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
MAY 15 2006
DEPT OF ENVIRONMENT & NATURAL RESOURCES - RCSD

APPLICATION FOR PERMIT TO DRILL

SOUTH DAKOTA STATE GEOLOGICAL SURVEY WESTERN HELP OFFICE

Type of work: [x] Drill New Well [ ] Reenter Well [ ] Drill Directional Well [ ] Other

Type of well: [x] Oil Well [ ] Gas Well [ ] Injection [ ] Other

Name and Address of Operator: Telephone

Spyglass Cedar Creek LP 353 Mill St, New ~~Brunsfles~~ Braunfels, TX 78130 (830) 626-7445

Name and Address of Surface Owner:

State of South Dakota

Name and Address of Drilling Contractor and Rig Number:

Patterson Drilling, 1512 Larimer St. Denver, CO 80202 Rig #464

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

NW NW Sec 16 T19N R4E 559' FNL, 550' FWL Harding Co, S.D.

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

Acres in Spacing (Drilling) Unit: 40

Description of Spacing Unit: NW 1/4 Sec 16 T19N R4E

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
State 4-16	2998'	Wildcat	6,200 Minnelusa

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 12 1/4	8 5/8"	32#	800'	PLC & Tail Prem w/additve	800
2) 7 7/8	5 1/2"	15.5,20,17#	6200'	PLC & Tail Prem w/additiv	6200
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.

Drill to @ 6,200' in the Minnelusa. Standard pit liner in place
Drilling date approx. June 5, 2006

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
	Duane Estelle	Spec. Limited Partner	5/12/06

FOR OFFICE USE ONLY

Approved By: Fred Wheeler Title: Oil and Gas Supervisor

Permit No. 1781 API No. 40 063 20605 Date Issued: June 9, 2006

Conditions, if any, on attached page.