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
APR 23 2007
DEPT OF ENVIRONMENT & NATURAL RESOURCES - RCRO

# APPLICATION FOR PERMIT TO DRILL

SOUTH DAKOTA STATE GEOLOGICAL SURVEY WESTERN FIELD OFFICE

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: Spyglass Cedar Creek LP 595 S Castell New Braunfels TX 78130 Telephone (830) 626-7100

Name and Address of Surface Owner: Ray Gilbert Po Box 166 Buffalo SD 57720

Name and Address of Drilling Contractor and Rig Number: Elenberg Exploration #8 1910 N Loop Casper WY 82602

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):
~~NW~~ C NW Sec 16 T17N R4E 1320 FNL & 1320 FWL Harding County SD

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

Acres in Spacing (Drilling) Unit: 320

Description of Spacing Unit: NWNW Sec 16 T17N R4E

| Well Name and Number | Elevation | Field and Pool, or Wildcat | Proposed Depth and Formation |
|---|---|---|---|
| Gilbert-State 3-16 | 3131.3 | Wildcat | 2200 Shannon |

| Size of Hole | Size of Casing | Weight per Foot | Depth | Cementing Program (amount, type, additives) | Depth |
|---|---|---|---|---|---|
| 1) 9 7/8 | 7 | 17 | 430 | 200 SKS g 2% CaC12 | Surf |
| 2) 6 1/4 | 4 1/2 | 10.5 | 2200 | .25 #/SK celoflake, 100% excess | 2200 |
| 3) | | | | 105SKS, Lite 1500, 2%CaCl. .25 | to |
| 4) | | | | 125 sks G 1% CaCi, .7%CFL,.25#/sk | Surf |

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 with fresh water mud to 2200', 12 mil pit liner. Anticipated Spud date May 3rd, 2007

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 |
|---|---|---|---|
| | March Kimmel | General Partner | 04/02/2007 |

**FOR OFFICE USE ONLY**

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

Permit No. 1828 API No. 40 063 20623 Date Issued: May 8, 2007

Conditions, if any, on attached page.