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

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| IN THE MATTER OF THE APPLICATION OF PETER K. ROOSEVELT FOR APPROVAL TO DRILL A HORIZONTAL OIL AND GAS TEST WELL IN THE LEO ZONE OF THE MINNELUSA FORMATION, FROM A SURFACE LOCATION 510 FEET FROM THE NORTH LINE AND 1975 FEET FROM THE WEST LINE OF SECTION 12, TO A BOTTOM HOLE LOCATION 510 FEET FROM THE NORTH LINE AND 500 FEET FROM THE WEST LINE OF SECTION 12, IN TOWNSHIP 9 SOUTH, RANGE 2 EAST, FALL RIVER COUNTY, SOUTH DAKOTA. | NOTICE OF RECOMMENDATION<br><br>CASE NO. 7-2010 |

Notice is hereby given to the public and all interested persons that pursuant to South Dakota Codified Laws (SDCL) 1-26 and Chapter 45-9 and further pursuant to the Administrative Rules of South Dakota (ARSD) 74:10, the above described application has been filed with the Department of Environment and Natural Resources.

The Secretary recommends approval of the application with the following conditions:

1. The operator will comply with all applicable requirements of SDCL 45-9 and ARSD 74-10.
2. A 12-mil plastic liner will be used in the mud pit.
3. Surface runoff will be diverted around the drill site.
4. The surface hole will be drilled with fresh water.
5. Cement will be circulated to the ground surface on the surface casing.
6. After production casing is set, a cement bond log will be run and filed with the department.
7. If horizontally drilled:
   A. The coordinates of the production casing shoe and the well terminus will be filed with the department.
   B. The azimuth of the horizontal segment of the well will be filed with the department along with the results of periodic down hole surveys.
8. If abandoned, the following cement plugs will be set:
   1. A 100-foot cement plug immediately above the kick off point, if horizontally drilled.
   2. A 25-foot cement plug at the top of the surface casing.
9. Heavy, mud-laden fluid will be used between all plugs.
10. A washed set of sample cuttings (or cores, if cut) will be shipped to the state free of charge.
11. Please notify this office prior to plugging so a witness can be on location. If plugging will occur after regular work hours (8:00 a.m. to 5:00 p.m. MT), call Fred V. Steece at 605-343-8617 or Mack McGillivray at 605-341-0207.

Authority for the Secretary to approve this application is contained in ARSD 74:10:03:01.01 and 74:10:11.01. Unless a person files a petition requesting a hearing on the above application pursuant to ARSD 74:09:01 on or before May 11, 2010, the Secretary's recommendation will be

considered final, and the Secretary will approve the application in accordance with that recommendation.

The application and notice of recommendation are also posted on the department's website at: http://denr.sd.gov/des/og/oghome.aspx. Additional information about this application is available from Fred V. Steece, Oil and Gas Supervisor, Department of Environment and Natural Resources, 2050 West Main Street, Suite #1, Rapid City, SD 57702, telephone 605.394.2229, email fred.steece@state.sd.us.

Dated: April 7, 2010

Steven M. Pirner
Secretary

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