

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

IN THE MATTER OF THE APPLICATION)
 OF PETER K. ROOSEVELT, DENVER)
 COLORADO, FOR AN ORDER TO)
 ESTABLISH A FIELD FOR THE)
 PRODUCTION OF OIL AND GAS FROM)
 THE LEO SANDS OF THE MINNELUSA)
 FORMATION, CONSISTING OF ALL OF)
 SECTION 24, TOWNSHIP 9 SOUTH,)
 RANGE 1 EAST, AND THE NW/4 AND THE)
 W/2 OF THE NE/4 OF SECTION 19,)
 TOWNSHIP 9 SOUTH, RANGE 2 EAST,)
 FALL RIVER COUNTY,)
 APPROXIMATELY FIVE MILES)
 SOUTHWEST OF EDMONT, SOUTH)
 DAKOTA, WITH SPACING OF ONE WELL)
 PER 40-ACRE TRACT, EACH WELL TO)
 BE LOCATED NOT CLOSER THAN 500)
 FEET FROM THE SPACING UNIT)
 BOUNDARY, AND NOT CLOSER THAN)
 1,000 FEET TO THE NEAREST WELL)
 DRILLED TO OR PRODUCING FROM)
 THE LEO SANDS OF THE MINNELUSA)
 FORMATION; AND FOR OTHER RELIEF)
 AS THE BOARD DEEMS APPROPRIATE.)

CASE NO. 8-2012

**FINDINGS OF FACT,
CONCLUSIONS OF LAW AND
ORDER**

A hearing was held before the South Dakota Board of Minerals and Environment ("Board") on October 17, 2012, in Pierre, South Dakota, on the above-captioned application of Peter K. Roosevelt ("Roosevelt").

Prior to the commencement of the hearing, the Board had appointed Timothy R. Johns to act as Hearing Chairman. Deputy Attorney General Roxanne Giedd appeared on behalf of the Department of Environment and Natural Resources ("Department"). Attorney Max Main appeared on behalf of Roosevelt. Intervenors Rory Brown, Wanda Brown, Susan R. Henderson and Cindy Brunson appeared pro se.

Based upon the application, and the testimony, evidence and arguments presented at the hearing, the Board makes and enters the following:

FINDINGS OF FACT

1. Roosevelt's application was filed with the Department on July 9, 2012.

2. Roosevelt's application is complete in all respects and contains all required and requested information.

3. Notice of Opportunity for Hearing, with the hearing scheduled for September 20, 2012, was published in the Hot Springs Star on July 24, 2012.

4. Susan R. Henderson, Provo Water System, Provo Township, and Cindy Brunson filed petitions to intervene.

5. The hearing on the application was continued to October 17 and 18, 2012.

6. Roosevelt gave proper and timely notice of the time, date and location of the continued hearing to all persons whose property may be affected by the hearing by mailing copies of the Notice of Hearing of the continued hearing by certified mail, return receipt requested, to such persons. An affidavit declaring that the Notice of Hearing was mailed, with the certified mail return receipts attached, was filed with the Board.

7. Rory Brown and Wanda Brown filed a petition to intervene dated September 10, 2012.

8. At the hearing, Roosevelt amended his application to increase the oil and gas well setback distance from a spacing unit boundary to 500 feet, and to also increase the distance between oil and gas wells drilled to or producing from the Leo Sands of the Minnelusa Formation to 1,000 feet.

9. At the hearing, Roosevelt amended his application to include a request for approval to commingle fluids from the 1st Leo Sands and the 2nd Leo Sands of the Minnelusa Formation in oil and gas well bores in the real property described in the caption hereof (the "Fiddle Creek Field").

10. Roosevelt owns an oil and gas leasehold interest in the Fiddle Creek Field.

11. The entire surface and mineral estates in the Fiddle Creek Field are owned by the United States of America.

12. Intervenors Susan R. Henderson, Provo Water System, Provo Township, Cindy Brunson, Rory Brown and Wanda Brown do not hold any surface, mineral or leasehold ownership interest of any type in the Fiddle Creek Field.

13. The Fiddle Creek Field has not been spaced by the Board for oil and gas production.

14. Within each separate governmental quarter-quarter section, or governmental lot corresponding to it, in the Fiddle Creek Field, the 1st Leo Sands and the 2nd Leo Sands of the Minnelusa Formation each contain a separate common accumulation of oil or gas or both.

15. A spacing of one well per governmental quarter-quarter section, or governmental lot corresponding to it, in the Fiddle Creek Field is not smaller than the maximum area that can be efficiently and economically drained by one well.

16. The spacing of one well per governmental quarter-quarter section, or governmental lot corresponding to it, in the Fiddle Creek Field will result in the efficient and economical development of the 1st Leo Sands and the 2nd Leo Sands pools as a whole.

17. The spacing of one well per governmental quarter-quarter section, or governmental lot corresponding to it, in the Fiddle Creek Field will prevent waste, avoid the drilling of unnecessary wells, protect correlative rights, and contribute to a greater ultimate recovery of oil and gas.

18. There will be no communication between oil and gas wells drilled in the Fiddle Creek Field and the Madison aquifer, due to the geology in the Fiddle Creek Field, and the distance separating the oil and gas wells from the Madison aquifer.

19. The required casing and cementing will protect aquifers in the Inyan Kara formation.

Based on the foregoing Findings of Fact, the Board hereby makes and enters the following:

CONCLUSIONS OF LAW

1. The Board has jurisdiction over the parties to and the subject matter of this proceeding.

2. Roosevelt's application is complete.

3. All notices of the application and the hearing thereon, and all other notices required by law, were properly and timely given.

4. The granting of Roosevelt's application will prevent waste, avoid the drilling of unnecessary wells, protect correlative rights, and contribute to a greater ultimate recovery of oil and gas.

Based on the foregoing Findings of Fact and Conclusions of Law, and good cause appearing therefor, it is hereby:

ORDERED, that Roosevelt's application be, and the same hereby is, granted;

IT IS FURTHER ORDERED, that the following described lands in Fall River County, South Dakota:

Township 9 South, Range 1 East, B.H.M.
Section 24: All.

Township 9 South, Range 2 East, B.H.M.

Section 19: NW¼; and W½NE¼.

are spaced to allow the drilling and completion of one (1) oil and gas well per governmental quarter-quarter section, or governmental lot corresponding to it, into the 1st Leo Sands and the 2nd Leo Sands of the Minnelusa Formation, with each oil and gas well to be located not closer than 500 feet from a spacing unit boundary, and not closer than 1,000 feet to the nearest well drilled to or producing from the 1st Leo Sands or the 2nd Leo Sands of the Minnelusa Formation;

IT IS FURTHER ORDERED, that the above-described lands be designated the Fiddle Creek Field;

IT IS FURTHER ORDERED, that prior to conducting hydraulic fracturing in the Fiddle Creek Field, the proposed hydraulic fracturing procedures be submitted to the Department for approval;

IT IS FURTHER ORDERED, that if production casing (long string) is set:

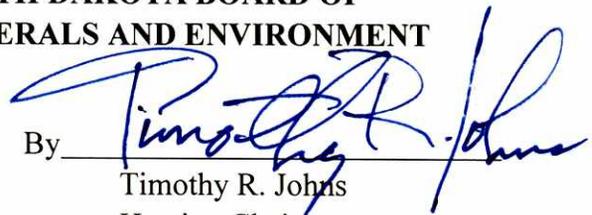
- A. Cement must be circulated on the long string from TD to 50 feet above the top of the Fall River Formation (estimate 400 sacks of cement).
- B. A cement bond log must be run and filed with the Department;

IT IS FURTHER ORDERED, that fluids from the 1st Leo Sands and the 2nd Leo Sands of the Minnelusa Formation may be commingled in oil and gas well bores in the Field; and

IT IS FURTHER ORDERED, that upon filing all required further information and forms, drilling permits may be issued for the drilling of oil and gas wells in the Fiddle Creek Field.

Dated and signed this 15th day of November, 2012.

**SOUTH DAKOTA BOARD OF
MINERALS AND ENVIRONMENT**

By 
 Timothy R. Johns
 Hearing Chairman