



DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES  
 Minerals & Mining Program - Oil & Gas Section  
 2050 West Main, Suite #1, Rapid City, SD 57702-2493  
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FORM 2  
**RECEIVED**  
 APR 29 2010

DEPT OF ENVIRONMENT & NATURAL  
 RESOURCES - RAPID CITY

**APPLICATION FOR PERMIT TO DRILL**

Type of work:  Drill New Well  Reenter Well  Drill Directional Well  
 Type of well:  Oil Well  Gas Well  Injection  
 Other \_\_\_\_\_  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 March Kimmel 210-524-3340 San Antonio, TX (210) 524-3340  
 Name and Address of Drilling Contractor and Rig Number: Rainbow, Box 353, Evansville, Wy, Rig #2

Surface Location of Well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):  
 NENE, Sec 2-T17N-R1E, Harding County, 1190'FNL&1163'FEL, Lat45deg 28'11.016" Lon103deg57'37.989"  
 If Directional, top of pay and bottom hole location from nearest lines of section:  
 Estimated Top of Eagle 1,400'TVD: BHL approx 2635'FNL & 665' FEL Sec 2-T17N-R1E

Acres in Spacing (Drilling) Unit ~~640~~ 320 Description of Spacing Unit N/2 Sec 2-T17N-R1E *Juc*

Well Name and Number		Elevation	Field and Pool, or Wildcat		Proposed Depth and Formation
State #1-2H		3350	West Short Pine Hills		TVD: 1400' Eagle
Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	
1) 8 3/4"	7"	16.0	1,150'	Class G Cement, 250 sks of cement	
2) 6 1/4"	4 1/2"	11.6	2,600'	Not Cement	
3)					
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.  
 Drill a medium radius horizontal well in the Eagle with TVD top 1400'. Drill a 8 3/4" surface hole to 1150' with fresh water. Run 7" casing and cement to surface. Drill curve with 6 1/4" bit and an azimuth of 160 degrees with dog leg severity of 20 deg per 100 and landing horizontal at 1450' TVD (MD-1,600'). Then drill horizontal leg with air to a MD' of 2,600'. All drilling fluid and cuttings will be contained with a 12mil pit liner. Estimated start date 5/10/2010.

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: *[Signature]* Name (Print): March Kimmel Title: Manager Date: 04/27/2010

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Approved By: *[Signature]* Title: Oil and Gas Supervisor  
 Permit No. 1979 API No. 40 063 20715 Date Issued: July 13, 2010  
 Conditions, if any, on attached page.