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

RECEIVED
JUN 07 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:
Mervin & Patricia Petersen P.O. Box 854 Pierre, SD 57501

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):
NWNE of Sec 28, T9N, R27E; Stanley County; ~~1896~~ 795' FNL & 1896' FELLat=44.716055, Long=100.840696

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: NW/4 NE/4 of Sec 28, T9N, R27E

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Orton Flat # 2-28	1938.1'	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'
3)					2500'
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: 7/1/2005
End Date: 7/4/2005
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.

Lloyd Bruce — Signature
Lloyd Bruce — Name (Print)
Operations Engineer — Title
5-26-05 — Date

SOUTH DAKOTA STATE GEOLOGICAL SURVEY WESTERN FIELD OFFICE

FOR OFFICE USE ONLY

Approved By: Fred Wallace Title: Oil & Gas Supervisor

Permit No. 1755 API No. 40 117 20025 Date Issued: 06/16/05

Conditions, if any, on attached page.