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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MAY 25 2005
DEPT OF ENVIRONMENT & NATURAL RESOURCES - RCRD

APPLICATION FOR PERMIT TO DRILL

Case 3-2005

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

Type of well:
X Oil Well Gas Well Injection
Other

Name and Address of Operator: Telephone
LUFF EXPLORATION COMPANY 1580 LINCOLN ST. SUITE 850 DENVER, CO 303-861-2468

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

Name and Address of Drilling Contractor and Rig Number:

NABORS DRILLING USA, WILLISTON, ND RIG 42 AND C&H WELL SERVICE, GILLETTE, WY. RIG 104

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):
NENE SEC.29-23N-5E HARDING CO. 290' FNL & 940' FEL

If Directional, top of pay and bottom hole location from nearest lines of section:
N leg –Top @ 9075'MD=9024'TVD, BHL –1780' FSL & 720' FEL SEC. 20;
S leg – Top @ 9086'MD=9024'TVD
S LEG BHL 1850' FNL & 1450' FEL Sec. 29

Acres in Spacing (Drilling) Unit
740.68

Description of Spacing Unit
All of Sec. 20 and N/2 Sec. 29 (Increased well density)

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation
JANVRIN A-29 H	3068.1 Grd. Un-graded	STATELINE FIELD RED RIVER B Fm	9100' Red River B (vertical hole)

Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 12 ¼	8 5/8	24	2000	500 sx Premium w/3% salt, ¼#/sk polyflakes	Surf.
2) 7 7/8	5 1/2	15.5, 17, 23	9100	750 sx Premium & Litepoz, two stage	4200'
3)					

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 vertical well to approx. 9100'. DST the Red River B zone and run logs at TD. Run and cement 5 1/2" csg. Move in smaller rig. Mill csg. window from 8920'-26' w/azimuth of 6 deg. Drill short radius curve and land in the Red River B zone at 9075'MD=9024' TVD. Drill 4 ½" horizontal lateral to TD of 11,067'MD=9024'TVD and BHL 1780' FSL & 720' FEL of Sec. 20. Mill second window from 8980'-86 w/ azimuth of 198 deg. Drill short radius curve and land in Red River B at 9086'MD=9024'TVD. Drill 4 ½" horizontal lateral to TD of 10618'MD=9024'TVD at BHL 1850' FNL & 1450' FEL Sec. 29. See attached directional drilling plan. Oil base mud will be used to drill the vertical hole and fresh water/polymer fluid to drill the horizontal laterals. All drilling fluids will be contained in a 12 mill lined pit. Cuttings and liner will be buried in place. Completion will be through open hole. Anticipate starting operations in early July, 2005 .

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

Robert C. Arceneaux
Signature

Robert C. Arceneaux
Name (Print)

Operations Mgr.
Title

5-23-05
Date

SOUTH DAKOTA STATE GEOLOGICAL SURVEY
WESTERN FIELD OFFICE

FOR OFFICE USE ONLY

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

Permit No. 1749 API No. 40 063 20597 Date Issued: 06/07/05

Conditions, if any, on attached page.