

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

<p>IN THE MATTER OF THE APPLICATION OF PRIMA EXPLORATION, INC., DENVER, COLORADO, FOR AN ORDER TO ESTABLISH SECTIONS 19 AND 20, TOWNSHIP 23 NORTH, RANGE 4 EAST, SOUTH MEDICINE POLE HILLS FIELD, HARDING COUNTY, SOUTH DAKOTA, AS AN APPROXIMATE 832-ACRE SPACING UNIT AND TO ALLOW THE DRILLING OF ONE HORIZONTAL WELL NOT LESS THAN 500 FEET FROM THE SPACING UNIT BOUNDARY; AND FOR OTHER RELIEF THE BOARD DEEMS APPROPRIATE.</p>	<p style="text-align:center">NOTICE OF HEARING</p> <p style="text-align:center">CASE NO. 14-2010</p>
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Notice is hereby given that the Board of Minerals and Environment will hold a contested case hearing on the above described matter on Thursday, October 21, 2010, at 10:15 a.m. CDT in the Matthew Environmental Education and Training Center, 523 East Capitol Avenue, Pierre, SD 57501. The case involves oil and gas interests in the following land: all of Sections 19 and 20, Township 23 North, Range 4 East, South Medicine Pole Hills Field, Harding County, South Dakota.

The board has jurisdiction and legal authority to issue orders for the development of the oil and gas resources of the state pursuant to South Dakota Codified Laws (SDCL) Chapter 45-9 and Chapter 1-26 and further pursuant to Administrative Rules of South Dakota (ARSD) 74:09 and 74:10. The hearing is an adversary proceeding and any party has the right to be represented by a lawyer. These and other due process rights will be forfeited if they are not exercised at the hearing. The board may approve, conditionally approve, or deny the application. The board's decision will be based upon the evidence received at the hearing. The board's decision may be appealed to the Circuit Court and the State Supreme Court as provided by law.

If the amount in controversy exceeds two thousand five hundred dollars or if a property right may be terminated, any party to the contested case may require the agency to use the Office of Hearing Examiners by giving notice of the request to the agency no later than ten days after service of a notice of hearing issued pursuant to SDCL 1-26-17.

Any person who wishes to intervene in this proceeding as a party must file a petition to intervene pursuant to ARSD 74:09:01:04 on or before October 5, 2010.

Notice is further given to individuals with disabilities that this hearing is being held in a physically accessible place. Please notify the Department of Environment and Natural Resources at least 48 hours before the public hearing if you have a disability for which special arrangements must be made at the hearing by calling the telephone number listed below.

The applicant's application and notice of hearing are also posted on the department's website at: <http://denr.sd.gov/des/og/oghome.aspx>. Additional information about this petition 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: August 25, 2010

A handwritten signature in black ink, appearing to read 'S. Pirner', with a horizontal line extending to the right.

Steven M. Pirner
Secretary

Published twice at the total approximate cost of _____.

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AND ALLOW THE DRILLING OF ONE
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FEET TO THE SPACING UNIT BOUNDARY
AND/OR SUCH FURTHER AND ADDITIONAL
RELIEF AS THE BOARD DEEMS
APPROPRIATE.

PETITION AND APPLICATION
OF PRIMA EXPLORATION, INC.

COMES NOW THE PETITIONER, Prima Exploration, Inc. ("Prima") and for its petition
and application states and alleges as follows:

1.

That Prima is the owner of an interest in the oil and gas leasehold estate in portions of the
following described lands, Harding County, South Dakota:

- Township 23 North, Range 4 East
- Section 19: All
- Section 20: All

(the "Subject Lands")

2.

That Prima desires to utilize the horizontal drilling technique to test and further develop the "B" zone of the Red River Formation, in and under the Subject Lands.

3.

That in utilizing the horizontal drilling technique, it is reasonably necessary to have a certain amount of flexibility with respect to well locations that the current rules of the Board fail to provide.

4.

That it is the opinion of Prima that use of the horizontal drilling technique to test and further develop the "B" zone of the Red River Formation will increase the ultimate recovery of the reservoir in a manner which will prevent waste, protect correlative rights and prevent the drilling of unnecessary wells.

5.

That Prima requests an order of the Board establishing Sections 19 and 20, Township 23 North, Range 4 East, South Medicine Pole Hills Field, Harding County, South Dakota, as an approximate 832-acre spacing unit and allow the drilling of one horizontal well not less than 500 feet to the spacing unit boundary and/or such further and additional relief as the Board deems appropriate.

6.

That the legal authority and jurisdiction under which a hearing would be held and the particular statutes and rules involved are S.D.C.L. Ch. 1-26, S.D.C.L. Ch. 45-9 and A.R.S.D. Ch. 74:09:01 and A.R.S.D. Ch. 74:10:03.

WHEREFORE, Prima respectfully requests that this matter be set for hearing and that

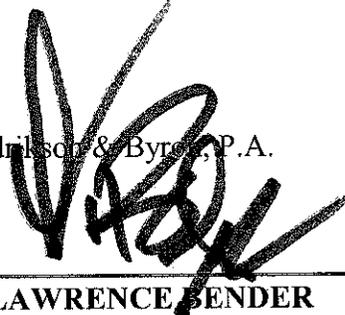
thereafter the Board of Minerals and Environment grant the following:

- a. That the Board establish Sections 19 and 20, Township 23 North, Range 4 East, South Medicine Pole Hills Field, Harding County, South Dakota, as an approximate 832-acre spacing unit and allow the drilling of one horizontal well not less than 500 feet to the spacing unit boundary;
- b. That a directional drilling permit for the horizontal well proposed herein be issued as provided by the rules and regulations of the Board; and
- c. That Prima be granted such further and additional relief as the Board deems appropriate.

DATED this 16th day of August, 2010.

Fredrikson & Byron, P.A.

By



LAWRENCE BENDER
SOUTH DAKOTA LICENSE #3461
200 North 3rd Street, Suite 150
P. O. Box 1855
Bismarck, ND 58502-1855
(701) 221-4020

*ATTORNEYS FOR APPLICANT AND PETITIONER,
PRIMA EXPLORATION, INC.*