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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JAN 18 2005
DEPT OF ENVIRONMENT & NATURAL RESOURCES - RCRO

APPLICATION FOR PERMIT TO DRILL

Type of work:
X Drill New Well Reenter Well X Drill Directional Well
Other _____

Type of well:
X Oil Well Gas Well Injection
X Other Horizontal

Name and Address of Operator:
LUFF EXPLORATION COMPANY 1580 LINCOLN ST. SUITE 850 DENVER, CO

Telephone
303-861-2468

Name and Address of Surface Owner: Judy Gillespie, 724 State St., Dalton, NE
Dennis Johnson, 5432 Bryant Ave. N, Brooklyn Center, MN; Wanda Thompson, 7526 Oakland Ave. S, Richfield, MN

Name and Address of Drilling Contractor and Rig Number:

NABORS DRILLING USA, WILLISTON, ND

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):
NENW SEC. 9-22N-6E HARDING CO. 1000' FNL & 1500' FWL

If Directional, top of pay and bottom hole location from nearest lines of section:
TOP @ 9123'MD=8889'TVD : BHL – 660' FNL & 2640' FWL SEC. 10

Case 17-2004

Acres in Spacing (Drilling) Unit
640 ac

Description of Spacing Unit
N/2 Sec. 9 & N/2 Sec 10

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Johnson C-9H	2913' un-graded	Pete's Creek Red River B	Horizontal – 15142' MD=8889' TVD

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 12 ¼	9 5/8	36	2000	500 sx Premium w/3% salt, ¼#/sk polyflakes	Surf.
2) 8 3/4	7	23,26,32	9123	750 sx Premium & Litepoz, two stage	4200'
3)					
4)					

Describe Proposed Operations (Clearly State all Pertinent Details, and Give Pertinent Dates, Including Estimated Date of Starting any Proposed Work). Use additional page(s) if appropriate.
Drill a medium radius horizontal well in the Red River B fm. Run correlation log at KOP approx. 8480'. A directional survey will be run at 100' intervals to determine BHL of vertical well. Drill curve section with azimuth of 87 deg and land in the top of B zone @ 9123'MD= 8889' TVD with BHL 409' E and 22' N of surf location . Run and cement 7" csg. Drill a 6" horizontal lateral in the B zone to 15142'MD=8889'TVD at BHL 660'FNL & 2640' FWL of Sec. 10. See attached directional drilling plan. Oil base mud will be used to drill the vertical hole and curve section. Fresh water/polymer will be used for the horizontal section All drilling fluids and cuttings will be contained in a 12 mil lined pit. All liquids will be disposed of in an approved site and the cuttings and liner will be buried in place. Completion will be thru horizontal open hole. Est'd start date is mid-February 2005.

I hereby certify that the foregoing as to any work or operation performed is a true and correct report of such work or operation.

Robert C. Arceneaux
Signature

Robert C. Arceneaux
Name (Print)

Operations Mgr.
Title

1-18-05
Date

SOUTH DAKOTA STATE GEOLOGICAL SURVEY
WESTERN FIELD OFFICE

FOR OFFICE USE ONLY

Approved By: Fred V Steece Title: Oil & Gas Supervisor

Permit No. 1720 API No. 40 063 20584 Date Issued: 01/27/05

Conditions, if any, on attached page.