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

Name and Address of Surface Owner: Edward Marshall 1608 Skyline Drive; Council Bluffs, IA 51503

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 21, T9N, R27E; Stanley County; 2079' FSL & 1709' FWL; Lat=44.724172, Long=100.84715

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 21, T9N, R27E

| Well Name and Number | Elevation | Field and Pool, or Wildcat | Proposed Depth and Formation |
|---|---|---|---|
| Orton Flats #11-21 | 1943.6' | 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) | | | | | |

9.7'/aax

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: 6/1/2005
End Date: 6/4/2005
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.

| Signature | Name (Print) | Title | Date |
|---|---|---|---|
| [signature] | Lloyd Bruce | Operations Engineer | 4-19-05 |

SOUTH DAKOTA STATE GEOLOGICAL SURVEY WESTERN FIELD OFFICE

**FOR OFFICE USE ONLY**

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

Permit No. 1737 API No. 40 117 20024 Date Issued: 05/03/05

Conditions, if any, on attached page.