

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

API NUMBER: 039 22559

Approval Date: 10/19/2018

Expiration Date: 04/19/2020

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 02 Twp: 14N Rge: 16W

County: CUSTER

SPOT LOCATION: ☐ NW ☐ NE ☐ NW ☐ NW

FEET FROM QUARTER: FROM NORTH FROM WEST

SECTION LINES: 270 690

Lease Name: HZM LAND

Well No: 1H-35-26

Well will be 270 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

JAROLD HAROLD MILLER
9048 N. 2310 ROAD
CUSTER CITY OK 73639

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

Name	Depth	Name	Depth
1 MERAMEC	14000	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: No Spacing

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201807457
201807458

Special Orders:

Total Depth: 24500

Ground Elevation: 1753

Surface Casing: 1500

Depth to base of Treatable Water-Bearing FM: 370

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: 18-35588
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 26 Twp 15N Rge 16W County CUSTER

Spot Location of End Point: NW NE NW NW

Feet From: NORTH 1/4 Section Line: 165

Feet From: WEST 1/4 Section Line: 690

Depth of Deviation: 13375

Radius of Turn: 573

Direction: 360

Total Length: 10225

Measured Total Depth: 24500

True Vertical Depth: 14100

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

Notes:

Category

Description

DEEP SURFACE CASING

10/19/2018 - GA8 - APPROVED; NOTIFY OCC FIELD INSPECTOR IMMEDIATELY FOR ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON CONDUCTOR OR SURFACE CASING

HYDRAULIC FRACTURING

10/19/2018 - GA8 - 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

10/19/2018 - GA8 - PIT 1 & 2 - CLOSED SYSTEM=STEEL PITS (REQUIRED - HORSE CREEK); PIT 2 - OBM TO VENDOR, OBM CUTTINGS PER DISTRICT

PENDING CD - 201807457

10/19/2018 - G75 - (1280)(HOR) 35 & 26-15N-16W
VAC 66321/67890 MRMC 26-15N-16W
VAC 146119 MRMC 35-15N-16W
EST MRMC
POE TO BHL NCT 660' FB
REC 10-9-2018 (JOHNSON)

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.

039 22559 HZM LAND 1H-35-26

Category	Description
PENDING CD - 201807458	10/19/2018 - G75 - (I.O.) 35 & 26-15N-16W X201807457 MRMC COMPL. INT. NCT 165' TO SL, NCT 165' TO NL, NCT 330' TO WL CITIZEN ENERGY III, LLC REC 10-9-2018 (JOHNSON)
SURFCE CASING	10/19/2018 - GA8 - MINIMUM 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

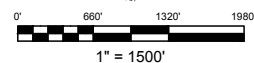
S.H.L. Sec. 2-14N-16W I.M.
B.H.L. Sec. 26-15N-16W I.M.

Operator: CITIZEN ENERGY, LLC
Lease Name and No.: HZM LAND 1H-35-26
Footage: 270' FNL - 690' FWL Gr. Elevation: 1753'
Section: 2 Township: 14N Range: 16W I.M.
County: Custer State of Oklahoma
Terrain at Loc.: Location fell in open farm land.

API 039-22559



All bearings shown
are grid bearings.



GPS DATUM

NAD 83

NAD 27

OK NORTH ZONE

Surface Hole Loc.:
Lat: 35°43'28.93"N
Lon: 98°52'41.18"W
Lat: 35.72470387
Lon: -98.87810634
X: 1707856
Y: 264984

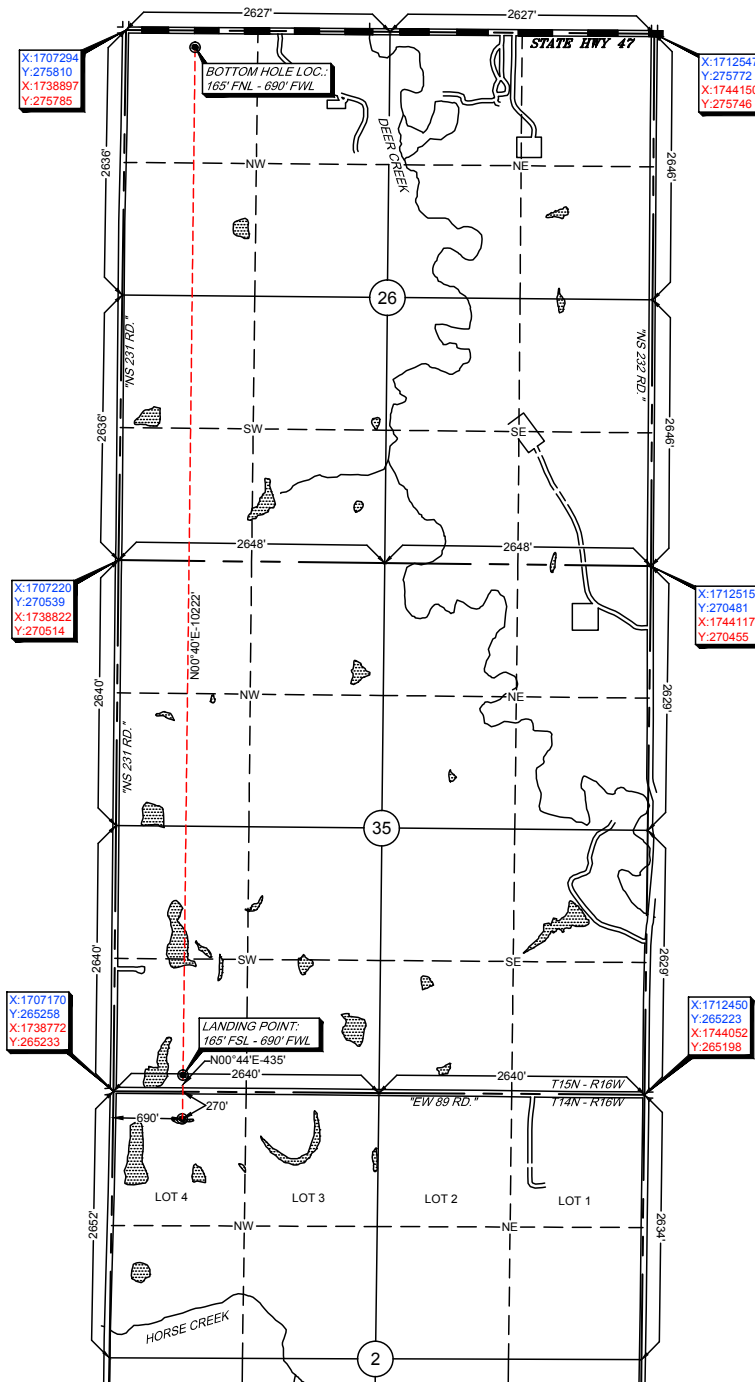
Surface Hole Loc.:
Lat: 35°43'28.76"N
Lon: 98°52'39.87"W
Lat: 35.72465550
Lon: -98.87774048
X: 1739458
Y: 264958

Landing Point:
Lat: 35°43'33.24"N
Lon: 98°52'41.16"W
Lat: 35.72589956
Lon: -98.87810067
X: 1707861
Y: 265419

Landing Point:
Lat: 35°43'33.06"N
Lon: 98°52'39.85"W
Lat: 35.72585120
Lon: -98.87773477
X: 1739464
Y: 265393

Bottom Hole Loc.:
Lat: 35°45'14.33"N
Lon: 98°52'40.83"W
Lat: 35.75398116
Lon: -98.87800716
X: 1707982
Y: 275640

Bottom Hole Loc.:
Lat: 35°45'14.16"N
Lon: 98°52'39.51"W
Lat: 35.75393319
Lon: -98.87764038
X: 1739584
Y: 275615



-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, 2020

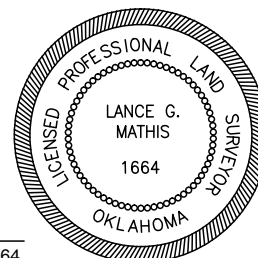
Certification:

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

09/24/18

OK LPLS 1664



Invoice #8191-A

Date Staked: 09/20/18 By: D.K.

Date Drawn: 09/24/18 By: M.K.