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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APR 08 2005
DEPT OF ENVIRONMENT & NATURAL RESOURCES - RCRO

APPLICATION FOR PERMIT TO DRILL

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

Type of well:
X Oil Well Gas Well Injection
Other _____

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

Name and Address of Surface Owner:
Y+ Ranch, Inc. HC 63, Box 12, Ludlow, SD 57755

Name and Address of Drilling Contractor and Rig Number:
C&H Well Service, Gillette, Wyo. Rig 104

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):
660' FSL & 1550' FEL Sec. 6-22N-5E, SWSE, Harding Co.

If Directional, top of pay and bottom hole location from nearest lines of section:
SE leg – 9265'MD=8845' TVD; BHL @ TD- 1200' FNL & 500' FEL Sec. 7 (sidetrack from existing lateral)
NW leg – 8900'MD=8845'TVD; BHL @ TD – 2140' FSL & 1890' FWL Sec. 6 (exit from new csg. window)

Acres in Spacing (Drilling) Unit: 640
Description of Spacing Unit: S/2 Sec 6 and N/2 Sec. 7

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Travers 1-6	3020' GL	Travers Ranch Red River	SW leg – 11410'Md=8845'TVD NW leg – 11174'MD=8845'TVD RED RIVER B

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 12 ½	8 5/8	24	2490	1010 sks	Surface
2) 7 7/8	5 ½	17,20	9119	1110 sks	Unkwn
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.
Drl. a sidetrack in existing horizontal lateral at approx. 9265' MD=8845'TVD to reach an azimuth of 115 deg. Drill 4 ½" lateral to TD 11,410'MD=8845'TVD. Pull existing whipstock@ 8715'MD and drill out CIBP @8721'. Set new CIBP @ approx. 8817'. Set new whipstock on azimuth of 310 deg. w/top @ 8727'. Mill csg. window from 8727'-33'. Run dir. drlg. tools and drill curve section. Land in Red River B zone @ 8900'MD=8845'TVD. Drill horiz. lateral to TD 11174'MD=8845'TVD. See attached directional drilling plan. Drilling fluid will be fresh water /gel/polymer. All cuttings and fluids will be contained in a 12 mil lined pit. Fluids will be disposed of in an approved site. Cuttings and liner will be buried in place. Completion will be thru open hole.
Anticipated start date is May 1, 2005.

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 Mgr. — Title
4-6-05 — Date

SOUTH DAKOTA STATE GEOLOGICAL SURVEY WESTERN FIELD OFFICE

FOR OFFICE USE ONLY

Approved By: Fred Ustace
Title: Oil & Gas Supervisor

Permit No. 1732
API No. 40 063 20072.02
Date Issued: 04/18/05

Conditions, if any, on attached page.