

COUNTY: **HARDING**

LEGAL LOCATION: **SWSW 24-19N-4E**

API NO: **40 063 20542.01**

PERMIT NO: **1780**

WELL NAME: **13-24R PRICE**

OPERATOR: **SPYGLASS CEDAR CREEK
LP**

PERMIT ISSUED: **06/09/2006**

PERMIT CLOSED: **01/17/2019**

FILE LOCATION: **19N-4E-24 SWSW**

TARGET CODES:

WELL HISTORY / CHECKLIST

PERMIT TO DRILL / INTENT TO DRILL

WELL INSPECTION / SCOUT REPORTS

OPERATOR'S TECHNICAL REPORTS / MAPS

ADMINISTRATIVE / SUNDRY REPORTS

CORRESPONDENCE

MISCELLANEOUS

WELL HISTORY / CHECKLIST

PERMIT and BOND RELEASE CHECKLIST

WELL NAME: **Spyglass - 13-24R Price**

LOCATION: **T19N, R4E, Section 24 SWSW**

PERMIT NO: **1780**

Harding County, South Dakota

API NO: **40 063 20542.01**

FORMS RECEIVED

- | | |
|---|---|
| <input checked="" type="checkbox"/> Application (Form 2) | <input checked="" type="checkbox"/> Plat Map |
| <input checked="" type="checkbox"/> Permit Fee of \$100.00 | <input checked="" type="checkbox"/> Organization Report (Form 1) if not on file |
| <input checked="" type="checkbox"/> Oil & Gas Leasing Agreement | <input checked="" type="checkbox"/> Certificate of Negotiation (Form 9) |
| <input checked="" type="checkbox"/> Permission to Inspect Form | <input checked="" type="checkbox"/> Certification of Applicant |
| <input checked="" type="checkbox"/> P & P Bond | <input checked="" type="checkbox"/> NA Surface Restore Bond |

NOTIFICATION OF PENDING APPLICATION:

- ☒ State Archaeologist ☒ SD Dept. of Game, Fish Parks ☒ Harding County Zoning Adm.
Fax 605-375-3318

REVIEW OF PERMIT APPLICATION:

- Surface casing program: ☒ through Fox Hills ☒ adequate as stated
Spacing requirements: ☒ meets statewide spacing ☐ exception granted (Case # _____)
conforms to Statewide Field spacing

REVIEW OF PIT LINER VARIANCE:

- (☒ ~~NA~~ Plans and specifications sent to Staff Engineer
☒ ~~NA~~ Approved ☐ Disapproved ☐ Variance granted ☐ Variance denied)

*Pit to be lined
as required
by rule
Jm*

PERMIT APPROVED:

- ☐ Transmit check to Treasurer's Office with copy to our accounting personnel
☒ Type Permit #, API # and date on Application for Permit, have supervisor sign two forms.
☒ Prepare conditions to permit (O:\O&G\Reports\Apd\Conditions\ .doc)
☒ Mail cover notice (O:\O&G\Reports\Misc Letters & Notices\OperPermitNote.doc), operator
application, conditions, fee receipt, and pit liner application - if applicable
☒ Fax application copies to Harding Co. 605-375-3318
☒ Add to New Permits List (O:\O&G\New Permits\NewPermit.doc)
☒ Add to API and Permit No. Lists (O:\O&G\Permits\API & Permit No.s/)
☐ Add to Bond Lists (O:\O&G\Reports\Bonds\Bondbalance.xls & BondList.doc)
☒ Add to database and Web site
☒ Prepare file folder following established labeling and order of material. File.

PLUGGING AND PERFORMANCE BOND RELEASE

- | | |
|---|--|
| <input checked="" type="checkbox"/> Well Logs (<u>CBL</u>) | <input type="checkbox"/> Set of 10-foot sample cuttings-Vermillion |
| <input checked="" type="checkbox"/> Geologist's Report | <input checked="" type="checkbox"/> Completion/Recompletion Report |
| <input checked="" type="checkbox"/> NA DST Chart and Reports | <input type="checkbox"/> Plugging Report |
| <input checked="" type="checkbox"/> NA Results of coring and core analyses | |

SURFACE RESTORATION BOND RELEASE

- ☐ Approved Scout Report ☐ Approved letter from Surface Owner

BOND RELEASE NOTIFICATION

- ☐ Letter to bond carrier to release liability with copy to operator (O:\O&G\Reports\Bonds
\BondRelease.doc)
☐ Enter information in Bond Lists (O:\O&G\Reports\Bonds\BondList.doc and Bondbalance.xls) and data
base.

**PERMIT TO DRILL /
INTENT TO DRILL**



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 - RCRO

APPLICATION FOR PERMIT TO DRILL

Type of work: ☐ Drill New Well ☒ Re-enter Well ☐ Drill Directional Well ☒ Oil Well ☐ Gas Well ☐ Injection
☐ Other _____ ☐ Other _____

Name and Address of Operator: Spyglass Cedar Creek LP 353 Mill St. , New Brunfels, TX 78130 (830) 626-7445
Telephone: 626-7445
Name and Address of Surface Owner: Life Estate of Clarice M. Price HC59 Box 17, Camp Crook, SD 57724
Name and Address of Drilling Contractor and Rig Number: Patterson Drilling, 1512 Larimer St. Denver, CO 80202 Rig #464

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):

SW SW Sec 24 T19N R4E 660" FSL 660" FWL Sec 24 Harding Co, SD

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

Acres in Spacing (Drilling) Unit 160 45°35'26.28" 103°35'01.87" Description of Spacing Unit SW 1/4 Sec 24 T19N R4E

Well Name and Number 13-24R Price		Elevation 2896 GL	Field and Pool, or Wildcat Wildcat		Proposed Depth and Formation 5700 Minnelusa
Size of Hole 1) 12 1/4 2) 3) 4)	Size of Casing 9 5/8	Weight per Foot 36#	Depth 1495	Cementing Program (amount, type, additives) Depth 240 Sacks + 2% CaCl2	

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.

Plan to re-enter above well and test Minnelusa @ 5700
Approx. date June 5, 2006

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: Duane Estelle Partner 5/12/06 Date

FOR OFFICE USE ONLY

Approved By: Fred Vester Title: Oil and Gas Supervisor
Permit No. 1780 API No. 40 063 20542.01 Date Issued: June 9, 2006
Conditions, if any, on attached page.



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

Minerals & Mining Program

Oil & Gas Office

2050 West Main, Suite #1

Rapid City, SD 57702-2493

Telephone: 605-394-2229

FAX Number: 605-394-5317

PERMIT CONDITIONS

Spyglass 13-24R Price
19N-4E-24 SWSW, Harding County

Permit #1780
API: 40 063 20542.01

Approval has been granted to drill this location as detailed on the attached Application for Permit to Drill (Form #2) with the following additional provisions:

1. A 12-mil, woven, reinforced, high-density polyethylene liner will be used.
2. Surface runoff will be diverted around the drill site.
3. The surface hole will be drilled with fresh water.
4. Cement will be circulated to the ground surface on the surface casing.
5. If horizontally drilled:
 - A. The coordinates of the production casing shoe and the well terminus will be filed with the department.
 - B. The azimuth of the horizontal segment of the well will be filed with the department along with the results of periodic down hole surveys.
6. If production casing (long string) is set:
 - A. Sufficient cement will be circulated on the long string to cover any fresh water aquifer not covered by the surface casing.
 - B. A cement bond log will be run and filed with the department.
7. If abandoned:
 - A. With long string, sufficient cement will be circulated to install:
 1. A 100-foot cement plug immediately above the KOP; if horizontally drilled.
 2. A 100-foot cement plug, half in and half out of the top of the casing stub after the retrievable part of the production casing has been removed.
 3. A 100-foot cement plug, half in and half out of the top of any fresh water aquifer between the top of the casing stub and the base of the surface casing.
 4. A 100-foot plug, half in and half out of the base of the surface casing.
 5. A 25-foot cement plug at the top of the surface casing.
 - B. Without long string, sufficient cement will be circulated to set:
 1. A 100-foot cement plug immediately above the KOP; if horizontally drilled.
 2. 100-foot cement plugs, half in and half out of the top of the following formations: Red River, Interlake, Madison, Minnelusa and Fall River.
 3. A 100-foot cement plug, half in and half out of the base of the surface casing.
 4. A 25-foot cement plug at the top of the surface casing.
 - C. Heavy, mud-laden fluid will be used between all plugs.
8. A washed set of sample cuttings (or cores, if cut) is to be shipped to the state free of charge.
9. Please notify this office prior to plugging so that a witness can be on location. After hours, call Fred V. Steece at 605-343-8617 or Mack McGillivray at 605-341-0207.

N O T I C E

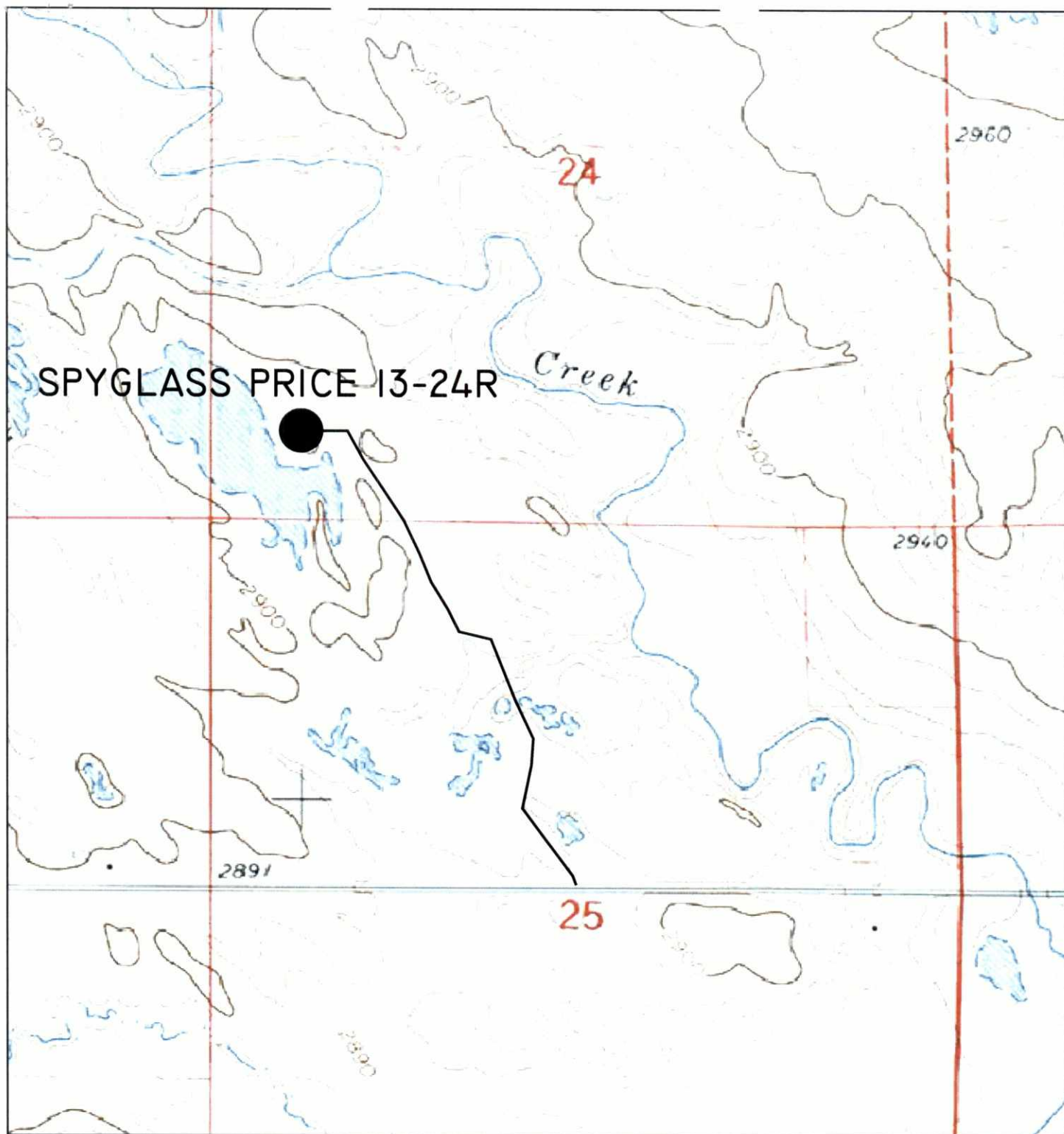
Please notify this office with the SPUD DATE of the well as soon as possible. We can be contacted during office hours at the above telephone number. After hour telephone numbers are:

Fred V. Stecce - 605-343-8617

Gerald (Mack) McGillivray - 605-341-0207

BOX 357
BOWMAN, N.D. 58623
PHONE: 701-523-3340
FAX: 701-523-5243
PROJECT NO. 06-82

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RORO



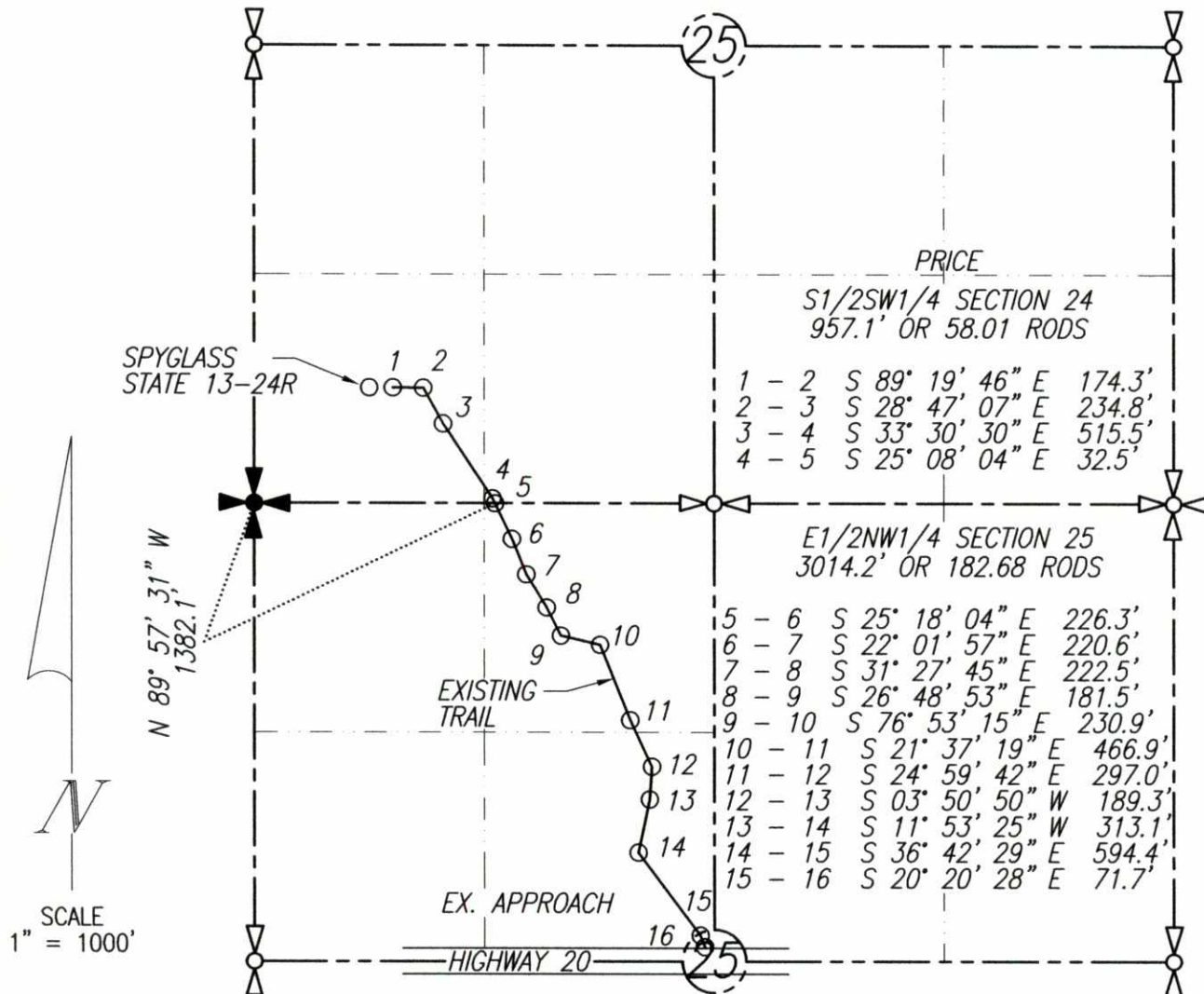
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RESOURCES - RCRO



SPYGLASS, LP.
WELL LOCATION

SPYGLASS PRICE 13-24R
SECTION 24, T19N, R4E
HARDING CO., SOUTH DAKOTA

ROAD LOCATION PLAT
SPYGLASS, LP.
SPYGLASS STATE 13-24R
SECTIONS 24 & 25, T19N, R4E
HARDING COUNTY, S.D.



I CERTIFY THAT THIS PLAT CORRECTLY REPRESENTS
WORK PERFORMED BY ME OR UNDER MY RESPONSIBLE
CHARGE, AND IS TRUE AND CORRECT TO THE BEST OF
MY KNOWLEDGE AND BELIEF

JOHN PAULSON R.L.S. 5014

PERSON AUTHORIZING SURVEY;
KAREN CHRISTENSEN

BASIS OF BEARING:
ASSUMED

RECEIVED

MAY 15 2006

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RCRO

DATE STAKED: 5-1-2006

BROSZ ENGINEERING INC.

BOX 357

BOWMAN, N.D. 58623

PHONE: 701-523-3340

FAX: 701-523-5243

PROJECT NO. 06-82



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 1

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DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RCRO

ORGANIZATION REPORT

COMPANY

Name of company, organization or individual : Spyglass Cedar Creek, LP

Address : P.O. Box 2250 Red Lodge, MT 59068

Telephone number: (406) 446-2113 Fax Number: (406) 446-0327

ORGANIZATION

If re-organization, list previous name: _____

Type of organization: Limited Partnership State of incorporation: Texas

Date of registration with Secretary of State to do business in South Dakota: 03/14/2006

Name/Address of Registered South Dakota Agent: Jack Oberlitner, 2208 Lockwood, Rapid City, SD 57702

OFFICERS/PARTNERS/DIRECTORS (Use extra sheet if necessary)

Name	Title	Address
SEE ATTACHED		

SIGNATURE

Signature [Signature] Title Partner Date 5-12-06

State of Montana

County of Carbon

Subscribed and sworn to before me this 12 day of May 2006

Notary Public [Signature] My Commission expires June 24, 2009

DO NOT WRITE BELOW THIS LINE

Approved: _____
Signature Title Date

ATTACHMENT TO FORM 1

Officers/Partners/Directors

Duane Estelle	Special Limited Partner	P.O. Box 2250 Red Lodge, MT 59068
Greg Mohl	Special Limited Partner	P.O. Box 2250 Red Lodge, MT 59068
Karen Christensen	Managing Limited Partner	1447 Crestline Dr. Santa Barbara, CA 93105
Kevin Sellers	Managing Limited Partner	353 E. Mill St. New Braunfels, TX 78130

MAY 15 2006

Producers 88-TK 2001 2nd Rev

DEPT OF ENVIRONMENT AND NATURAL RESOURCES - RCRO

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into as of **June 1, 2002**, by and between **Bruce E. Price, a married person and Terry Dahl, a married person, as Co-Trustees of the Life Estate of Clarice M. Price, a single person, 342 East Federal, Spearfish, SD 57783**, hereinafter called Lessor, and **Zier & Associates, Ltd., a Montana corporation, POB 1834, Billings, MT 59103-1834**, hereinafter called Lessee.

1. Lessor, for and in consideration of **Ten and More Dollars**, the receipt of which is hereby acknowledged, and covenants and agreements herein contained, does grant, demise, lease and let exclusively unto Lessee, for the purpose and with exclusive right of exploring by geophysical and other methods, drilling and operating for and producing therefrom, oil, liquid hydrocarbons, all gases and their respective constituent products, with rights of way and easements for laying pipe lines, power lines, building tanks, power stations, ponds, roadways and structures thereon for producing, saving, treating and caring for such products and any and all other rights and privileges necessary or incident thereto, all that certain land and lands riparian thereto situated in the County of **Harding**, State of **South Dakota**, described as follows (herein called "said land"), to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

For the purpose of determining the amount of any money payment hereunder, said land shall be considered to contain **2,120.00** acres.

2. Subject to the other provisions herein contained, this lease shall be for a term of **Five (5)** years from this date (herein called "primary term") and as long thereafter as oil or gas is produced from said land or as long thereafter as Lessee is engaged in actual drilling or reworking operations on said land.

3. As royalties, Lessee covenants and agrees as follows: (a) To deliver to the credit of Lessor free of cost, on the lease or into any pipeline to which Lessee may connect its wells, the equal one-eighth part of all oil produced and saved from said land, or at the Lessee's option may pay to the Lessor for such royalty the market price for oil of like grade and gravity prevailing in the same field or area on the day such oil is run into the pipeline or the storage tanks. (b) To pay to Lessor for gas of whatsoever nature or kind produced and sold from said land or used for the manufacture of gasoline or any other products, one-eighth of the proceeds from the sale of such gas at the mouth of the well.

If a well capable of producing gas or gas and gas-condensate in paying quantities located on said land, or on acreage pooled or unitized therewith, is at any time shut-in and no gas or gas-condensate therefrom is sold or used off the premises or for the manufacture of gasoline or other products, nevertheless such shut-in well shall be deemed to be a well on said land producing gas in paying quantities and this lease will continue in force during all of the time or times while such well is so shut-in, whether before or after the expiration of the primary term hereof. Lessee shall use reasonable diligence to market gas or gas and gas-condensate capable of being produced from such shut-in well but shall be under no obligation to market such products under terms, conditions or circumstances which, in Lessee's judgment exercised in good faith, are unsatisfactory. Lessee shall be obligated to pay or tender to Lessor and all other royalty owners as their interests in royalty under the well shall appear, on or before the anniversary of the date of this lease following the shutting-in of such well, and annually thereafter, while such well is so shut-in, as royalty, an amount equal to the annual delay rental herein provided for under the terms of this lease, or, if this lease does not provide for any delay rental, the sum of \$100 per well. Lessor's portion of such payment may be made or tendered to Lessor or to Lessor's credit by check or draft mailed or delivered to the depository bank designated herein. Portions of such payment payable to others may be made or tendered by check or draft, mailed or delivered, to such owners' credit in Lessor's depository bank. Royalty ownership as of the last day of each such annual period as shown by Lessee's records shall determine the amounts and the party or parties entitled to receive such payment, "Shutting-in" of a well shall be the date on which production casing in such well is perforated and a gas flow test shall disclose that the well is capable of production in paying quantities. Until such casing shall have been run and the gas flow tested, no well shall be considered "shut-in".

4. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from the date hereof, this lease shall terminate, unless the Lessee shall on or before that date pay or tender to the Lessor or the Lessor's credit in the

PAY DIRECT TO LESSOR AT ADDRESS RECITED HEREIN

which Bank and its successors are the Lessor's agent and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in said land or in the oil and gas or in the rentals to accrue hereunder, the sum of *****Two Thousand One Hundred Twenty and No/100*** Dollars**, which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders, the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of Lessee or any assignee thereof, mailed or delivered on or before the rental date, either direct to Lessor or assigns or to said depository bank, and it is understood and agreed that the consideration first recited herein covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid and any and all other rights conferred. Notwithstanding the death of the Lessor or his successor in interest, the payment or tender of rentals in the manner provided herein shall be binding on the heirs, devisees, executors, and administrators of such persons.

5. If Lessor owns a less interest in said land than the entire and undivided fee simple estate therein then the royalties and rentals herein provided for shall be paid Lessor only in the proportion which his interest bears to the whole and undivided fee.

6. If at any time prior to the discovery of oil or gas on said land and during the term of this lease, the Lessee shall drill a dry hole, or holes on said land, this lease shall not terminate, provided operations for the drilling of a further well shall be commenced within 12 months from the expiration of the last rental period for which rental has been paid or provided the Lessee, on or before the expiration of said 12 months begins or resumes the payment of rentals in the manner and amount hereinabove provided; and in this event the preceding section hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

7. If within the primary term of this lease, production on said land shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced on said land on or before the next ensuing rental paying date; or, provided Lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on said land shall cease from any cause, this lease shall not terminate provided Lessee resumes operation for drilling or reworking a well within sixty days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long thereafter as production continues.

8. The Lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells, springs and reservoirs of the Lessor. When required by Lessor, the Lessee shall bury its pipelines below plow depth. Lessee shall pay for damage caused by its operations on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said land without written consent of the Lessor. Lessee shall have the right at any time during, or within 180 days after the expiration of this lease, to remove all machinery, fixtures, buildings and other structures placed by Lessee on said land, including the right to draw and remove all casing, but thereafter such equipment shall become the property of Lessor, unless Lessor on or before such date shall, by written request, require Lessee to remove such material and restore said land as nearly as possible to its original condition.

9. Lessee is hereby granted the right and power to pool or combine said land, or any portion thereof, with other land, lease or leases in the vicinity thereof at any time and from time to time, whether before or after production, when in Lessee's judgment it is necessary or advisable to do so for the prevention of waste and the conservation and greatest ultimate recovery of oil or gas. Such pooling shall be into a unit or units not exceeding in area the acreage prescribed or required in any Federal or State law, order, rule or regulation for the drilling or operation of one well, or for obtaining the maximum allowable production from one well. Such pooling shall be accomplished or terminated by filing of record in the proper county a declaration of pooling or declaration of termination of pooling, a copy of which may be mailed or tendered to Lessor. The production of pooled substances and development and operation on any portion of a unit so pooled, including the commencement, drilling, completion and operation of a well thereon, shall be considered and construed, and shall have the same effect, except for the payment of royalty, as production, development and operation on said land under the terms of this lease. The royalties herein provided shall accrue and be paid to Lessor on pooled substances produced from any unit in the proportion, but only in the proportion, that Lessor's acreage interest in the land covered hereby and placed in the unit bears to the total acreage placed in such unit.

10. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on the Lessee until 30 days after Lessee has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof and all advance payments or rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of Lessor. An assignment of this lease, in whole or in part, shall as to the extent of such assignment relieve and discharge the Lessee of all obligations hereunder.

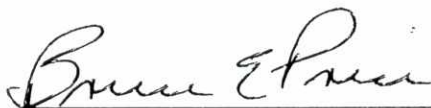
11. Lessee may at any time surrender this lease in whole or in part by placing such release of record in the proper county. If said lease is surrendered as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion surrendered shall cease and terminate; and any rentals thereafter paid may be apportioned on an acreage basis, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of said land and the holder or owner of any such part or parts shall make default in the payment of the money due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers the part of said land upon which the Lessee or any assignee hereof shall make proper payment of any money due hereunder.

12. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the Lessee, at its option, may pay and discharge in whole or in part any taxes, mortgage, or other liens, existing, levied, or assessed on or against said land and, in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder. Lessor further agrees that any interest or title to said land acquired by Lessor after the date hereof shall be subject to this lease to the same extent as if said interest and title had been held by Lessor at the date hereof. In such event the amount of rental payable hereunder shall be appropriately adjusted at the next ensuing rental date after Lessee has been furnished evidence of such after acquired title.

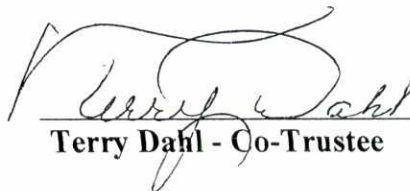
13. All express or implied covenants of this lease shall be subject to all Federal and State laws, executive orders, rules and regulations. This lease shall not be terminated in whole or in part, nor Lessee held liable in damages for failure to comply with its terms, if compliance is prevented or if the failure to comply is the result of any such law, order, rule or regulation. This lease, shall not be terminated in whole or in part, nor Lessee held liable in damages, because of a temporary cessation of production or of drilling operations due to breakdown of equipment or due to the repairing of a well or wells, or because of failure to comply with any of the provisions of this lease if the failure is the result of the exercise of governmental authority, lack of market, act of God, strike, fire, explosion, flood or any other cause reasonably beyond the control of Lessee. If from any such cause Lessee is prevented from conducting drilling or reworking operations on, or producing oil or gas from the leased premises, the time which Lessee is so prevented shall not be counted against Lessee, and this lease shall be extended for a period of time equal to that during which such Lessee is prevented from conducting drilling or reworking operations on, or producing oil or gas from such leased premises, notwithstanding any other provision hereof; provided, that the provisions of this paragraph are not to be construed to relieving Lessee from the payment of delay rentals for the maintenance of this lease during the primary term or any extended term as herein provided.

14. This lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute this lease. All provisions of this lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of Lessor and Lessees. Lessor hereby waives and releases all rights of dower and homestead in said lands insofar as the rights granted under this lease might be affected thereby.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.



Bruce E. Price - Co-Trustee
(Clarice M. Price SS#: [REDACTED])



Terry Dahl - Co-Trustee

ACKNOWLEDGMENT

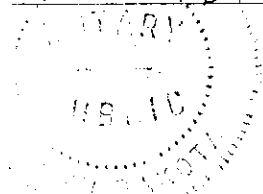
STATE OF SOUTH DAKOTA]
COUNTY OF LAWRENCE]

Before me, the undersigned, a Notary Public, in and for said County and State, on the 4th day of June, 2002, personally appeared Bruce E. Price, as Co-Trustee of the Life Estate of Clarice M. Price, to me known to be the person described in and who executed the within and foregoing instrument and acknowledged to me that he duly executed the same as his free will and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Rita J. Martin
Notary Public in and for the State of South Dakota
Residing at Nemo, S.D. 57759

My Commission Expires: 12-20-2006



STATE OF SOUTH DAKOTA]
COUNTY OF HARDING]

Before me, the undersigned, a Notary Public, in and for said County and State, on the 5th day of June, 2002, personally appeared Terry Dahl, as Co-Trustee of the Life Estate of Clarice M. Price, to me known to be the person described in and who executed the within and foregoing instrument and acknowledged to me that she duly executed the same as her free will and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Cheryl Weber
Notary Public in and for the State of South Dakota
Residing at Buffalo, S.D.

My Commission Expires: 3-28-2004

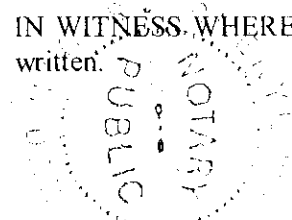


Exhibit "A"

Attached to and made a part of that certain Oil and Gas Lease made and entered into under date of June 1, 2002, by and between Bruce E. Price, a married person and Terry Dahl, a married person, as Co-Trustees of the Life Estate of Clarice M. Price, a single person, as Lessor(s), and Zier & Associates, Ltd., as Lessee.

Township 19 North-Range 4 East, Black Hills Meridian

Section 14: SW4SW4

Section 22: S2NE4, SE4 W^{1/2}SE^{1/4}

✓ **Section 23: NE4, N2SE4, SW4SE4, SW4NW4, W2SW4, SE4SW4**

Section 24: S2

✓ **Section 26: N2NE4, SW4NE4, NW4, N2S2, S2SW4**

✓ **Section 27: N2NE4, SE4SE4**

✓ **Section 34: NE4NE4, S2NE4, SE4NW4, NE4SW4**

✓ **Section 35: W2NW4, SE4NW4, N2SW4, SE4SW4**

Containing 2,120.00 acres, more or less

15. It is agreed that should Lessee exercise its option to pool or combine any portion of the land covered hereby with other lands, lease or leases as hereinbefore provided, then such operations and production on and in any such pooled unit as herein provided, shall continue this lease in force and effect after the primary term hereof as to that portion of the lands covered by this lease, included in such unit or units as hereinabove provided, but not as to such portion of said lands covered by this lease and not included in such unit. This lease may be kept in force and effect as to such remainder in any manner elsewhere provided in this lease not inconsistent with this paragraph.

Signed for identification:

(X) Bruce E. Price
Bruce E. Price - Co-Trustee

(X) Terry Dahl
Terry Dahl - Co-Trustee

- ✓ Recorded
- ✓ Compared
- ✓ Grantor
- ✓ Grantee
- ✓ Numerical



Prepared by:
Thomas Boyd CPL
POB 3144, Casper, WY 82602
1-307-265-3344

No. 02-550

Record 7/23/02 3:00 P.M.

Book 101 Page 455-457

Que L. Dahl
Register of Deeds
Harding County

FEE: \$28.00 pd-ck



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 9

RECEIVED

MAY 15 2006

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RCRO

CERTIFICATE OF NEGOTIATION WITH SURFACE OWNER/LESSEE

Surface owner/lessees Life Estate of Clarice M. Price

Well Name 13-24R Price

Township 19N Range 4E Section 24 County Harding

In accordance with SDCL 45-5A, I hereby certify that to the best of my knowledge and belief, an agreement regarding compensation for damages to livestock and surface land resulting from drilling operations on the described property has been or is being negotiated with the surface landowners or lessees, as listed above.

Operator Name: Spyglass Cedar Creek LP

[Signature]
Signature

Manager
Title

Mar 3, 2006
Date

State of Montana

County of Carbon

Subscribed and sworn to before me this 3rd day of March, 2006

Notary Public Sharon Dunlap My Commission expires 3/7/2009





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 8

RECEIVED

MAY 15 2006

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RCRO

PERMISSION TO INSPECT

Well Name 13-24R Price

Township 19N Range 4E Section 24 County Harding

In compliance with ARSD 74:10:11:05 and SDCL 45-9, I do hereby grant the Secretary of the Department of Environment and Natural Resources, or his designated agent, permission to inspect all facilities, upon notification, at any time during the life of the permit or project.

Operator Name: Spyglass Cedar Creek LP

	<u>Duane Estelle</u>	<u>Partner</u>	<u>5/12/06</u>
Signature	Name (print)	Title	Date

State of Montana (Seal)

County of Carbon

Subscribed and sworn to before me this 12 day of May, 2006

Notary Public Cynthia Rozamus My Commission expires June 24, 2009



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 13

RECEIVED

MAY 15 2006

DEPT OF ENVIRONMENT & NATURAL
 RESOURCES - RCRO

**STATE OF SOUTH DAKOTA
 BEFORE THE SECRETARY OF
 THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

IN THE MATTER OF THE)
 APPLICATION OF Spyglass Cedar Creek, LP)

CERTIFICATION OF
 APPLICANT

_____)

STATE OF Montana)

) SS

COUNTY OF Carbon)

I, Spyglass Cedar Creek, LP, the applicant in the above matter after being duly sworn upon oath hereby certify the following information in regard to this application:

South Dakota Codified Laws Section 1-40-27 provides:

"The secretary may reject an application for any permit filed pursuant to Titles 34A or 45, including any application by any concentrated swine feeding operation for authorization to operate under a general permit, upon making a specific finding that:

(1) The applicant is unsuited or unqualified to perform the obligations of a permit holder based upon a finding that the applicant, any officer, director, partner, or resident general manager of the facility for which application has been made:

- (a) Has intentionally misrepresented a material fact in applying for a permit;*
- (b) Has been convicted of a felony or other crime of moral turpitude;*
- (c) Has habitually and intentionally violated environmental laws of any state or the United States which have caused significant and material environmental damage;*
- (d) Has had any permit revoked under the environmental laws of any state or the United States;*
- (e) Has otherwise demonstrated through clear and convincing evidence of previous actions that the applicant lacks the necessary good character and competency to reliably carry out the obligations imposed by law upon the permit holder; or*


(2) The application substantially duplicates an application by the same applicant denied within the past five years which denial has not been reversed by a court of competent jurisdiction. Nothing in this subdivision may be construed to prohibit an applicant from submitting a new application for a permit previously denied, if the new application represents a good faith attempt by the applicant to correct the deficiencies that served as the basis for the denial in the original application.

All applications filed pursuant to Titles 34A and 45 shall include a certification, sworn to under oath and signed by the applicant, that he is not disqualified by reason of this section from obtaining a permit. In the absence of evidence to the contrary, that certification shall constitute a prima facie showing of the suitability and qualification of the applicant. If at any point in the application review recommendation, or hearing process, the secretary finds the applicant has intentionally made any material misrepresentation of fact in regard to this certification, consideration of the application may be suspended and the application may be rejected as provided for under this section.

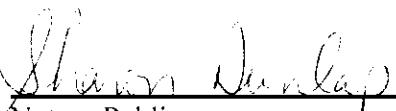
Applications rejected pursuant to this section constitute final agency action upon that application and may be appealed to circuit court as provided for under chapter 1-26."

Pursuant to SDCL 1-40-27, I certify that I have read the forgoing provision of state law, and that I am not disqualified by reason of that provision from obtaining the permit for which application has been made.

Dated this 3 day of March, 2006.


Applicant

Subscribed and sworn before me this 3rd day of March, 2006.


Notary Public

My commission expires: 5/7/2009



**PLEASE ATTACH SHEET DISCLOSING ALL FACTS PERTAINING TO
SDCL 1-40-27 (1)(a) THROUGH (e).
ALL VIOLATIONS MUST BE DISCLOSED, BUT WILL NOT
AUTOMATICALLY RESULT IN THE REJECTION OF AN APPLICATION.**

WELL INSPECTION / SCOUT REPORTS

South Dakota DANR
Minerals and Mining Program
523 East Capitol
Pierre, SD 57501
Phone: (605) 773-4201

PLG4559

Oil and Gas Plugging Report

Well Name: 13-24R Price Location Description: SWSW Sec 24 Twp 019N Rng 04E
API Number: 40 063 20542 01 County: Harding
Permit Number : 1780 Operator: Spyglass Cedar Creek LP
Date Plugging Plan Approved: 09/18/2020 Date Pre-Plug MIT Witnessed : NA
Date Inspection: 05/19/2021 Arrival Time: 6:30 AM Departure Time: 5/20 @ 3:20 P
Contractors on Site: Liquid Gold Well Service
D&M Solutions
Date/Time Plugging Began: 5/19 @ 2:00 PM Date/Time Plugging Complete: 5/20 @ 3:00 PM
Density of Cement: 15.8 lb/gal Cement Type: Class G
Density of Mud Between Plugs in Open Hole: 9.0 lb/gal Measured Depth to perfs KOP: NA

Tools Left In Hole and MD:

CICR @ 1352'

Length of Casing Removed: NA Abandoned Well Marker Place at Site: Yes

Well Plugged In Accordance With Approved Plan? Yes

Plugging Descriptions:

(Enter the Measured Depth, Thickness, Number of Sacks of
Cement for Each Plug, and Any Other Additional Comments)

Well was orphaned and the permit revoked. Well was plugged by DANR under RFP #2042. DANR contracted Liquid Gold Well Services to plug and abandon this well.

5/19/2021:

Well was previously plugged back and then reentered by Spyglass. Liquid Gold tagged the existing plug and it was tagged at 5638'.

Filled hole with packer fluid.

Pumped 20 sx balanced plug at 5314'-5141' for Pine Salt.

Pumped 20 sx balanced plug at 4175'-4003' for Inyan Kara.

5/20/2021:

Ripped casing with casing ripper at 1545' - attempted to establish injection rate but casing pressured to 800 psi with little fall off. I instructed them to rip casing at 1440' - was able to inject through this perforation at 5 bbls/min. Set CICR at 1352' and pumped 40 sx through CICR and dumped 10 sx on top of CICR.

Ripped casing at 60' and circulated cement to surface. After an hour the cement dropped ~10 feet below the surface.

The marker plate was welded on and buried. The four deadman anchors were dug up and removed. Gravel pile was left on site and the gravel on location was left as most of the site has been well established with vegetation.

Inspected By: Jeff Klenner

Signed

Dated 06/07/2021

13-24R Price

05/19/2021

40 063 20542 01

4559



05/19/2021

40 063 20542 01

4559



Oil and Gas Well Inspection Report

Well Name:	13-24R Price	Location Description:	SWSW Sec 24 Twp 019N Rng 04E		
API Number:	40 063 20542 01	County:	Harding		
Permit Number:	1780	Operator:	Spyglass Cedar Creek LP		
Inspection Date:	06/25/2019	Arrival Time:	12:23 PM MT	Departure Time:	12:27 PM MT
Equipment On Site:	well head				

Inspection Type

- | | |
|--|--|
| <input type="checkbox"/> Routine-Oil Well | <input type="checkbox"/> MIT (Mechanical Integrity Test) |
| <input checked="" type="checkbox"/> Routine-Gas Well | <input type="checkbox"/> Final |
| <input type="checkbox"/> New Drill | <input type="checkbox"/> Compliance <input type="checkbox"/> Other |

Routine Inspection Items

Adequate Sign In Place?	No
Tanks Adequately Bermed?	NA
Evidence of Spill?	No
Evidence of Improper Waste Disposal?	No
Weed Problem at Site?	Yes
Erosion or Settling Problems?	Yes
Other Problems?	Yes

Reclamation

Area Adequately Reshaped and Sloped?	NA
Top Soil Replaced?	NA
Adequate Vegetation Present?	NA
Protects Ground/Surface Water?	NA

New Drill

Drill Pit Adequately Lined?	NA
Blowout Preventer Used?	NA
Terrain Suitable/Protects Surface Water?	NA

Mechanical Integrity Test

Time (Minutes)	Pressure in Production Casing	Pressure in Tubing	Pressure in Surface Casing
0			
5			
10			
15			

Production Casing Maintains 90%
of Initial Pressure after 15 minutes?

- ☐ Pass MIT
☐ Fail MIT

Landuse

Comments

Well head is the only equipment on site - with gates around it. Scoria pile is on site. Pit liner is starting to surface. There are some weeds on site. The sign is laying on the ground. The well head has no pressure gauges.

Accompanied By: Lucy Blocker

Inspected By: Jeff Klenner



Signed

Dated 07/18/2019

13-24R Price

06/25/2019

40 063 20542 01

4556



06/25/2019

40 063 20542 01

4556





Pit liner at the surface.

Oil and Gas Well Inspection Report

Well Name:	13-24R Price	Location Description:	SWSW Sec 24 Twp 019N Rng 04E		
API Number:	40 063 20542 01	County:	Harding		
Permit Number:	1780	Operator:	Spyglass Cedar Creek LP		
Inspection Date:	06/27/2018	Arrival Time:	1:08 PM MDT	Departure Time:	1:11 PM MDT
Equipment On site:	Well head				

Inspection Type

- | | |
|---|---|
| <input type="checkbox"/> Routine-Oil Well | <input type="checkbox"/> MIT (Mechanical Integrity Test) |
| <input type="checkbox"/> Routine-Gas Well | <input type="checkbox"/> Final |
| <input type="checkbox"/> New Drill | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Other |

Routine Inspection Items

Adequate Sign In Place?	No
Tanks Adequately Bermed?	NA
Evidence of Spill?	No
Evidence of Improper Waste Disposal?	No
Weed Problem at Site?	No
Erosion or Settling Problems?	No
Other Problems?	Yes

Reclamation

Area Adequately Reshaped and Sloped?	NA
Top Soil Replaced?	NA
Adequate Vegetation Present?	NA
Protects Ground/Surface Water?	NA

New Drill

Drill Pit Adequately Lined?	NA
Blowout Preventer Used?	NA
Terrain Suitable/Protects Surface Water?	NA

Mechanical Integrity Test

Landuse

Time (Minutes)	Pressure in Production Casing	Pressure in Tubing	Pressure in Surface Casing
0			
5			
10			
15			

Production Casing Maintains 90%
of Initial Pressure after 15 minutes?

- ☐ Pass MIT
☐ Fail MIT

Comments

Well is shut-in and needs to be plugged or MIT'd. Scoria pile still on site. No sign or gauges present.

Accompanied By: Jeff Klenner (DENR)

Inspected By: Lucy Dahl



Signed

Dated 07/05/2018

13-24R Price

06/27/2018

40 063 20542 01

4312



06/27/2018

40 063 20542 01

4312



Scoria pile can be seen in background.

Oil & Gas Well Inspection Report

Well: 13-24R Price

Location: SWSW 24-19N-4E, Harding County

API #: 40 063 20542.01

Permit #: 1780

Operator: Spyglass Cedar Creek LP

Inspection Date: 07/18/2017

Time In: 1:41 PM MDT

Time Out: 1:44 PM MDT

Accompanied by: Jeff Klenner (DENR)

Equipment on Site: Wellhead, Well house

Type of Inspection:

☐ Routine Oil Well

☒ Routine Gas Well

☐ New Drill

☐ Final

☐ MIT

☐ Other

Routine Inspection Items

Adequate Sign in Place?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Tanks Adequately Bermed?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Evidence of Spills?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NA <input type="checkbox"/>
Evidence of Improper Waste Disposal?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NA <input type="checkbox"/>
Weed Problems at Site?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NA <input type="checkbox"/>
Erosion or Settling Problems?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NA <input type="checkbox"/>
Other Problems?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>

Reclamation

Area Adequately Reshaped & Sloped	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Top Soil Replaced?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Adequate Vegetation Present?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Protects Ground/Surface Water?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>

New Drill

Drill Pit Adequately Lined?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Blowout Preventer Used?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Terrain Suitable/Protects Surface Water?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>

Landuse:

Mechanical Integrity Test

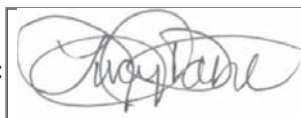
Time (Minutes)	Pressure in Production Casing	Pressure in Tubing	Pressure in Surface Casing
0			
5			
10			
15			
Production Casing Maintains 90% of Initial Pressure after 15 minutes?		Pass MIT <input type="checkbox"/>	Fail MIT <input type="checkbox"/>

Comments

Well house fenced in with cattle panel. Scoria pile still on site. Sign has fallen. No gauges present. Well needs working pressure gauges on both tubing and casing in accordance with ARSD 74:12:02:16. Pieces of pit liner are exposed at the surface.

Inspector: Lucy Dahl

Signature:



Date: Jul 25, 2017

Oil & Gas Well Inspection Report Photo—13-24R Price, Page 1 of 1

Inspection Date: 07/18/2017

Well: 13-24R Price

Location: SWSW 24-19N-4E, Harding County

API #: 40 063 20542.01

Permit #: 1780

Operator: Spyglass Cedar Creek LP



Photo 1. 13-24R Price wellsite.

Oil & Gas Well Inspection Report

Well: 13-24R Price

Location: SWSW 24-19N-4E, Harding County

API #: 40 063 20542.01

Permit #: 1780

Operator: Spyglass Cedar Creek LP

Inspection Date: 06/29/2016

Time In: 11:24 AM MDT

Time Out: 11:27 AM MDT

Accompanied by: Jeff Klenner (DENR)

Equipment on Site: Wellhead, Well house

Type of Inspection:

☐ Routine Oil Well

☒ Routine Gas Well

☐ New Drill

☐ Final

☐ MIT

☐ Other

Routine Inspection Items

Adequate Sign in Place?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Tanks Adequately Bermed?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Evidence of Spills?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NA <input type="checkbox"/>
Evidence of Improper Waste Disposal?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NA <input type="checkbox"/>
Weed Problems at Site?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NA <input type="checkbox"/>
Erosion or Settling Problems?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NA <input type="checkbox"/>
Other Problems?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>

Reclamation

Area Adequately Reshaped & Sloped	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Top Soil Replaced?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Adequate Vegetation Present?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Protects Ground/Surface Water?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>

New Drill

Drill Pit Adequately Lined?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Blowout Preventer Used?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Terrain Suitable/Protects Surface Water?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>

Landuse:

Mechanical Integrity Test

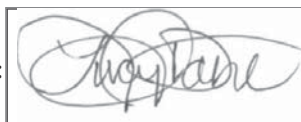
Time (Minutes)	Pressure in Production Casing	Pressure in Tubing	Pressure in Surface Casing
0			
5			
10			
15			
Production Casing Maintains 90% of Initial Pressure after 15 minutes?			
Pass MIT <input type="checkbox"/>		Fail MIT <input type="checkbox"/>	

Comments

Well house fenced in with cattle panel. Scoria pile still on site. Sign has fallen. No gauges present. Well needs working pressure gauges on both tubing and casing in accordance with ARSD 74:12:02:16.

Inspector: Lucy Dahl

Signature:



Date: Jul 5, 2016

Oil & Gas Well Inspection Report Photo—13-24R Price, Page 1 of 1

Inspection Date: 06/29/2016

Well: 13-24R Price

Location: SWSW 24-19N-4E, Harding County

API #: 40 063 20542.01

Permit #: 1780

Operator: Spyglass Cedar Creek LP



Photo 1. 13-24R Price wellsite.

Oil & Gas Well Inspection Report

Well: 13-24R Price

Location: SWSW 24-19N-4E, Harding County

API #: 40 063 20542.01

Permit #: 1780

Operator: Spyglass Cedar Creek LP

Inspection Date: 07/15/2015

Time In: 5:47 PM MDT

Time Out: 5:55 PM MDT

Accompanied by: Tristan Farel (New Frontier Energy)

Equipment on Site: Gated wellhead, scoria pile

Type of Inspection:

☐ Routine Oil Well

☒ Routine Gas Well

☐ New Drill

☐ Final

☐ MIT

☐ Other

Routine Inspection Items

Adequate Sign in Place?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Tanks Adequately Bermed?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Evidence of Spills?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NA <input type="checkbox"/>
Evidence of Improper Waste Disposal?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NA <input type="checkbox"/>
Weed Problems at Site?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Erosion or Settling Problems?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NA <input type="checkbox"/>
Other Problems?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>

Reclamation Bond Release

Area Adequately Reshaped & Sloped	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Top Soil Replaced?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Adequate Vegetation Present?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Protects Ground/Surface Water?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>

New Drill

Drill Pit Adequately Lined?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Blowout Preventer Used?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Terrain Suitable/Protects Surface Water?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>

Landuse:

Mechanical Integrity Test

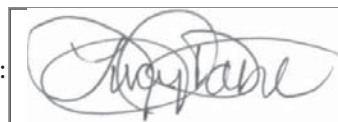
Time (Minutes)	Pressure in Production Casing	Pressure in Tubing	Pressure in Surface Casing
0			
5			
10			
15			
Production Casing Maintains 90% of Initial Pressure after 15 minutes?		Pass MIT <input type="checkbox"/>	Fail MIT <input type="checkbox"/>

Comments

Sign has fallen (propped up for inspection photo). Scoria pile should be removed. Well needs pressure gauges on both tubing and casing in accordance with ARSD 74:12:02:16.

Inspector: Lucy Dahl

Signature:



Date: Jul 21, 2015

Oil & Gas Well Inspection Report Photos—Spyglass 13-24R Price, Page 1 of

Inspection Date: 07/15/2015

Well: 13-24R Price

Location: SWSW 24-19N-4E, Harding County

API #: 40 063 20542.01

Permit #: 1780

Operator: Spyglass Cedar Creek LP



Photo 1. 13-24R Price State well site.



Photo 2. Scoria pile northwest of wellhead.

**OPERATOR'S
TECHNICAL
REPORTS / MAPS**

GEOLOGIC WELLSITE REPORT

Spyglass Cedar Creek, L.P.



**Spyglass Price #13-24R
SW SW Sec. 24 T19N R4E
Harding County, South Dakota**

Charles Cook & Pablo Torres
Geologist & Mud Logger
Entrada GeoSciences, LLC
11 Inverness Way South
Englewood Co 80112

JUL 20 2009

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY**WELL SUMMARY**

The Spyglass Price 13-24R well was a re-entry of a Red River test drilled in 1997 by Summit Resources. The primary target of the re-entry was the Pennsylvanian Minnelusa with secondary targets in the Cretaceous Eagle, Niobrara, Muddy and Fall River.

The Spyglass Price re-entry spudded on July 29, 2006 with an 8 ¾ inch bit which was run in the existing 9 inch surface pipe set at 1495 feet. Plug #1, the surface plug was not found. Plug #2 across the bottom of the surface casing was tagged at 1468 feet. Cement was drilled from 1468 feet to 1568 feet. Mud gas increased gradually from a background of 10 units at the top of the plug to 100 units at the base and built to 900 units immediately below the plug.

At the top of the Eagle at 1585 feet a gas kick required shutting in the Hydrill. A surface pressure of 60 psi was recorded and was bled off in approximately 25 minutes. Through the Eagle, gas readings in excess of 9000 units were logged from 1756 feet to 2000 feet and then gradually declined to 1000 units through 2500 feet. The Niobrara was reached at a depth of 2540 feet at which point the background gas was reading approximately 400 units. The maximum gas reading in the Niobrara was 900 units from 2608 feet to 2623 feet. Due to extensive sloughing of shale from the Eagle Formation the possum belly on the shale shaker continued to fill with cuttings. This resulted in numerous occasions where the mud gas agitator plugged causing a lower than normal gas readings on the mud log. This plugging occurred frequently from the Niobrara through the Skull Creek.

Gas readings of 800 to 1200 units were continued through the Greenhorn at 3090 feet, the Muddy at 3730 feet, and the Skull Creek at 3867 feet. The mud gas declined gradually to 200 to 300 units at the top of cement plug #3 at 4069 feet and continued to decline through the top of the Fall River Sand at 4092, and the base of the plug at 4168 feet. The hole cleaned up dramatically after drilling plug #3 and there was much less sloughing shale through the remainder of the wash down. Gas continued to decline to a back ground of approximately 15 units at a depth of 5300 feet. The top of plug #4 was tagged at a depth of 5602 feet and the top of the Minnelusa Sand was found at 5642 feet. There was no significant gas increase in the Minnelusa however there was some light staining and cutting, considered significant, on the unconsolidated grains recovered in the samples

The wash down was completed on August 1, 2006 in the Minnelusa at a depth of 5950 feet. Entrada GeoSciences personnel were released on August 1, 2006. On August 2, 2006 Schlumberger Neutron/Density, Dipole Sonic, and Resistivity logs were run. On August 3, 2006, 5 ½ inch production casing was run and set at 5827 feet.

WELL SUMMARY

The Spyglass Price 13-24R well was a re-entry of a Red River test drilled in 1997 by Summit Resources. The primary target of the re-entry was the Pennsylvanian Minnelusa with secondary targets in the Cretaceous Eagle, Niobrara, Muddy and Fall River.

The Spyglass Price re-entry spudded on July 29, 2006 with an 8 ¾ inch bit which was run in the existing 9 inch surface pipe set at 1495 feet. Plug #1, the surface plug was not found. Plug #2 across the bottom of the surface casing was tagged at 1468 feet. Cement was drilled from 1468 feet to 1568 feet. Mud gas increased gradually from a background of 10 units at the top of the plug to 100 units at the base and built to 900 units immediately below the plug.

At the top of the Eagle at 1585 feet a gas kick required shutting in the Hydrill. A surface pressure of 60 psi was recorded and was bled off in approximately 25 minutes. Through the Eagle, gas readings in excess of 9000 units were logged from 1756 feet to 2000 feet and then gradually declined to 1000 units through 2500 feet. The Niobrara was reached at a depth of 2540 feet at which point the background gas was reading approximately 400 units. The maximum gas reading in the Niobrara was 900 units from 2608 feet to 2623 feet. Due to extensive sloughing of shale from the Eagle Formation the possum belly on the shale shaker continued to fill with cuttings. This resulted in numerous occasions where the mud gas agitator plugged causing a lower than normal gas readings on the mud log. This plugging occurred frequently from the Niobrara through the Skull Creek.

Gas readings of 800 to 1200 units were continued through the Greenhorn at 3090 feet, the Muddy at 3730 feet, and the Skull Creek at 3867 feet. The mud gas declined gradually to 200 to 300 units at the top of cement plug #3 at 4069 feet and continued to decline through the top of the Fall River Sand at 4092, and the base of the plug at 4168 feet. The hole cleaned up dramatically after drilling plug #3 and there was much less sloughing shale through the remainder of the wash down. Gas continued to decline to a back ground of approximately 15 units at a depth of 5300 feet. The top of plug #4 was tagged at a depth of 5602 feet and the top of the Minnelusa Sand was found at 5642 feet. There was no significant gas increase in the Minnelusa however there was some light staining and cutting, considered significant, on the unconsolidated grains recovered in the samples

The wash down was completed on August 1, 2006 in the Minnelusa at a depth of 5950 feet. Entrada GeoSciences personnel were released on August 1, 2006. On August 2, 2006 Schlumberger Neutron/Density, Dipole Sonic, and Resistivity logs were run. On August 3, 2006, 5 ½ inch production casing was run and set at 5827 feet.

GEOLOGICAL SUMMARY

The Eagle in the vicinity of the Spyglass Price 13-24R consist of thinly interbedded silts and shales with the Siltstones some times grading to a very fine grained silty Sandstone. The cuttings recovered in the reentry were predominantly silty shales and argillaceous silts with very rare fragments of very fine silty sandstone.

The chalk does not appear to be well developed in the Niobrara at this location though limey or marly shale is common.

No solid limestone was seen in the Greenhorn samples, however, abundant marly shale with limey stringers and inclusions was observed.

There was very little sand observed in the cuttings collected through the Muddy section. A trace of very fine grained sandstone with fair to good porosity with no show was seen.

Electric logs indicate a well developed porous channel sand in the Fall River at this location; however, the cuttings recovered from the re-entry did not have any good sand in them. Some silt to very fine grained argillaceous sand was observed but it did not appear representative of the sand seen on the electric logs.

The dune sands typical of the Minnelusa are well developed in this well and good samples of unconsolidated very fine to medium grained sand with some light oil staining were observed.

The good gas shows through the Eagle, Niobrara and Greenhorn indicate the Spyglass Price 13-24R should be a productive addition to the gas reserves of Spyglass Cedar Creek and their partners and the oil shows in the Minnelusa suggest that it could be a significant addition to their oil holdings

WELL DATA

WELL NAME:	Spyglass Price #13-24R
COMPANY REPRESENTATIVE:	Duane Estelle
LOCATION:	SW SW Sec. 24, T. 19 N, R. 4 E, Harding Co, SD
API NUMBER:	40-063-20542.01
FIELD:	Wildcat
ELEVATION:	2895' GL, 2909' KB
SPUD DATE:	7/26/2006
DATE TD REACHED:	8/1/2006
CONTRACTOR:	Western Star
TOOLPUSHER:	Myron Sather
DRILLERS:	Garry Sather, Jay Schaan, Kevin Nelson
PUMPS:	#1, EMSCO DB-550, 6" liner, 16" stroke, #2, EMSCO D-375, 5.5" liner, 14" stroke
HOLE SIZE:	8.75" 1495' to 5950'
CASING:	9 5/8" STC 36# J-55 set to 1495'
MUD COMPANY:	Halliburton/Baroid
ENGINEER:	George Brackett
PROGRAM:	Salt Mud to TD @ 5950'
WELLSITE GEOLOGY:	Entrada GeoSciences
GEOLOGIST, MUDLOGGER	Charley Cook, Pablo Torres
LOGGING COMPANY:	Schlumberger
ENGINEERS:	A. Walkingshaw, D. Sukstorf
PROGRAM:	Neutron-Density, Sonic, Laterolog array
TOTAL DEPTH:	Driller, wash down to 5950' logger 6094
BOTTOM HOLE FORMATION:	Minnelusa
SAMPLE PROGRAM:	Samples collected from 1430' - 5950', sample interval varied from 10' to 100' depending on penetration rate and formation sampled.
WELL STATUS:	Ran 5 1/2" production casing

DAILY CHRONOLOGY

Date	Midnight Depth	24 hr Footage	Activity
7/25/2006	0	0	Mobilize to site, C. Cook arrived on location 1800, well not ready to spud. P. Torres arrived 21:30.
7/26/2006	0	0	N. Waechter arrive on location at 1100. Rigged up in afternoon., start in hole at 21:52 Test BOP, (no surface plug)
7/27/2006	0	0	BOP test failed, begin removal and replacement, Totco replaced server
7/28/2006	1517	1517	Replace BOP, RIH, kelly up @ 1454', find top of plug#2 @ 1468', drill plug,
7/29/2006	3210	1693	Drill plug, find base of plug @ 1468', wash to 3210'
7/30/2006	4208	998	Washed to top plug#3 @ 4069', short trip to surface casing, drill plug, base @ 4168', continue washing to 4208'
7/31/2006	5505	1297	Wash 4208' - 5505'
8/1/2006	5950	445	Wash to top plug #4 @5602', short trip 8 stands, drill cement, circulate for samples @ 5650' & 5656', drill to base of plug @ 5702', continue washing to TD of 5950', TOH for bit check, TIH to condition hole for logging, TOH stand back for logs
8/2/2006	5950	0	Run 145 jts 51/2" casing, set @ 5827'

BIT RECORD

#	MAKE	TYPE	SIZE	DEPTH OUT	FOOTAGE	HOURS RUN	REMARKS
1	New Tooth	M44NG	8 3/4	5950	5950	65	wash down

MUD RECORD

DATE	DEPTH	WT	VIS	WL	SOL%	Ph	Chlorides
7/29/2006	1855	8.8	27		0.1	7.5	48000.0
7/30/2006	3767	9.9	48	10.0	5.1	11.0	55000.0
7/31/2006	4510	9.7	49	8.0	5.6	10.0	65000.0
8/1/2006	5712	10.2	49	6.8	6.8	10.0	115000.0
8/2/2006	5950	10.2	49	7.0	6.8	10.0	115000.0

DEVIATION SURVEYS

Depth	Angle
1680	0.5
2120	0.5
2709	0.8
3230	1.0
4165	0.5

FORMATION TOPS

Measured from KB elevation: 2909 2915

<u>FORMATION</u>	<u>Sample Top</u> <u>MD (ft)</u>	<u>Sub sea</u>	<u>Elog top</u>	<u>Comments</u>
Eagle	1579	1330	1585	Actual KB elevation is 2909
Niobrara	2538	371	2544	Schlumberger used KB of 2915
Greenhorn	3104	-195	3110	E log 6' deep to actual top
Muddy	3738	-829	3744	
Skull Creek	3866	-957	3872	
Fall River	4095	-1186	4101	
Sun Dance	4298	-1389	4304	
Piper	4914	-2005	4920	
Pine Salt	5258	-2349	5264	
Base Pine Salt	5316	-2407	5322	
Minnekota	5500	-2591	5506	
Opeche	5540	-2631	5546	
Minnelusa	5640	-2731	5646	
TD	5950	-3041	6094	Washed to 5950, log to 6094

INDIVIDUAL SAMPLE DESCRIPTIONS

Sample descriptions by
Charles Cook and Pablo Torres

1430-1462 Cement gray brown, mushy

1462-1468 Cement gray, firming up

1468-1492 Cement gray solid,

1492-1500 Cement, with some Shale dark gray, silty, firm blocky, brittle in part

1500-1520 Cement gray, hard, brittle, occasional fragment Shale dark gray, firm blocky

1520-1560 Cement gray, hard blocky, scattered Shale dark gray, silty, blocky, firm

1560-1568 Cement tan to gray, honey combed, Shale dark gray, silty, blocky, soft to firm, visibly degassing

1620-1640 Siltstone gray-brown, argillaceous, blocky, soft, Cement light tan, honey combed

1640-1650 Shale dark gray, firm to soft, blocky, Siltstone dark gray to brown, argillaceous, earthy, soft

1680-1700 Siltstone brown, blocky, platy in part, soft

1800-1900 Siltstone brown, argillaceous, blocky, very soft

1900-1970 Siltstone brown, soft, Shale gray, soft, silty, platy.

1970-2045 Shale gray to brown, very silty, soft

2045-2125 Shale gray, silty in part, platy, firm to soft, Siltstone gray-brown, argillaceous, soft.

2125-2220 Siltstone gray-brown, argillaceous, moderately calcareous, grading to Shale silty

2220-2320 Shale and Siltstone brown, soft

2320-2420 Shale and Siltstone as above and Shale brown mottled cream, marly, very calcareous

2420-2520 Shale gray, silty, soft, continuing calcareous, marly in part, fissile in part

2520-2590 Shale as above marl increasing, strong reaction in acid, consolidated, metal from drill bit in sample

2590-2620 Shale brown very calcareous, soft, marl continuing

2620-2630 Shale continuing as above, Siltstone off white to gray, firm

2630-2640 Shale brown, carbonaceous, blocky, soft, very calcareous

2640-2660 Shale continuing as above and Shale gray to dark gray, blocky, soft, slightly calcareous

2660-2680 Shale gray, carbonaceous in part, calcareous, slightly fissile in part, platy, Shale, gray mottled brown, calcareous blocky, Siltstone tan, gray, grading to Claystone gray

2680-2710 Shale continuing as above

2710-2730 Shale gray-brown, silty, sub platy to sub blocky, moderately calcareous, carbonaceous in part, soft

2730-2750 Shale gray, silty, sub platy, moderately calcareous, soft

2750-2780 Siltstone gray, silty, sub blocky, slightly calcareous, carbonaceous in part, soft

2780-2810 Siltstone gray, sub blocky, slightly calcareous, soft

2810-2840 Siltstone gray, sub blocky, calcareous, soft

2840-2870 Shale, gray, silty, sub blocky, calcareous, soft

2870-2910 Shale, gray, Siltstone, gray, sub blocky to platy in part, slightly calcareous, soft

2910-2940 Siltstone, gray, sub blocky to platy in part, calcareous, very soft

2940-2970, Siltstone gray to light tan, some with very fine grained sand, non calcareous, Shale gray, very silty, platy, soft, non calcareous

2970-3000 Shale gray, soft, sub blocky to sub platy, silty in part, Siltstone gray-brown, sub blocky, very soft, occasional pyrite

3000-3060 Shale light gray, sub waxy, sub platy, soft, some Shale silty as above

3060-3110 Shale gray, sub waxy and Shale gray, silty as above, Shale gray, carbonaceous in part, some very calcareous with occasional limey stringers

3110-3150 Shale gray to gray-brown, silty in part, calcareous in part, Shale gray-brown, carbonaceous in part, very calcareous, marly with some limey stringers

3150-3180 Shale as above limey stringers increasing

3180-3210 Shale as above, marly Shale with lime stringers common.

3210-3260 Shale brown, silty, soft, sub blocky, Shale gray-brown, carbonaceous in part, platy, lime decreasing

3260-3300 Shale brown, sub blocky, sub platy, earthy, silty in part, firm to soft,

3300-3360 Shale continuing as above non calcareous

3360-3420 Shale gray sub platy, earthy soft, Shale gray-brown carbonaceous in part, platy, soft to firm, hard and brittle

3420-3480 Shale as above and Sandstone light brown, silt to very fine grained, calcareous, very soft, no visible porosity

3480-3550 Shale gray-brown, silty platy, firm, splintery, Siltstone light brown, soft, very argillaceous, calcareous in part

3550-3610 Shale dark gray-brown, carbonaceous, firm to hard and splintery, scattered Siltstone brown

3610-3670 Shale dark gray-brown, silty, with carbonaceous laminations, blocky and platy, firm to hard and splintery, Siltstone brown, firm, slightly calcareous, sub platy to sub blocky

3670-3730 Shale dark gray, carbonaceous, platy, firm to hard and splintery, Siltstone brown, argillaceous, soft, occasional chert gray, Siltstone gray brown, Siltstone red, firm

3760-3810 Shale dark gray brown, silty in part, carbonaceous in part, blocky, hard, Siltstone brown and gray, soft and firm

3810-3820 Shale and Siltstone as above, trace Sandstone mottled brown, very fine to fine grained, sub round, well sorted, soft and friable, fair to good porosity, no stain, fluorescence or cut and trace Sandstone clear, very fine to fine grained, well sorted, firm, friable, porosity fair, no stain, fluorescence or cut

3810-3885 Shale, gray, platy, firm, splintery, fissile in part

3885-3935 Shale dark gray, platy, firm, splintery

3935-3960 Shale, dark gray, platy, splintery, waxy in part, earthy in part, carbonaceous, some Shale green to brown, silty, sub blocky, firm

3960-4020 Shale dark gray to black, earthy, platy, fissile in part, firm

4020-4060 Shale dark gray to black, earthy, platy, fissile in part, firm

4070-4080 Cement

4080-4160 Cement

4160-4200 Cement, Shale dark gray to brown, platy, silty, soft to firm and splintery, Siltstone gray and brown, soft, blocky

4200-4210 Shale and Cement, some fragments Cement appear stained, with steaming white cut, unstained fragments slow milky white cut, one fragment Sandstone very fine grained, brown stain, steaming greenish white cut

4210-4230 Shale dark gray to gray, platy splintery, Cement, Siltstone gray and brown, blocky, firm to hard, grading to Sandstone silt to very fine grained, trace Sandstone tan, silt to very fine grained, very argillaceous no stain, fluorescence or cut

4230-4260 Shale and Cement as above, Siltstone gray, brown, blocky, soft to firm, trace Sandstone tan as above

4260-4290 Shale and Siltstone continuing as above, Cement diminishing, Siltstone/Mudstone red brown, soft, mushy, possible bit flower, occasional Sandstone silt to very fine grained, hard, very argillaceous

4290-4320 Shale and Siltstone and Siltstone/Mudstone, (bit flower) as above

4320-4380 Shale varicolored, predominantly mauve, firm to brittle

4380-4430 Shale varicolored, predominantly purple, blocky, hard, brittle

4430-4490 Shale varicolored continuing, scattered Shale dark gray to black, platy, fissile in part, occasional fragment Sandstone off white to light tan, silt to very fine grained, sub angular to sub

round, grains virtually floating in clay matrix, no visible porosity, no stain, fluorescence or cut

4490-4550 Shale varicolored continuing, platy, firm, calcareous in part

4550-4650 Shale varicolored continuing, firm, platy in part, calcareous in part, Shale gray to dark gray, platy, firm to hard and splintery

4650-4750 Shale gray to dark gray, platy, firm to hard and splintery, occasional Shale varicolored

4750-4850 Shale as above continuing, occasional Siltstone gray, sub platy, soft

4850-4930 Shale gray, Siltstone gray-brown, trace Sandstone off white, very fine grained, sub angular to sub round, some clay infill, porosity fair, no stain, fluorescence or cut, Sandstone gray-brown, silt to very fine grained, argillaceous cement, no visible porosity, no stain, fluorescence or cut

4930-4950 Sandstone clear, unconsolidated, very fine to fine grained, sub angular to sub round, no stain, fluorescence or cut, abundant Limestone white, crypto crystalline, entire sample ground to small fraction

4950-4960 Sandstone as above fine to medium grained, Limestone white, tan, crypto crystalline,

5000-5020 Shale gray and brown, firm to soft, platy, fissile in part, silty to very silty, abundant unconsolidated sand grains fine to medium grained, sub round, Limestone as above common

5020-5100 Shale dark gray, gray-brown, platy, splintery, silty in part and Shale varicolored, occasional Sandstone dirty brown, silt to very fine grained, Limestone common

5100-5160 Shale, gray and red, platy, earthy, firm to hard, splintery, occasional Limestone off-white, dirty, argillaceous

5160-5220 Shale, varicolored, predominantly mauve, scattered Sandstone, white, fine grained, soft, friable, clay infill

5220-5280 Shale varicolored, predominantly red, earthy, firm to soft, Shale gray, firm to hard, scattered Sandstone clear, very fine grained, predominantly unconsolidated

5280-5340 Shale varicolored, predominantly red, platy, firm, Shale, gray

5340-5460 Shale varicolored, predominantly red, firm, Shale gray

5460-5520 Shale varicolored, predominantly red,

5602 (circ 35") Cement

5602-5620 Cement, Shale red and Shale dark gray

5620-5630 Cement, Shale red, with some calcareous inclusions, occasional anhydrite

5643(circulate 50minutes) predominantly Cement, scattered Sandstone clear, very fine to fine grained, sub round, unconsolidated, trace Sandstone dirty, very fine grained, light brown stain, slow milky cut

5650-5656 (circulate 75 minutes at 5650 and 60 minutes at 5656) Sandstone unconsolidated, clear, amber, rose, very fine to medium grained, few grains and clusters pale yellow ring

5656-5666 Cement and Shale red, Sandstone unconsolidated as above continuing

5666-5684 Predominantly Cement, abundant Sandstone clear, very fine to fine grained, sub round to sub angular, unconsolidated

5684-5710 predominantly Cement, Sandstone unconsolidated, one cluster fine grained, weakly consolidated, soft, friable

5710-5730 Cement, Sandstone clear very fine to fine grained, weak lime cement, amber brown stain, streaming yellow green cut

5730-5760 Sandstone continuing as above, show as above

5760-5775 Sandstone clear, fine to medium grained, sub angular to sub round, predominantly unconsolidated, occasional cluster with light brown stain

5775-5810 Sandstone as above light spotty stain, none to weak milky cut, weak to faint ring

5810-5830 Sandstone clear, unconsolidated, very fine to fine grained, sub angular to sub round, no clusters and no apparent stain, abundant bit metal

5830-5860 Sandstone and bit metal as above

5860-5890 Shale dark gray, blocky, firm to hard, Shale red, soft, with quartz clear, fine grained, floating in the shale matrix, unconsolidated Sandstone continuing as above

5890-5920 Shale as above, red increasing, Sandstone as above common

5920-5950 Shale red with included quartz continuing, Shale dark gray, very soft, Sandstone clear, very fine to fine grained, unconsolidated (possible cave from above)

ADMINISTRATIVE / SUNDRY REPORTS

RECEIVED

MAR 28 2017

Spyglass Cedar Creek, LP
110 Broadway, Suite 215
San Antonio, TX 78205

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

March 27, 2017

SUBJECT: Issues Identified During 2016 Well Inspections and Plans to Remedy Issues

Lucy Dahl

Environmental Scientist II, Minerals and Mining Program

523 East Capitol Avenue

Pierre, SD 57501

Dear Ms. Dahl-

Per our previous conversations, the other associated parties on our call/ communication chain are aware; there are still conflicted legal positions with Spyglass Cedar Creek, LP and New Frontier Energy/ Samyak Verra/ Tristan Farel et-al, and whose operational responsibility it is to provide remedies to all of the well/ field issues that have been identified in your December 14, 2015 inspection report. In spite of the legal questions, it is as discussed Spyglass' goal to bring the 40 wells into compliance, rehabilitate the field and bring the project back on-line as soon as is feasible. Understanding that we feel there are legal question regarding New Frontier; In order to try and move forward we intend to try and do the following in response to your assessment of issues:

1. Gilbert 1-2H: address well status, provide cement bond log, fix sign, replace fence around wellhead, fix reclaim pit, remove all unused equipment.
2. Price 13-24R: address well status, fix sign.
3. State 4-16: provide cement bond log, address well status, fix sign, rebury or remove pit liner at surface, remove debris.
4. Gold Point State 32-1: address well status, provide cement bond log, fix sign, rebury or remove pit liner at surface, re-set gates around wellhead.
5. State 10-27: address well status, provide cement bond log.
6. Peterson 6-5: address well status, install working gauges, remove all unused equipment.
7. Hett 8-24: address well status, install working gauges, fix sign.
8. State JO 6-27: address well status.
9. State 14-36: address well status, install working gauges, provide cement bond log, fence wellhead, fix sign, remove unused equipment.
10. State 10-35: address well status, install working gauges.
11. State 13-23: address well status, install working gauges, provide cement bond log, correct erosion issues.
12. State 11-30: address well status, install working gauges, provide cement bond log, fix sign.
13. Spyglass State 7-35: address well status, install working gauges, provide cement bond log.
14. State 2-27: address well status, install working gauges, provide cement bond log.
15. State 12-4: address well status, install working gauges, provide cement bond log.
16. Heairet-Henderson 10-15: address well status, install working gauges, provide cement bond log, fix sign.
17. Gilbert 12-16: address well status, install working gauges.
18. Gilbert 13-10: address well status, install working gauges, provide cement bond log.
19. Gilbert 1-34: address well status, install working gauges, provide cement bond log, file completion report.
20. Gilbert-State 3-16: address well status, install working gauges, rebury or remove pit liner at surface.
21. State 16-22: address well status, install working gauges, correct erosion issues.
22. State 3-30: address well status, install working gauges, provide cement bond log, remove unused equipment and refuse, berm tanks, repair building.
23. State 4-35: address well status, install working gauges, rebury or remove pit liner at surface.

24. Spyglass 16-24 Hett: address well status, install working gauges.
25. Gilbert 10-9: address well status, install working gauges, fix sign.
26. Gilbert 5-26: address well status, install working gauges.
27. State 16-8: address well status, install working gauges.
28. Gilbert 10-9: address well status, install working gauges, fix sign.
29. Gilbert 5-26: address well status, install working gauges.
30. State 16-8: address well status, install working gauges.
31. State 10-16: address well status, install working gauges, provide cement bond log.
32. State 8-8: address well status, install working gauges.
33. Gilbert 13-15: address well status, install working gauges.
34. Gilbert 5-15: address well status, install working gauges, provide cement bond log, rebury or remove pit liner at surface.
35. Questar 9-27: address well status, provide cement bond log.
36. Peterson 10-5: address well status, install working gauges.
37. Gilbert 7-9: address well status, install working gauges.
38. State 1-21: address well status, provide cement bond log, rebury or remove pit liner at surface, enable access to well house.
39. Fox 6-22: address well status, install working gauges, provide cement bond log, remove unused equipment.
40. Gilbert 12-9: address well status, install working gauges, provide cement bond log.
41. State 2-16: address well status, install working gauges.
42. Heairet-Henderson 2-22: address well status, provide cement bond log, rebury or remove pit liner at surface, correct erosion issues.
43. Acton 11-22: address well status, install working gauges, provide cement bond log, rebury or remove pit liner at surface, correct erosion issues.

Understanding that this is the beginning of the wet season and not looking to cause further road or surface site damage; it is our intention to have the majority of this completed by early June.

Additionally, Spyglass Cedar Creek is currently in discussion with a well-financed, experienced operator to potentially bring in as a partner to get the project rehabilitated, bring the wells into compliance and get the field back on-line. They are in the due-diligence portion of the potential partnership and once the partnership is formed, they/we will move quickly to start rebuilding the project and start to again develop and produce the minerals. Concurrently, we will continue to try and clear up the legal issues with New Frontier Exploration, who has caused so many legal and financial issues for us, the land owners and the State.

We expect this partnership to be made in the next 30 days or so and then our work will begin. As soon as we memorialize our agreements I would like to schedule a meeting to see how we can work together to get this project back on track.

Although mostly created by groups/ people not under our control I do sincerely regret that this situation has caused so much trouble for everyone. I look forward to trying to rebuild this project and having a long-lasting, good relationship with you, and the State of South Dakota.

Sincerely,



March Kimmel

Manager

Xanthus Capital LLC

(General Partner to)

Spyglass, Cedar Creek, LP



DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES

JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182

denr.sd.gov

January 24, 2017

March Kimmel
Spyglass Cedar Creek, LP
110 Broadway, Ste. 215
San Antonio, TX 78205

CERTIFIED MAIL

Dear Mr. Kimmel:

On January 17, 2017 we spoke on a conference call with representatives from the South Dakota Department of Environment and Natural Resources, the Office of School and Public Lands, and the South Dakota Attorney General's Office. During that call, we directed you to provide us with a written response outlining 1.) the current status of each well, 2.) Spyglass's future plans for each well (i.e. which do you know need to be plugged vs. which do you hope to return to production), 3.) Spyglass's intended disposition of the wells, 4.) a plan to address the open spills case, and 5.) a plan to address the compliance issues outlined in my December 14, 2015 and July 19, 2016 letters.

A written copy of the response should be mailed to my attention at 2050 West Main Street, Suite #1, Rapid City, SD 57702 no later than **March 30, 2017**. Failure to submit the response may result in an enforcement action against Spyglass to include, but are not necessarily limited to: requiring Spyglass Cedar Creek to permanently plug and abandon all wells; revoking drilling/operating permits pursuant to SDCL 45-9-73; requiring additional bonds sufficient to plug and reclaim each well site (which could amount to one million dollars or more); levying monetary penalties up to \$500 per day per violation (potentially tens of millions of dollars); filing a lien against Spyglass Cedar Creek for costs associated with well plugging, removal of equipment, and surface restoration; shutting down and sealing property by the Secretary pursuant to 45-9-70; and requesting the Board of Minerals and Environment to act on Spyglass' bonds. If you have questions regarding these issues, please contact Lucy Dahl at 605-773-4201 or Lucy.Dahl@state.sd.us.

Sincerely,

Lucy Dahl
Environmental Scientist II
Minerals and Mining Program

cc via email: Rich Williams, Assistant Attorney General
Ryan Brunner, Commissioner, Office of School and Public Lands
Donald Herauf, Bureau of Land Management
Kelsey Newling, Ground Water Quality Program



DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES

JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182

denr.sd.gov

July 19, 2016

SUBJECT: Issues identified during 2016 well inspections.

March Kimmel
Spyglass Cedar Creek, LP
110 Broadway, Ste. 215
San Antonio, TX 78205

Dear Mr. Kimmel:

On December 14, 2015, I sent you a letter concerning the status of 40 wells operated by Spyglass Cedar Creek in Harding County, South Dakota. In that letter, I requested you provide a plan outlining how and when you intend to bring the wells into compliance. To date, we have not received any plan from you. On June 28 and 29, DENR staff performed compliance inspections of your wells. All 40 wells remain out of compliance (see enclosed table).

As the Operator of record, Spyglass must respond with an update on the status of compliance actions by September 30, 2016. Failure to submit the required plan may result in an enforcement action against Spyglass to include but not limited to permit revocation, bond forfeiture, and civil action, including potential penalties. If you have questions regarding these issues, please contact Lucy Dahl at 605-773-4201 or Lucy.Dahl@state.sd.us.

Sincerely,

Lucy Dahl
Environmental Scientist II, Minerals and Mining Program
523 East Capitol Ave.
Pierre, SD 57501

Enclosures

cc via email: Rich Williams, Assistant Attorney General
Kyle Wiese, Gunderson, Palmer, Nelson, Ashmore, LP
Ryan Brunner, Deputy Commissioner, Office of School and Public Lands
Donald Herauf, Bureau of Land Management
Shari Mills, Spyglass Cedar Creek

Well Name	API	Location	Date of last production	Necessary Compliance Actions
Gilbert 1-2H	40-063-20715	NENE-02-17N-01E	Never Produced	Address well status ¹ ; provide cement bond log; fix sign; fence wellhead; reclaim pit; remove unused equipment
Price 13-24R	40-063-20542.01	SWSW-24-19N-04E	Never Produced	Address well status ¹ ; fix sign
State 4-16	40-063-20605	NWNW-16-19N-04E	Never Produced	Provide cement bond log; address well status ¹ ; fix sign; rebury or remove pit liner at surface; remove debris
Gold Point State 32-1	40-063-20604	NWNW-32-19N-02E	Never Produced	Address well status ¹ ; provide cement bond log; fix sign; rebury or remove pit liner at surface; re-set gates around wellhead
10-27 State	40-063-20609	NWSE-27-19N-04E	Never Produced	Address well status ¹ ; provide cement bond log
Peterson 6-5	40-063-20621	SENW-05-17N-04E	March 2010	Address well status ¹ ; install working gauges ² ; remove unused equipment
Hett 8-24	40-063-20644	SENE-24-18N-03E	Never Produced	Address well status ¹ ; install working gauges ² ; fix sign
State JO 6-27	40-063-20657	SENW-27-17N-04E	Never Produced	Address well status ¹

State 14-36	40-063-20658	SESW-36-18N-01E	Never Produced	Address well status ¹ ; install working gauges ² ; provide cement bond log; fence wellhead; fix sign; remove unused equipment
State 10-35	40-063-20640	NWSE 35-18N-04E	June 2012	Address well status ¹ ; install working gauges ²
State 13-23	40-063-20659	SWSW 23-18N-04E	September 2011	Address well status ¹ ; install working gauges ² ; provide cement bond log; correct erosion issues
State 11-30	40-063-20692	NESE 30-18N-04E	Never Produced	Address well status ¹ ; install working gauges ² ; provide cement bond log; fix sign
Spyglass State 7-35	40-063-20693	SWNE 35-18N-04E	June 2012	Address well status ¹ ; install working gauges ² ; provide cement bond log
State 2-27	40-063-20694	NWNE 27-18N-04E	December 2011	Address well status ¹ ; install working gauges ² ; provide cement bond log
State 12-4	40-063-20701	NWSW 04-17N-04E	May 2011	Address well status ¹ ; install working gauges ² ; provide cement bond log
Heairet-Henderson 10-15	40-063-20703	NWSE 15-17N-04E	June 2012	Address well status ¹ ; provide cement bond log; fix sign

Gilbert 12-16	40-063-20705	NWSW 16-17N-04E	June 2012	Address well status ¹ ; install working gauges ²
Gilbert 13-10	40-063-20711	SWSW 10-17N-04E	September 2010	Address well status ¹ ; install working gauges ² ; provide cement bond log
Gilbert 1-34	40-063-20714	NENE 34-18N-04E	July 2012	Address well status ¹ ; install working gauges ² ; provide cement bond log; file completion report
Gilbert-State 3-16	40-063-20623	CNW 16-17N-04E	July 2012	Address well status ¹ ; install working gauges ² ; rebury or remove pit liner at surface
State 16-22	40-063-20660	SESE 22-18N-04E	January 2012	Address well status ¹ ; install working gauges ² ; correct erosion issues
3-30 State	40-063-20611	NENW 30-18N-04E	July 2012	Address well status ¹ ; install working gauges ² ; provide cement bond log; remove unused equipment & refuse; berm tanks; repair building
State 4-35	40-063-20614	NWNW 35-18N-04E	July 2012	Address well status ¹ ; install working gauges ² ; rebury or remove pit liner at surface

Spyglass 16-24 Hett	40-063-20620	SESE 24-18N-03E	July 2012	Address well status ¹ ; install working gauges ²
Gilbert 10-9	40-063-20622	NWSE 09-17N-04E	July 2012	Address well status ¹ ; install working gauges ² ; fix sign
Gilbert 5-26	40-063-20624	SWNW 26-18N-04E	July 2012	Address well status ¹ ; install working gauges ²
State 16-8	40-063-20638	SESE 08-17N-04E	June 2012	Address well status ¹ ; install working gauges ²
State 10-16	40-063-20639	NWSE 16-17N-04E	July 2012	Address well status ¹ ; install working gauges ² ; provide cement bond log
State 8-8	40-063-20641	SENE 08-17N-04E	July 2012	Address well status ¹ ; install working gauges ²
Gilbert 13-15	40-063-20642	SWSW 15-17N-04E	July 2012	Address well status ¹ ; install working gauges ²
Gilbert 5-15	40-063-20643	SWNW 15-17N-04E	July 2012	Address well status ¹ ; install working gauges ² ; provide cement bond log; rebury or remove pit liner at surface
Questar 9-27	40-063-20650	NESE 27-18N-04E	July 2012	Address well status ¹ ; provide cement bond log
Peterson 10-5	40-063-20651	NWSE 05-17N-04E	June 2012	Address well status ¹ ; install working gauges ²
Gilbert 7-9	40-063-20662	SWNE 09-17N-04E	July 2012	Address well status ¹ ; install working gauges ²

State 1-21	40-063-20698	NENE 21-17N-04E	July 2012	Address well status ¹ ; provide cement bond log; rebury or remove pit liner at surface; enable access to well house
Fox 6-22	40-063-20699	SENE 22-17N-04E	July 2012	Address well status ¹ ; install working gauges ² ; provide cement bond log; remove unused equipment
Gilbert 12-9	40-063-20702	NWSW 09-17N-04E	July 2012	Address well status ¹ ; install working gauges ² ; provide cement bond log
State 2-16	40-063-20704	NWNE 16-17N-04E	July 2012	Address well status ¹ ; install working gauges ²
Heairet-Henderson 2-22	40-063-20706	NWNE 22-17N-04E	July 2012	Address well status ¹ ; provide cement bond log; rebury or remove pit liner at surface; correct erosion issues
Acton 11-22	40-063-20708	NESW 22-17N-04E	July 2012	Address well status ¹ ; install working gauges ² ; provide cement bond log; rebury or remove pit liner at surface; correct erosion issues

¹: Well statuses should be addressed by: requesting temporary abandonment status from the DENR based on the performance of a successful mechanical integrity test, returning the well to

production, or plugging and abandoning the well in accordance with Administrative Rules of South Dakota requirements.

²: Valves and gauges must be installed and maintained in good working order to permit pressure readings to be obtained on both casing and tubing.

December 14, 2015

March Kimmel
Spyglass Cedar Creek, LP
110 Broadway, Ste. 215
San Antonio, TX 78205

Dear Mr. Kimmel:

It has come to our attention that Spyglass Cedar Creek, LP (Spyglass) is addressing Bureau of Land Management compliance issues concerning eight wells in Harding County, South Dakota, that produce federal minerals. We want to remind you that Spyglass is the operator of record of 32 additional gas wells in South Dakota in addition to those eight that produce federal minerals. As such, Spyglass is responsible for maintaining all 40 wells and ensuring they are in compliance with South Dakota requirements. As we have advised you, or attempted to, on numerous occasions over the past three years, all 40 wells are out of compliance and have been for quite some time (see attached table).

We have been more than patient waiting for Spyglass to come to some kind of resolution on these issues. However, our patience is worn thin and we now need to see some action on your part. Failure to bring all 40 of Spyglass Cedar Creek's Harding County wells into compliance will force us to seriously consider enforcement. Possible enforcement actions include, but are not necessarily limited to: requiring Spyglass Cedar Creek to permanently plug and abandon all wells; revoking drilling/operating permits pursuant to SDCL 45-9-73; requiring additional bonds sufficient to plug and reclaim each well site (which could amount to one million dollars or more); levying monetary penalties up to \$500 per day per violation (potentially tens of millions of dollars); filing a lien against Spyglass Cedar Creek for costs associated with well plugging, removal of equipment, and surface restoration; shutting down and sealing property by the Secretary pursuant to 45-9-70; and requesting the Board of Minerals and Environment to act on Spyglass' bonds. To avoid enforcement we are requesting that you respond by January 31, 2016 with a plan outlining how and when you intend to bring wells into compliance.

If you have any questions or concerns you would like to discuss, please feel free to contact me at 605.773.4201.

Sincerely,



Lucy Dahl
Environmental Scientist II
Minerals and Mining Program

Well Name	API Number	Location	Date of last production	Necessary Compliance Actions
State 1-2H	40-063-20715	NENE-02-17N-01E	Never Produced	Fence wellhead; reclaim pit; remove unused equipment; provide cement bond log; address well status ¹
Price 13-24R	40-063-20542.01	SWSW-24-19N-04E	Never Produced	Address well status ¹
State 4-16	40-063-20605	NWNW-16-19N-04E	Never Produced	Provide cement bond log; address well status ¹
Gold Point State 32-1	40-063-20604	NWNW-32-19N-02E	Never Produced	Provide cement bond log; address well status ¹
State 10-27	40-063-20609	NWSE-27-19N-04E	Never Produced	Provide cement bond log; address well status ¹
Peterson 6-5	40-063-20621	SEnw-05-17N-04E	March 2010	Install working gauges ² ; weeds; remove unused equipment; address well status ¹
Hett 8-24	40-063-20644	SENE-24-18N-03E	Never Produced	Install working gauges ² ; repair small leak at wellhead; address well status ¹
State Jo 6-27	40-063-20657	SEnw-27-17N-04E	Never Produced	Address well status ¹
State 14-36	40-063-20658	SESW-36-18N-01E	Never Produced	Install working gauges ² ; fence wellhead; remove unused equipment; provide cement bond log;

				address well status ¹
State 10-35	40-063-20640	NWSE 35-18N-04E	October 2011	Install working gauges ² ; remove weeds; repair small leak at wellhead; address well status ¹
State 13-23	40-063-20659	SWSW 23-18N-04E	September 2011	Install working gauges ² ; correct erosion issues; provide cement bond log; address well status ¹
State 11-30	40-063-20692	NESE 30-18N-04E	Never Produced	Install working gauges ² ; provide cement bond log; address well status ¹
State 7-35	40-063-20693	SWNE 35-18N-04E	October 2011	Install working gauges ² ; remove weeds; provide cement bond log; address well status ¹
State 2-27	40-063-20694	NWNE 27-18N-04E	December 2011	Install working gauges ² ; provide cement bond log; address well status ¹
State 12-4	40-063-20701	NWSW 04-17N-04E	May 2011	Install working gauges ² ; remove weeds; provide cement bond log; address well status ¹
Heairet-Henderson 10-15	40-063-20703	NWSE 15-17N-04E	April 2011	Provide cement bond log; address well status ¹
State 12-16	40-063-20705	NWSW 16-17N-04E	November 2011	Install working gauges ² ; address well status ¹

Gilbert 13-10	40-063-20711	SWSW 10-17N-04E	September 2011	Install working gauges ² ; provide cement bond log; address well status ¹
Gilbert 1-34	40-063-20714	NENE 34-18N-04E	October 2011	Install working gauges ² ; remove weeds; file completion report; provide cement bond log; address well status ¹
Gilbert-State 3-16	40-063-20623	CNW 16-17N-04E	November 2011	Install working gauges ² ; remove weeds; address well status ¹
State 16-22	40-063-20660	SESE 22-18N-04E	January 2012	Install working gauges ² ; address well status ¹
State 3-30	40-063-20611	NENW 30-18N-04E	July 2012	Install working gauges ² ; remove unused equipment & refuse; repair small leak at wellhead; berm tanks; repair building; provide cement bond log; address well status ¹
State 4-35	40-063-20614	NWNW 35-18N-04E	July 2012	Install working gauges ² ; remove weeds; repair small leak at wellhead; address well status ¹
Hett 16-24	40-063-20620	SESE 24-18N-03E	July 2012	Install working gauges ² ; address well status ¹

Gilbert 10-9	40-063-20622	NWSE 09-17N-04E	July 2012	Install working gauges ² ; remove weeds; address well status ¹
Gilbert 5-26	40-063-20624	SWNW 26-18N-04E	July 2012	Gauges; repair small leak at wellhead; address well status ¹
State 16-8	40-063-20638	SESE 08-17N-04E	June 2012	Install working gauges ² ; remove weeds; address well status ¹
State 10-16	40-063-20639	NWSE 16-17N-04E	July 2012	Install working gauges ² ; repair small leak at wellhead provide cement bond log; address well status ¹
State 8-8	40-063-20641	SENE 08-17N-04E	July 2012	Install working gauges ² ; remove weeds; address well status ¹
Gilbert 13-15	40-063-20642	SWSW 15-17N-04E	July 2012	Install working gauges ² ; remove weeds; address well status ¹
Gilbert 5-15	40-063-20643	SWNW 15-17N-04E	July 2012	Install working gauges ² ; repair small leak at wellhead; provide cement bond log; address well status ¹
Questar 9-27	40-063-20650	NESE 27-18N-04E	July 2012	Remove weeds; provide cement bond log; address well status ¹
Peterson 10-5	40-063-20651	NWSE 05-17N-04E	June 2012	Install working gauges ² ; remove weeds; address well status ¹

Gilbert 7-9	40-063-20662	SWNE 09-17N-04E	July 2012	Install working gauges ² ; remove weeds; address well status ¹
State 1-21	40-063-20698	NENE 21-17N-04E	July 2012	Enable access to well house; provide cement bond log; address well status ¹
Fox 6-22	40-063-20699	SENE 22-17N-04E	July 2012	Install working gauges ² ; reseed site; remove unused equipment; provide cement bond log; address well status ¹
Gilbert 12-9	40-063-20702	NWSW 09-17N-04E	July 2012	Install working gauges ² ; provide cement bond log; address well status ¹
State 2-16	40-063-20704	NWNE 16-17N-04E	July 2012	Install working gauges ² ; remove weeds; address well status ¹
Heairet-Henderson 2-22	40-063-20706	NWNE 22-17N-04E	July 2012	Provide cement bond log; address well status ¹
Acton 11-22	40-063-20708	NESW 22-17N-04E	July 2012	Install working gauges ² ; provide cement bond log; address well status ¹

¹: Well status should be addressed by: requesting temporary abandonment from the DENR based on the performance of a successful mechanical integrity test, returning the well to production, or plugging and abandoning the well in accordance with Administrative Rules of South Dakota requirements.

²: Valves and gauges must be installed and maintained in good working order to permit pressure readings to be obtained on both casing and tubing.

Enclosures

cc via email: Rich Williams, Assistant Attorney General
Ryan Brunner, Deputy Commissioner, Office of School and Public Lands
Donald Herauf, Bureau of Land Management
Shari Mills, Spyglass Cedar Creek
Kelsey Newling, Ground Water Quality Program



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182

denr.sd.gov

July 6, 2015

March Kimmel
Spyglass Cedar Creek, LP
1919 NW Loop 410, Suite 200
San Antonio, TX 78213

Tristan Farel
New Frontier Energy
1801 Broadway, Suite 1710
Denver, CO 80202

Dear Messrs. Kimmel and Farel:

Thank you for contacting me regarding the 40 gas wells operated by Spyglass Cedar Creek in Harding County, South Dakota. I understand you plan to visit the well sites during the month of July to determine what needs to be done to bring the wells into compliance. In order to aid you, we have developed a table listing individual compliance issues identified at each site. As you know, many of these wells have been out of compliance for more than three years, which means there are significant penalties that could be levied if the wells are not brought into compliance.

The 40 wells listed in the table below have not produced since July, 2012. Therefore, Spyglass must; temporarily abandon (TA) the wells, return the wells to production, or permanently plug and abandon the wells. The Administrative Rules of South Dakota (ARSD) 74:12:03:03 requires operators to obtain written approval from the secretary for the temporary abandonment of a well. A successful mechanical integrity test (MIT) must be conducted before temporary abandonment status will be approved. Please notify us in advance of any MIT's so we can have an inspector on site to verify results. If you intend to temporarily abandon these wells, you must file a sundry notice including a request for such status and information on the current condition of each well. If you intend to plug any of these wells, a plugging plan must be submitted for approval. Please provide a plan detailing which wells will be returned to production, temporarily abandoned, or plugged.

During the June 2015 inspections, it was noted that some well signs are illegible, obscured by weeds, or do not show lease information. Please review all well signs and ensure they comply with ARSD 74:12:02:09. Also during these inspections it was noted that several wells have small leaks which need to be repaired. Refer to the table to identify these wells. ARSD 74:12:02:16 requires pressure gauges on both the well tubing and casing. Most wells have only one or no gauges and must have additional gauges installed to comply with the rule. Finally, our inspectors discovered buffalo had direct access to two wellheads. These wellheads must be fenced off in a manner that prevents the buffalo from accessing them. Please consult with the landowner to determine the most effective fencing strategy.

The well site problems identified in 2012-2015 are listed in the table below. See South Dakota's Oil and Gas Map-Based Data Source at http://www.sdgs.usd.edu/sdoil/oilgas_app.html to access inspection reports for details regarding how these well sites fail to comply with the interim reclamation requirements of ARSD 74:12:03:07.

Well Name	API	Location	Date of last production	Well Site Compliance Issues
State 1-2H	40-063-20715	NENE-02-17N-01E	Never Produced	Fence wellhead, reclaim pit, remove unused equipment
Price 13-24R	40-063-20542.01	SWSW-24-19N-04E	Never Produced	
State 4-16	40-063-20605	NWNW-16-19N-04E	Never Produced	
Gold Point State 32-1	40-063-20604	NWNW-32-19N-02E	Never Produced	
State 10-27	40-063-20609	NWSE-27-19N-04E	Never Produced	
Peterson 6-5	40-063-20621	SENW-05-17N-04E	March 2010	Gauges, weeds, remove unused equipment
Hett 8-24	40-063-20644	SENE-24-18N-03E	Never Produced	Gauges, small leak at wellhead
State Jo 6-27	40-063-20657	SENW-27-17N-04E	Never Produced	
State 14-36	40-063-20658	SESW-36-18N-01E	Never Produced	Gauges, fence wellhead, remove unused equipment
State 10-35	40-063-20640	NWSE 35-18N-04E	October 2011	Gauges, weeds, small leak at wellhead
State 13-23	40-063-20659	SWSW 23-18N-04E	September 2011	Gauges, erosion issues
State 11-30	40-063-20692	NESE 30-18N-04E	Never Produced	Gauges
State 7-35	40-063-20693	SWNE 35-18N-04E	October 2011	Gauges, weeds
State 2-27	40-063-20694	NWNE 27-18N-04E	December 2011	Gauges
State 12-4	40-063-20701	NWSW 04-17N-04E	May 2011	Gauges, weeds
Heairet-Henderson 10-15	40-063-20703	NWSE 15-17N-04E	April 2011	
State 12-16	40-063-20705	NWSW 16-17N-04E	November 2011	Gauges
Gilbert 13-10	40-063-20711	SWSW 10-17N-04E	September 2011	Gauges
Gilbert 1-34	40-063-20714	NENE 34-18N-04E	October 2011	Gauges, weeds

Gilbert-State 3-16	40-063-20623	CNW 16-17N-04E	November 2011	Gauges, weeds
State 16-22	40-063-20660	SESE 22-18N-04E	January 2012	Gauges
State 3-30	40-063-20611	NENW 30-18N-04E	July 2012	Gauges, remove unused equipment & refuse, small leak at wellhead, berm tanks, repair building
State 4-35	40-063-20614	NWNW 35-18N-04E	July 2012	Gauges, weeds, small leak at wellhead
Hett 16-24	40-063-20620	SESE 24-18N-03E	July 2012	Gauges
Gilbert 10-9	40-063-20622	NWSE 09-17N-04E	July 2012	Gauges, weeds
Gilbert 5-26	40-063-20624	SWNW 26-18N-04E	July 2012	Gauges, small leak at wellhead
State 16-8	40-063-20638	SESE 08-17N-04E	June 2012	Gauges, weeds
State 10-16	40-063-20639	NWSE 16-17N-04E	July 2012	Gauges, small leak at wellhead
State 8-8	40-063-20641	SENE 08-17N-04E	July 2012	Gauges, weeds
Gilbert 13-15	40-063-20642	SWSW 15-17N-04E	July 2012	Gauges, weeds
Gilbert 5-15	40-063-20643	SWNW 15-17N-04E	July 2012	Gauges, small leak at wellhead
Questar 9-27	40-063-20650	NESE 27-18N-04E	July 2012	Weeds
Peterson 10-5	40-063-20651	NWSE 05-17N-04E	June 2012	Gauges, weeds
Gilbert 7-9	40-063-20662	SWNE 09-17N-04E	July 2012	Gauges, weeds
State 1-21	40-063-20698	NENE 21-17N-04E	July 2012	Unable to access well house
Fox 6-22	40-063-20699	SENE 22-17N-04E	July 2012	Gauges, reseed site, remove unused equipment
Gilbert 12-9	40-063-20702	NWSW 09-17N-04E	July 2012	Gauges
State 2-16	40-063-20704	NWNE 16-17N-04E	July 2012	Gauges, weeds
Heairet-Henderson 2-22	40-063-20706	NWNE 22-17N-04E	July 2012	
Acton 11-22	40-063-20708	NESW 22-17N-04E	July 2012	Gauges

If you have any questions or concerns you would like to discuss, please feel free to contact me at 605.773.4201. Thank you for your attention to these issues.

Sincerely,



Lucy Dahl
Oil and Gas Geologist
Minerals and Mining Program



OFFICE OF ATTORNEY GENERAL

1302 East Highway 14, Suite 1
Pierre, South Dakota 57501-8501
Phone (605) 773-3215
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MARTY J. JACKLEY
ATTORNEY GENERAL

RECEIVED
APR 24 2014
MINERALS & MINING PROGRAM

CHARLES D. McGUIGAN
CHIEF DEPUTY ATTORNEY GENERAL

April 23, 2014

Kyle Wiese
Gunderson, Palmer, Nelson & Ashmore
P.O. Box 8045
Rapid City, SD 57709-8045

Jeffery Collins
Lynn, Jackson, Shultz & Lebrun
P.O. Box 8250
Rapid City, SD 57709-8250

Re: *Spyglass Cedar Creek, LP*

Dear Counsel:

On March 19, 2014, the South Dakota Department of Environment and Natural Resources advised Spyglass Cedar Creek, LP that its 40 Spyglass gas wells in Harding County were not in compliance with state laws, and that continued failure to bring the wells into compliance may result in enforcement action. The Department forwarded your April 21, 2014 response to me.

~~Based on your response, the Department understands that Spyglass Cedar~~
Creek, LP and New Frontier Energy, Inc. are currently in discussions concerning jointly bringing the 40 Spyglass wells into compliance and then beginning active production operations. Spyglass and New Frontier therefore requested that the Department forgo enforcement actions while the parties "try to resolve their disputes and formulate a plan to bring all wells into compliance."

The Department of Environment and Natural Resources will temporarily hold enforcement action in abeyance upon the following conditions:

1. This temporary abeyance will last only until July 1, 2014; it *may* be additionally extended by the Department so long as the wells

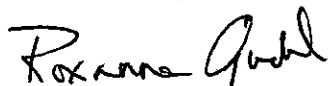
Kyle Wiese
Jeffery Collins
Page 2
April 23, 2014

remain securely shut in; Spyglass and New Frontier have complied with conditions #2 and #3, below; and, it appears that resolution will occur in the near future.

2. Spyglass and/or New Frontier have a pumper inspect each of the wells regularly on a bi-monthly basis to ensure that the wells remain securely shut in. A description of the inspection, all work completed on the wells, and all condition issues, shall be memorialized in an inspection report. The inspection report shall be forwarded to Lucy Dahl, Department of Environment and Natural Resources, 523 East Capitol Ave., Pierre, SD 57501 within seven days of the inspections.
3. Spyglass and New Frontier, through counsel, shall update counsel for the Department with the status of their negotiations and projected timing of any expected resolution on a routine basis.

While the Department is hopeful that this matter can be resolved without resort to enforcement, the wells cannot continue to be out of compliance with state law for an indefinite period.

Very truly yours,



Roxanne Giedd
Deputy Attorney General
Chief, Civil Litigation Division

RG:jkp

cc: ✓ Lucy Dahl, DENR

GUNDERSON, PALMER, NELSON & ASHMORE, LLP

ATTORNEYS AT LAW

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POST OFFICE BOX 8045
RAPID CITY, SOUTH DAKOTA 57709-8045

TELEPHONE (605) 342-1078

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Writer's E-mail Address: kvwiese@gpnalaw.com

Writer's Fax No.: (605) 342-0480

April 21, 2014

Lucy Dahl
SD Department of Environment and Natural Resources
523 E. Capitol
Pierre, SD 57501-3182

Re: Spyglass Cedar Creek, LP
GPNA File No. 11332.0002

Dear Ms. Dahl:

The firm of Gunderson, Palmer, Nelson & Ashmore, LLP is local counsel for Spyglass Cedar Creek, LP, the operator of record of 40 wells in South Dakota. On March 19, 2014, DENR sent a letter to Mr. March Kimmel regarding certain wells being out of compliance with the Administrative Rules of South Dakota. My understanding is that previous warning letters were also sent to Spyglass Cedar Creek, LP ("Spyglass") in 2012 AND 2013 regarding its Harding County wells.

A June 6, 2012 letter outlined well site problems that were documented during routine inspections and, in September 2013, weed control and other equipment clean-up problems existed at 14 different Spyglass sites.

The March 19, 2014 DENR letter advised Spyglass that the failure to bring into compliance all 40 Spyglass' wells in Harding County may result in enforcement action. The letter requested a response by April 21, 2014, with a plan outlining how and when Spyglass intended to bring the wells into compliance in order to avoid possible enforcement actions.

As you are likely aware, Spyglass is currently in litigation with New Frontier Energy, Inc. regarding a transaction that concerns the wells in Harding County. The firm of Lynn, Jackson, Shultz & Lebrun, Jeffery Collins, is counsel for New Frontier Energy, Inc. I am writing, along with counsel for New Frontier Energy, Inc. ("NFE"), to request an extension on any enforcement actions regarding the Harding County wells. NFE and Spyglass are currently in discussions on how to find an amicable resolution to their disputes with the intent to jointly work towards bringing the 40 Spyglass wells into compliance and, hopefully, begin active operations in the field.

GUNDERSON, PALMER, NELSON & ASHMORE, LLP

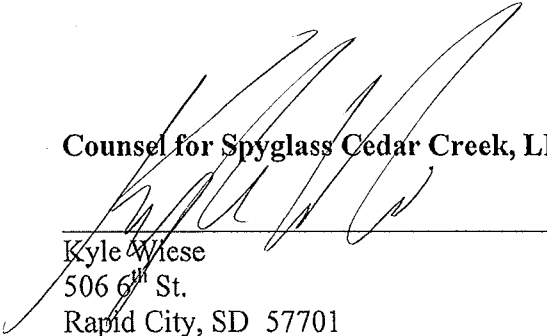
April 21, 2014

Page - 2 -

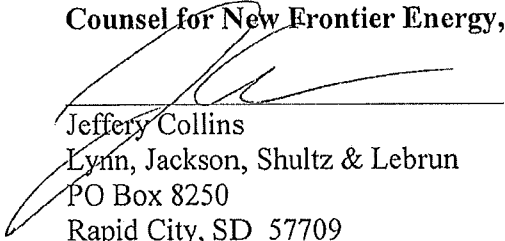
The parties have agreed to sit down to negotiate discussions towards the end of this week, April 24-25, 2014. The complexity of any negotiation and settlement will take some time and the parties would respectfully request from DENR that it forego enforcement actions while the parties try to resolve their disputes and formulate a plan to bring all wells into compliance.

If you have any question, please do not hesitate to call me (605-719-3452) or counsel for NFE, Mr. Jeff Collins (605-342-2592).

Sincerely,


Counsel for Spyglass Cedar Creek, LP

Kyle Wiese
506 6th St.
Rapid City, SD 57701


Counsel for New Frontier Energy, Inc.

Jeffery Collins
Lynn, Jackson, Shultz & Lebrun
PO Box 8250
Rapid City, SD 57709

KW:klw
C: Client
Jeff Collins



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

PMB 2020
JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182
www.state.sd.us/denr

March 19, 2014

March Kimmel
Spyglass Cedar Creek, LP
1919 NW Loop 410, Suite 200
San Antonio, TX 78213

Dear Mr. Kimmel:

Spyglass Cedar Creek, LP is the operator of record of forty (40) wells in South Dakota and as such, is responsible for the maintenance of the wells and ensuring they are in compliance with the Administrative Rules of South Dakota (ARSD 74:12). All forty wells are out of compliance. We have made several unsuccessful attempts to contact you in regard to these issues over the past two years and were forced to recover your surface restoration bond from the Texas unclaimed properties department.

On February 16 and August 23, 2012, I sent you letters warning Spyglass Cedar Creek to bring certain of its Harding County wells into compliance by temporarily abandoning the wells. On June 6, 2012, I sent you a letter outlining well site problems documented during routine inspections. In September, 2013, department inspectors documented weed control and equipment cleanup problems at 14 Spyglass well sites.

The 40 wells listed in the table below have not produced since July, 2012. Therefore, Spyglass must either temporarily abandon (TA) the wells, return the wells to production, or permanently plug and abandon the wells. ARSD 74:12:03:03 requires operators to obtain written approval from the secretary for the temporary abandonment of a well. A successful mechanical integrity test (MIT) must be conducted before temporary abandonment status will be approved for any Spyglass well. Notify us in advance of any MIT's so we can have an inspector on site to verify results. If you intend to temporarily abandon these wells, you must file a sundry notice including a request for such status and information on the current condition of each well. If you intend to plug any of these wells, a plugging plan must be submitted for approval.

On March 13, 2014 a follow up inspection was performed on the 5-26 Gilbert, to confirm a leak from this well had been properly fixed. Pursuant to ARSD 74:12:04:11 a written follow-up report is required and must include any procedures used to remedy the situation. A very small leak still exists on this well and should be monitored.

The well site problems identified in 2012-2014 are listed in the table below. See South Dakota's Oil and Gas Map-Based Data Source at http://www.sdgs.usd.edu/sdoil/oilgas_app.html to access inspection reports for details regarding how these well sites fail to comply with the interim reclamation requirements of ARSD 74:12:03:07.

Well Name	API	Location	Date of last production	Well Site Compliance Issues
State 1-2H	40-063-20715	NENE-02-17N-01E	Never Produced	
13-24R Price	40-063-20542.01	SWSW-24-19N-04E	Never Produced	
State 4-16	40-063-20605	NWNW-16-19N-04E	Never Produced	
Gold Point State 32-1	40-063-20604	NWNW-32-19N-02E	Never Produced	
10-27 State	40-063-20609	NWSE-27-19N-04E	Never Produced	
6-5 Peterson	40-063-20621	SENW-05-17N-04E	March 2010	Unused equipment on ground, weeds
Hett 8-24	40-063-20644	SENE-24-18N-03E	Never Produced	
State Jo 6-27	40-063-20657	SENW-27-17N-04E	Never Produced	
State 14-36	40-063-20658	SESW-36-18N-01E	Never Produced	
State 10-35	40-063-20640	NWSE 35-18N-04E	October 2011	Weeds
State 13-23	40-063-20659	SWSW 23-18N-04E	September 2011	No well sign
State 11-30	40-063-20692	NESE 30-18N-04E	Never Produced	
State 7-35	40-063-20693	SWNE 35-18N-04E	October 2011	No lease information on sign
State 2-27	40-063-20694	NWNE 27-18N-04E	December 2011	
State 12-4	40-063-20701	NWSW 04-17N-04E	May 2011	Unused equipment on site
Heairet-Henderson 10-15	40-063-20703	NWSE 15-17N-04E	April 2011	
State 12-16	40-063-20705	NWSW 16-17N-04E	November 2011	Well sign obscured by vegetation
Gilbert 13-10	40-063-20711	SWSW 10-17N-04E	September 2011	
Gilbert 1-34	40-063-20714	NENE 34-18N-04E	October 2011	Weeds
3-16 Gilbert-State	40-063-20623	CNW 16-17N-04E	November 2011	Weeds
State 16-22	40-063-20660	SESE 22-18N-04E	January 2012	
3-30 State	40-063-20611	NENW 30-18N-04E	July 2012	Unused equipment & refuse on site
4-35 State	40-063-20614	NWNW 35-18N-04E	July 2012	Weeds, no lease information on sign
16-24 Hett	40-063-20620	SESE 24-18N-03E	July 2012	
10-9 Gilbert	40-063-20622	NWSE 09-17N-04E	July 2012	Weeds
5-26 Gilbert	40-063-20624	SWNW 26-18N-04E	July 2012	Well has a very small leak at wellhead
State 16-8	40-063-20638	SESE 08-17N-04E	June 2012	Weeds, debris at well site
State 10-16	40-063-20639	NWSE 16-17N-04E	July 2012	
State 8-8	40-063-20641	SENE 08-17N-04E	July 2012	Weeds
Gilbert 13-15	40-063-20642	SWSW 15-17N-04E	July 2012	Weeds
Gilbert 5-15	40-063-20643	SWNW 15-17N-04E	July 2012	
Questar 9-27	40-063-20650	NESE 27-18N-04E	July 2012	
Peterson 10-5	40-063-20651	NWSE 05-17N-04E	June 2012	Weeds, unused equipment on site
Gilbert 7-9	40-063-20662	SWNE 09-17N-04E	July 2012	Weeds
State 1-21	40-063-20698	NENE 21-17N-04E	July 2012	
Fox 6-22	40-063-20699	SENW 22-17N-04E	July 2012	Ground needs to be reseeded, unused equipment on site

Gilbert 12-9	40-063-20702	NWSW 09-17N-04E	July 2012	Weeds, sign has fallen and is obscured
State 2-16	40-063-20704	NWNE 16-17N-04E	July 2012	Weeds
Heairet-Henderson 2-22	40-063-20706	NWNE 22-17N-04E	July 2012	
Acton 11-22	40-063-20708	NESW 22-17N-04E	July 2012	

Failure to bring all 40 of Spyglass Cedar Creek's Harding County wells into compliance by requesting temporary abandonment (TA) of the wells and addressing well site reclamation problems may result in enforcement action. Possible enforcement actions the DENR may pursue include requiring Spyglass Cedar Creek to permanently plug and abandon all wells, permit revocation pursuant to SDCL 45-9-73, monetary penalties up to \$500 per day per violation, and/or filing a claim against Spyglass Cedar Creek for costs associated with plugging, removal of equipment, and surface restoration. You must respond by April 21, 2014 with a plan outlining how and when you intend to bring wells into compliance with ARSD 74:12 in order to avoid possible enforcement action.

It has also come to our attention that Max Main is no longer your attorney or resident agent. Spyglass must designate a new resident agent through the South Dakota Secretary of State's office.

If you have any questions or concerns you would like to discuss, please feel free to contact me at 605.773.4201. Thank you for your attention to these issues.

Sincerely,



Lucy Dahl
Oil and Gas Geologist
Minerals and Mining Program

cc via email: Roxanne Giedd, Deputy Attorney General
Ryan Brunner, Deputy Commissioner, Office of School and Public Lands
Donald Herauf, Bureau of Land Management
Shari Mills, Spyglass Cedar Creek
Tristan Farel, New Frontier Energy



**DEPARTMENT of ENVIRONMENT
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523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182
www.state.sd.us/denr

August 23, 2012

March Kimmel
Spyglass Cedar Creek, LP
110 Broadway, Ste. 215
San Antonio, TX 78205

Dear Mr. Kimmel:

On February 16, 2012, I sent you a letter concerning the status of wells operated by Spyglass Cedar Creek, LP. that are located in Harding County, South Dakota. The wells listed in the table below have not produced for six months or more and must have their status addressed. There is no file documentation indicating that temporary abandonment was requested or approved. By ARSD 74:12:03:03, wells cannot be temporarily abandoned without approval. Assuming there are no mechanical integrity issues with the well, temporary abandonment will be approved for a period of one year unless a successful mechanical integrity test (MIT) is completed. Upon completion of a successful MIT, temporary abandonment will be granted for five years. If you intend to temporarily abandon these wells, please file a sundry notice including a request for such status and information on the current condition of each well. The alternatives are to return a well to production or plug and abandon the well. If you intend to plug any of these wells, a plugging plan should be submitted for approval.

Well Name	API	Location	Date of last production
State 1-2H	40-063-20715	NENE-02-17N-01E	Never Produced
13-24R Price	40-063-20542.01	SWSW-24-19N-04E	Never Produced
State 4-16	40-063-20605	NWNW-16-19N-04E	Never Produced
Gold Point State 32-1	40-063-20604	NWNW-32-19N-02E	Never Produced
10-27 State	40-063-20609	NWSE-27-19N-04E	Never Produced
6-5 Peterson	40-063-20621	SENW-05-17N-04E	March 2010
Hett 8-24	40-063-20644	SENE-24-18N-03E	Never Produced
State Jo 6-27	40-063-20657	SENW-27-17N-04E	Never Produced
State 14-36	40-063-20658	SESW-36-18N-01E	Never Produced
State 10-35	40-063-20640	NWSE 35-18N-04E	October 2011
State 13-23	40-063-20659	SWSW 23-18N-04E	September 2011
State 11-30	40-063-20692	NESE 30-18N-04E	Never Produced
State 7-35	40-063-20693	SWNE 35-18N-04E	October 2011
State 2-27	40-063-20694	NWNE 27-18N-04E	December 2011
State 12-4	40-063-20701	NWSW 04-17N-04E	May 2011
Heairet-Henderson 10-15	40-063-20703	NWSE 15-17N-04E	April 2011
State 12-16	40-063-20705	NWSW 16-17N-04E	November 2011

March Kimmel
Page Two
August 23, 2012

Gilbert 13-10	40-063-20711	SWSW 10-17N-04E	September 2011
Gilbert 1-34	40-063-20714	NENE 34-18N-04E	October 2011
3-16 Gilbert-State	40-063-20623	CNW 16-17N-04E	November 2011

If you have any questions or concerns you would like to discuss, please feel free to contact me.
Thank you for your attention to these issues.

Sincerely,



Lucy Dahl
Oil and Gas Geologist
Minerals and Mining Program



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

PMB 2020
JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182
www.state.sd.us/denr

February 16, 2012

Shari Mills
Spyglass Cedar Creek, LP
110 Broadway, Ste. 215
San Antonio, TX 78205

Dear Ms. Mills:

The Minerals and Mining Program is in the process of updating file information on wells operated by Spyglass Cedar Creek, LP. that are located in Harding County, South Dakota. The wells listed in the table below have not produced for six months or more. There is no file documentation indicating that temporary abandonment was requested or approved. By ARSD 74:10:04:03, wells cannot be temporarily abandoned without approval. Once approved, temporary abandonment may be extended beyond six months, although a mechanical integrity test may be required. If you do not intend to plug these wells in the near future, please file a sundry notice including a request for temporary abandonment status and information on the current condition of each well. If you do intend to plug any of these wells, a plugging plan should be submitted for approval.

Well Name	API	Location	Date of last production
State 1-2H	40-063-20715	NENE-02-17N-01E	Never Produced
13-24R Price	40-063-20542.01	SWSW-24-19N-04E	Never Produced
State 4-16	40-063-20605	NWNW-16-19N-04E	Never Produced
Gold Point State 32-1	40-063-20604	NWNW-32-19N-02E	Never Produced
10-27 State	40-063-20609	NWSE-27-19N-04E	Never Produced
6-5 Peterson	40-063-20621	SEnw-05-17N-04E	March 2010
Hett 8-24	40-063-20644	SENE-24-18N-03E	Never Produced
State Jo 6-27	40-063-20657	SEnw-27-17N-04E	Never Produced
State 14-36	40-063-20658	SESW-36-18N-01E	Never Produced

If you have any questions or concerns you would like to discuss, please feel free to contact me.
Thank you for your attention to these issues.

Sincerely,

Lucy Dahl
Oil and Gas Geologist
Minerals and Mining Program



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

Minerals & Mining Program

Oil & Gas Office

2050 West Main Street, Suite #1

Rapid City, SD 57702-2493

Telephone: 605-394-2229

Fax: 605-394-5317

September 2, 2010

Kevin Sellers
Spyglass Cedar Creek, LP
595 S. Castell Avenue
New Braunfels, TX 78130

Dear Kevin:

This letter is in regard to the four wells listed below that were drilled by your company, but have not been active for several years. If these wells are to be kept for some useful purpose, you will be required to perform a mechanical integrity test (MIT) of the casings to show that the wells are not causing contamination of subsurface drinking water resources in Harding County. The test will consist of pressuring up on the production casing to 1,000 pounds per square inch for 15 minutes with no more than 10 percent pressure fall off. A successful MIT is good for five years, unless circumstances change that would require a new test.

The wells are:

18N-1E

4-36 State, Section 36 SESW

19N-4E

4-16 State, Section 16 NWNW

13-24 Price, Section 24 SWSW

10-27 State, Section 27 NWSE

If you decide not to pressure test the above wells and classify them as Temporarily Abandoned, you will be required to properly plug and abandon them under the supervision of this office.

Please let me know what your intentions are for the future of these wells. Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads 'Fred V. Steece'.

Fred V. Steece
Oil and Gas Supervisor

cc: March Kimmel, 9210 Autumn Leaf, San Antonio, TX 78217
Karen Christensen, 1447 Crestline, Santa Barbara, CA 93105



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 4

RECEIVED

JUL 20 2009

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

WELL COMPLETION OR RECOMPLETION REPORT

Type of Completion:

☐ Oil Well ☒ Gas Well ☐ Injection ☐ Workover ☐ Deepen ☐ Plug Back ☐ Other _____

Name and Address of Operator:

Spyglass Cedar Creek, LP 595 S. Castell Ave., New Braunfels, TX 78130

Telephone

(830) 626-7100

Name and Address of Drilling Contractor and Rig No:

Western Star E-25 P.O. Box 1504, Williston, ND 58802-1504

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):

SW SW Sec 24 T19N R4E, Harding Cnty, 660'FSL 660'FWL

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

Well Name and No. Price 13-24R		Field and Pool, or Wildcat Wildcat		Permit No. 1780	API No. 4006320542.01	Date Issued 5/12/2006
Spud Date 7/27/2006	TD Date 8/4/2006	Compl Date	Elevation 2895	Total Depth (MD & TVD) 5,950	Plug Back TD (MD & TVD) 5,781	
Producing Interval(s): this Completion, Top, Bottom, Name (MD & TVD) Not Producing, shut in to evaluate, Minnelusa produced water					No. of DST's Run (see page 2)	Was Well cored? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes List Intervals:
Type Electric and Other Logs Run: HRLT Laterolog, CNL/FDC, Dipole Sonic, CBL					Date Directional Survey Submitted	

CASING RECORD (Report all strings set in well)

Hole Size	Casing Size	Weight (lb/ft)	Depth Set	Amount Pulled	Sacks and Type of Cement	Top of Cement
8 3/4"	9 5/8" 5 1/2"	36# 15.5 & 17	1495' 5827'	none none	240 sks Class G 400 lte, 285 Class G	surface 2740

TUBING RECORD

Size	Weight (lb/ft)	Depth Set	Packer Type & Depth	Size	Depth Interval	Sacks and Type of Cement

LINER RECORD

PERFORATION RECORD

Interval/Depth	Holes Per Ft.	Formation Isolated	Amount and Type of Cement used (indicate if squeeze cemented). Amount and Type of Acid and/or Sand used. Use additional page(s) if needed.
5716' - 5720' 5676' - 5680'		Minnelusa Minnelusa	Plug back plug 5950 - 5850 CIBP @ 5707 w/ 2 sx CIBP @ 5660 w/ 10sx

Continued on Next Page →

PRODUCTION

Date First Production		Producing Method (Flowing, gas lift, pumping - size and type of pump) not producing - Minnelusa tested water				Well Status (Producing or shut-in) Shut in - evaluating	
Date of Test	Hours Tested	Choke Size	Production For Test →	Oil (Bbls)	Gas (Mcf)	Water (Bbls & %)	Oil Gravity - API (Corr.)
Flowing Tbg Pressure		Casing Pressure	Calculate 24 Hour Rate →	Oil (Bbls)	Gas (Mcf)	Water (Bbls & %)	Gas-Oil Ratio
Disposition of Oil (Purchaser and Transporter), and Gas (sold, used for fuel, vented, etc.)						Test Witnessed By	
List of Attachments/Comments							

GEOLOGIC MARKERS

FORMATION NAME AND BRIEF DESCRIPTION	MEASURED DEPTH	TRUE VERTICAL DEPTH
Eagle	1500	
Niobrara	2540	
Greenhorn	3080	
Muddy	3730	
Skull Creek	3840	
Fall River	4211	
Minnekahta	5506	
Opeche	5546	
Minnelusa	5645	

Use additional page(s) if needed.

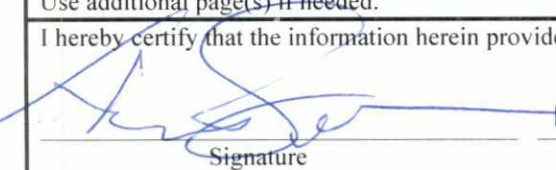
DRILL STEM TEST DATA

☐ Drill Stem Test Results Attached

If not attached, list Depth Interval Tested, Cushion Used, Time Tool Open, Flowing and Shut-in Pressures, and Recoveries.

Use additional page(s) if needed.

I hereby certify that the information herein provided is true, complete, and correct as determined from all available records.


 Kevin Sellers Partner 7/2/2009
 Signature Name (Print) Title Date

FOR OFFICE USE ONLY

Approved By: _____	Title: _____	Date: _____
--------------------	--------------	-------------

RECEIVED

JUL 20 2009

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

Spyglass Cedar Creek LP

Well: Price #13-24R
Field: Wildcat
Location: SW SW Sec. 24, T19N-R4E
660 FWL, 660 FSL
County, State: Harding County, South Dakota

GL: 2895'
KB: 2909'

API#: 40-063-20542.01
SD permit#: 1780
acct#: 100

Spud (reentry): 7/27/2006
RREL: 8/4/2006

First sales: NA

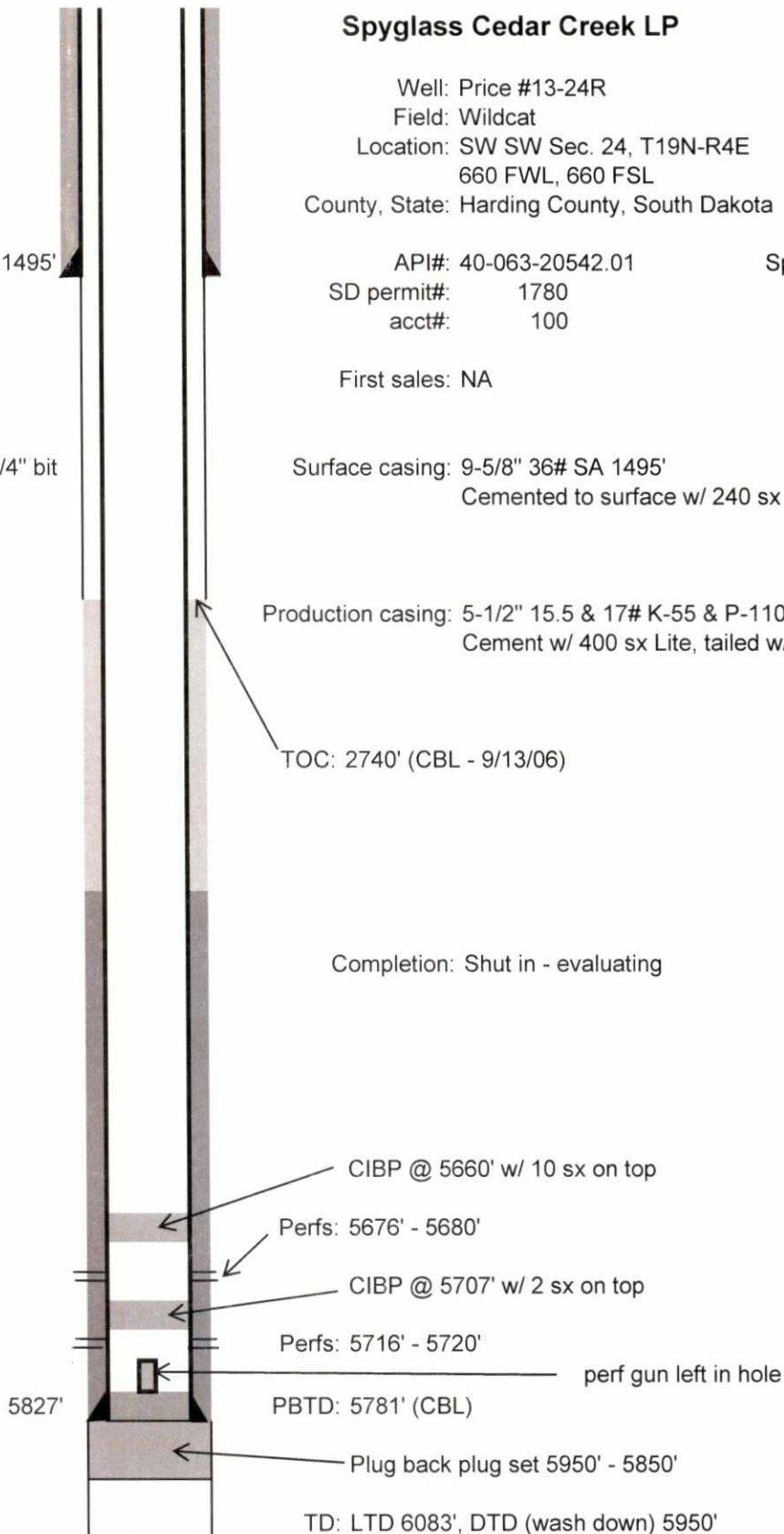
8-3/4" bit

Surface casing: 9-5/8" 36# SA 1495'
Cemented to surface w/ 240 sx Class G, 2% CaCl₂

Production casing: 5-1/2" 15.5 & 17# K-55 & P-110 SA 5827'
Cement w/ 400 sx Lite, tailed w/ 285 sx Class G

TOC: 2740' (CBL - 9/13/06)

Completion: Shut in - evaluating





RECEIVED

MAY 7 2007

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RCRO

SUNDRY NOTICE AND REPORT ON WELLS

Operator Name	Telephone
Spyglass Cedar Creek, LP	(830) 626-7445
Address	
595 South Castell Ave., New Braunfels, TX 78130	

Permit #	API No.	Well Name and Number	Location (Qtr-Qtr, Sec, Twp, Rge, County)
1780	400632054201	Price 13-24R	SW SW S24 T19N R4E, Harding

Notice of Intention To:

- ☐ Temporarily Abandon
- ☐ Plug and Abandon
- ☐ Pull, Alter, or Test Casing
- ☒ Perforate
- ☐ Acidize
- ☐ Fracture Treatment
- ☐ Squeeze Cement
- ☐ Other _____

Subsequent Report of:

- ☐ Drilling Progress
- ☐ BOP Pressure Test/Program
- ☐ Gas/Oil Ratio
- ☒ Work-Over (Perf, Frac, Acidize)
- ☐ Shut-In Pressure
- ☐ Spill
- ☐ Mechanical Integrity Test
- ☐ Other _____

Request for change of:

- ☐ Location
- ☐ Elevation
- ☐ Producing Method
- ☐ Producing Formation
- ☐ Injection Pressure
- ☐ Injection Volume
- ☐ Injection Fluid
- ☐ Other _____

Describe Proposed or Completed Operations (clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). Use additional page(s) if appropriate.

Well Status as of May 2, 2007
Surface Casing 9 5/8", 36 #/ft, J-55 Set @ 1495 'KB
Production Casing 5 1/2", 15.5 #/ft, J-55 Set @ 5850'KB
PBSD 5850 top of fish @ 5413 'KB
Perf Interval: 5716 to 5720 4 SPF Minnelusa Formation
Initial Production: 0 mcf/d Zone is wet
CIBP set @ 5707 with 2 sks cmt PBSD @ 5697 'KB
Perf Interval: 5676 to 5680 4 SPF Minnelusa Formation
Initial Production: 0 mcf/d Zone is wet (Flowing)
CIBP set @ 5660 with 10 sks cmt
Shut in waiting on orders

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

Brian Hohn

Name (Print)

Agent for Spyglass

Title

5/2/2007

Date

FOR OFFICE USE ONLY

Approved by:

Title:

Gas Supervisor

Date:

5/3/2007

Conditions, if any:

CORRESPONDENCE

RECEIVED

MAR 23 2017

MINERALS & MINING PROGRAM

Ginsbach Law

12570 US 85

P.O. Box 365

Buffalo, SD 57720

Ph: (605) 641-2457 Email: dusty.ginsbach@gmail.com

RECEIVED

MAR 21 2017

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

March Kimmel
Spyglass Cedar Creek, LP
110 Broadway, Ste. 215
San Antonio, TX 78205

March 20, 2017

Sent via Certified Mail

Dear Mr. Kimmel,

I am an attorney contacting you on behalf of Remuda Energy Development, an entity producing gas in South Dakota that is interested in acquiring all facets of hydrocarbon leases, equipment, and transmission capabilities belonging to Spyglass Cedar Creek, LP in Harding County. We have been following communications between Spyglass Cedar Creek, LP and the State of South Dakota's Department of Environment and Natural Resources with great interest and believe a solution may be at hand that would potentially benefit Spyglass Cedar Creek, LP.

It appears as though the State of South Dakota is certain to impose increasingly costly penalties and other enforcement actions for noncompliance with state regulations. In addition to the costs of abandoning and plugging the wells or, alternatively, bringing the leases back into a satisfactory condition to produce hydrocarbons, our estimates put these and other liabilities in excess of one million dollars.

Remuda Energy Development is willing to assume the liabilities of plugging the wells or returning them to production. In exchange, we ask that Spyglass Cedar Creek, LP deed over its interest in the leases, equipment, transmission capabilities, and other facets of the operation. We also ask that you turn over to Remuda Energy Development all Division Order Title Opinions and associated documentation regarding the leases and assign any performance and plugging bonds held by the State of South Dakota to Remuda Energy Development. If Spyglass Cedar Creek, LP is interested in negotiating the terms of a transfer and working out an agreement, please respond to me by contacting me at the address in the letterhead or contact Steve Harmon at (406) 633-1959.

Sincerely,

/s/Dusty Ginsbach
Dusty Ginsbach
Ginsbach Law, P.C.
P.O. Box 365
Buffalo, SD 57720

DJG/sdg

Cc: Lucy Dahl, SD DENR



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

Minerals & Mining Program

Oil & Gas Office

2050 West Main, Suite #1

Rapid City, SD 57702-2493

Telephone 605-394-2229

FAX Number 605-394-5317

May 22, 2006

Kathy Glines
Harding County Zoning Director
P. O. Box 26
Buffalo, South Dakota 57720

Dear Ms. Glines:

The Department of Environment and Natural Resources has received an application from Spyglass Cedar Creek LP to reenter an existing oil well in Harding County. The legal description for the well is as follows:

SWSW Section 24, Township 19 North, Range 4 East

Please direct your regulatory requirements directly to the operator as follows:

Spyglass Cedar Creek LP
353 Mill Street
New Braunfels, Texas 78130

I plan to issue the permit after June 1, 2006.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred V. Steece". Below the signature, the word "For" is written in a smaller, cursive script.

Fred V. Steece
Oil and Gas Supervisor



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

Minerals & Mining Program

Oil & Gas Office

2050 West Main, Suite #1

Rapid City, SD 57702-2493

Telephone 605-394-2229

FAX Number 605-394-5317

May 22, 2006

Stan Michals
South Dakota Department of Game, Fish and Parks
3305 West South Street
Rapid City, South Dakota 57702

Dear Mr. Michals:

The Department of Environment and Natural Resources has received an application from Spyglass Cedar Creek LP to recenter an existing oil well in Harding County. The legal description for the well is as follows:

SWSW Section 24, Township 19 North, Range 4 East

Please direct your regulatory requirements directly to the operator as follows:

Spyglass Cedar Creek LP
353 Mill Street
New Braunfels, Texas 78130

I plan to issue the permit after June 1, 2006.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred V. Steece".

For

Fred V. Steece
Oil and Gas Supervisor



**DEPARTMENT of ENVIRONMENT
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Rapid City, SD 57702-2493

Telephone 605-394-2229

FAX Number 605-394-5317

May 22, 2006

Michael Fosha
Archaeological Research Center
P. O. Box 1257
Rapid City, South Dakota 57709

Dear Mr. Fosha:

The Department of Environment and Natural Resources has received an application from Spyglass Cedar Creek LP to reenter an existing oil well in Harding County. The legal description for the well is as follows:

SWSW Section 24, Township 19 North, Range 4 East

Please direct your regulatory requirements directly to the operator as follows:

Spyglass Cedar Creek LP
353 Mill Street
New Braunfels, Texas 78130

I plan to issue the permit after June 1, 2006.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred V. Steece".

For

Fred V. Steece
Oil and Gas Supervisor

MISCELLANEOUS

NO MISCELLANEOUS
INFORMATION FOR THIS WELL
AS OF 8/5/2011