

LAW OFFICES
MAY, ADAM, GERDES & THOMPSON LLP
503 SOUTH PIERRE STREET
P.O. BOX 160
PIERRE, SOUTH DAKOTA 57501-0160

ROBERT B. ANDERSON
TIMOTHY M. ENGEL
MICHAEL F. SHAW
BRETT KOENECKE
CHRISTINA L. KLINGER
JUSTIN L. BELL
DOUGLAS A. ABRAHAM
KARA C. SEMMLER

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www.magt.com

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Writer's E-mail: brett@magt.com

OF COUNSEL
DAVID A. GERDES
CHARLES M. THOMPSON
GLENN W. MARTENS 1881-1963
KARL GOLDSMITH 1885-1966
BRENT A. WILBUR 1949-2006

TELEPHONE
605 224-8803

TELECOPIER
605 224-6289

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DEC 26 2013

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

Department of Environment and Natural Resources
Minerals & Mining Program, - Oil and Gas Section
2050 West Main, Suite #1
Rapid City, SD 57702-2493

**RE: (1) Petition regarding the Carla 1-35H Well
(2) Petition regarding Corey Butte Field
(3) Petition regarding Table Mountain Field
(4) Petition regarding Risk Compensation.
Our file: 4385.42**

Dear Sirs:

Enclosed please find four Petitions as referenced above. Please file the same. If you have any questions, please feel free to contact me. Thank you for your attention to this.

Very truly yours,

MAY, ADAM, GERDES & THOMPSON LLP



BRETT KOENECKE

BK/sjs

Enclosure

Cc/encl: John W. Morrison

RECEIVED

DEC 26 2013

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

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

IN THE MATTER OF THE PETITION OF)
LUFF EXPLORATION COMPANY,) Case No. 66-2013
DENVER, COLORADO, FOR AN ORDER)
AUTHORIZING THE RECOVERY OF RISK)
COMPENSATION IN ADDITION TO THE) **PETITION**
PRO RATA SHARE OF REASONABLE,)
ACTUAL COSTS FROM THE INTERESTS OF)
CERTAIN UNLEASED MINERAL OWNERS)
WHO ELECTED NOT TO PARTICIPATE IN)
THE RISK AND COST OF DRILLING AND)
COMPLETING THE MCKITRICK I-28H)
WELL ON A SPACING UNIT DESCRIBED)
AS THE SW/4 OF SECTION 27, THE SE/4 OF)
SECTION 28, THE E/2 OF SECTION 33, AND)
THE W/2 OF SECTION 34, ALL IN)
TOWNSHIP 23 NORTH, RANGE 4 EAST,)
HARDING COUNTY, APPROXIMATELY 22)
MILES NORTH-NORTHWEST OF BUFFALO,)
SOUTH DAKOTA; AND FOR OTHER)
RELIEF AS THE BOARD DEEMS)
APPROPRIATE.)

COMES NOW the petitioner, Luff Exploration Company ("Luff"), and respectfully alleges as follows:

1. Luff represents the owners of interests in the oil and gas leasehold estate underlying all or portions of the SW/4 of Section 27, the SE/4 of Section 28, the E/2 of Section 33 and the W/2 of Section 34, Township 23 North, Range 4 East, Harding County, South Dakota.

2. In Order No. 7-12 the Board established a spacing unit for the South Medicine Pole Hills Field consisting of said lands. In Order No. 12-12, the Board pooled all interests within the spacing unit and authorized the recovery of risk compensation from the interests of a number of unleased mineral owners and one lessee who had elected not to participate in the risk and cost of drilling a well on the spacing unit. The Administrative Rules of South Dakota

Section 74:12:10:01 provides that before the Board can provide for the recovery of risk compensation, a good faith attempt must be made to have the owner lease or participate in the risk and cost of operations and notice of intent to request the recovery of risk compensation must be provided. In Order No. 12-12, the Board expressly recognized that Luff had not sent the notice required by the rule to six potential heirs of a mineral interest.

3. Luff has now attempted to secure a lease or participation from the six potential owners identified in paragraph 10 of Order No. 12-12 and the owners have not agreed to lease or participate.

4. Luff desires that the Board authorize Luff to recover from the share of production attributable to any such person, that person's pro rata share of the reasonable, actual costs of drilling, completing, equipping and operating a well on the spacing unit, plus, pursuant to Administrative Rules of South Dakota Section 74:12:10:02, risk compensation equal to one hundred percent of the person's pro rata share of the costs of drilling and completing the well and the costs of newly acquired equipment in the well including the wellhead connection.

5. The Board is authorized to grant the request for recovery of risk compensation by South Dakota Codified Laws 45-9-31 through 45-9-36.

WHEREFORE, petitioner respectfully requests that the Board issue its notice of opportunity for hearing and, if any interested party intervenes in accordance with said notice, set this matter for hearing at the regularly scheduled meeting in February 2014, or such other date as may be established by the Board and that thereafter the Board enter its order granting the relief requested. If no interested party intervenes, petitioner requests that the Secretary enter an order granting the relief requested.

Dated this 13 day of December 2013.

LUFF EXPLORATION COMPANY

John W. Morrison
CROWLEY FLECK PLLP
Suite 600, 400 East Broadway
P.O.Box 2798
Bismarck, ND 58502

MAY, ADAM, GERDES & THOMPSON, L.L.P.
503 South Pierre Street
P.O. Box 160
Pierre, SD 57501-0160

By: _____


BRETT M. KOENECKE

**STATE OF SOUTH DAKOTA
BEFORE THE SECRETARY OF
THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

IN THE MATTER OF THE)
APPLICATION OF Rafac Heirs - Risk Penalty) CERTIFICATION OF
APPLICANT

STATE OF Colorado)
) SS
COUNTY OF Denver)

I, Richard D. George, the applicant in the above matter after being duly sworn upon oath hereby certify the following information in regard to this application:

South Dakota Codified Laws Section 1-40-27 provides:

"The secretary may reject an application for any permit filed pursuant to Titles 34A or 45, including any application by any concentrated swine feeding operation for authorization to operate under a general permit, upon making a specific finding that:

(1) The applicant is unsuited or unqualified to perform the obligations of a permit holder based upon a finding that the applicant, any officer, director, partner, or resident general manager of the facility for which application has been made:

- (a) Has intentionally misrepresented a material fact in applying for a permit;*
- (b) Has been convicted of a felony or other crime of moral turpitude;*
- (c) Has habitually and intentionally violated environmental laws of any state or the United States which have caused significant and material environmental damage;*
- (d) Has had any permit revoked under the environmental laws of any state or the United States;*
- (e) Has otherwise demonstrated through clear and convincing evidence of previous actions that the applicant lacks the necessary good character and competency to reliably carry out the obligations imposed by law upon the permit holder; or*

(2) The application substantially duplicates an application by the same applicant denied within the past five years which denial has not been reversed by a court of competent jurisdiction. Nothing in this subdivision may be construed to prohibit an applicant from submitting a new application for a permit previously denied, if the new application represents a good faith attempt by the applicant to correct the deficiencies that served as the basis for the denial in the original application.

All applications filed pursuant to Titles 34A and 45 shall include a certification, sworn to under oath and signed by the applicant, that he is not disqualified by reason of this section from obtaining a permit. In the absence of evidence to the contrary, that certification shall constitute a prima facie showing of the suitability and qualification of the applicant. If at any point in the application review recommendation, or hearing process, the secretary finds the applicant has intentionally made any material misrepresentation of fact in regard to this certification, consideration of the application may be suspended and the application may be rejected as provided for under this section.

Applications rejected pursuant to this section constitute final agency action upon that application and may be appealed to circuit court as provided for under chapter 1-26."

Pursuant to SDCL 1-40-27, I certify that I have read the forgoing provision of state law, and that I am not disqualified by reason of that provision from obtaining the permit for which application has been made.

I declare and affirm under the penalties of perjury that this claim (petition, application, information) has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

Dated this 20th day of December, 2013.



Applicant

Subscribed and sworn before me this 20th day of December, 2013.



Notary Public

My commission expires: 6/24/2015

(SEAL)



**PLEASE ATTACH SHEET DISCLOSING ALL FACTS PERTAINING TO
SDCL 1-40-27 (1)(a) THROUGH (e).
ALL VIOLATIONS MUST BE DISCLOSED, BUT WILL NOT
AUTOMATICALLY RESULT IN THE REJECTION OF AN APPLICATION.**