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DEPT OF ENVIRONMENT & NATURAL RESOURCES - RAPID CITY

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APPLICATION FOR PERMIT TO DRILL

Types of Wells & MINING PROGRAM
 Drill New Well Re-enter Well Drill Directional Well
 Other

Type of Well:
 Oil Well Gas Well Injection
 Other

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

Name and Address of Surface Owner
 Greg & Heidi Miller, 10151 US Highway 85, Bowman, ND 58623

Name and Address of Drilling Contractor and Rig Number:
 C&H Well Service, Inc., 6480 Swanson Rd, Gillette, WY 82718, Rig # 104

Surface Location of Well: Qtr-Qtr, Sec, Twp, Rge, County, Feet from Nearest Lines of section, and latitude and longitude (if available):
 SWSW Sec 33-T23N-R6E, Harding Co., 650' FSL x 165' FWL, Lat: 45° 54' 30.77", Long: 103° 23' 47.40"

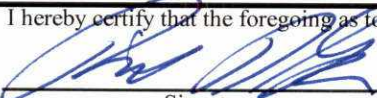
If Directional, top of pay and bottom hole location from nearest lines of section:
 East Lateral ST-2: Top of pay est @ 12,856' MD = 8,921' TVD; BHL @ 600' FNL & 1320' FEL Sec 4-T22N-R6E

Acres in Spacing (Drilling) Unit Description of Spacing Unit
 Total Unitized area: Approx 4836 acres Pete's Creek Red River Unit


Well Name and Number		Elevation	Field and Pool, or Wildcat		Proposed Depth and Formation
Miller M-33H		2858' Graded 2876' KB	Pete's Creek Red River Unit		East ST-2 = 12,856'MD, 8,921'TVD Red River "B"
Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 13-1/2"	9-5/8"	36#	2000'	565 sks Lite tailed w/ 200 sks Premium	Surface
2) 8-3/4"	7"	23#, 26#,29#	9180'	1st Stg: 425 sks Premium	6550'
3)				2nd Stg: 165 sks Lite tailed w/ 228 sks Premium	2980'
4) 6-1/8"	None		Various		

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.
 This is an existing injection well in Pete's Creek Red River Unit. Original Permit # 1857 issued on 2/26/08. Original API # 40 063 20634. Propose to stop injection operation, re-enter and drill one sidetrack lateral off of the existing lateral as follows: Drill East ST-2 off existing East Lateral approximately 9,397'-12,856' MD = 8,921' TVD at BHL approximately 600' FNL & 1,320' FEL Sec 4-T22N-R6E. Horizontal lateral to be drilled with fresh water/polymer. All drilling fluids and cuttings will be contained in a pit lined with 12 mil plastic. All liquids will be disposed of in an approved method, the liner and cuttings will be buried in place. The estimated start date is 9/10/11. An application for a major modification to the existing permit to inject is being submitted to the SD-DENR under separate cover.

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

 Signature
 Richard D. George Name (Print)
 Manager of Engineering Title
 6/8/2011 Date

FOR OFFICE USE ONLY

Approved by:  Title: Administrator
 Minerals & Mining Program
 Permit No. 1998 API No. 40 063 20634.01 Date Issued: 6/20/11
 Conditions, if any, on attached page.