January 7, 2014

Arkansas Oil and Gas Commission
301 Natural Resources Drive, Suite 102
Little Rock, Arkansas 72205

Re: ORDER REFERENCE NO. 002-2014-01

Application of SEECO, Inc. for Authority to produce its Abram 10-8 #14-30H32 Well, pursuant to Arkansas Oil and Gas Commission General Rule B-43(o), and to share the costs of such well and the natural gas produced therefrom between the working interest owners and royalty owners of the existing units composed of Section 5, Township 9 North, Range 8 West, and Sections 32, 31 and 30, Township 10 North, Range 8 West, Cleburne County, based upon the sharing formula set out in detail below.

Commissioners:

SEECO, Inc., 2350 N. Sam Houston Parkway East, Houston, TX 77032, hereby applies to the Arkansas Oil and Gas Commission as follows:

1. The Applicant is the operator and Applicant and its participating partners are majority leasehold working interest owners in Section 5, Township 9 North, Range 8 West, and Sections 32, 31 and 30, Township 10 North, Range 8 West, Cleburne County. The Applicant proposes to drill a cross unit horizontal well from a surface location in the Southeast Quarter of Section 30, Township 10 North, Range 8 West with a bottom hole location in the Southwest Quarter of Section 32, Township 10 North, Range 8 West, with a measured depth of approximately 9,824 feet (3,045 feet total vertical depth) in the Fayetteville Shale Formation. The well has a proposed perforated horizontal section of approximately 4,865.69 feet. The proposed allocation of cost, expense and production is depicted on Exhibit “C”. Geological maps depicting the Fayetteville structure and thickness are enclosed with this application as Exhibits “D” and “E,” respectively.

2. The Applicant proposes to make an initial allocation of cost for the proposed well between Section 5, Township 9 North, Range 8 West, and Sections 32, 31 and 30, Township 10 North, Range 8 West, Cleburne County, based upon an area in acres (“allocation area”) defined by an exterior boundary 560 feet perpendicular to both sides of the estimated perforated well bore and a radius extending 560 feet from the estimated first perforation (toe) and last perforation (heel) of the well bore. The Applicant estimates that the total allocation
area encompassing the perforated well bore is approximately 147.63 acres. Approximately 8.49 acres or 5.75% of the total area is within Section 5, Township 9 North, Range 8 West, approximately 103.49 acres or 70.4% of the total area is within Section 32, Township 10 North, Range 8 West, approximately 35.56 acres or 24.08% of the total area is within Section 31, Township 10 North, Range 8 West, and approximately 0.09 acres or 0.06% of the total area is within Section 30, Township 10 North, Range 8 West.

3. The Applicant proposes that the above allocation of 5.75% to Section 5, Township 9 North, Range 8 West, 70.5% to Section 32, Township 10 North, Range 8 West, 24.08% to Section 31, Township 10 North, Range 8 West, and 0.06% to Section 30, Township 10 North, Range 8 West, be applicable to all actual costs for the drilling of the well through and including the setting of production casing. Operations will be conducted under the terms of an Arkansas Oil and Gas Commission model form operating agreement. The agreement will provide for a 400% penalty for a non-consent election for the drilling of the proposed well. The following terms will also govern the drilling and completion of the proposed well:

   a. After the setting of production casing, but before a completion attempt is made, drilling costs will be reallocated, based upon the actual perforated interval (distance between first and last perforations) available for completion in the as-drilled well bore. This re-allocation may result in a revision to working interest and all costs paid to that point will be adjusted.

   b. If a well bore is lost during the drilling or completion operation and a new well bore is proposed with an alternate azimuth that will result in a further re-allocation of working interest participation or in the allocation of production, the replacement well will be treated as a new well proposal under the operating agreement with revised interests. All parties that participated in the drilling and completion attempt in the initial well will be liable for their proportionate share of the actual cost of operations to the point of setting a plug for side-track operations, based on their original interest.

   c. Should any party that elected to participate in the initial well elect to not participate in the replacement well, the penalty for a non-consent election in the replacement well will be imposed on only the replacement well costs. A non-participating party in the initial well will not be afforded an opportunity to participate in the replacement well and the penalty will be imposed on the cumulative cost of the initial well and the replacement well.

   d. Any re-allocation after the setting of production casing will be final for the completion attempt and for the ultimate allocation of production from the well between the respective units.

4. The Applicant states that the granting of this application will be protective of the correlative right of all interested parties and will prevent waste of the natural gas by
permitting the most efficient method of developing the resource within the two governmental section which are the subject of this application.

5. The parties listed on Exhibit “A” are the interested parties in this proceeding and are the parties who should be given notice. Applicant requests that the Arkansas Oil and Gas Commission issue an order to the mineral leasehold working interest owners to (a) join as a working interest owner in the drilling of the proposed well based upon the allocation proposed above or, in the alternative, (b) elect to be a non-consenting working interest owner under the terms of the operating agreement which governs the unit in which their leasehold or mineral interest is located. Any owner of leasehold working interest who fails to timely elect either alternative should be deemed to have elected alternative (b) above.

6. The names and addresses of parties interested in this proceeding are set forth in Exhibit "A" attached hereto and made a part hereof.

7. Please note the appearance of Thomas A. Daily of Daily & Woods, P.L.L.C., P.O. Box 1446, Fort Smith, Arkansas, 72902, on behalf of applicant.

Very truly yours,

Thomas A. Daily

jmt
Working Interest Owners
Abram 10-8 14-30H32
Cleburne County, Arkansas

BHP Billiton Petroleum (Fayetteville), LLC
1360 Post Oak Blvd.
Houston, Texas 77056
Attn: James Miller

BP America Production Company
501 Westlake Park Blvd.
Houston, Texas 77079
Attn: Udo Ezeamama

XTO Energy, Inc.
810 Houston Street
Fort Worth, Texas 76102
Attn: Kristin Lakata

XX Farms
2084 Wilburn Rd
Heber Springs, AR 72543

Farmers Royalty Co.
3829 N Classen Blvd
Suite 101
Oklahoma City, OK 73118

Jim Mabry
600 Hidden Valley Rd
Wilburn, AR 72179

Joe Gunter
8984 HWY 319 W
Austin, AR 72007

John Prentice
PO Box 560
Memphis, TN 38101

Thomas Coleman Jr. and Linda Coleman
8701 Tournament Dr
Memphis, TN 38125

Time Farms
23 Timberlake Dr
Little Rock, AR 72207

Vanguard Permian
5847 San Felipe
Suite 3000
Houston, TX 77057
William Barr and Alice Barr  
2 Houston Dr  
Sherwood, AR 72120

B. Jean Faehling Limbaugh  
154 Rainbow Dr  
Pangburn, AR 72121

David Grimes  
P.O. Box 680  
Pangburn, AR 72121

Known and Unknown Heirs of Tillman and Wilberta Moody

Known and Unknown Heirs of Rex and Velma Johns and Known and Unknown Heirs of  
Randolph and Fannie Largent

Known and unknown heirs of Judon and Violet Murphy

Steve and Kathy Lightle  
PO Box 38  
Searcy, AR 72145

Len Pitcock  
2111 Park Avenue  
Hot Springs National Park, AR 71901
AFE Cover Sheet - Partner Election

Location Information
Sub Team: FAYETTEVILLE EAST
Operational Area: FAY EASTAREA
Operational Field: PUNA-EAST

AFE Information
Total AFE: $2,928,025
Drilling (Dry Hole) AFE: $944,053
Joint Interest Billed: $498,917
Net AFE: Completions AFE: $1,884,272
Cost Center: 2320
Objective:

Surface Location: 0000030-010.06-008.0W
State: ARKANSAS
County: CLEBURNE

Remarks
Total = 10.43 days; Air-Rig RR = 3.74 days, Reentry RR = 6.69 days (1.15 MOB + 4.19 DE + 1.35 CS). 3,057 ft TVD / 5,501 ft LAT; Cased CMTOH completion w/ multi-stage frac. Mud type = GBM; 9 5/8" 32.38 H-40 STC @ 1,040 ft; 5-1/2" 17.8# P110 CDC @ 8,918 ft; 2-3/4" 4.7 ppg, J-56 @ 3,417 ft.

Election
Approve
Reject

Proposed By
Company: Southwestern Energy Company
Title: Team Lead
Signature: [Signature]
Date: 11/10/13

Partner Approval
Company: Southwestern Energy Company
Title: 
Signature: [Signature]
Date: 

Disclaimer
EACH OF THE WORKING INTEREST OWNERS RECOGNIZES THAT, IN ADDITION TO OTHER THIRD PARTY DRILLING COMPANIES, OPERATOR FROM TIME TO TIME EMPLOYS ITS AFFILIATE, DESOTO DRILLING, INC. ("DDI"), TO DRILL WELLS OPERATED BY OPERATOR. IN THE EVENT OPERATOR UTILIZES DDI TO PERFORM ANY OF THE OPERATIONS DESCRIBED HEREIN, EXECUTION OF THIS AFE BY EACH WORKING INTEREST OWNER SHALL CONSTITUTE EACH SUCH WORKING INTEREST OWNER'S AGREEMENT TO THE RATE OF CHARGES ESTIMATED HEREIN FOR ALL SUCH SERVICES PROVIDED BY DDI, AS SUCH RATES MAY BE MODIFIED FROM TIME TO TIME TO REFLECT THE PREVAILING RATES IN THE AREA FOR COMPARABLE SERVICES.

EACH OF THE WORKING INTEREST OWNERS RECOGNIZES THAT OPERATOR MAY FROM TIME TO TIME EMPLOY ITS OWN TOOLS AND EQUIPMENT IN CONDUCTING THE OPERATIONS DESCRIBED HEREIN, SO LONG AS OPERATOR'S CHARGES THEREFOR DO NOT EXCEED THE PREVAILING RATES IN THE AREA. IN THE EVENT OPERATOR SO UTILIZES ITS OWN TOOLS AND EQUIPMENT TO PERFORM ANY OF THE OPERATIONS DESCRIBED HEREIN, THE EXECUTION OF THIS AFE BY EACH WORKING INTEREST OWNER SHALL CONSTITUTE AGREEMENT BY SUCH WORKING INTEREST OWNER TO THE RATE OF CHARGES ESTIMATED HEREIN FOR THE USE OF ALL SUCH TOOLS AND EQUIPMENT, AS SUCH RATES MAY BE MODIFIED FROM TIME TO TIME TO REFLECT THE PREVAILING RATES IN THE AREA FOR THE USE OF COMPARABLE TOOLS AND EQUIPMENT.

555
December 10, 2013 01:14:35

Page 1 of 1
## AFE Worksheet

**Template Information**
- Chart of Accounts as of date: 11/19/2011
- Remark: AFE Template Name: Development Drill & Complete
- Template Code: AFE Type: Capital

### Subtotals by Account

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- AFE Date: 12/10/2013
- AFE Originator: AUTO GENERATED

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NAME AND DISTANCE TO THE NEAREST STREAM:
THE LITTLE RED RIVER IS LOCATED 40.38 MILES SOUTHEAST OF THE RESERVE PIT.

DRIVING DIRECTIONS:
START AT I-40 AND HWY 65 AND GO NORTH ON HWY 65 11.83 MILES TO HWY 25; TURN RIGHT ON HWY 25 AND GO 30.90 MILES TO HWY 110; TURN RIGHT ON HWY 110 AND GO 2.36 MILES TO HRAM ROAD; TURN RIGHT ON HRAM ROAD AND GO 4.45 MILES TO LEASE ROAD ON THE RIGHT.

COMPANY:
SEECO, Inc.
Production Company

WELL NAME:
ABRAM 10-8

WELL #: 14-30H32

LOCATION:
SECTION 30, T-10--N, R-08--W
CLEBURNE COUNTY, ARKANSAS

SURFACE HOLE LOCATION:
S30, T10N, R80W, CLEBURNE COUNTY, AR 318 FEET FROM THE SOUTH SECTION LINE
1056 FEET FROM THE EAST SECTION LINE

BOTTOM HOLE LOCATION:
S32, T10N, R80W, CLEBURNE COUNTY, AR 40 FEET FROM THE SOUTH SECTION LINE
858 FEET FROM THE WEST SECTION LINE

DISTANCE / DIRECTION FROM NEAREST TOWN:
22.7 MILES SOUTH FROM WILBURG, ARKANSAS 72179

LEGEND:
• PROPOSED SURFACE HOLE / BOTTOM HOLE
• EXISTING / PRODUCING WELLS
• ABANDONED WEL
• PLUGGED & ABANDONED WEL
• OUT CONDUCTOR

S/WAG WELL#555198/555197/555200.DWG

PROPERTY NUMBER 25011240374
MONDAY DECEMBER 02 2013 02:07PM

REVISIONS:
△ REVISI SHE & BHR 11-14-2013 19K-48 PG40-43
△ REVISI WEL PERM 11-20-2013 DRAWN BY T PHILLIPS
SCALE: 1" = 2 MILES
DRAWING NO. 55517
SHEET NO. 3 OF 3

MONDAY, DECEMBER 02, 2013 02:07PM

333 O'Bryan Lane • Van Buren, AR 72956
Office: 479.474.7918 • Fax: 479.474.2450
Surveying & Engineering • hands-inc.com
IMPORTANT: The information set forth herein represents the applicant’s current, tentative development plans for the sections indicated. Such plans are subject to refinement, modification, change or cancellation at the applicant’s sole and absolute discretion for any reason including, without limitation, changes in market, regulatory and other circumstances, surface use, topographical and title difficulties, and advances in drilling, completion and production operations.
IMPORTANT: The information set forth herein represents the applicant’s current, tentative development plans for the sections indicated. Such plans are subject to refinement, modification, change or cancellation at the applicant’s sole and absolute discretion for any reason including, without limitation, changes in market, regulatory and other circumstances, surface use, topographical and title difficulties, and advances in drilling, completion and production operations.