

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

IN THE MATTER OF THE PETITION OF LUFF )  
EXPLORATION COMPANY, DENVER, CO., )  
TO AMEND BOARD ORDER NOS. 1-1973, 3- )  
1973B, 4-2012 AND ANY OTHER )  
APPLICABLE ORDERS FOR THE TRAVERS )  
RANCH FIELD TO ESTABLISH A 320-ACRE )  
SPACING UNIT CONSISTING OF S/2 OF )  
SECTION 32, TOWNSHIP 23 NORTH, RANGE )  
5 EAST, HARDING COUNTY, SOUTH )  
DAKOTA, AND AUTHORIZE THE DRILLING )  
OF ONE VERTICAL WELL TO BE )  
COMPLETED IN THE RED RIVER "C" AND )  
"D" ZONES AT ANY LOCATION NOT )  
CLOSER THAN 500 FEET TO THE )  
BOUNDARY OF SAID SPACING UNIT; TO )  
AUTHORIZE THE ISSUANCE OF A PERMIT )  
FOR SUCH VERTICAL WELL; TO AMEND )  
THE EXISTING ORDERS FOR THE TRAVERS )  
RANCH AND STATE LINE FIELDS TO )  
INCLUDE ALL OF SAID LANDS IN THE )  
TRAVERS RANCH FIELD; AND FOR OTHER )  
RELIEF AS THE BOARD DEEMS )  
APPROPRIATE. )

PETITION

Case No. 3-2017

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 South Half of Section 32, Township 23 North, Range 5 East of the Black Hills Meridian, Harding County, South Dakota.

2. Pursuant to Order Nos. 1-1973 and 9-1978, the South Half of Section 32 was included in the State Line Field and the Southeast Quarter of Section 32 was established as part of a 320-acre spacing unit that traversed the section line between Sections 32 and 33. Pursuant to Order No. 5-2004, the Southeast Quarter of Section 32 was established as a portion of a 640-acre spacing unit, consisting of the East Half of Section 32 and the West Half of Section 33, for the Red River "B" zone. Pursuant to Order No. 4-2012, the Red River "B" zone underlying the Southeast Quarter of Section 32 was unitized and made part of the Travers Ranch Red River Unit, and the

field orders for the State Line and Travers Ranch Fields were amended to include said lands within the Travers Ranch field. The Southwest Quarter of Section 32 remains in the State Line Field.

3. Two producing wells have been drilled in the South Half of Section 32 by Luff. The 1-32 Janvrin well was drilled as a vertical Red River "B" well and subsequently plugged and abandoned, and the Janvrin I-32H was drilled as a horizontal well with two laterals into the Red River "B" zone. In addition, the TRRRU O-32H injection well was drilled in said lands for secondary recovery operations in the Travers Ranch Red River Unit. There is currently no production from the Red River "C" or "D" zones underlying said lands.

4. In Luff's opinion, the Red River "C" and "D" zones underlying all of the South Half of Section 32 are part of the same common source of supply.

5. Luff believes that the hydrocarbon reserves in the Red River "C" and "D" zones underlying said lands can be recovered by the drilling a vertical well. In Luff's opinion, such a plan of development would maximize the recovery of hydrocarbons and thereby prevent waste and would also result in the efficient and economical development of the zones as a whole.

6. Luff respectfully requests that the Board amend its prior orders, including Nos. 1-1973, 3-1973B and 4-2012, so as to expand the boundaries of the Travers Ranch Field to include the Southwest Quarter of Section 32, and to establish a 320-acre spacing unit for the Travers Ranch Field consisting of South Half of Section 32 and allow a vertical well to be drilled in the Red River "C" and "D" zones at any location thereon not closer than 500 feet to the boundary of such spacing unit.

7. In Luff's opinion, forming the requested spacing unit and authorizing the drilling of 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. Because the operations for the East Harding Springs Red River Unit involve the Red River "B" zone and because the requested spacing for vertical drilling only involves the "C" and "D" zones, the requested spacing for vertical drilling will have no adverse impact on the East Harding Springs Red River Unit.

10. 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 October 2017, or such other date as may be established by the Board, and that the Board enter its order granting the relief requested.

Dated this 24<sup>th</sup> day of August, 2017.

LUFF EXPLORATION COMPANY

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By: \_\_\_\_\_

  
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