

BEFORE THE BOARD OF MINERALS AND ENVIRONMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATIONS

NOTICE OF HEARING

OF QUARTZ OPERATIONS FOR
PERMITS TO DRILL OIL / GAS WELLS

AT THE FOLLOWING LOCATIONS:

WELL "NORTHERN POINTS 1",

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

And

WELL "NORTHERN POINTS 2",

In the Northeast Quarter of the
Northeast Quarter of Section 12,
Township 1 North, Range 13 East,
Pennington County, South Dakota.

TO: Quartz Operations:

NOTICE IS HEARBY GIVEN that a contested case hearing pursuant to the provisions of SDCL ch. 1-26 and ARSD art. 74:09 has been scheduled before the Board of Minerals and Environment ("Board") concerning the above-referenced applications for Permits to Drill Oil/Gas Wells. This hearing concerns the issues arising as a result of the Petition for Contested Case Proceeding and For Approval of Drilling Permits With Conditions Including

Additional Surety Under 45-9-15 filed by the Minerals and Mining Program of the Department of Environment and Natural Resources ("DENR") in the above-entitled matter.

The contested case hearing on this matter has been scheduled to be heard by the Board of Minerals and Environment on Thursday, March 21, 2013 at 10:15 am CDT in the Matthew Training Center, Foss Building, 523 East Capitol, Pierre, SD 57501.

The nature and issues to be addressed at the hearing are whether the Board will approve, approve with conditions, or deny the applications for Permits to Drill Oil/Gas Wells submitted by Quartz Operations, and whether the Board will impose the conditions recommended by the DENR, including the additional surety under SDCL 45-9-15, on the Permits to Drill Oil/Gas Wells.

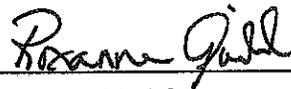
The legal authority and jurisdiction under which the hearing is to be held appear at SDCL 1-26-27 and SDCL 45-9-4, -15, -54, -56 and -57; and ARSD ch. 74:09:01. The substantive statutes and rules involved appear in the provisions of SDCL ch. 45-9, particularly 45-9-4 and -15, and ARSD art. 74:12. The hearing will be conducted pursuant to SDCL ch. 1-26 and ARSD art. 74:09.

As a result of the evidence presented at the hearing, the Board may approve the applications for Permits to Drill Oil/Gas; approve the applications for Permits to Drill Oil/Gas subject to terms and conditions, including additional surety under SDCL 45-9-15; or deny the applications for Permits to Drill Oil/Gas.

The contested case proceeding before the Board is an adversary proceeding. Corporations must be represented by counsel admitted to practice within South Dakota. Any Party has the right at the hearing to be present, to be represented by an attorney, and to participate at the hearing as a party to the proceeding. These and other due process rights will be forfeited if they are not exercised at the hearing. 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 hearing may require that the hearing be held before the Office of Hearing Examiners by giving notice of this request to the below-signed counsel for the DENR no later than ten days after service of this Notice of Hearing.

Any decision issued by the Board may be appealed to the circuit court and the State Supreme Court as provided by law.

Dated this 11th day of March, 2013.



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