

STATE OF SOUTH DAKOTA
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

BOARD OF MINERALS AND ENVIRONMENT

IN THE MATTER OF)	
QUARTZ OPERATIONS, LLC.)	
NORTHERN POINTS 1 WELL; DENR)	NOTICE OF
PETITION TO REVOKE PERMIT)	ENFORCEMENT HEARING
AND PETITION TO FORFEIT)	
SURETY)	
)	
(O & G Permit No. 2026))	

TO ALL PARTIES OF RECORD:

Notice is hereby given that the Board of Minerals and Environment has scheduled a contested enforcement hearing in the above reference matter to be held on **Thursday, November 17, 2016**, at the **Matthews Training Center, Joe Foss Building, 523 East Capitol Avenue, Pierre, South Dakota 57501**. The hearing is scheduled to begin at 10:15 a.m central time, or as soon thereafter as the matter may be heard.

The hearing will be held pursuant to the authority and jurisdiction granted to the Board by SDCL chs. 1-26 and 45-9, and any applicable administrative rule of South Dakota, specifically including ARSD chs. 74:09 and 74:12.

In 2013, the Board granted Quartz Operation permit no. 2026 to drill an oil and gas well known as the Northern Points 1 well at the following location:

Northwest Quarter of the Northwest Quarter of Section 7, Township 1 North, Range 14 East, Pennington County, South Dakota.

This enforcement hearing will be held to consider the Petition to Revoke Drilling Permit & Petition for Forfeiture of Surety submitted by the Department of Environment and Natural Resources and concerning the drilling permit for the Northern Points 1 well. The Department's Petition is based upon the Notice of Violation issued by the Department on July 1, 2016, to Quartz Operations, LLC. The hearing will also be held to consider whether the Board should pursue civil penalties from Quartz Operations, LLC, as provided for by SDCL 45-9-68.

This matter is considered an enforcement proceeding initiated by the Department under the provisions of ARSD § 74:09:01:05. The parties to this proceeding are Quartz Operations, LLC, as the operator in whose name the drilling permit was issued, and the Department. According to ARSD § 74:09:01:06, no other party may intervene in a contested hearing held in an enforcement action.

Pursuant to SDCL ch. 1-26 the hearing will be an adversarial proceeding at which the parties will have the right to be present and represented by legal counsel; as well as the right to introduce evidence, present testimony, call witnesses, cross examine all witnesses present, and to submit appropriate written argument. If any party does not exercise these and other due process rights they will be forfeited.

The hearing will be conducted before a quorum of the Board of Minerals and Environment by a hearing chair appointed by the Chairman of the Board. The Board, after examining the testimony and evidence presented may take action to 1.) revoke the drilling permit issued to Quartz Operations, LLC, 2.) forfeit the surety

currently held, and/or 3.) seek civil penalties from Quartz Operations, LLC, pursuant to SDCL 45-9-68.

Due to the contested nature of this application, prior to this hearing, the parties should not communicate directly with Board members, including the hearing chair, unless all parties to the case are given notice and an opportunity to participate in the communication(s).

If the amount in controversy in this matter exceeds two thousand five hundred dollars, or if a property right may be terminated, any party to the contested action may require the agency to use the Office of Hearing Examiners by giving notice of that request to the agency no later than ten days after service of this Notice of Hearing.

Any final decision entered by the Board may be appealed to circuit court or the state Supreme Court as provided by law.

Dated this 19th day of October, 2016.



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