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DEPT OF ENVIRONMENT & NATURAL
 RESOURCES - RCRO

APPLICATION FOR PERMIT TO DRILL

Type of Work: Drill New Well Reenter Well Drill Directional Well Other Drill NW Lateral

Type of Well: Oil Well Gas Well Injection Other

Name and Address of Operator: LUFF EXPLORATION COMPANY, 1580 LINCOLN STREET, SUITE 850, DENVER, CO 80203
 Telephone: (303) 861-2468

Name and Address of Surface Owner: Milo A. Downing, HC 63, Box 21 Ludlow, SD 57755

Name and Address of Drilling Contractor and Rig Number: C&H Well Service Rig #104, Gillette, WY

Surface Location of Well: Qtr-Qtr, Sec, Twp, Rge, County, Feet from Nearest Lines of section, and latitude and longitude (if available):
 SWSE Sec 6-T22N-R6E, Harding Co., 2495' FEL and 215'FSL, N89° 54' 56" W 26° 40' 39"

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

Red River B; 8836' TVD, 1285' FWL & 2525' FSL Sec. 6-T22N-R6E

Acres in Spacing (Drilling) Unit: N/A
 Description of Spacing Unit: East Harding Spring Red River "B" Unit

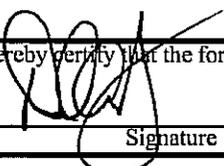
Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation		
Downing #1	2892 GL	EHSRRBU			
Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 12-1/4	8-5/8	24#	1385	500	Surf
2) 7-7/8	5-1/2	17,23 #	9090	660	4890
3)					
4)					

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.

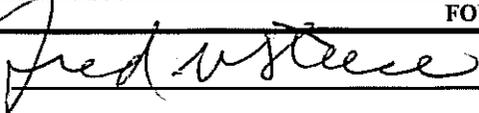
Permit #1651; API# 40-063-20526
 Set whipstock at ± 8712' TVD. Cut window and drill 4-1/2" lateral NW to approx 11,429', MD & 8838' TVD, 2676' VS. Bottom hole location approx 1285' FWL & 2515' FSL Sec. 6-T22N-R6E. Drilling fluid will be fresh water/gel polymer. All cuttings and drilling fluids will be contained in a pit lined with 12 mill plastic. All liquids will be disposed of in an approved site, the liner and cuttings will be buried in place. Completion will be open hole in the horizontal section. A preliminary horizontal well plan is attached. The estimated start date is March 15, 2007.

Blanket South Dakota Bond #4127010

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

 Signature: David A. Norby Name (Print): Operations Manager Title: Date:

FOR OFFICE USE ONLY

Approved by:  Title: Oil and Gas Supervisor
 Permit No. 1819 API No. 40 063 20526.02 Date Issued: February 21, 2007
 Conditions, if any, on attached page.