



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

PMB 2020
JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182
www.state.sd.us/denr

December 3, 2012

Jeremy Wagner
Operations Engineer
Citation Oil and Gas Corp.
1016 E. Lincoln
Gillette, WY 82716

Dear Mr. Wagner:

Re: Case No. 17-2012 – approval of major modification to permit to inject

Thank you for your application filed October 2, 2012, requesting a major modification to the permit to inject for the existing Clarkson 2-26H well, located in the SE ¼ NW ¼ Section 26, Township 21 North, Range 3 East, Harding County, South Dakota.

The department published a Notice of Recommendation for Case No. 17-2012, recommending approval of the application. The date for intervention was November 27, 2012, and no parties petitioned the Board of Minerals and Environment for a hearing on the application by the deadline.

Therefore, in accordance with the Administrative Rules of South Dakota (ARSD) 74:12:07 and 74:12:09, approval of the application is hereby granted. The permit is conditioned on compliance with all applicable requirements of South Dakota Codified Laws 45-9 and ARSD 74:12. Please refer to the enclosed Notice of Recommendation for specific terms and conditions.

Thank you for your interest in protecting the water resources of the state.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Pirner", is written over a horizontal line.

Steven M. Pirner
Secretary

Enclosure

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

IN THE MATTER OF THE APPLICATION OF CITATION OIL & GAS CORP., HOUSTON, TEXAS, TO INCREASE THE MAXIMUM INJECTION PRESSURE AT THE EXISTING CLARKSON 2-26H INJECTION WELL LOCATED IN THE SW ¼ NW ¼ SECTION 26, TOWNSHIP 21 NORTH, RANGE 3 EAST, IN THE WEST BUFFALO "B" RED RIVER UNIT, HARDING COUNTY, ABOUT 15 MILES NORTHWEST OF BUFFALO, SOUTH DAKOTA.

NOTICE
OF
RECOMMENDATION
FOR MAJOR MODIFICATION TO
A PERMIT TO INJECT

OIL AND GAS
CASE NO. 17-2012

Notice is hereby given to the public and to all interested persons that pursuant to South Dakota Codified Laws (SDCL) Chapter 1-26 and Chapter 45-9 and further pursuant to the Administrative Rules of South Dakota (ARSD) 74:12:07 and 74:12:09, the following matter has come to the attention of the Secretary of the Department of Environment and Natural Resources, hereinafter "Secretary."

Citation Oil & Gas Corp. has submitted an application to the Secretary requesting an increase in the injection pressure at the Clarkson 2-26H well from 1,550 pounds per square inch to 2,010 pounds per square inch. No other permit condition changes were requested. The requested pressure increase will not cause new fractures or propagate existing fractures in the confining zone and will not affect any underground sources of drinking water.

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 maximum injection rate must not exceed 1,000 barrels of water per day;
- 3) The maximum pressure must not exceed 2,010 pounds per square inch during injection operations;
- 4) A mechanical integrity test must be successfully conducted prior to increasing the tubing injection pressure to 2,010 pounds per square inch. The well casing 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;
- 5) Once mechanical integrity is established, the well must be retested at least once every five years to ensure that mechanical integrity is maintained, unless the department indicates differently;
- 6) 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.

Authority for the Secretary to approve this application is contained in ARSD 74:12:07 and 74:12:09. Unless a person files a petition requesting a hearing on the above application pursuant to the provisions of ARSD 74:09:01 on or before November 27, 2012, the Secretary's recommendation will be considered final and the Secretary will approve the application in accordance with that recommendation. For additional information about the application, please contact Brian J. Walsh, Environmental Scientist III, Ground Water Quality Program, Department of Environment and Natural Resources, 523 East Capitol Avenue, Pierre, SD 57501; 605.773.3296 or email brian.walsh@state.sd.us.

October 29, 2012



Steven M. Pirner
Secretary

Published once at the total approximate cost of _____.