

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

API NUMBER: 039 22542

Approval Date: 06/18/2018

Expiration Date: 12/18/2018

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 24 Twp: 14N Rge: 15W

County: CUSTER

SPOT LOCATION:

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 250 2420

Lease Name: MORGANDY

Well No: 1H-25-36

Well will be 250 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

MARSHA MILLER
9520 N. 2420 ROAD
WEATHERFORD OK 73096

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

	Name	Depth	Name	Depth
1	MISSISSIPPIAN	15500	6	
2	WOODFORD	16200	7	
3			8	
4			9	
5			10	

Spacing Orders: 678621

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201801546
201801547

Special Orders:

Total Depth: 26785

Ground Elevation: 1651

Surface Casing: 1500

Depth to base of Treatable Water-Bearing FM: 390

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 AP/TE DEPOSIT

Pit Location Formation: TERRACE

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

PERMIT NO: 18-34621

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 AP/TE DEPOSIT

Pit Location Formation: TERRACE

HORIZONTAL HOLE 1

Sec 36 Twp 14N Rge 15W County CUSTER

Spot Location of End Point: SW SW SW SE

Feet From: SOUTH 1/4 Section Line: 165

Feet From: EAST 1/4 Section Line: 2490

Depth of Deviation: 15770

Radius of Turn: 477

Direction: 178

Total Length: 10265

Measured Total Depth: 26785

True Vertical Depth: 16250

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

Additional Surface Owner	Address	City, State, Zip
MARSHA MILLER	9520 N. 2420 ROAD	WEATHERFORD, OK 73096

Notes:

Category

Description

DEEP SURFACE CASING

6/8/2018 - 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

6/8/2018 - 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: OCCWEB.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

6/8/2018 - G71 - PITS 1 & 2 - CLOSED SYSTEM=STEEL PITS (LITTLE DEER CREEK), PIT 2 - OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT

This permit does not address the right of entry or settlement of surface damages.

039 22542 MORGANDY 1H-25-36

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.

Category	Description
PENDING CD - 201801546	6/8/2018 - G56 - 25 & 36-14N-15W EST MULTIUNIT HORIZONTAL WELL X678621 MSSP, WDFD (MSSP, WDFD ARE DESIGNATED TARGET RESERVOIRS) 50% 25-14N-15W 50% 36-14N-15W NO OP. NAMED REC 4/30/18 (DUNN)
PENDING CD - 201801547	6/11/2018 - G56 - (I.O.) 25 & 36-14N-15W X678621 MSSP, WDFD COMPL INT (25-14N-15W) NCT 165' FNL, NCT 0' FSL, NCT 660' FWL COMPL INT (36-14N-15W) NCT 165' FSL, NCT 0' FNL, NCT 660' FWL NO OP NAMED REC 4/30/18 (DUNN)
SPACING - 65865	6/8/2018 - G56 - (640) 25 & 36-14N-15W EST MSSP, OTHERS
SPACING - 678621	6/8/2018 - G56 - (640) (HOR) 25 & 36-14N-15W VAC 65865 MSSP EST MSSP, WDFD POE TO BHL (MSSP) NCT 660 FB POE TO BHL (WDFD) NCT 165' FNL & FSL, NCT 330' FEL & FWL
SURFACE CASING	6/8/2018 - G71 - MIN. 500' PER ORDER 42589

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.



Well Location Plat

S.H.L. Sec. 24-14N-15W I.M.

B.H.L. Sec. 36-14N-15W I.M.

Operator: CITIZEN ENERGY, LLC

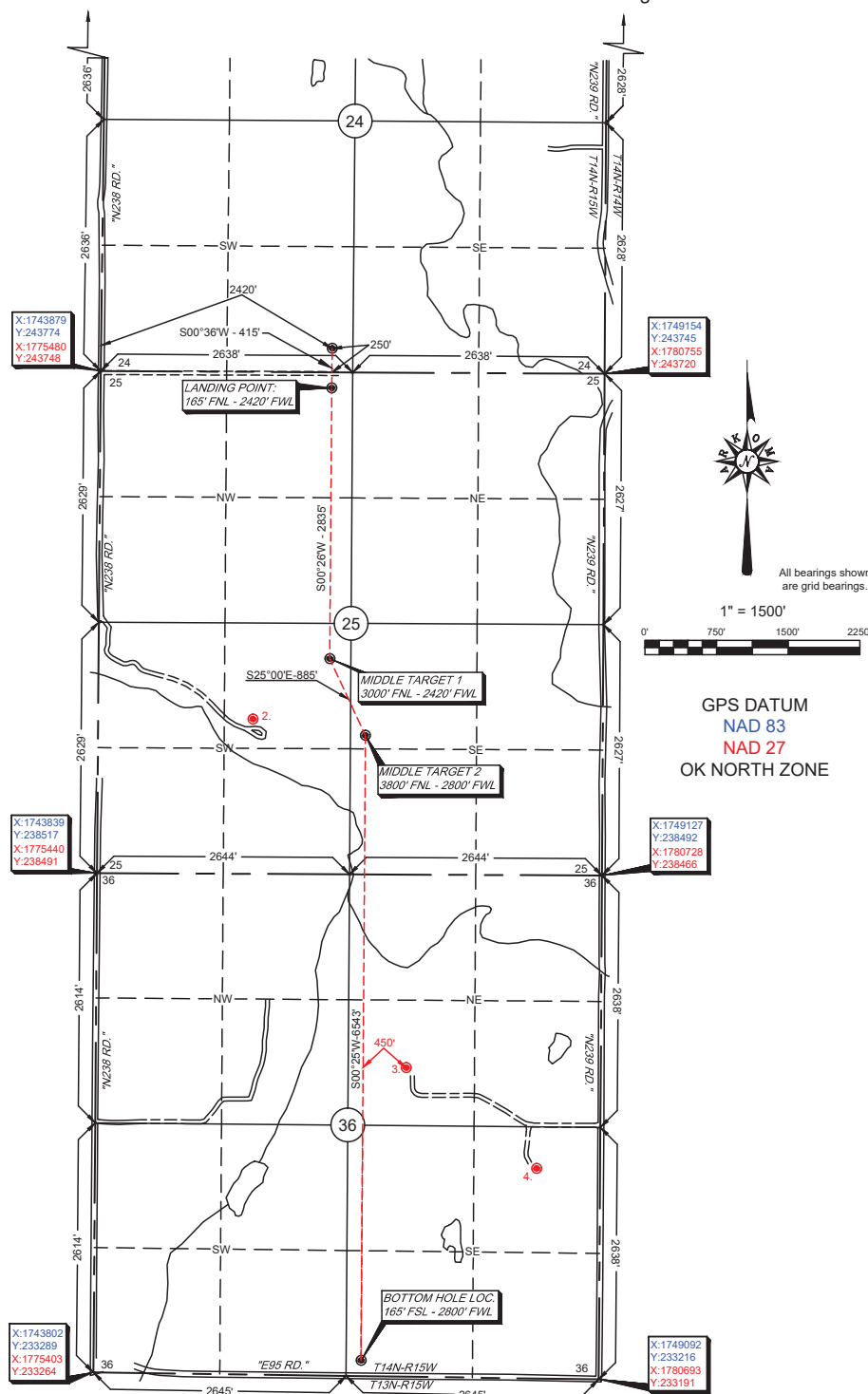
Lease Name and No.: MORGANDY 1H-25-36

Footage: 250' FSL - 2420' FWL Gr. Elevation: 1651'

Section: 24 Township: 14N Range: 15W I.M.

County: Custer State of Oklahoma

Terrain at Loc.: Location fell in a cultivated field North and West of existing fence.



Surface Hole Loc.:

Lat: 35°40'04.71"N

Lon: 98°44'52.96"W

Lat: 35.66797458

Lon: -98.74804395

X: 1746302

Y: 244011

Surface Hole Loc.:

Lat: 35°40'04.53"N

Lon: 98°44'51.67"W

Lat: 35.66792442

Lon: -98.74768501

X: 1777903

Y: 243985

Landing Point:

Lat: 35°40'00.60"N

Lon: 98°44'52.97"W

Lat: 35.66683452

Lon: -98.74804768

X: 1746297

Y: 243596

Landing Point:

Lat: 35°40'00.42"N

Lon: 98°44'51.68"W

Lat: 35.66678435

Lon: -98.74768877

X: 1777899

Y: 243570

Middle Target 1:

Lat: 35°39'32.57"N

Lon: 98°44'52.96"W

Lat: 35.65904629

Lon: -98.74804556

X: 1746276

Y: 240761

Middle Target 1:

Lat: 35°39'32.39"N

Lon: 98°44'51.67"W

Lat: 35.65899599

Lon: -98.74768695

X: 1777877

Y: 240735

Middle Target 2:

Lat: 35°39'24.66"N

Lon: 98°44'48.36"W

Lat: 35.65685093

Lon: -98.74676586

X: 1746650

Y: 239959

Middle Target 2:

Lat: 35°39'24.48"N

Lon: 98°44'47.07"W

Lat: 35.65680061

Lon: -98.74640738

X: 1778251

Y: 239933

Bottom Hole Loc.:

Lat: 35°38'19.95"N

Lon: 98°44'48.32"W

Lat: 35.63887499

Lon: -98.74675530

X: 1746603

Y: 233416

Bottom Hole Loc.:

Lat: 35°38'19.77"N

Lon: 98°44'47.03"W

Lat: 35.63882439

Lon: -98.74639750

X: 1778204

Y: 233390

-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. 5348

Expires June 30, 2018

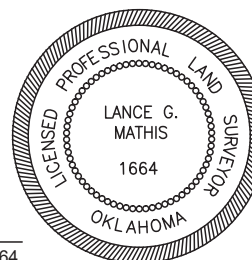
Certification:

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.

Lance G. Mathis
LANCE G. MATHIS

03/19/18

OK LPLS 1664



Invoice #7696

Date Staked: 03/12/18 By: C.K.

Date Drawn: 03/13/18 By: J.K.