

STATE OF SOUTH DAKOTA  
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

BOARD OF MINERALS AND ENVIRONMENT

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IN THE MATTER OF APPLICATION )	OIL AND GAS NO. 5-2017
FOR PERMIT TO INJECT )	
PRODUCTION WATER OF PETER K. )	NOTICE OF
ROOSEVELT )	CONTESTED CASE HEARING

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TO: ALL PARTIES OF RECORD:

Notice is hereby given that the Board of Minerals and Environment (Board) will hold a contested case hearing on the above described matter on Thursday, October 18, 2018, at 10:15 a.m. CDT, at the Matthew Environmental Education and Training Center, Joe Foss Building, 523 East Capitol Avenue, Pierre, SD.

The contested case involves the issuance of a permit to inject production water in the following location: The existing 2-33 Alkali Federal Well located in the NW ¼ NE ¼ Section 33, Township 11 South, Range 1 East, about eighteen miles southwest of Edgemont, SD, in Fall River County and to inject production water into the unconsolidated sand of the Minnelusa Formation for salt water disposal.

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.

The 2-33 Alkali Federal well was completed with 268 feet of 8 5/8-inch steel surface casing, cemented to protect underground sources of drinking water, and 3,679 feet of 5 1/2-inch steel production casing, cemented to protect underground sources of drinking water. The injection zone will be in the Unconsolidated Sand of the Minnelusa Formation. Injection water will be produced water from the 3-33 Alkali Federal well producing from the 2<sup>nd</sup> Leo Member of the Minnelusa Formation. There are four other wells located within the one-half mile area of

review or maximum calculated radius of influence. Injection into this well will not affect any underground sources of drinking water.

Water from the Unconsolidated Sand of the Minnelusa Formation at the proposed injection well has a total dissolved solid content of less than 10,000 milligrams per liter; therefore, an aquifer exemption is required to conduct injection operations at this well. The Secretary recommends granting a 3,150-foot radius aquifer exemption in the Minnelusa Formation around the proposed injection well. The Secretary has made this recommendation because the Minnelusa Formation, near the proposed injection well, does not currently serve as a source of drinking water, is not expected to supply a public water system, and will not serve as a source of drinking water in the future because its location makes recovery of water for drinking water purposes economically impractical.

The requested maximum injection pressure is 550 pounds per square inch and the requested duration of this application is 30 years or the time required to inject 8,212,500 cumulative barrels of water, whichever comes first.

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

- 1) Injection operations authorized under the permit to inject must be conducted in accordance with SDCL Chapter 45-9, ARSD 74:12, and any applicable orders or rules promulgated by the board;
- 2) The total number of barrels injected during the life of this permit may not exceed 8,212,500 barrels of water;
- 3) The maximum injection rate must not exceed 750 barrels of water per day;
- 4) The life of the permit may not exceed 30 years;
- 5) The maximum pressure must not exceed 550 pounds per square inch surface pressure during injection operations;
- 6) Prior to the commencement of injection, the Secretary's recommended Aquifer Exemption for this operation must be approved by the United States Environmental Protection Agency;

- 7) A mechanical integrity test must be successfully conducted prior to the commencement of injection activity. The well must pass the mechanical integrity test at 1,000 pounds per square inch surface pressure. The operator is required to notify the Secretary a minimum of 72 hours prior to running a mechanical integrity test;
- 8) Once mechanical integrity is established, the well must be retested at least once every five years to ensure mechanical integrity is maintained, unless the department indicates differently;
- 9) If an unsuccessful pressure test occurs, the operator must cease operations immediately if it is determined the injection will threaten any underground source of drinking water. If the failure is not threatening ground water, the operator must cease operations within 48 hours after receipt of the department secretary's notice and take corrective action on the well as soon as feasible. Corrective action options include repairing the well so that a successful test result can be obtained, plugging and abandoning the well, or any other action approved by the department.
- 10) At all times this well shall have an accurate, operating pressure gauge or pressure recording device and injection volume totalizer or volume recording device. The operator shall keep and maintain an accurate log of monitoring equipment readings, which may be subject to review by the department at any time.

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.

At the time of this Notice, petitions for a contested hearing have been filed, pursuant to ARSD §§ 74:12:07:01 and 74:12:09:05, by the following: Eckard Water Company; Quinto Ranch, LLC; Susan R. Henderson; and the Fall River County Commission.

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 act to grant the

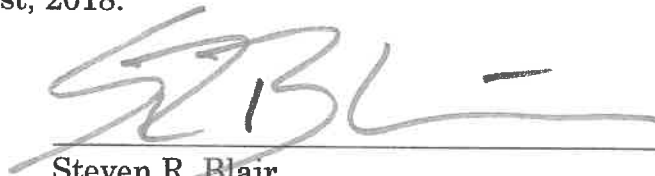
recommended aquifer exemption; and may take action to grant the requested permit, grant the requested permit with conditions, or deny the permit.

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 the circuit court or the state Supreme Court as provided by law.

Dated this 13th day of August, 2018.

A handwritten signature in black ink, appearing to read 'SRL', is written over a horizontal line.

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