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

APPLICATION FOR PERMIT TO DRILL

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

Type of well:
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:
Curt Hansen HC 4 Box 30, Bowman Co., ND

Name and Address of Drilling Contractor and Rig Number:
Nabors Drilling 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):
NWSE Sec. 19-23N-5E, Harding Co., SD 940' FNL & 1815' FEL

If Directional, top of pay and bottom hole location from nearest lines of section:
Top of pay – 9198'MD=8970'TVD. BHL will be 1750' FNL & 700' FEL of Sec. 30

Acres in Spacing (Drilling) Unit
Approx. 742 ac.

Description of Spacing Unit
All of Sec. 19 and N/2 Sec. 30

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Njos J-19H	3021' un-graded	Stateline Red River	13314'MD=8970' TVD RED RIVER B

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 13 ½	9 5/8	36	2000	700 sx Prem Lite and 265 sx G	Surface
2) 8 ¾	7	26	9198	1st stg – 300 sx G: 2nd stg – 100 sx Lite & 400 sx G	4300'
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. At KOP of approx. 8500' a directional survey will be run at 100' intervals to determine BHL of vertical well. Drill curve section with azimuth of 170 deg and land in the top of B zone @ 9206'MD= 8975' TVD with BHL 399' S and 67' E of surf location . Run and cement 7" csg. Drill a 6" horizontal lateral in the B zone to 11,300'MD=8975'TVD at BHL70'FSL & 1403' FEL of Sec. 19. Turn azimuth easterly to 158 deg. and drill to TD 13251'MD=8975'TVD at BHL 1750' FNL & 700' 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 manner and the cuttings and liner will be buried in place. Completion will be thru horizontal open hole. Est'd start date is as soon as possible.

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

Signature	Name (Print)	Title	Date
Robert C. Arceneaux	Robert C. Arceneaux	Operations Mgr.	5-18-05

SOUTH DAKOTA STATE GEOLOGICAL SURVEY WESTERN FIELD OFFICE

FOR OFFICE USE ONLY

Approved By: Fred W Steece Title: Oil & Gas Supervisor

Permit No. 1739 API No. 40 063 20590 Date Issued: 05/23/05

Conditions, if any, on attached page.