

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

API NUMBER: 117 23646

Approval Date: 03/25/2015
Expiration Date: 09/25/2015

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 26 Twp: 20N Rge: 8E County: PAWNEE
SPOT LOCATION: SE SE SE SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 215 2560

Lease Name: JAGUAR Well No: 3-26H Well will be 215 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

RANDY BAILEY & LEANN BAILEY
369999 OLD TERLTON ROAD
TERLTON OK 74081

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:

Increased Density Orders:

Pending CD Numbers: 201500241
201500907

Special Orders:

Total Depth: 9100

Ground Elevation: 805

Surface Casing: 580

Depth to base of Treatable Water-Bearing FM: 460

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: Yes

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: VAMOOSA

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 NE NW NW

Feet From: SOUTH 1/4 Section Line: 2435

Feet From: WEST 1/4 Section Line: 1000

Depth of Deviation: 3577

Radius of Turn: 600

Direction: 340

Total Length: 4580

Measured Total Depth: 9100

True Vertical Depth: 2830

End Point Location from Lease,
Unit, or Property Line: 205

Notes:

Category	Description
BOTTOM HOLE LOCATION	3/6/2015 - G76 - 2435' FSL, 1000' FWL PER OPERATOR
PENDING CD - 201500241	3/3/2015 - G76 - 26-20N-8E X621427 MISS 2 WELLS NO OP. NAMED REC. 2/9/2015 (P. PORTER)
PENDING CD - 201500907	3/25/2015 - G76 - (I.O.) 26-20N-8E X621427 MISS SHL NCT 200 FSL, NCT 2000 FWL 1ST PERF NCT 200 FSL, NCT 660 FWL LAST PERF NCT 200 FNL, NCT 660 FWL BHL NCT 200 FNL, NCT 660 FWL US ENERGY DEV. CORP. REC. 3/24/2015 (P. PORTER)
SPACING - 621427	3/3/2015 - G76 - (640/40) 26-20N-8E (40) EST OTHERS (640) EST MISS, OTHER
SURFACE LOCATION	3/6/2015 - G76 - 215' FSL, 2560' FWL PER OPERATOR

HWY 117-23646



Well Location Plat

Sec. 26-20N-8E I.M.

Operator: U.S. ENERGY DEVELOPMENT CORP.

Lease Name and No. : JAGUAR #3-26H

Footage : 215' FSL - 2560' FWL GR. ELEVATION : 804' Good Site? YES

Section: 26 Township: 20N Range: 8E I.M.

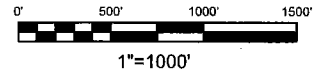
County : Pawnee State of Oklahoma

Alternate Loc.: N/A

Terrain at Loc. : Location fell in hilly, rocky, wooded area. ± 185' North of E-W fence.

Accessibility : From the South.

Directions : From the junction of State Highway 48 and State Highway 51 in Mannford, OK, go 3.5 miles North on HWY 48 to "EW 58 Rd.", go 1.3 miles West on "EW 58 Rd." to 700ft South of Southwest Corner of Section 26-20N-8E.



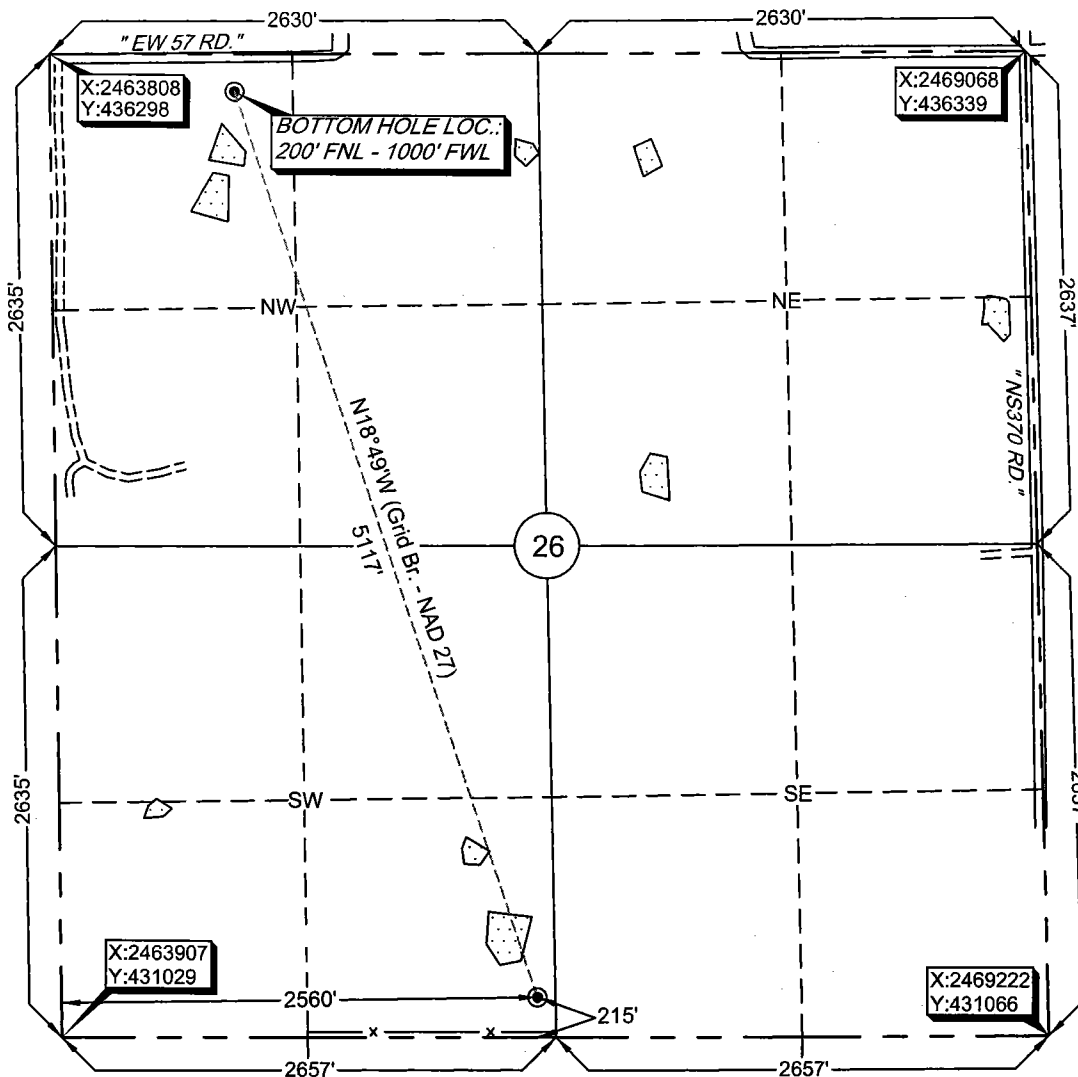
GPS DATUM
NAD - 27
OK NORTH ZONE

Surface Hole Loc.:
Lat: 36°10'27.58"N
Lon: 96°25'10.22"W
X: 2466463
Y: 431262

Bottom Hole Loc.:
Lat: 36°11'15.74"N
Lon: 96°25'29.40"W
X: 2464812
Y: 436105

Please note that this location was staked on the ground under the supervision of a Licensed Professional Land Surveyor, but the accuracy of this survey is not guaranteed. Please contact Arkoma Surveying and Mapping promptly if any inconsistency is determined. GPS data is observed from RTK - GPS. NOTE: X and Y data shown hereon for Section Corners may NOT have been surveyed on-the-ground, and further, does NOT represent a true Boundary Survey.

Quarter Section distances may be assumed from a Government Survey Plat or assumed at a proportionate distance from opposing section corners, or occupation thereof, and may not have been measured on-the-ground, and further, does not represent a true boundary survey.



survey and plat by,
Arkoma Surveying and Mapping, PLLC
P.O. Box 238 Wilburton, OK 74578
Ph. 918-465-5711 Fax 918-465-5030
Certificate of Authorization No. 6348
Expires June 30, 2016
Invoice #5312-B

Date Staked: 02/17/15 By: C.K.
Date Drawn: 02/18/15 By: T.S.
Rev. SHL & BHL: 03/05/15 By: J.H.

Certification:

This is to certify that this Well Location Plat represents the results of a survey made on the ground performed under the supervision of the undersigned.

Stan Drannon 03/05/15
STAN DRANNON OK LPLS 1672

