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MAY 15 2006

DEPT OF ENVIRONMENT & NATURAL RESOURCES - 6000

APPLICATION FOR PERMIT TO DRILL

Type of work: Drilling New Well Geological Survey Other Drilling Directional Well

Type of well: Oil Well Gas Well Injection Other

Name and Address of Operator: Spyglass Cedar Creek LP 353 Mill St, New Brunfels, TX 78130 (830) 626-7445
 Telephone: 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) 2 1/4	8 5/8"	32#	800'	PLC & Tail Prem w/additive	800
2) 7 7/8	5 1/2"	15.5, 20, 17#	6200'	PLC & Tail Prem w/additive	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] Duane Estelle Spec. Limited Partner 5/12/06
 Signature Name (Print) Title Date

FOR OFFICE USE ONLY

Approved By: *[Signature]* Title: Oil and Gas Supervisor
 Permit No. 1781 API No. 40 063 20605 Date Issued: June 9, 2006
 Conditions, if any, on attached page.