

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

API NUMBER: 017 25164

Approval Date: 01/19/2018
Expiration Date: 07/19/2018

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 10 Twp: 12N Rge: 9W County: CANADIAN
SPOT LOCATION: SW SE SE SE FEET FROM QUARTER: FROM SOUTH FROM EAST
SECTION LINES: 275 375

Lease Name: RADER Well No: 1H-10 Well will be 275 feet from nearest unit or lease boundary.
Operator Name: CITIZEN ENERGY III LLC Telephone: 9189494680 OTC/OCC Number: 24120 0

CITIZEN ENERGY III LLC
320 S BOSTON AVE STE 900
TULSA, OK 74103-3729

RADER FAMILY LIVING TRUST
7009 N. SHAWNEE
OKLAHOMA CITY OK 73116

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

Name	Depth	Name	Depth
1 WOODFORD	12200	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 651574

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 17475

Ground Elevation: 1530

Surface Casing: 1500

Depth to base of Treatable Water-Bearing FM: 240

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: 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: MARLOW

Approved Method for disposal of Drilling Fluids:

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

PERMIT NO: 18-33796

H. SEE MEMO

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.

PIT 2 INFORMATION

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: OIL BASED

Chlorides Max: 300000 Average: 200000

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: MARLOW

HORIZONTAL HOLE 1

Sec 10 Twp 12N Rge 9W County CANADIAN

Spot Location of End Point: N2 NE NE NE

Feet From: NORTH 1/4 Section Line: 165

Feet From: EAST 1/4 Section Line: 330

Depth of Deviation: 11747

Radius of Turn: 477

Direction: 1

Total Length: 4979

Measured Total Depth: 17475

True Vertical Depth: 12250

End Point Location from Lease,
Unit, or Property Line: 165

Notes:

Category

Description

COMPLETION INTERVAL

1/19/2018 - G57 - COMPLETION INTERVAL (FIRST PERFORATION OR POINT OF ENTRY TO TERMINUS) FOR THE WOODFORD WILL BE GREATER THAN 165' FNL & FSL; GREATER THAN 330' FEL & FWL OF 10-12N-9W PER SPACING ORDER #651574 PER OPERATOR

DEEP SURFACE CASING

1/18/2018 - G71 - APPROVED; NOTIFY OCC FIELD INSPECTOR IMMEDIATELY OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR SURFACE CASING

HYDRAULIC FRACTURING

1/18/2018 - G71 - OCC 165:10-3-10 REQUIRES:

1) PRIOR TO COMMENCEMENT OF HYDRAULIC FRACTURING OPERATIONS FOR HORIZONTAL WELLS, NOTICE GIVEN FIVE BUSINESS DAYS IN ADVANCE TO OFFSET OPERATORS WITH WELLS COMPLETED IN THE SAME COMMON SOURCE OF SUPPLY WITHIN 1/2 MILE;

2) WITH NOTICE ALSO GIVEN 48 HOURS IN ADVANCE OF HYDRAULIC FRACTURING ALL WELLS TO BOTH THE OCC CENTRAL OFFICE AND LOCAL DISTRICT OFFICES, USING THE "FRAC NOTICE FORM" FOUND AT THE FOLLOWING LINK: OCCEWEB.COM/OG/OGFORMS.HTML; AND,

3) THE CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS FOR ALL WELLS TO BE REPORTED TO FRACFOCUS WITHIN 60 DAYS AFTER THE CONCLUSION THE HYDRAULIC FRACTURING OPERATIONS, USING THE FOLLOWING LINK: FRACFOCUS.ORG

MEMO

1/18/2018 - G71 - PITS 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST, PIT 2 - OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT

SPACING - 651574

1/18/2018 - G57 - (640)(HOR) 10-12N-9W
EST WDFD, OTHERS
POE TO BHL NCT 165' FNL & FSL, NCT 330' FEL & FWL

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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.