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

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

Name and Address of Surface Owner:
Donn & Billie Hett P.O. Box 395 Buffalo, SD 57720

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):
NWSW Sec19 T18NR4E, Harding Cnty,1073'FWL 1899'FSL, Lat= 45.50724167* Lone= 103.6849278*

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 19 T18N R4E

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
State 12-19	3068.2'	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

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: [signature] Title: O&G Supervisor

Permit No. 1893 API No. 40 063 20665 Date Issued: October 30, 2008

Conditions, if any, on attached page.