



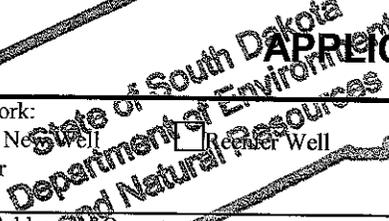
DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES  
 Minerals & Mining Program - Oil & Gas Section  
 2050 West Main, Suite #1, Rapid City, SD 57702-2493  
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FORM 2

APR 13 2010

DEPT OF ENVIRONMENT & NATURAL RESOURCES - RAPID CITY



APPLICATION FOR PERMIT TO DRILL

Type of Work:  Drill New Well  Re-drill 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: Laurel Foust, 10251 Eagles Nest Road, Ludlow, SD 57755

Name and Address of Drilling Contractor and Rig Number: Ensign Drilling Inc., Rig #71, 1700 Broadway, Suite 777, Denver, CO 80290

Surface Location of Well: Qtr-Qtr, Sec, Twp, Rge, County, Feet from Nearest Lines of section, and latitude and longitude (if available):  
 NWSE, Sec. 34, T23N, R5E, Harding Cty, 1500' FSL x 1650' FEL; Lat: 45° 54' 39.10", Long: 103° 29' 09.62"

If Directional, top of pay and bottom hole location from nearest lines of section:  
 Northwest Lateral: Top of pay est @ 9,214' MD = 8,941' TVD; BHL @ 1,650' FSL & 1,320' FWL Sec 27-T23N-R5E

Acres in Spacing (Drilling) Unit: Approximately 960 acres  
 Description of Spacing Unit: All Sec 34-T23N-R5E & S/2 Sec 27-T23N-R5E  
 4-2010

Well Name and Number	Elevation	Field and Pool, or Wildcat	Proposed Depth and Formation		
Foust J-34H	2930'	East Harding Springs Field	14,705' MD, 8,941' TVD Red River B		
Size of Hole	Size of Casing	Weight per Foot	Depth	Cementing Program (amount, type, additives)	Depth
1) 13-1/2"	9-5/8"	36#	2,000'	435 sks Lite Tailed w/ 200 sks Premium	Surface
2) 8-3/4"	7"	23#, 26# & 29#	9,214' MD	1st Stage = 415 sks Premium	6,500'
3)				2nd Stage = 145 sks Lite Tailed w/ 180 sks Premium	4,200'
4) 6-1/8"	None		14,705' MD		

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 2,000' with fresh water. Run 9-5/8" casing and cement to surface. Drill 8-3/4" vertical hole to KOP at approximately 8,464'. Drill build section with an azimuth of approximately 347 degrees and land in the top of the Red River "B" zone at 9,214' MD = 8,941' TVD with a BHL 465' north and 108' west of surface location. Vertical and build sections to be drilled with invert oil mud. Run 7" casing and cement to 4,200'. Drill one 6-1/8" horizontal lateral in the Red River "B" zone to approximately 14,705' MD = 8,941' TVD at BHL approximately 1,650' FSL and 1,320' FWL Sec 27-T23N-R5E. Fresh water/polymer will be used for the horizontal section. All drilling fluids and cuttings will be contained in a pit lined with a 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 4/15/10. Estimated start date for drilling is 5/21/10.

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: Bill Organ Name (Print): Bill Organ Drilling Consultant Title: Drilling Consultant Date: 4/9/10

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Approved by: Fred Steele Title: Oil and Gas Supervisor

Permit No. 1970 API No. 40 063 20707 Date Issued: April 21, 2010

Conditions, if any, on attached page.