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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JAN 10 2005
DEPT OF ENVIRONMENT & NATURAL RESOURCES - RCRO

APPLICATION FOR PERMIT TO DRILL

Type of work:
X Drill New Well Reenter Well X Drill Directional Well
X Other Horizontal

Type of well:
X Oil Well Gas Well Injection
Other

Name and Address of Operator:
LUFF EXPLORATION COMPANY 1580 LINCOLN ST. SUITE 850 DENVER, CO Telephone 303-861-2468

Name and Address of Surface Owner:
JJ Ranch, Box 184, Buffalo, SD

Name and Address of Drilling Contractor and Rig Number:
Nabors Drlg. USA, Williston , ND, Rig 42

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):
SWNW Sec. 28-22N-4E, Harding Co., 1835' FNL & 555' FWL

If Directional, top of pay and bottom hole location from nearest lines of section:
9254'MD=8900'TVD BHL 3140' FNL & 500' FEL of Sec. 30 Case 15-2004U

Acres in Spacing (Drilling) Unit
NA

Description of Spacing Unit
Unitized area for NBRRU and CBRRU

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Clarkson E-28H	3146 ungraded	NBRRU Red River	15,069'MD=8800' TVD RED RIVER B

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 12 ¼	9 5/8	36	2000	500 sx Premium, 3% salt, 1/4/# polyflakes	Surf.
2) 7 7/8	7	23, 26, 32		750 sx Premium & Litepoz, two stage	4200
3)					
4)					

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.

Drill a medium radius horizontal well in the Red River B fm. Run correlation log at KOP @ approx. 8350'. A directional survey will be run at 100' intervals to determine BHL of vertical well. Drill curve section with azimuth of 253 deg and land in the top of B zone intermediate target 2000' FNL & 0' FWL of Sec. 28 @ 9174'MD= 8800' TVD. Run and cement 7" csg. Drill a 6" horizontal lateral in the B zone to to intermediate target at the center of Sec. 29. Azimuth will change to 261 deg. to reach planned BHL @ 3140' FNL & 500' FEL of Sec. 30. See attached directional drilling plan. Oil base mud will be used to drill the vertical hole and curve section. Fresh water/polymer will be used for the horizontal section. All drilling fluids and cuttings will be contained in a 12 mil lined pit. All liquids will be disposed of in an approved site and cuttings and liner will be buried in place. Completion will be thru horizontal open hole. Est'd start date is April, 2005. Well will be production tested for approx. 90 days and then converted to injection.

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

Robert C. Arceneaux Robert C. Arceneaux Operations Mgr. 1-4-05
Signature Name (Print) Title Date

SOUTH DAKOTA
STATE GEOLOGICAL SURVEY
WESTERN FIELD OFFICE

FOR OFFICE USE ONLY

Approved By: [signature] Title: Oil & Gas Supervisor

Permit No. 1719 API No. 40 063 20583 Date Issued: 01/27/05

Conditions, if any, on attached page.