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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APR 15 2008
DEPT OF ENVIRONMENT & NATURAL RESOURCES - RAPID CITY

State of South Dakota Department of Environment and Natural Resources

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: Spyglass Cedar Creek, LP. 595 S. Castell Ave., New Braunfels, Texas 78130 Telephone (830) 626-7100

Name and Address of Surface Owner: State of South Dakota

Name and Address of Drilling Contractor and Rig Number: Elenburg Exploration Rig 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): 850' FSL, 660' FEL Sec 8

SE SE Sec 8 T17N R4E Harding County SD Lat. = 45 degr. 26' 47.20" Long. = 103 degr. 39' 02.48"

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

Acres in Spacing (Drilling) Unit: 320

Description of Spacing Unit: ~~SE SE~~ Sec 8 T17N R4E, S/2

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
State 16-8	3000	Widcat	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 Celloflake, 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', 12mil pit liner. Anticipated Spud date May 15th, 2008

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
	Kevin Sellers	General Partner	04/14/2008

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Approved By: Fred W Steele Title: Oil and Gas Supervisor

Permit No. 1863 API No. 40 063 20638 Date Issued: May 22, 2008

Conditions, if any, on attached page.