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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MAR 04 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:
Tim Brown, P.O. Box 205, Buffalo, SD 57720

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. 29-22N-4E, Harding Co., 1500' FNL & 150' FWL

If Directional, top of pay and bottom hole location from nearest lines of section:
8986'MD=8714'TVD BHL @ TD 470' FNL & 400' FWL of Sec. 28

Acres in Spacing (Drilling) Unit
NA

Description of Spacing Unit
Unitized area for NBRRU

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Brown E-29H	3081.6 un-graded	NBRRU Red River	14,155'MD=8714' 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	8986	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. KOP @ 8236'. A directional survey will be run at 100' intervals from KOP to surface to determine BHL of vertical well. Drill curve section with azimuth of 78 deg and land in the top of B zone 96' N & 468' E of surface location @ 8986'MD= 8714' TVD. Run and cement 7" csg. Drill a 6" horizontal lateral in the B zone to reach planned BHL @ 470' FNL & 400' FWL of Sec. 28. 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. Estimated start date is June 1, 2005. Well will be production tested for 90 days and then converted to injection following state approval.

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
Signature

Robert C. Arceneaux
Name (Print)

Operations Manager
Title

3-30-05
Date

SOUTH DAKOTA STATE GEOLOGICAL SURVEY
WESTERN FIELD OFFICE

FOR OFFICE USE ONLY

Approved By: Fred Ustice Title: Oil & Gas Supervisor

Permit No. 1730 API No. 40 063 20588 Date Issued: 04/14/05

Conditions, if any, on attached page.