



DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES  
 Minerals & Mining Program - Oil & Gas Section  
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 JUN 08 2009

DEPT OF ENVIRONMENT & NATURAL RESOURCES - RAPID CITY

State of South Dakota  
 Department of Environment and Natural Resources  
**APPLICATION FOR PERMIT TO DRILL**

Type of Work:  Drill New Well  Re-enter Well  Drill Directional Well  
 Other

Type of Well:  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: Stearns Brothers, LLC., PO Box 890, Bowman, ND 58623

Name and Address of Drilling Contractor and Rig Number: Key Energy Services, Inc., 115 34th St. West, Williston, ND 58801, Rig #233

Surface Location of Well: Qtr-Qtr, Sec, Twp, Rge, County, Feet from Nearest Lines of section, and latitude and longitude (if available):  
 SENE Sec. 18-T22N-R4E, Harding County, 1500' FNL x 200' FEL; Lat = 45° 52' 25.98", Long = 103° 39' 59.17"

If Directional, top of pay and bottom hole location from nearest lines of section:  
 East Lateral Extension: Top est @ 11,866' MD = 8948' TVD; BHL 2640' FWL x 1980' FNL, Sec.17-T22N-R4E

Acres in Spacing (Drilling) Unit: Total Unitized area: approx. ± 28744.44 acres  
 Description of Spacing Unit: North Buffalo Red River Unit

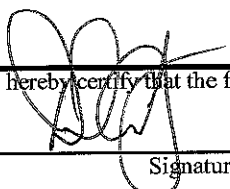
Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation		
Stearns H-18H	3215.7 GL	North Buffalo Red River Unit Red River B	Proposed: 8948' TVD; 11,866' MD; RR		
Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 12-1/4"	8-5/8"	24#	1926'	600 sx Premium Lite & 200 sx Class G	surf
2) 7-7/8"	5-1/2"	15.5#, 17#, 23#	9020'	183 sx Premium Lite & 480 sx Class G	2960'
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.

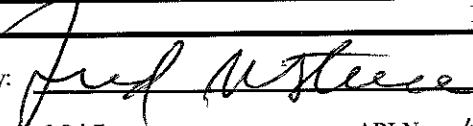
Estimated start date of June 25, 2009. Original Permit # 1710 issued on 05/20/04. Original API # 40 063 20581.

Propose to re-enter and kick off @ 10,294' MD, extending the east lateral to approximately 11,866' MD. A fresh wtr/polymer will be used to drill the extension. All drilling fluids and cuttings will be contained in a pit lined with 12 mil plastic. All liquids will be disposed of in an approved manner, the liner and the cuttings will be buried in place. Completion will be open hole in the horizontal section.

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: David A. Norby Name (Print): Operations Manager Title: 6/3/09 Date

**FOR OFFICE USE ONLY**

Approved by:  Title: Oil and Gas Supervisor  
 Permit No. 1945 API No. 40 063 20581.01 Date Issued: June 19, 2009

Conditions, if any, on attached page.