SD EForm - 0437 V1

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 25 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: Continental Resources, Inc. P.O. Box 1032 Enid, OK 73702 Telephone (580) 233-8955

Name and Address of Surface Owner: Beer Mug Ranch Trust c/o Chris & Paul Palczewski, P.O. Box 473, Bowman, ND 58623-0473

Name and Address of Drilling Contractor and Rig Number: Nabors Drilling, Rig #42 515 W. Greens Rd., Suite 1000, Houston, TX 77067

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

SWSW, Sec 1-22N-6E, Harding Co., 600' FSL & 450' FWL

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

Top of Pay 8980' TVD @ 895' FSL & 734' FWL, BHL 660' FNL & 660' FEL, Sec 1-22N-6E

Acres in Spacing (Drilling) Unit: 640 acres, Order # 8-2008

Description of Spacing Unit: All of section 1-22N-6E

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Palczewski 1-1H	2909	Wildcat	14,600' MD/Red River "B"

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 13 1/2"	9 5/8"	36#	1440	350 sks "C", 2% GYP; 190 sks "C"	
2) 8 3/4"	7"	23-29#	9210	630 sks 35/65 Poz/"G"; 250 sks "G"	
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.

The Palczewski is a horizontal Red River "B" test. The well will be drilled vertically to approximately the top of the Silurian Interlake formation before drilling a medium radius build section in a 46 degree azimuth direction and 7" casing set a goot or so above the Red River "B" porosity zone, estimated to be at 8980' TVD. Pit will be lined with a 12 mil plastic liner. Estimated spud date 6/2/2008.

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
Nicole Caddell	Nicole Caddell	Regulatory	04/21/2008

FOR OFFICE USE ONLY

Approved By: _____ Title: Oil and Gas Supervisor

Permit No. 1870 API No. 40 063 20645 Date Issued: May 27, 2008

Conditions, if any, on attached page.