

STATE OF SOUTH DAKOTA  
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
BOARD OF MINERALS AND ENVIRONMENT

<p>IN THE MATTER OF THE PETITION OF LUFF EXPLORATION COMPANY, DENVER, CO, TO AMEND BOARD ORDER NO. 9-1993 AND ANY OTHER APPLICABLE ORDERS FOR THE CLARKSON RANCH FIELD TO AUTHORIZE THE DRILLING OF A SECOND VERTICAL WELL IN AN EXISTING 320-ACRE SPACING UNIT DESCRIBED AS THE S/2 OF SECTION 24, TOWNSHIP 22 NORTH, RANGE 4 EAST, TO BE COMPLETED IN THE RED RIVER "C" AND "D" ZONES WITH NO MINIMUM INTER-WELL DISTANCE FOR THE WELLS WITHIN THE UNIT; AND FOR OTHER RELIEF AS THE BOARD DEEMS APPROPRIATE.</p>	<p>OIL AND GAS CASE NO. 6-2017</p>  <p>ORDER</p>
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**SECRETARY'S ORDER UNDER SDCL 45-9-74**

A Petition ("Petition") of Luff Exploration Company ("Luff") was submitted to the South Dakota Board of Minerals and Environment ("Board") on November 27, 2017. The Board prepared and published a Notice of Opportunity for Hearing ("Notice") and Luff caused a copy of the Petition and the Notice to be served by mail or personally on each party affected by the petition. No petitions to intervene were filed in accordance with the Notice. Therefore, pursuant to South Dakota Codified Laws (SDCL) 45-9-74, SDCL 45-9-20 through 29, and Administrative Rules of South Dakota (ARSD) 74:12:02:06, and based upon Luff's Petition and the supporting documents filed by Luff, the Secretary makes and enters the following order:

Luff represents the owners of interests in the oil and gas leasehold estate underlying all or portions of the South Half of Section 24, Township 22 North, Range 4 East of the Black Hills Meridian, Harding County, South Dakota.

Pursuant to Order No. 9-1993, the South Half of Section 24 was included in the Clarkson Ranch Field and was spaced for vertical drilling on the basis of 320 acres. The original Travers

34-24 was drilled by DEPCO as a dry hole in 1976. Wyoming Resources Corporation re-entered the well in 1993, ran casing, and completed the well in the Red River “D” zone with 320-acre spacing. Pursuant to Order Nos. 14-1995 and 6-2014, the lands were included in larger spacing units for horizontal drilling.

Luff desires to drill a second vertical well in the existing 320-acre spacing unit, with no minimum inter-well distance between the two wells. Evidence submitted by Luff indicates that there are additional recoverable hydrocarbons in the Red River “C” and “D” zones underlying the spacing unit, and that a second vertical well in this spacing unit, as proposed by Luff, will recover additional hydrocarbons that otherwise might not be recovered.

Permitting Luff to drill an additional well will prevent waste, avoid the drilling of unnecessary wells, and protect correlative rights, and will additionally allow for a greater ultimate recovery of oil and gas from the spacing unit.

**IT IS THEREFORE ORDERED**

A. That up to two vertical wells in the Red River “C” and “D” zones are authorized in the spacing unit consisting of the South Half of Section 24, Township 22 North, Range 4 East, Clarkson Ranch Field; and, that there be no mandatory minimum distance between the two wells.

B. This order amends prior orders concerning the above-described land, including without limitation Order No. 9-1993. Because only the Red River “C” and “D” zones are included in this order, this order does not affect the Red River “B” zone spacing in the area.

C. That all portions of previous orders of the Board, if any, which are not amended by this Order shall remain in full force and effect until further order of the Board or Secretary.

D. That upon filing all required further information and forms with the Department of Environment and Natural Resources, drilling permits may be issued for the vertical well on the spacing unit established above.

Dated and signed this 12th day of January 2018.



Steven M. Pirner  
Secretary  
Department of Environment and Natural Resources