

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

<p>IN THE MATTER OF THE PETITION OF LUFF EXPLORATION COMPANY, DENVER, COLORADO, TO AMEND THE APPLICABLE ORDERS FOR THE TABLE MOUNTAIN FIELD, INCLUDING WITHOUT LIMITATION BOARD ORDER NOS. 6-83 AND 13-97, TO INCLUDE ALL OF SECTIONS 22 AND 23, TOWNSHIP 23 NORTH, RANGE 3 EAST, HARDING COUNTY, SOUTH DAKOTA, WITHIN THE FIELD AND TO ESTABLISH A SPACING UNIT CONTAINING 831.36 ACRES, MORE OR LESS, AND CONSISTING OF SECTIONS 22 AND 23, 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 WELL; AND FOR OTHER RELIEF AS THE BOARD DEEMS APPROPRIATE</p>	<p style="text-align:center">OIL AND GAS CASE NO. 65-2013</p> <p style="text-align:center">ORDER</p>
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SECRETARY'S ORDER UNDER SDCL 45-9-74

A Petition ("Petition") of Luff Exploration Company ("Luff") was submitted to the South Dakota Board of Minerals and Environment ("Board") on December 23, 2013. The Board prepared and published a Notice of Opportunity for Hearing ("Notice") and Luff caused a copy of the Petition and the Notice to be served by mail or personally on each party affected by the petition. Petitions to intervene were filed on behalf of both Continental Resources, Inc. and Zenergy Operating Company, LLC, but both petitions were later withdrawn. No other petitions to intervene were filed in accordance with the Notice. Therefore, pursuant to South Dakota Codified Laws (SDCL) 45-9-74, SDCL 45-9-20 through 29, and Administrative Rules of South

Dakota 74:12:02:06, and based upon Luff's Petition and the supporting documents filed by Luff, the Secretary makes and enters the following order:

Luff represents owners of interests in the oil and gas leasehold estate in all or portions of Sections 22 and 23, Township 23 North, Range 3 East, Harding County, South Dakota.

Pursuant to Order No. 13-97, all of Section 26, Township 23 North, Range 3 East, was included as a 640-acre spacing unit in the Table Mountain Field. Section 23 lies immediately north of and adjacent to Section 26, and Section 22 is in turn adjacent to Section 23. Sections 22 and 23 each constitute "short" sections on the border between the states of South Dakota and North Dakota and each section consists of approximately 415 acres.

Luff desires to drill a horizontal well in the Red River "B" formation in a generally east/west orientation across the 831.36 acres included in the proposed spacing unit. Luff's geologic interpretation indicates that the Red River "B" formation underlying these lands is likely productive from the same common source of supply currently included in the Table Mountain Field. The proposed spacing unit accommodates the wellbore planned by Luff and is also consistent with other spacing orders entered by the Board addressing the short sections on the border with North Dakota.

Such a spacing unit is not smaller than the maximum area that can be efficiently and economically drained by the proposed well and the size, shape and location of the spacing unit will result in the efficient and economic development of the pool as a whole.

IT IS THEREFORE ORDERED

A. That Board Order Nos. 6-83 and 13-97 and any applicable orders be amended so as to extend the boundary of the Table Mountain Field to include all of Sections 22 and 23, Township 23 North, Range 3 East, Harding County, South Dakota, and to establish a spacing

unit consisting of said Sections 22 and 23, containing 831.36-acres, more or less, in the Table Mountain Field.

B. A horizontal well with one or more laterals is allowed to be drilled on this spacing unit in the Red River "B" pool with any such laterals located not closer than 500 feet to the spacing unit boundary.

C. That all portions of previous orders of the Board, if any, which are not amended by this Order shall remain in full force and effect until further order of the Board or Secretary.

D. That upon filing all required further information and forms with the Department of Environment and Natural Resources, drilling permits may be issued for the horizontal well on the spacing unit established above.

Dated and signed this 31st day of March 2014.

A handwritten signature in black ink, appearing to read 'S. Pirner', with a horizontal line extending to the right.

Steven M. Pirner
Secretary
Department of Environment and Natural Resources