South Dakota
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DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES
Minerals & Mining Program - Oil & Gas Section
2050 West Main, Suite #1, Rapid City, SD 57702-2493
Telephone: 605-394-2229, FAX: 605-394-5317

FORM 2

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DEPT OF ENVIRONMENT & NATURAL RESOURCES - RAPID CITY

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MINERALS & MINING PROGRAM

State of South Dakota
Department of Environment and Natural Resources

APPLICATION FOR PERMIT TO DRILL

Type of Work: ☐ Drill New Well ☒ Re-enter Well ☐ Drill Directional Well ☐ Other

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
Steven Johnson 6617 White Birch Ct., Lino Lakes, MN 55014; Judy Gillespie, 724 State Street, Dalton, NE 6913;
Wanda Thompson, 7526 Oakland Ave. S., Richfield, MN 55423

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):
SESW Sec 4-T22N-R6E, Harding Co., 1,190' FSL & 2,210' FWL, Lat: 45° 53' 44.02", Long: 103° 23' 18.39"

If Directional, top of pay and bottom hole location from nearest lines of section:
West Lateral ST-1: Top of pay est @ 10,580' MD = 8,919' TVD; BHL @ 1,290' FSL & 530' FWL Sec 4-T22N-R6E
East Lateral ST-1: Top of pay est @ 11,413' MD = 8,935' TVD; BHL @ 1,300' FSL & 530' FEL Sec 4-T22N-R6E

Acres in Spacing (Drilling) Unit
Total Unitized area: Approx 4836 acres

Description of Spacing Unit
Pete's Creek Red River Unit

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Johnson N-4H	2928' Graded 2943' KB	Pete's Creek Red River Unit	West = 10,580'MD, 8,919'TVD, RR "B" East = 11,413MD, 8,935'TVD, RR "B"

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 12-1/4"	8-5/8"	24#	1992'	600 sks Lite tailed w/ 200 sks Premium	Surface
2) 7-7/8"	5-1/2"	15.5# & 17#	9160'	1st Stg: 290 sks Premium	6,800'
3)				2nd Stg: 178 sks Lite tailed w/ 125 sks Premium	3,500'
4) 4-1/2"	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. Orignal Permit # 1776 issued on 4/13/06. Original API # 40 063 20603. Propose to stop injection operation, re-enter and drill one sidetrack lateral off each of the two existing laterals as follows: Drill West ST-1 off existing West Lateral approximately 9,191'-10,580' MD = 8,919' TVD at BHL approximately 1,290' FSL & 530' FWL Sec 4-T22N-R6E. Drill East ST-1 off existing East Lateral approximately 9,036'- 11,413' MD = 8,935' TVD at BHL approximately 1,300' FSL & 530' FEL sec 4-T22N-R6E. Horizontal laterals 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 9/1/11.

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

Bill Organ	Bill Organ	Drilling Consultant	6/7/11
Signature	Name (Print)	Title	Date

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Approved by: [signature] Title: Administrator Minerals & Mining Program

Permit No. 1999 API No. 40 063 20603.01 Date Issued: 6/20/11

Conditions, if any, on attached page.