



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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APR 01 2014

DEPT OF ENVIRONMENT & NATURAL RESOURCES - RAPID CITY

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: **RIM Operating Inc** 5 Inverness Drive East, Englewood, CO 80112 Telephone: (303) 799-9828

Name and Address of Surface Owner: **Todd & Roberta Stearns** P.O. Box 890, Bowman, ND 58623

Name and Address of Drilling Contractor and Rig Number: **Cyclone Drilling Rig 11** P.O. Box 908, Gillette, WY 82717

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

NW/4 SEC 19-T23N-R4E, Harding County, 512' FNL & 1275' FWL, 45° 56' 37.896", 103° 40' 54.185"

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

Acres in Spacing (Drilling) Unit	Description of Spacing Unit
409.42	SEC 19-T23N-R4E All

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Stearns 1-19	3041.2'	South Medicine Pole Hills	9250'; Red River

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth Surf
1) 12-1/4"	8-5/8"	24#	1675	350 sx Control set "C" & 160 sx "G"	
2) 7-7/8"	5-1/2"	17, 23, & 20	9250	550 Sx Type III & 200 Sx Thermal 35	3300
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.

Drill a vertical Red River well to 9250'. The surface will be drilled with native fresh water & cemented to surface. Salt based mud will be used to drill to TD & 5-1/2" production casing run from TD to surface w/ cement above Dakota formation. Stimulate well with ~1500 ga 15% HCl. No fracture stimulation is planned. The well will be produced via pumping unit. A reserve pit that is lined with a minimum 12 mil liner will be used to contain the drilling mud and cuttings. Work to commence on or about April 10, 2014.

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

Kendall Read Signature Kendall Read Name (Print) Operations Manager Title 03/14/2014 Date

FOR OFFICE USE ONLY

Approved By: Robert Tomson Title: Administrative Minerals & Mining Ag.

Permit No. 2050 API No. 40-063 20763 Date Issued: 4/4/2014

Conditions, if any, on attached page.



**DEPARTMENT OF ENVIRONMENT
and NATURAL RESOURCES**

JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182
denr.sd.gov



PERMIT CONDITIONS

RIM: Stearns 1-19
23N-4E-19 NWNW, Harding County

Permit: #2050
API: 40 063 20763

Approval has been granted to drill this location as detailed on the attached Application for Permit to Drill (Form #2) with the following additional conditions:

1. This permit is conditioned on compliance with all applicable requirements of South Dakota Codified Laws 45-9 and Administrative Rules of South Dakota 74-12.
2. A 12-mil woven, reinforced high-density polyethylene liner must be used on all pits.
3. If drilling does not commence within one year from the issuance date, this permit will expire.
4. Surface runoff must be diverted around the drill site.
5. The surface hole must be drilled with fresh water.
6. Cement must be circulated to the ground surface on the surface casing.
7. If production casing (long string) is set:
 - A. The cement program approved as submitted with the application shall be followed.
 - B. A cement bond log must be run and filed with the department within 60 days after completion of the well as required by Administrative Rules of South Dakota 74:12:02:12.
8. If abandoned: A plugging plan must be submitted at least 7 days prior to plugging for the department's review and approval; otherwise, the following plan must be followed:
 - A. If production casing will remain in the wellbore, a mechanical integrity test must be conducted to verify the integrity of the casing.
 - B. With long string, sufficient cement must be circulated to install:
 1. A 100-foot plug immediately above the perforations.
 2. A 100-foot cement plug, half in and half out of the top of the casing stub after the retrievable part of the production casing has been removed.
 3. A 100-foot cement plug, half in and half out of the top of any fresh water aquifer between the top of the casing stub and the base of the surface casing. Freshwater resources at this site include: Madison, Minnelusa, Minnekahta, Canyon Springs, and Inyan Kara.
 4. A 100-foot plug, half in and half out of the base of the surface casing.
 5. A 25-foot cement plug at the top of the surface casing.
 - C. Without long string, sufficient cement must be circulated to set:
 1. 100-foot cement plugs, half in and half out of the top of the following formations:
Red River, Interlake, Madison, Minnelusa, Minnekahta, and Inyan Kara.
 2. A 100-foot cement plug, half in and half out of the base of the surface casing.
 3. A 25-foot cement plug at the top of the surface casing.
 4. Heavy, mud-laden fluid must be used between all plugs.
 - D. The casing string must be cut off at least three feet below the final ground surface contour. A plate with the name of the operator, well name and number, and legal location by quarter-quarter section, township and range must be welded to the casing stub. The location of the abandoned well must be surveyed with high resolution global positioning system equipment or other appropriate survey methods sufficient to accurately locate the well. Survey coordinates must be included in the final abandonment report.
9. Surface reclamation of the site must be completed within one year of plugging and abandoning the well.

10. A washed set of sample cuttings (or cores, if cut) must be shipped, free of charge, to:

Derric Iles
Geological Survey Program
Akeley-Lawrence Science Center
University of South Dakota
414 E. Clark Street
Vermillion, SD 57069-2390

11. Please notify this office prior to plugging so a witness can be on location. If plugging will occur after regular business hours, call Jeff Klenner at 605-929-1414.