

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

RECEIVED

MAY 25 2018

DEPT OF ENVIRONMENT & NATURAL  
RESOURCES - RAPID CITY

IN THE MATTER OF THE PETITION OF )  
LUFF EXPLORATION COMPANY, DENVER, )  
CO., TO AMEND BOARD ORDER NOS. 2, 8- )  
95, 20-97, AND ANY OTHER APPLICABLE )  
ORDERS FOR THE BUFFALO FIELD TO )  
ESTABLISH A 960-ACRE SPACING UNIT )  
CONSISTING OF ALL OF SECTION 22 AND )  
THE N/2 OF SECTION 27, TOWNSHIP 22 )  
NORTH, RANGE 4 EAST, HARDING )  
COUNTY, SOUTH DAKOTA, AND )  
AUTHORIZE THE DRILLING OF A )  
HORIZONTAL WELL WITH ONE OR MORE )  
LATERALS TO BE COMPLETED IN THE )  
RED RIVER "B" ZONE AT ANY LOCATION )  
NOT CLOSER THAN 500 FEET TO THE )  
BOUNDARY OF SAID SPACING UNIT; TO )  
EXPAND THE OUTLINE OF THE BUFFALO )  
FIELD TO INCLUDE ALL SAID LANDS; TO )  
AUTHORIZE THE ISSUANCE OF A PERMIT )  
FOR SUCH HORIZONTAL WELL; AND FOR )  
OTHER RELIEF AS THE BOARD DEEMS )  
APPROPRIATE.

PETITION

Case No. 11-2018

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 Section 22, and the North Half of Section 27, all in Township 22 North, Range 4 East of the Black Hills Meridian, Harding County, South Dakota.

2. In Order No. 2, the Board established 160-acre spacing for the Buffalo Field. Numerous subsequent orders of the Board have extended the boundaries of the field and amended the spacing units established for the field. Said Sections 22 and 27, which border the Buffalo Field, are not currently included within any field.

3. In Order No. 8-95, the Board established 640-acre spacing for directional drilling in sections 22 and 27.

4. In Order No. 20-97, the Board extended the boundaries of the Buffalo Field and established 640-acre spacing units for horizontal drilling within the "B" zone of the Buffalo Field, Red River pool.

5. No horizontal wells have been drilled in the lands described above. As a result of geologic information obtained through drilling and seismic activities in the area, Luff believes that a well targeting the Red River "B" zone should be drilled on the 960 acres, as described above, proposed to be included in the spacing unit. In Luff's opinion, such a well would produce oil and gas from the same Red River common source of supply currently producing in the Buffalo Field.

6. Luff respectfully requests that the Board amend its prior orders, including without limitation Order Nos. 2, 8-95, and 20-97, so as to vacate any existing spacing units, include Section 22 and the North Half of Section 27 in the Buffalo Field, establish a 960-acre spacing unit for the Buffalo Field consisting of the lands described above, and allow a horizontal well with one or more laterals to be drilled in the Red River "B" pool at any location thereon not closer than 500 feet to the boundary of such spacing unit.

7. In Luff's opinion, extending the field boundary, vacating the existing spacing unit, forming the requested spacing unit and drilling the well described above will optimize primary recovery, prevent waste, avoid the drilling of unnecessary wells, and protect correlative rights.

8. The spacing unit requested to be created is not smaller than the maximum area that can be efficiently and economically drained by the proposed well and the size, shape, and location thereof will result in the efficient and economic development of the zones as a whole.

9. The Board is authorized to grant the requested spacing unit by South Dakota Codified Laws 45-9-20 through 45-9-29 and Administrative Rules of South Dakota 74:12:02:06. Luff further requests that the order authorize the issuance of a permit for the drilling of the well in accordance with this application.

WHEREFORE, applicant 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 hearings in July 2018, or such other date as may be established by the Board, and that the Board enter its order granting the relief requested.

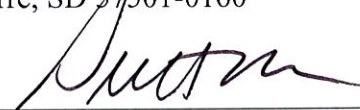
Dated this 23 day of May, 2018.

LUFF EXPLORATION COMPANY

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By



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