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

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

Case No. 4-2014

IN THE MATTER OF THE PETITION OF)
LUFF EXPLORATION COMPANY TO)
AMEND BOARD ORDER NOS. 2, 2-78, 20-97,)
2-10 AND ANY OTHER APPLICABLE)
ORDERS FOR THE BUFFALO FIELD TO)
VACATE AN EXISTING SPACING UNIT)
CONSISTING OF THE SW/4 OF SECTION 2,)
THE SE/4 OF SECTION 3, THE E/2 OF)
SECTION 10 AND THE W/2 OF SECTION 11,)
TOWNSHIP 22 NORTH, RANGE 4 EAST,)
HARDING COUNTY, SOUTH DAKOTA,)
AND INSTEAD ESTABLISH A 960-ACRE)
SPACING UNIT FOR THE BUFFALO FIELD)
CONSISTING OF THE W/2 OF SECTION 2,)
THE E/2 OF SECTION 3, THE NE/4 OF)
SECTION 10 AND THE NW/4 OF SECTION)
11, 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 SUCH)
OTHER RELIEF AS THE BOARD DEEMS)
APPROPRIATE.)

PETITION

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 W/2 of Section 2, the E/2 of Section 3, the NE/4 of Section 10 and the NW/4 of Section 11, 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 NW/4 of Section 2 are now included within the Buffalo Field. Pursuant to Order No. 2-2010, the SW/4 of Section 2, the SE/4 of Section 3, the E/2 of Section 10 and the W/2 of Section 11 currently constitute a 960-acre spacing unit for the Buffalo Field with up to three horizontal wells authorized to be drilled in the Red River "B" zone on such spacing unit.

3. The NW/4 of said Section 2 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 additional horizontal drilling which has occurred to the north of these lands and additional information which has been obtained through 3D seismic studies, Luff believes that a well should be drilled north of the wells it proposed in Case No. 2-10. 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, 2-78, 20-97, and 2-10 so as to vacate the spacing unit created in Order No. 2-10, to include the NW/4 of Section 2 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 outline, 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 SDCL 45-9-20 through 45-9-29 and ARSD 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 April, 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 27 day of February, 2014.

LUFF EXPLORATION COMPANY

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By: _____


BRETT M. KOENECKE

State of Colorado)
)ss.
County of Denver)

Luff Exploration Company, applicant in the captioned matter, hereby grants permission to the secretary for the performance of inspections required or authorized by SDCL Chapter 45-9 or ARSD Article 74:12.

LUFF EXPLORATION COMPANY

Karl H. Luff
By:

Subscribed and sworn to this 27th day of February, 2014.

C.M. Espinosa-Carpenter
Notary Public
Denver County, Colorado
My Commission Expires: 1-11-16

