

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

API NUMBER: 083 24360 A

Approval Date: 12/23/2014
Expiration Date: 06/23/2015

Horizontal Hole Oil & Gas

Amend reason: ADD FORMATION

AMEND PERMIT TO DRILL

WELL LOCATION: Sec: 20 Twp: 17N Rge: 4W

County: LOGAN

SPOT LOCATION: SE SW SE SE

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 187 789

Lease Name: TJ

Well No: 1-29H

Well will be 187 feet from nearest unit or lease boundary.

Operator Name: PAYNE EXPLORATION COMPANY

Telephone: 4058439419

OTC/OCC Number: 918 0

PAYNE EXPLORATION COMPANY
7005 N ROBINSON AVE
OKLAHOMA CITY, OK 73116-9044

TERRY BUFFORD
12652 WEST COUNTY ROAD 75
CRESCENT OK 73028

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

| Name | Depth | Name | Depth |
|------------|-------|------|-------|
| 1 WOODFORD | 6600 | 6 | |
| 2 HUNTON | 6650 | 7 | |
| 3 | | 8 | |
| 4 | | 9 | |
| 5 | | 10 | |

Spacing Orders: 630157

Location Exception Orders: 634435

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 12100

Ground Elevation: 1063

Surface Casing: 650

Depth to base of Treatable Water-Bearing FM: 550

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: 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? Y

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

Approved Method for disposal of Drilling Fluids:

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

PERMIT NO: 14-28764

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 29 Twp 17N Rge 4W County LOGAN

Spot Location of End Point: S2 S2 SE SE

Feet From: SOUTH 1/4 Section Line: 200

Feet From: EAST 1/4 Section Line: 660

Depth of Deviation: 6080

Radius of Turn: 586

Direction: 180

Total Length: 5100

Measured Total Depth: 12100

True Vertical Depth: 6800

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

Notes:

| Category | Description |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COMPLETION INTERVAL | 3/25/2015 - G91 - THE COMPLETION INTERVAL FOR THE WOODFORD WILL BE AT A LEGAL LOCATION |
| LOCATION EXCEPTION - 634435 | 3/25/2015 - G91 - (I.O.) X630157 HNTN SHL NCT 187 FSL, NCT 789 FEL 20-17N-4W 1ST PERF NCT 200 FNL, NCT 660 FEL 29-17N-4W LAST PERF NCT 200 FSL, NCT 660 FEL 29-17N-4W PAYNE EXPLORATION CO. 12-22-2014 |
| PUBLIC WATER SUPPLY/WELLHEAD PROTECTION AREA | 3/25/2015 - G91 - LOGAN CO RWS & SWMD #3 - 3 PWS/WPA, SE/4 20-17N-4W & CRESCENT 4 PWS/WPA, SW4 21-17N-4W |
| SPACING - 630157 | 3/25/2015 - G91 - (640)(HOR) 29-17N-4W EST HNTN, WDFD, OTHER POE TO BHL NCT 660' FB (HNTN) POE TO BHL NCT 330' FB (WDFD) (COEXIST SP. ORDER #581851 HNTN, WDFD, OTHERS; SE4) |

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