



DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES
 Minerals & Mining Program - Oil & Gas Section
 250 West Main, Suite #1, Rapid City, SD 57702-2493
 Telephone: 605-394-2229, FAX: 605-394-5317

RECEIVED

FORM 2

SEP 14 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: Merle & Bettyna Johnson, 602 Main Street, Scranton, North Dakota 58653

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):
 SESW Sec. 5-T22N-R6E, Harding County, 850' FSL x 1780' FWL; Lat = 45° 53' 40.57", Long = 103° 24' 39.12"

If Directional, top of pay and bottom hole location from nearest lines of section:
 NW Lateral Sdtk: Top est @ 10,900' MD = 8860' TVD; BHL 0' FWL x 1750' FSL, Sec.5-T22N-R6E
 SE Lateral Sdtk: Top est @ 11,900' MD = 8880' TVD; BHL 600' FEL x 0' FSL, Sec.5-T22N-R6E

Acres in Spacing (Drilling) Unit: Total Unitized area: approx. ± 3327.38
 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 N-5H | 2890.6 GL | East Harding Springs Red River Unit; Red River B | NW: 8860' TVD; 10,900' MD; RR SE: 8880' TVD; 11,900' 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# | 2000' | 635 sx Premium Lite & Class G, 3% salt + misc. | surf |
| 2) 7-7/8" | 5-1/2" | 15.5# & 17# | 9000' | 750 sx Premium Lite & Class G + var. 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.

Estimated start date of 10/01/09. Original Permit # 1786 issued on 06/27/06. Original API # 40 063 20607.

Propose to re-enter and sidetrack NW lateral @ 9100' MD, drilling the NW lateral sidetrack to approximately 10,900' MD. Also propose to re-enter and sidetrack SE lateral @ 8763' MD, drilling the SE lateral sidetrack to approximately 11,900' 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 sections.

An application for a major modification to existing permit to inject will be submitted to the SD-DENR under separate cover.

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: 9/10/2009

FOR OFFICE USE ONLY

Approved by: Title: Oil and Gas Supervisor
 Permit No. 1952 API No. 40 063 20696 Date Issued: September 23, 2009

Conditions, if any, on attached page.