

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

IN THE MATTER OF THE PETITION OF )  
LUFF EXPLORATION COMPANY, DENVER, )  
CO., TO AMEND BOARD ORDER NO. 9-1993 )  
AND ANY OTHER APPLICABLE ORDERS )  
FOR THE CLARKSON RANCH FIELD TO )  
AUTHORIZE THE DRILLING OF A SECOND )  
VERTICAL WELL IN AN EXISTING 320- )  
ACRE SPACING UNIT DESCRIBED AS THE )  
S/2 OF SECTION 24, TOWNSHIP 22 NORTH, )  
RANGE 4 EAST, TO BE COMPLETED IN THE )  
RED RIVER "C" AND "D" ZONES WITH NO )  
MINIMUM INTER-WELL DISTANCE FOR )  
THE WELLS WITHIN THE UNIT;; AND FOR )  
OTHER RELIEF AS THE BOARD DEEMS )  
APPROPRIATE. )

PETITION

Case No. 6-2017

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 South Half of Section 24, Township 22 North, Range 4 East of the Black Hills Meridian, Harding County, South Dakota.

2. Pursuant to Order No. 9-1993, the South Half of Section 24 was included in the Clarkson Ranch Field and is spaced for vertical drilling on the basis of 320-acres. Pursuant to Order Nos. 14-1995 and 6-2014 said lands were additionally spaced for horizontal drilling in the Red River "B" zone.

3. A producing vertical well has been drilled in the South Half of Section 24. The DEPCO 34-24 Travers wells was drilled in 1976, but was a dry hole. In 1993, Wyoming Resources Corp. reentered this wellbore and established production. The Wyoming Resources 34-24 Travers well continues to produce from the Red River "D" zone.

4. In Luff's opinion, the Red River "C" and "D" zones underlying all of the South Half of Section 24 are part of the same common source of supply.

5. Luff believes that the hydrocarbon reserves in the Red River “C” and “D” zones underlying said lands can be recovered by the drilling of an additional vertical well. In Luff’s opinion, such a plan of development would maximize the recovery of hydrocarbons and thereby prevent waste and would also result in the efficient and economical development of the zones as a whole.

6. Luff respectfully requests that the Board amend its prior orders, including No. 9-1993, and allow up to two vertical wells to be drilled on the spacing unit described above in the Red River “C” and “D” zones, with no minimum inter-well distance between the two wells.

7. In Luff’s opinion, authorizing the drilling of an additional vertical well as described above will optimize primary recovery, prevent waste, avoid the drilling of unnecessary wells, and protect correlative rights.

8. 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 zones as a whole.

9. Because the requested spacing for vertical drilling only involves the “C” and “D” zones, the requested spacing for vertical drilling will have no adverse impact on the existing horizontal “B” zone production from said lands.

10. 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.

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 January 2018, or such other date as may be established by the Board, and that the Board enter its order granting the relief requested.

Dated this 21st day of November, 2017.

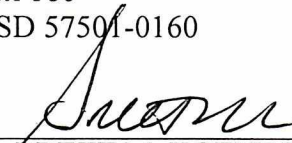
LUFF EXPLORATION COMPANY

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