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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JUN 23 2011
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: Nakota Energy LLC PO Box 342, Faith SD 57626 Telephone (910) 409-3588

Name and Address of Surface Owner: Duane & Shirley Schreurs 16299 Cottonwood Rd., Faith SD 57626

Name and Address of Drilling Contractor and Rig Number: Rapid Drilling 22478 Bennett Road, Rapid City SD 57701

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):

NE1/4NE1/4 Section 17 T12N-R17E Meade County 513.9' FNL & 644.1' FEL of NE1/4NE1/4

If Directional, top of pay and bottom hole location from nearest lines of section:

Acres in Spacing (Drilling) Unit: 40

Description of Spacing Unit: NE1/4NE1/4 Section 17 T12N-R17E

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Nakota-Schreurs 1-17-12-17	2,471.7'	Faith Fd & W'dcat>Gr'horn	3,200' Mosby Sandstone

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 12 1/4"	8 5/8"	24.00 lb.	400'	Class G 200 Sks 15 lb/gal surface to	400'
2) 7 7/8"	5 1/2"	15.50 lb.	3,200'	Class G 540 Sks 15 lb/gal 400' to	3,200'
3)					
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.

Surface casing will be set to 400' or to top of Pierre Shale. Plan is to test two zones; Turner at approx. 2,000' and Eagle at approx 1,000'. Oil shows in other formations will be evaluated and possibly tested as drilling proceeds. A discovery below the Greenhorn will require an application for a new spacing order. Pits will have 12 mill. liners. Proposed start date is July 1/11.

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
W.J. Sutton	W.J. Sutton	Manager	06/21/2011

FOR OFFICE USE ONLY

Approved By: Rich Townsend Title: Administrator, Minerals and Mining Program

Permit No. 2000 API No. 40 093 20036 Date Issued: 6/27/11

Conditions, if any, on attached page.