



DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES  
 Minerals & Mining Program - Oil & Gas Section  
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FORM 2  
**RECEIVED**  
 JAN 25 2008

DEPT OF ENVIRONMENT & NATURAL  
 RESOURCES - RAPID CITY

## APPLICATION FOR PERMIT TO DRILL

Type of Work:  Drill New Well  Reenter Well  Drill Directional Well  
 Other

Type of Well:  Oil Well  Gas Well  Injection  
 Other

Name and Address of Operator: LUFF EXPLORATION COMPANY, 1500 LINCOLN STREET, SUITE 850, DENVER, CO 80203  
 Telephone: (303) 861-2468

Name and Address of Surface Owner: Greg & Heidi Miller, RR 1 Box 419, 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 in 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): David A. Norby Title: Operations Manager Date: 1/23/2008

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Approved by: Title: Oil and Gas Supervisor  
 Permit No. 1854 API No. 40 063 20631 Date Issued: February 5, 2008  
 Conditions, if any, on attached page.