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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SEP 29 2008
DEPT OF ENVIRONMENT & NATURAL RESOURCES - RAPID CITY

APPLICATION FOR PERMIT TO DRILL

SOUTH DAKOTA STATE GEOLOGICAL SURVEY WESTERN FIELD OFFICE

Type of work:
☑ Drill New Well ☐ Re-Drill 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):
~~SW~~SE Sec22 T18NR4E, Harding Cnty, 990'FSL 1250'FEL, Lat = 45*30' 17.04"N Lone = 103*36' 42.78"W

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

Acres in Spacing (Drilling) Unit: 320

Description of Spacing Unit: S/2 Sec 22 T18N R4E

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
State 16-22	3016.7'	Wildcat	2200 Eagle/Shannon

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 9 7/8	7	17	400	200 sks, Class g 2% CaC12	surf
2) 6 1/4	4 1/2	10.5	2200	.25#SK Celloflake, 100% excess	2200
3)				105 SKS, Lite 1500, 2%CaCl. .25	to
4)				125 sks G1% CaCi, 7%CFL, .25#/sk	surf

OK OF

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 in place. Anticipated spud date October 6, 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	Partner	09/26/2008

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Approved By: Fred Byrne Title: O&G Supervisor

Permit No. 1888 API No. 40063 20660 Date Issued: 10/10/08

Conditions, if any, on attached page.