

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

API NUMBER: 117 23649

Approval Date: 03/26/2015
Expiration Date: 09/26/2015

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 20 Twp: 20N Rge: 8E County: PAWNEE
SPOT LOCATION: SW SE SE SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 240 2240

Lease Name: GRAY WOLF Well No: 1-20H Well will be 240 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

JOY REMINGTON
3701-A S. HARVARD # 160
TULSA OK 74135

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

Name	Depth	Name	Depth
1 MISSISSIPPI	2870	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 638046

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201501093

Special Orders:

Total Depth: 7820

Ground Elevation: 862

Surface Casing: 320

Depth to base of Treatable Water-Bearing FM: 220

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? Y

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: VAMOOSA

Approved Method for disposal of Drilling Fluids:

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

PERMIT NO: 15-29692

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 20 Twp 20N Rge 8E County PAWNEE

Spot Location of End Point: NW NE NE NW

Feet From: NORTH 1/4 Section Line: 200

Feet From: WEST 1/4 Section Line: 2240

Depth of Deviation: 2340

Radius of Turn: 600

Direction: 360

Total Length: 4537

Measured Total Depth: 7820

True Vertical Depth: 2940

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

Notes:

Category	Description
PENDING CD - 201501093	3/12/2015 - G75 - (I.O.) 20-20N-8E X638046 MISS, OTHER SHL NCT 200 FSL, NCT 1980 FWL COMPL. INT. NCT 200 FSL, NCT 200 FNL, NCT 1980 FWL BHL NCT 200 FNL, NCT 1980 FWL NO OP. NAMED REC 3-25-2015 (THOMAS)
PUBLIC WATER SUPPLY WELLS	3/9/2015 - G71 - PAWNEE CO. RWD #2, 4 PWS/WPA, C 19-20N-8E & 6 PWS/WPA, NE4 18-20N-8E
SPACING - 638046	3/25/2015 - G75 - (640/40) 20-20N-8E EXT (40) OTHERS EXT (640) 623458 MISS, OTHER

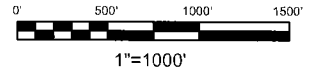
API 117-23649



Well Location Plat

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

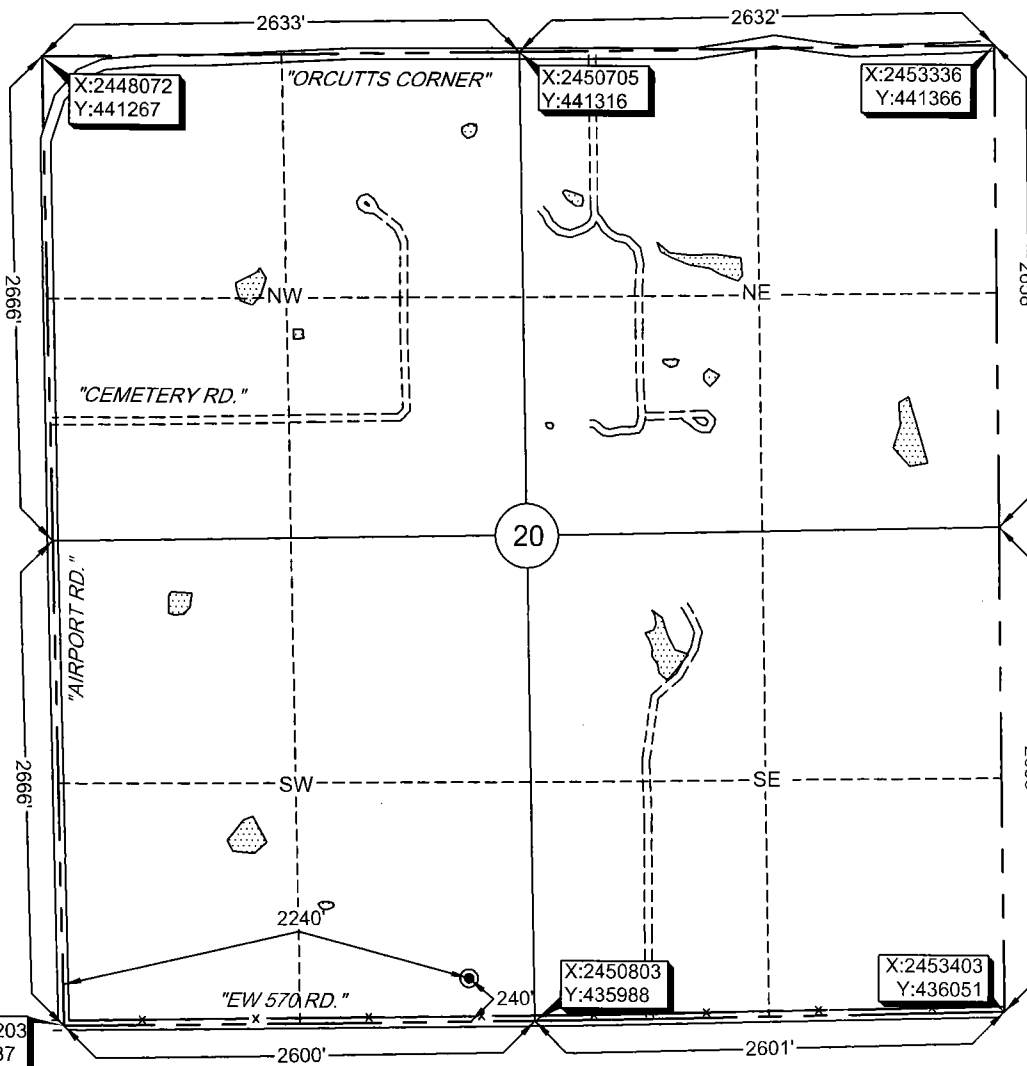
Operator: U.S. ENERGY DEVELOPMENT CORPORATION
 Lease Name and No. : GRAY WOLF #1-20H
 Footage : 240' FSL - 2240' FWL GR. ELEVATION : 862' Good Site? YES
 Section: 20 Township: 20N Range: 8E I.M.
 County : Pawnee State of Oklahoma
 Alternate Loc.: N/A
 Terrain at Loc. : Location fell on the side of rocky hill in heavy timber, +/- 380 West of a house, +/- 205 North of E-W Fence.



Accessibility : From the West.
 Directions : From the junction of "EW 575 Road" & "NS 3655 Road" in the town of Terlton, OK, go 1.0 mile East on "EW 575 Road" to the Southwest Corner of Section 20-20N-8E.

GPS DATUM
 NAD - 27
 OK NORTH ZONE

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.



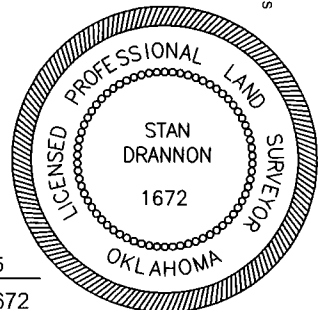
Surface Hole Loc.:
 Lat: 36°11'19.15"N
 Lon: 96°28'24.72"W
 X: 2450437
 Y: 436221

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.

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.

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. 5348
 Expires June 30, 2016

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.



Invoice #5325
 Date Staked : 02/20/15 By : C.K
 Date Drawn : 02/25/15 By : T.S.

Stan Drannon 02/25/15
 STAN DRANNON OK LPLS 1672