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SEP 29 2008

DEPT OF ENVIRONMENT & NATURAL RESOURCES - RAPID CITY

Application for Permit to Drill  
 State of South Dakota  
 Department of Environment  
 and Natural Resources

**APPLICATION FOR PERMIT TO DRILL**

Type of work:  Drill New Well  Re-enter 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: 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):  
 SENE Sec25 T18NR3E, Harding Cnty, 680' FEL 2000' FNL, Lat = 45°29' 47.59"N Long = 103°41' 30.34"W  
 If Directional, top of pay and bottom hole location from nearest lines of section:

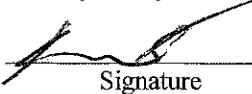
Acres in Spacing (Drilling) Unit	Description of Spacing Unit
320	N/2 Sec 25 T18N R3E

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
State 8-25	3048.7'	Wildcat	2200 Eagle/Shannon

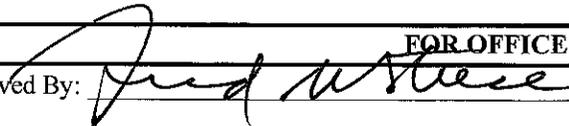
Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 9 7/8	7	17	400	200 sks, Class g 2% CaCl <sub>2</sub>	surf
2) 6 1/4	4 1/2	10.5	2200	.25#SK Celloflake, 100% excess	2200
3)				105 SKS, Lite 1500, 2%CaCl <sub>2</sub> .25	to
4)				125 sks G1% CaCl <sub>2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


Kevin Sellers
Partner
09/26/2008  
 Signature Name (Print) Title Date

**FOR OFFICE USE ONLY**

Approved By:  Title: O-G Supervisor

Permit No. 1894 API No. 40 063 20666 Date Issued: October 30, 2008

Conditions, if any, on attached page.