DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES
Minerals & Mining Program
2050 West Main, Suite #1, Rapid City, SD 57702-2493
Telephone: 605-773-4201, FAX: 605-394-5317

FORM 2

RECEIVED
JUL 12 2013
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:
Continental Resources, Inc., P.O. Box 268870, Oklahoma City, OK 73126

Telephone:
405-234-9000

Name and Address of Surface Owner:
Leroy Hansen, 11719 Miller Place, Bowman, ND 58623

Name and Address of Drilling Contractor and Rig Number:
Cyclone Drilling, Inc., #1, P.O. Box 908, Gillette, WY 82717-0908

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):
NENW Sec 14 T22N R3E, Harding Co., 350' FNL & 1600' FWL; Lat: 45 52 37.34; Long: -103 43 18.37

If Directional, top of pay and bottom hole location from nearest lines of section:
Top of Pay: 8814' TVD, 812' FNL & 1480' FWL, NENW Sec 14; BHL: SESW Sec 23 T22N R3E, 530' FSL & 1400' FWL

Acres in Spacing (Drilling) Unit:
1280

Description of Spacing Unit:
Order #4-13

Well Name and Number:	Elevation:	Field and Pool, or Wildcat:	Proposed Depth and Formation:
Schmidt 21-14H	3162' FRGE	Table Mountain	18,298' MD; Red River "B"

Size of Hole:	Size of Casing:	Weight per Foot:	Depth:	Cementing Program (amount, type, yield, additives)	Depth:
1) 13 1/2"	9 5/8"	36#	1500'	678 sks Typ III	1500'
2) 8 3/4"	7"	23, 26, 29#	9087'	541 sks 60/40 Type III/Pozz; Class G	9087'
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.

The Schmidt 21-14H is a horizontal Red River "B" well with a SHL located at 350' FNL and 1600' FWL of Sec 14 T22N R3E, Harding Co., S. Dakota. The well will be drilled vertically, approximately to the top of the Silurian Interlake formation. From this point, an 8 3/4" hole at 12 deg/100 ft BUR will be drilled to the south at an azimuth of 195 deg, through which the 7" casing will be set approximately at the top of the Red River "B" porosity zone. The lateral will then be drilled to a BHL of 530' FSL & 1400' FWL of Sec 23 T22N R3E. Estimated date to begin dirt work is 7/29/2013.

Pit Liner Specifications: A 12 mil plastic liner will be used to line the cuttings pit during drilling operations.

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

Terry L. Olson	Terry L. Olson	Reg. Compliance Spec.	7/9/2013
Signature	Name (Print)	Title	Date

FOR OFFICE USE ONLY

Approved By: [signature] Title: Administrator Minerals & Mining Prg.

Permit No.: 2041 API No.: 40 063 20755 Date Issued: 7/25/2013

Conditions, if any, on attached page.

PERMIT CONDITIONS

CRI: Schmidt 21-14H
22N-3E-14 NENW, Harding County

Permit: #2041
API: 40 063 20755

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. Surface runoff must be diverted around the drill site.
4. The surface hole must be drilled with fresh water.
5. Cement must be circulated to the ground surface on the surface casing.
6. If horizontally drilled:
   A. The coordinates of the production casing shoe and the well terminus must be filed with the department.
   B. The azimuth of the horizontal segment of the well must be filed with the department along with the results of periodic down hole surveys.
7. If production casing (long string) is set:
   A. The cement program 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 to the department for review and approval. The plugging plan should address all requirements found in Administrative Rules of South Dakota 74:12:03.
   A. If production casing is left in the wellbore, a mechanical integrity test must be conducted to verify the integrity of the casing as required by rule 74:12:03:02(4)(b)(ii).
   B. 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. Interim reclamation must be conducted on all areas disturbed by a well drilling operation and not needed for production operations within 12 months after the well is completed in accordance with Administrative Rules of South Dakota 74:12:03:07.

11. 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

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