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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DEPT OF ENVIRONMENT & NATURAL RESOURCES - RCRO

APPLICATION FOR PERMIT TO DRILL

SOUTH DAKOTA STATE GEOLOGICAL SURVEY WESTERN FIELD OFFICE

Type of Work:
[X] Drill New Well [ ] Reenter Well [ ] Drill Directional Well
[ ] Other

Type of Well:
[X] Oil Well [ ] Gas Well [ ] Injection
[ ] Other

Name and Address of Operator
LUFF EXPLORATION COMPANY, 1580 LINCOLN STREET, SUITE 850, DENVER, CO 80203

Telephone
(303) 861-2468

Name and Address of Surface Owner
Clair G. Janvrin, Jr.
HC 63 Box 16, Ludlow, SD 57755

Name and Address of Drilling Contractor and Rig Number:
Patterson Drilling Company, 1512 Larimer Street, Suite 730, Denver, CO 80202, Rig #463 (Vertical Section)
C & H Well Service, Inc. P O Box 2556, Gillette, WY 82717-2556, Rig #104, (Horizontal Laterals)

Surface Location of Well: Qtr-Qtr, Sec, Twp, Rge, County, Feet from Nearest Lines of section, and latitude and longitude (if available):
NWSW Sec 28, T23N, R5E, Harding County, 2400' FSL x 1000' FWL; Lat 45 55' 40.15" Long: 103 31' 01.67"

If Directional, top of pay and bottom hole location from nearest lines of section:
South Lateral: Top est. @ 9085' MD, = 9018' TVD; 600' FSL x 700' ~~FWL~~ FEL, Sec 29, T23N, R5E
North Lateral: Top est. @ 9076' MD, = 9018' TVD; 1000' FNL x 1950' FWL SEC. 28

Acres in Spacing (Drilling) Unit
640

Description of Spacing Unit
E/2 Sec 29 & W/2 Sec 28, T23N, R5E

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
Janvrin L-28H	3033.8	Stateline, Red River	South: 9018' TVD; 11444' MD RR North: 9018' TVD; 11083' MD RR

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 12 1/4"	8 5/8"	24#	2000'	635 Sx Premium Lite & Class G, 3% salt +m misc..	Surface
2) 7 7/8""	5 1/2"	15.5# & 17#	9125'	750 sx Premium Lite & Class G + various additives	3500'
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 vertical portion of well to 9125'. Drill 7 7/8" hole, run 5 1/2" casing. A directional survey will be run @ 100' intervals to determine the BHL of the vertical well. Move out rotary tools and move in smaller rig, mill casing windows and drill dual horizontal laterals in the Red River "B". South Lateral KOP approx. 8,903' TVD, North Lateral KOP approx. 8,918' TVD. Drill 4 1/2" horizontal laterals in the "B" zone. South Lateral to approx. 11,463' MD = 9,018' TVD and the North lateral to approx. 11,082' = 9,018' TVD. An oil base mud will be used in the vertical portion of the well and a fresh water/polymer in the horizontal sections. All drilling fluids and cuttings will be contained in a pit lined with 12 mill plastic. All liquids will be disposed of in an approved site, the liner and the cuttings will be buried in place.
See attached Preliminary Drilling Prognosis for additional details. Completion will be open hole in the horizontal sections.
The estimated start date for locations construction is December 1, 2006. Estimated start date for drilling is March 15, 2007.

Blanket South Dakota bond #4127010

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
	David A. Norby	Operations Manager	11/16/06

FOR OFFICE USE ONLY

Approved by: [signature] Title: Oil and Gas Supervisor

Permit No. 1804 API No. 40 063 20613 Date Issued: December 1, 2006

Conditions, if any, on attached page.