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DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

STATE OF SOUTH DAKOTA

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

BOARD OF MINERALS AND ENVIRONMENT

CASE NO. 3-2014

IN THE MATTER OF THE APPLICATION OF RIM OPERATING, INC. FOR AN ORDER OF THE BOARD AMENDING ANY APPLICABLE ORDERS FOR THE SOUTH MEDICINE POLE HILLS FIELD TO POOL ALL INTERESTS IN A 409.42-ACRE SPACING UNIT DESCRIBED AS ALL OF SECTION 19, TOWNSHIP 23 NORTH, RANGE 4 EAST, HARDING COUNTY, SOUTH DAKOTA; AND FOR OTHER RELIEF AS THE BOARD DEEMS APPROPRIATE.

PETITION AND APPLICATION
OF RIM OPERATING, INC.

RIM Operating, Inc. ("RIM") and for its petition and application to the Department of Environment and Natural Resources, Board of Minerals and Environment (the "Board"), states and alleges as follows:

1.

RIM is the owner of an interest in the oil and gas leasehold estate underlying all or portions of the following described lands in Harding County, South Dakota:

Township 23 North, Range 4 East
Section 19: All

(the "Subject Lands")

2.

That by petition filed by RIM requesting to establish Section 19 as a 409.42-acre spacing unit, it is anticipated that an order will be issued by the Board establishing said spacing unit in the South Medicine Pole Hills Field.

3.

That RIM hereby requests the Board authorize RIM to drill, equip and operate the Stearns 1-19 well as a vertical well in the "B" and "D" Zones of the Red River pool in the South Medicine Pole Hills Field within the Subject Lands.

4.

That there are both separately owned tracts and separately owned interests in the spacing unit comprised of the Subject Lands.

5.

That a voluntary pooling of the Subject Lands has not been accomplished.

6.

That Section 45-9-31 of the South Dakota Codified Laws provides as follows:

45-9-31. Order pooling all interests in spacing unit--Application by interested person--Notice and hearing--Terms and conditions. In the absence of voluntary pooling, the Board of Minerals and Environment or the secretary, as applicable, upon the application of any interested person, shall enter an order pooling all interests in the spacing unit for the development and operation of the spacing unit, and for the sharing of production from the spacing unit. Each such pooling order shall be made after notice and opportunity for hearing, and shall be upon terms and conditions that are just and reasonable, and that afford to the owner of each tract or interest in the spacing unit the opportunity to recover or receive without unnecessary expense, his or her just and equitable share.

7.

That Section 45-9-32 of the South Dakota Codified Laws provides as follows:

45-9-32. Order of Board of Minerals and Environment pooling all interests in spacing unit--Operation of well--Rights of owners to participate--Payment of expenses. Each such

pooling order shall authorize the drilling, equipping, and operation of a well on the spacing unit; shall provide who may drill and operate the well; shall prescribe the time and manner in which all the owners in the spacing unit may elect to participate therein; and shall make provision for payment by all those who elect to participate therein of the reasonable actual cost thereof, plus a reasonable charge for supervision and interest.

8.

RIM respectfully requests that the Board enter an order to pool all interests in a 409.42-acre spacing unit for the South Medicine Pole Hills Field described as the Subject Lands.

9.

In RIM's opinion, pooling the Subject Lands will increase the ultimate recovery of the pool, prevent waste, prevent the drilling of unnecessary wells and protect correlative rights.

WHEREFORE, RIM respectfully requests that notice of this matter be provided as required by South Dakota laws and that thereafter the Board of Minerals and Environment enter its order granting the relief requested herein.

DATED this 19th day of February, 2014.

FREDRIKSON & BYRON, P.A.



By _____

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PETITIONER, RIM OPERATING, INC.***