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 20 2005
DEPT OF ENVIRONMENT & NATURAL RESOURCES - RCRO

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
The Houston Exploration Co. 1100 Louisiana; Suite 2000; Houston, TX 77002 (713) 830-6800

Name and Address of Surface Owner:
Anderson Cattle Inc. 19415 253 Ave; Hays, SD 57537

Name and Address of Drilling Contractor and Rig Number:
Caza Drilling Inc. P.O. Box 17805; Denver, CO. 80217 Rig #234

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):
NESW of Sec 14, T8N, R25E; Stanley County; 2121' FSL & 3098' FEL; Lat=44.652591, Long=101.065656

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

Acres in Spacing (Drilling) Unit: 40

Description of Spacing Unit: NE/4 SW/4 of Sec 14, T8N, R25E

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Black Butte #11-14	2085.8'	Wildcat	2500' - Dakota Sandstone

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 9-7/8"	7"	20	350'	150 sxs Type 3 cmt w/2% CaCl	surfac
2) 6-1/4"	4-1/2"	10.5	2500'	100 sxs Type 3 cmt w/2% CaCl	1500'-2500'
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.

Move in & rig up drilling rig, drill 9-7/8" hole to 350', run & cement 7" surface casing, circulate cement to surface, drill 6-1/4" hole to 2500', log, run & cement 4-1/2" casing if productive.
Start Date: 6/15/2005
End Date: 6/19/2005
Note: 12 ml pit liner will be used on all earthen pits.

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

Lloyd Bruce — Signature
Lloyd Bruce — Name (Print)
Operations Engineer — Title
4-19-05 — Date

SOUTH DAKOTA STATE GEOLOGICAL SURVEY WESTERN FIELD OFFICE

FOR OFFICE USE ONLY

Approved By: Fred Ostrem
Title: Oil & Gas Supervisor

Permit No. 1735
API No. 40 117 20022
Date Issued: 05/03/05

Conditions, if any, on attached page.