South Dakota
GREAT FACES. GREAT PLACES.
DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES
Minerals & Mining Program - Oil & Gas Section
2050 West Main, Suite #1, Rapid City, SD 57702-2493
Telephone: 605-394-2229, FAX: 605-394-5317

FORM 2

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DEPT OF ENVIRONMENT & NATURAL RESOURCES - RAPID CITY

State of South Dakota
Department of Environment and Natural Resources

APPLICATION FOR PERMIT TO DRILL

Type of work:
[✓] Drill New Well [ ] Reenter Well [ ] Drill Directional Well
[ ] Other _____

Type of well:
[✓] Oil Well [ ] Gas Well [ ] Injection
[ ] Other _____

Name and Address of Operator: Telephone
Zenergy Operating Company One Warren Place, 6100 S. Yale, Tulsa, OK 74136 (918) 488-6416

Name and Address of Surface Owner:
Cave Hills Cattle Co., Inc. HC 63 Hox 78, Buffalo, SD 57720

Name and Address of Drilling Contractor and Rig Number:
Ensign United States Drilling 1700 Broadway, Suite 777, Denver, CO 80290 Rig #76

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):
SW SW, Sec. 36, T21N - R5E, Harding County, 300' FSL and 300' FWL, 45°44'02.40" Lat, 103°27'29.12" Long

If Directional, top of pay and bottom hole location from nearest lines of section:
NE NE, Sec. 31, T21N - R6E, Harding County, 550' FNL and 550' FEL (Bottom Hole)
SW SW, Sec. 36, T21N - R5E, 508' FSL and 753' FWL (Top of Pay Zone)

Acres in Spacing (Drilling) Unit: 1280
Description of Spacing Unit: Sec. 36, T21N - R5E: All & Sec. 31, T21N - R6E: All

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Tecton Cave Hills Cattle Co., Inc. #13-36H	2955'	Bull Creek	18,924' MD Red River B

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 12-1/4"	9-5/8"	36#	2000'	380 sx Class C, 300 sx Class G	2000'
2) 8-3/4"	7"	29 & 32#	8,757'	200 sx 65/35 Class G Poz, 500 sx Class G	8,757'
3) 6"			18,924'	Open Hole Completion	18,924'
4)					

Describe Proposed Operations (Clearly State all Pertinent Details, and Give Pertinent Dates, Including Estimated Date of Starting any Proposed Work). Use additional page(s) if appropriate.

Zenergy proposes to drill a horizontal well to test the Red River B formation. This well is planned to be an open hole lateral, natural in the Red River interval. A 12 mil plastic liner with a burst strength of at least 200 psi will be installed. The Red River interval will be penetrated at least 500' off the section lines.

I hereby certify that the foregoing as to any work or operation performed is a true and correct report of such work or operation.

Signature	Name (Print)	Title	Date
Venessa Langmacher	Venessa Langmacher	Agent for Zenergy	01/22/2009

FOR OFFICE USE ONLY

Approved By: [signature] Title: Oil and Gas Supervisor

Permit No. 1918 API No. 40 063 20687 Date Issued: February 4, 2009

Conditions, if any, on attached page.