SD EForm - 0437 V1

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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MAY 06 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: Sands Oil Company P.O. Box 373, Billings, MT 59103 Telephone (406) 245-7714

Name and Address of Surface Owner: Moreau Grazing Association 15545 Old Hwy 85, Belle Fource, SD

Name and Address of Drilling Contractor and Rig Number: Conquest Drilling Company Gillette, WY

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

NESW Sec 28, T15N-R3E 1445' FWL & 1482' FSL HARDING COUNTY

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

N/A

Acres in Spacing (Drilling) Unit: 320 Description of Spacing Unit: S/2

| Well Name and Number | Elevation | Field and Pool, or Wildcat | Proposed Depth and Formation |
|---|---|---|---|
| Federal #2-28 | 3062' GL | Cady Creek | 1200' Shannon |

| Size of Hole | Size of Casing | Weight per Foot | Depth | Cementing Program (amount, type, additives) | Depth |
|---|---|---|---|---|---|
| 1) 9-7/8" | 7" | 17# | 150' | 50 SX Reg Cl G | Surfac |
| 2) 6-1/4" | 4.5" | 9.5# | 1200' | 100 SX Reg Cl G w/2% CACL | Surfac |
| 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.

~~Dec 1, 2004~~ proposed starting date. Drilling will take 2-3 days.
June 1, 2005
See attached for PORPOSED 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.

Signature: Michael Okerman — Name (Print): Michael Okerman — Title: Agent — Date: 10/28/04

SOUTH DAKOTA STATE GEOLOGICAL SURVEY WESTERN FIELD OFFICE

**FOR OFFICE USE ONLY**

Approved By: Fred V Steen Title: Oil & Gas Supervisor

Permit No. 1745 API No. 40 063 20593 Date Issued: 06/01/05

Conditions, if any, on attached page.