IN THE MATTER OF THE PETITION OF
LUFF EXPLORATION COMPANY, DENVER,
COLORADO, FOR AN ORDER POOLING
ALL INTERESTS IN A SPACING UNIT FOR
THE SOUTH MEDICINE POLE HILLS FIELD
DESCRIBED AS THE SW/4 OF SECTION 27,
THE SE/4 OF SECTION 28, THE E/2 OF
SECTION 33, AND THE W/2 OF SECTION
34, ALL IN TOWNSHIP 23 NORTH, RANGE
4 EAST, HARDING COUNTY, AND TO
AUTHORIZE THE RECOVERY OF RISK
COMPENSATION IN ADDITION TO THE
PRO RATA SHARE OF REASONABLE,
ACTUAL COSTS FROM THE INTEREST OF
ANY LESSEE OR UNLEASED MINERAL
OWNER WHO ELECTS NOT TO
PARTICIPATE IN THE RISK AND COST OF
DRILLING AND COMPLETING A WELL ON
SAID SPACING UNIT; AND FOR OTHER
RELIEF AS THE BOARD DEEMS
APPROPRIATE.

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 SW/4 of Section 27, the SE/4 of Section 28, the E/2 of Section
33, and the W/2 of Section 34, all in Township 23 North, Range 4 East of the Black Hills
Meridian, Harding County, South Dakota.

2. In Order No. 7-2012 the Board established a 960-acre spacing unit consisting of
the lands described above for the South Medicine Pole Hills field
3. There are separately owned tracts and/or separately owned interests within tracts within said proposed spacing unit.

4. Luff intends to attempt to secure a lease from all unleased mineral owners or joinder in the drilling of a well by all lessees or unleased owners who elect not to lease in such spacing unit, but as of the date of this application, such joinder has not been obtained. Prior to the entry of an order in this matter, Luff will file proof that such an attempt was made in accordance with Section 74:12:10:01 ARSD.

5. Luff desires that the Board pool all interests in said spacing unit in accordance with SDCL 45-9-31.

6. Luff further desires that the order provide that, in the event any owner does not elect to participate in the risk and cost of the drilling and operation of a well on the location, Luff be allowed to recover from the share of production attributable to any such person, that person’s pro rata share of the reasonable, actual costs of drilling, completing, equipping and operating a well on the spacing unit, plus, pursuant to Section 45-9-34, a risk compensation equal to (1) two hundred percent of the reasonable actual costs of drilling, reworking, side-tracking, deepening, plugging back, testing, completing and recompleting the well and the costs of newly acquired equipment in the well including the wellhead connection in the case of lessees under an oil and gas lease; or (2) one hundred percent of such costs in the event of an unleased mineral owner.

7. The Board is authorized to grant the requested pooling order by SDCL 45-9-31 through 45-9-36.
WHEREFORE, applicant respectfully requests that this matter be set for hearing at the regularly scheduled hearings on September 20, 2012, or such other date as may be established by the Board and that thereafter the Board enter its order granting the relief requested.

Dated this 24th day of July, 2012.

LUFF EXPLORATION COMPANY

MAY, ADAM, GERDES & THOMPSON, L.L.P.
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P.O. Box 160
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By: [Signature]
BRETT M. KOENECKE