

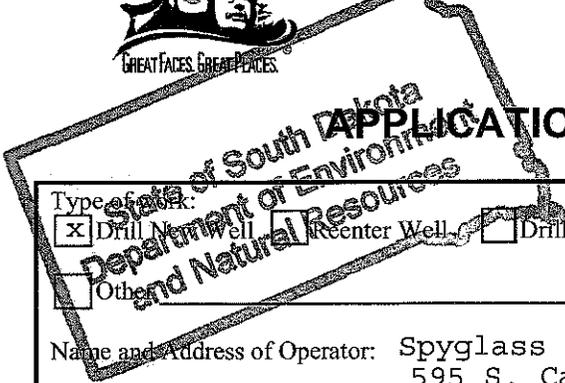


DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES
 Minerals & Mining Program - Oil & Gas Section
 2050 West Main, Suite #1, Rapid City, SD 57702-2493
 Telephone: 605-394-2229, FAX: 605-394-5317

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FORM 2

MAR 08 2010

DEPT OF ENVIRONMENT & NATURAL RESOURCES - RAPID CITY



APPLICATION FOR PERMIT TO DRILL

Type of well:
 Drill Well Reenter Well Drill Directional Well
 Oil Well Gas Well Injection
 Other _____

Name and Address of Operator: Spyglass Cedar Creek LP
 595 S. Castell
 New Braunfels TX 78130
 Telephone: 830-626-7100

Name and Address of Surface Owner:
 State of South Dakota/ Gilbert Angus Ranch Lessee

Name and Address of Drilling Contractor and Rig Number: Rainbow Drilling LLC
 PO Box 353 Evansville, WY 82636

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):
 NW1/4 SW1/4, Sec 4 T17N R4E, Harding Cnty, 1520' FSL 625' FWL, Lat 45deg 27' 45.86", Lon 103deg 38' 44.52"
 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 4, T17N R4E

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
State 12-4	3197.10	Jump off	2200-Eagle/ Shannon

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth to surf
1) 9 7/8	7"	17#	400'	200sx ClassG 2% CaCl2, .25/sk	to surf
2)				Celloflake, 100% excess	
3) 6 1/4	4 1/2"	10.5#	2200'	105sx lite, tail w/125	to surf
4)				Class G Plus additives	

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. Anticipated spud March 15th, 2010.

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] March Kimmel Manager 3/1/10
 Signature Name (Print) Title Date

FOR OFFICE USE ONLY

Approved By: [Signature] Title: Oil and Gas Supervisor
 Permit No. 1964 API No. 40 063 20701 Date Issued: March 24, 2010
 Conditions, if any, on attached page.