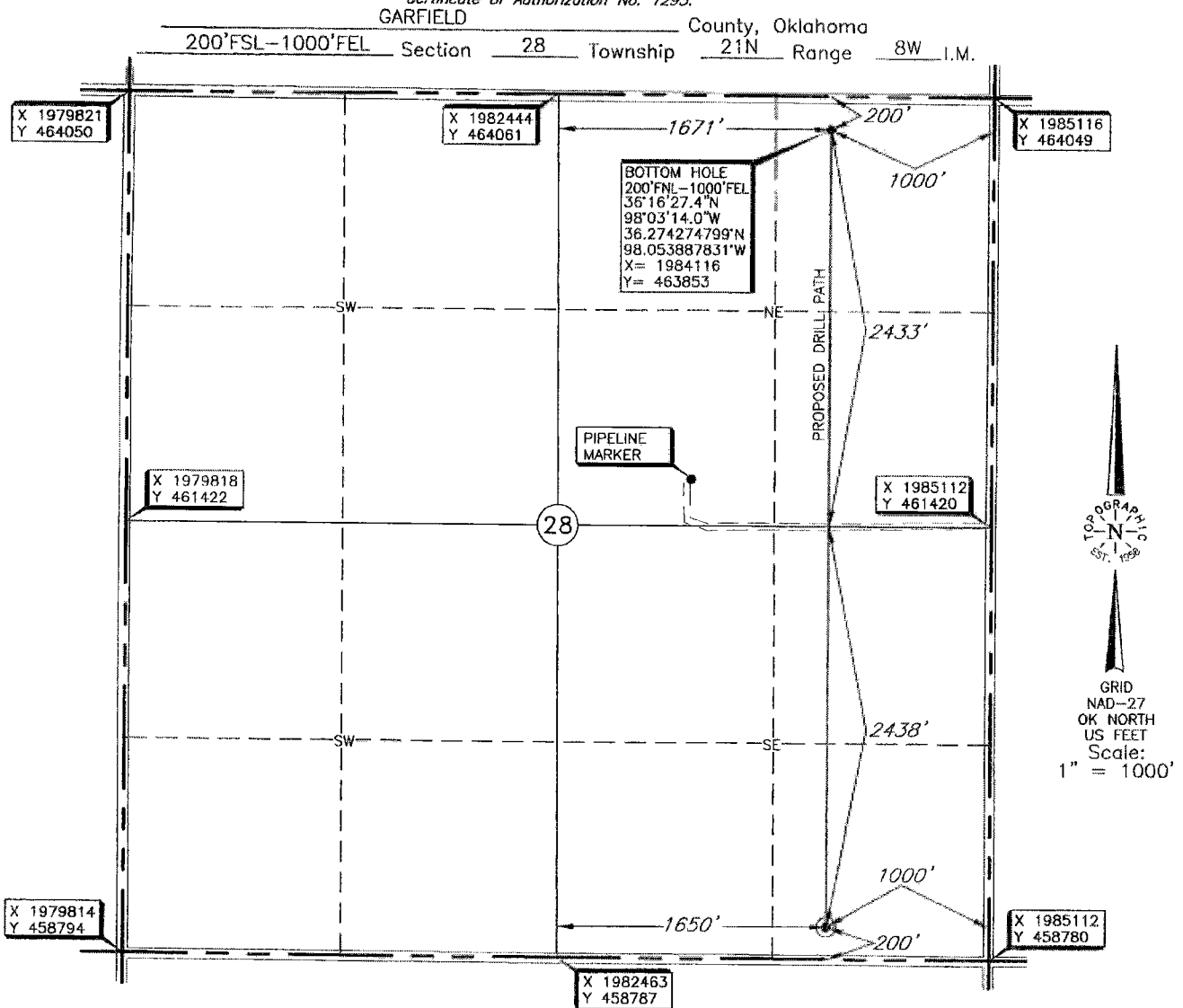
3/11/2015 - G75 - (640) 28-21N-8W
VAC OTHER
EXT 60948 MSSND

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.

047 25018 COTTONTAIL 3-28H



BOTTOM HOLE AND DRILL PATH INFORMATION
PROVIDED BY OPERATOR LISTED, NOT SURVEYED.

NOTE:
The information shown herein is for
construction purposes ONLY.

Operator: US ENERGY DEVELOPMENT CORP.

Lease Name: COTTONTAIL

Well No.: #3-28H

ELEVATION:

1252' Gr. at Stake

Topography & Vegetation Location fell in a wheat field.

Good Drill Site? Yes Reference Stakes or Alternate Location
Stakes Set None

Best Accessibility to Location From county road South of well location.

Distance & Direction

from Hwy Jct or Town From Drummond, OK., go ±0.1 mile East, then South on St. Hwy 132 ±2.75 miles, then
±1 mile West to the Southeast Corner of Section 28, T21N-R8W.

DATUM: NAD-27
LAT: 36°15'39.2"N
LONG: 98°03'14.0"W
LAT: 36.260893993°N
LONG: 98.053892857°W

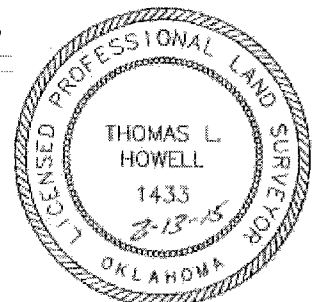
STATE PLANE
COORDINATES (US FEET):
ZONE: OK NORTH
X: 1984112
Y: 458982

Date of Drawing: Feb. 12, 2015
Invoice # 240251 Date Staked: Feb. 11, 2015 JGW

CERTIFICATE:

I, Thomas L. Howell an Oklahoma Licensed Land
Surveyor and an authorized agent of Topographic Land
Surveyors of Oklahoma, do hereby certify to the
information shown herein.

Thomas L. Howell
Oklahoma Reg. No. 1433



This information was
gathered with a GPS receiver
with ±1 foot Horiz./Vert. accuracy.