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

RECEIVED
JAN 25 2008
DEPT OF ENVIRONMENT & NATURAL RESOURCES - RAPID CITY

APPLICATION FOR PERMIT TO DRILL

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
Greg & Heidi Miller, RR 1 Box 119, Bowman, North Dakota 58623-8601

Name and Address of Drilling Contractor and Rig Number:
Nabors Drilling USA, P.O. Box 2396, Williston, ND 58802-2396, Rig #684

Surface Location of Well: Qtr-Qtr, Sec, Twp, Rge, County, Feet from Nearest Lines of section, and latitude and longitude (if available):
NESE Sec. 32-T23N-R6E, Harding County, 1975' FSL x 150' FEL; Lat = 45 54' 43.84", Long = 103 23' 51.87"

If Directional, top of pay and bottom hole location from nearest lines of section:
Top est @ 9290' MD = 8960' TVD; BHL 1900' FEL x 1975' FSL, Sec. 31-T23N-R6E

Acres in Spacing (Drilling) Unit
Total unitized area: 3327.38 acres

Description of Spacing Unit
East Harding Springs Red River Unit

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
EHSRRU I-32H	2881.2	East Harding Springs Red River Unit Red River B	8,960' TVD; 15,750' MD; RR

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 13-1/2"	9-5/8"	36#	2000'	635 sx Premium Lite & Class G, 3% salt + misc.	surf
2) 8-3/4"	7"	23#, 26# & 29#	9250'	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 a medium radius horizontal well in the Red River "B" formation. Drill 13-1/2" surface hole to 2000' and run 9-5/8" casing. Circ cement. Drill 8-3/4" vertical hole to KOP at approx 8387', run correlation log and directional survey. Drill build section with an approx azimuth of 270 deg and land in the top of the "B" zone at 9290' MD = 8960' TVD with a BHL 570' west and 100' north of the surf loc. Run and cement 7" csg. Vertical and build sections drilled with invert mud. Drill a 6" lateral in the "B" zone to approx 15,750' MD = 8960' TVD at BHL approx 1975' FSL x 1900' FEL Sec. 31-T23N-R6E. Fresh water/polymer will be used for the horizontal section. All drilling fluids and cuttings will be contained is a pit lined with 12 mil plastic. All liquids will be disposed of in an approved method, the liner and cuttings will be buried in place. The estimated start date for location construction is Feb. 15, 2008. Estimated start date for drilling is March 1, 2008.

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	1/23/2008

FOR OFFICE USE ONLY

Approved by: Fred W Steece Title: Oil and Gas Supervisor

Permit No. 1854 API No. 40 063 20631 Date Issued: February 5, 2008

Conditions, if any, on attached page.

STATE GEOLOGICAL SURVEY
SOUTH DAKOTA
WESTERN FIELD OFFICE