

STATE OF SOUTH DAKOTA
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
BOARD OF MINERALS AND ENVIRONMENT

RECEIVED

MAR 27 2014

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

IN THE MATTER OF THE PETITION OF)
LUFF EXPLORATION COMPANY TO)
AMEND BOARD ORDER NOS. 2, 12-84, 8-95,)
20-97, AND ANY OTHER APPLICABLE)
ORDERS FOR THE BUFFALO FIELD TO)
ESTABLISH A 960-ACRE SPACING UNIT)
FOR THE BUFFALO FIELD CONSISTING)
OF THE SE/4 OF SECTION 9, THE SW/4 OF)
SECTION 10, THE W/2 OF SECTION 15 AND)
THE E/2 OF SECTION 16, TOWNSHIP 22)
NORTH, RANGE 4 EAST, HARDING)
COUNTY, SOUTH DAKOTA, AND)
AUTHORIZE THE DRILLING OF A)
HORIZONTAL WELL WITH ONE OR MORE)
LATERALS IN THE RED RIVER "B" ZONE)
AT ANY LOCATION NOT CLOSER THAN)
500 FEET TO THE BOUNDARY OF SAID)
SPACING UNIT; TO AUTHORIZE THE)
ISSUANCE OF A PERMIT FOR SUCH)
HORIZONTAL WELL; AND FOR OTHER)
RELIEF AS THE BOARD DEEMS)
APPROPRIATE.)

PETITION

Case No. 5-2014

COMES NOW the petitioner, Luff Exploration Company ("Luff"), and respectfully alleges as follows:

1. Luff represents the owners of interests in the oil and gas leasehold estate underlying all or portions of the SE/4 of Section 9, the SW/4 of Section 10, the W/2 of Section 15 and the E/2 of Section 16, Township 22 North, Range 4 East of the Black Hills Meridian, Harding County, South Dakota.

2. In Order No. 2, the Board established 160-acre spacing for the Buffalo Field. Numerous orders of the Board including Order Nos. 2-78, 20-97, 2-10 and 6-13 have extended the boundaries of the field and amended the spacing units established for the field. As a result of such orders, all of the captioned lands other than the W/2 of Section 15 are now included within

the Buffalo Field. Pursuant to Order No.20-97, Section 9 constitutes a 640-acre spacing unit.

Order No. 20-97 also established Section 10 as a 640-acre spacing unit, but spacing for Section 10 was subsequently amended by Order No. 2-10, which established the E/2 of Section 10, the W/2 of Section 11, the SE/4 of Section 3, and the SW/4 of Section 2, Township 22 North, Range 4 East as a 960-acre spacing unit. Pursuant to Order No. 12-84, Section 16 is spaced at 320 acres for vertical drilling. Pursuant to Order No. 8-95, Section 16 constitutes a 640-acre spacing unit for horizontal drilling.

3. The W/2 of said Section 15 is not included within any field established by order of the Board.

4. No horizontal wells have been drilled in the lands described above. As a result of geologic information obtained through drilling and seismic activities in the area, Luff believes that a well should be drilled in a generally northwest/southeast orientation across the 960-acres proposed to be included in the spacing unit. In Luff's opinion, such a well would produce oil and gas from the same Red River common source of supply currently producing in the Buffalo Field.

5. Luff respectfully requests that the Board amend its prior orders including Order Nos. 2, 12-84, 8-95 and 20-97, so as to vacate any existing spacing units, to include the W/2 of Section 15 in the Buffalo Field, and establish a 960-acre spacing unit for the Buffalo Field consisting of the lands described above and allow a horizontal well with one or more laterals to be drilled in the Red River "B" pool at any location thereon not closer than 500 feet to the boundary of such spacing unit.

6. In Luff's opinion, extending the field boundary, vacating the existing spacing unit, forming the requested spacing unit and drilling the well described above will optimize primary recovery, prevent waste, avoid the drilling of unnecessary wells, and protect correlative rights.

7. The spacing unit requested to be created is not smaller than the maximum area that can be efficiently and economically drained by the proposed well and the size, shape and location thereof will result in the efficient and economic development of the pool as a whole.

8. The Board is authorized to grant the requested spacing unit by South Dakota Codified Laws 45-9-20 through 45-9-29 and Administrative Rules of South Dakota 74:12:02:06. Luff further requests that the order authorize the issuance of a permit for the drilling of horizontal wells in accordance with this application.

WHEREFORE, applicant respectfully requests that the Board issue its notice of opportunity for hearing and, if any interested party intervenes in accordance with said notice, set this matter for hearing at the regularly scheduled hearings in May 2014, or such other date as may be established by the Board, and that the Board enter its order granting the relief requested.

Dated this 25 day of March 2014.

LUFF EXPLORATION COMPANY

John W. Morrison
CROWLEY FLECK PLLP.
Suite 600, 400 East Broadway
P.O. Box 2798
Bismarck, ND 58502

MAY, ADAM, GERDES & THOMPSON, L.L.P.
503 South Pierre Street
P.O. Box 160
Pierre, SD 57501-0160

By: Kara Semmler for
BRETT M. KOENECKE