

Conditions, if any, on attached page.

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

State of South Dakota e of South APPLICATION FOR PERMIT TO DRILL

Drill New W	ell Reenter We	Drill Direct	ional Well	Type of well: ✓ Oil Well	Gas Well	Injection
Other						
Name and Address of Operator: Continental Resources, Inc. P.O. Box 1032, Enid, OK 73702 Telephon (580) 233-8955						
Name and Address of Surface Owner:						
Niemi Ranch P.O. Box 227, Buffalo, SD 57720						
Name and Address of Drilling Contractor and Rig Number: Cyclone Drilling P.O. Box 908, Gillette, WY 82717						
Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):						
NWNE Sec 3 T20N R4E, 600' FNL & 2600' FEL; Lat: 45 43 52.407 Long: -103 37 03.623						
If Directional, top of pay and bottom hole location from nearest lines of section: Top of Pay: 154' FNL & 2444' FEL Sec 3 BHL: 1500' FNL & 1000' FEL Sec 24 T21N R4E						
Acres in Spacing (Drilling) Unit Description of Spacing Unit						
20,648 Unitized; South Buffalo Red River Unit Order #4-97						
Well Name and	Number	Elevation	Field and Pool, or Wildcat		Proposed Depth and Formation	
SBRRU 31-3H		3059'	Buffalo	13,359'		
Size of Hole 1) 13 1/2 2) 8 3/4 3) 4)	Size of Casing 9 5/8 7	Weight per Foot 36 23-29	Depth 1400 8740	Cementing Program (a 657 sks Type III 605 sks Type III	amount, type, additives	s) Depth
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. The SBRRU 31-3H will be a horizontal well drilled vertically to a depth of approximately 7994' MD within the Devonian Duperow formation with a medium radius build landing approximately one foot above the Red River "B" porosity zone. The lateral will be drilled along an azimuth of 19.42° till approximately 11024' MD at which point we will turn to a course of 43.10° till TD @ 13,359' MD. Estimated Spud date is 1/21/2012.						
I hereby certify that the foregoing as to any work or operation performed is a true and correct report of such work or operation.						
Terry L. Olson Reg. Comp. Spec. 12/22/20 Signature Name (Print) Title Date						12/22/2011 Date
FOR OFFICE USE ONLY						
Approved By: Rolent Townson Administrator						
Approved By: No. 2005 API No. 40-063-20728 Date Issued: 1/27/2012						



DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES

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Fax: 605-394-5317

PERMIT CONDITIONS

CRI: 31-3H SBRRU 20N-4E-3 NWNE, Harding County Permit: #2005 API: 40 063 20728

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

- 1. This permit is conditioned on compliance with all applicable requirements of South Dakota Codified Laws 45-9 and Administrative Rules of South Dakota 74-12.
- 2. A 12-mil woven, reinforced high-density polyethylene liner must be used.
- 3. Surface runoff must be diverted around the drill site.
- 4. The surface hole must be drilled with fresh water.
- 5. Cement must be circulated to the ground surface on the surface casing.
- 6. If horizontally drilled:
 - A. The coordinates of the production easing shoe and the well terminus must be filed with the department.
 - B. The azimuth of the horizontal segment of the well must be filed with the department along with the results of periodic down hole surveys.
- 7. If production casing (long string) is set:
 - A. Sufficient cement must be circulated on the long string to cover any fresh water aquifer not covered by the surface casing. Freshwater resources at this site include: Minnelusa, Minnekahta, Canyon Springs, and Inyan Kara.
 - B. A cement bond log must be run and filed with the department.
- 8. If abandoned:
 - A. With long string, sufficient cement must 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. Freshwater resources at this site include: Minnelusa, Minnekahta, Canyon Springs, and Inyan Kara.
 - 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 must be circulated to set:
 - 1. A 100-foot cement plug immediately above the KOP, if horizontally drilled.
 - 100-foot cement plugs, half in and half out of the top of the following formations: Red River, Interlake, Madison, Minnelusa, Minnekahta, Canyon Springs, and Inyan Kara.
 - 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 must be used between all plugs.
 - D. The casing string must be cut off at least three feet below the final ground surface contour. A plate with the name of the operator, well name and number, and legal location by quarter-quarter section, township and range must be welded to the casing stub. The location of the abandoned well must be surveyed with high resolution global positioning system equipment or other appropriate survey

methods sufficient to accurately locate the well. Survey coordinates must be included in the final abandonment report.

- 9. Surface reclamation of the site must be completed within one year of plugging and abandoning the well.
- 10. A washed set of sample cuttings (or cores, if cut) must be shipped, free of charge, to:

Derric Iles Geological Survey Program Akeley-Lawrence Science Center University of South Dakota 414 E. Clark Street Vermillion, SD 57069-2390

11. Please notify this office prior to plugging so a witness can be on location. If plugging will occur after regular business hours, call Lucy Dahl at 605-773-6257.