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DEPT OF ENVIRONMENT & NATURAL RESOURCES - RCRO

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: The Houston Exploration Co. 1100 Louisiana; Suite 2000; Houston, TX 77002 Telephone (713) 830-6800

Name and Address of Surface Owner: Mervin & Patricia Petersen P.O. Box 854 Pierre, SD 57501

Name and Address of Drilling Contractor and Rig Number: Caza Drilling Inc. P.O. Box 17805; Denver, CO. 80217 Rig #234

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):
 NWNE of Sec 28, T9N, R27E; Stanley County; ⁷⁹⁵1896' FNL & 1896' FELLat=44.716055, Long=100.840696

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

Acres in Spacing (Drilling) Unit: 40 Description of Spacing Unit: NW/4 NE/4 of Sec 28, T9N, R27E

Well Name and Number		Elevation	Field and Pool, or Wildcat		Proposed Depth and Formation
Orton Flat # 2-28		1938.1'	Wildcat		2500' - Dakota Sandstone
Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 9-7/8"	7"	20	350'	150 sxs Type 3 cmt w/2% CaCl	surf
2) 6-1/4"	4-1/2"	10.5	2500'	100 sxs Type 3 cmt w/2% CaCl	1500'
3)					2500'
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.
 Move in & rig up drilling rig, drill 9-7/8" hole to 350', run & cement 7" surface casing, circulate cement to surface, drill 6-1/4" hole to 2500', log, run & cement 4-1/2" casing if productive.
 Start Date: 7/1/2005
 End Date: 7/4/2005
 Note: 12 ml pit liner will be used on all earthen pits.

I hereby certify that the foregoing as to any work or operation performed is a true and correct report of such work or operation.

Lloyd Bruce Signature Lloyd Bruce Name (Print)
 STATE GEOLOGICAL SURVEY Operations Engineer Title
 WESTERN FIELD OFFICE 3-26-05 Date

FOR OFFICE USE ONLY

Approved By: *Fred W. Steese* Title: Oil & Gas Supervisor
 Permit No. 1755 API No. 40 117 20025 Date Issued: 06/16/05
 Conditions, if any, on attached page.