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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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 [X] Other Drill New Horizontal Well

Type of well: [X] Oil Well [ ] Gas Well [ ] Injection [ ] Other

Name and Address of Operator: ~~Tecton Energy, LLC~~ ~~3000 Wilcrest, Suite 300, Houston, TX 77042~~ One Warren Place, 6100 S. Yale, Ste 1700, Tulsa, OK 74136 Telephone ~~(281) 668-8068~~ 918-488-6416

1/ Zenergy Operating Co, LLC

Name and Address of Surface Owner:
South Dakota School and Public Lands – 500 East Capital Ave., Pierre, SD 57501

Name and Address of Drilling Contractor and Rig Number:
To be determined.

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):
605' FNL 1,580' FEL (NW/4 NE/4) Sec. 26 T23N R2E

If Directional, top of pay and bottom hole location from nearest lines of section:
±947' FNL ±2,100' FEL Sec. 26 T23N R2E – Top of pay
±500' FSL ±2,640' FEL Sec. 27 T23N R2E – Bottomhole location

Acres in Spacing (Drilling) Unit: 1,280 acres

Description of Spacing Unit: All of Sec. 26 & 27 - 23N - 2E

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Harding Ranchers 26-1H	3,002.7'	Wildcat	8,430' TVD 15,703' MD

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 12-1/4"	9-5/8"	J-55 36#	2,000'	±400 sxs Premium Lite and ±250 sxs "G"	To Surface
2) 8-3/4"	7"	HCL-80 29# & 32#	8,795' MD	±500 sxs Prem Lite" Plus and ±200 sxs Prem. Lite II HS	4,500'
3)					
4) 6"	None	Open Hole	15,703'.	None	

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.

April 1, 2008

See attached Drilling Program and Directional Profile

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

1/ Kimberly J. Rodell (Signature) | Kimberly J. Rodell (Name (Print)) | Permit Agent for Tecton Energy, LLC (Title) | Revised: March 21, 2008 Original: February 1, 2008 (Date)

FOR OFFICE USE ONLY

Approved By: Fred Wilhite Title: Oil and Gas Supervisor

Permit No. 1878 API No. 40 063 20652 Date Issued: July 16, 2008

Conditions, if any, on attached page.

1/ See Transfer of Operator (copy this file) Fm