

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

IN THE MATTER OF)	
QUARTZ OPERATIONS, LLC.)	AMENDED
NORTHERN POINTS 1 WELL; DENR)	NOTICE OF
PETITION TO REVOKE PERMIT)	ENFORCEMENT HEARING
AND PETITION TO FORFEIT)	
SURETY)	
)	
(O & G Permit No. 2026))	

TO ALL PARTIES OF RECORD:

Notice is hereby given that the Board of Minerals and Environment has scheduled a contested enforcement hearing in the above reference matter to be held on **Thursday, January 19, 2017**, at the **Matthews Training Center, Joe Foss Building, 523 East Capitol Avenue, Pierre, South Dakota 57501**. The hearing is scheduled to begin at 10:15 a.m. central time, or as soon thereafter as the matter may be heard.

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.

In 2013, the Board granted Quartz Operation permit no. 2026 to drill an oil and gas well known as the Northern Points 1 well at the following location:

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

This enforcement hearing will be held to consider the Petition to Revoke Drilling Permit & Petition for Forfeiture of Surety submitted by the Department of Environment and Natural Resources and concerning the drilling permit for the Northern Points 1 well. The Department's Petition is based upon the Notice of Violation issued by the Department on July 1, 2016, to Quartz Operations, LLC. The hearing will also be held to consider whether the Board should pursue civil penalties from Quartz Operations, LLC, as provided for by SDCL 45-9-68.

This matter is considered an enforcement proceeding initiated by the Department under the provisions of ARSD § 74:09:01:05. The parties to this proceeding are Quartz Operations, LLC, as the operator in whose name the drilling permit was issued, and the Department. According to ARSD § 74:09:01:06, no other party may intervene in a contested hearing held in an enforcement action.

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.

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 take action to 1.) revoke the drilling permit issued to Quartz Operations, LLC, 2.) forfeit the surety

currently held, and/or 3.) seek civil penalties from Quartz Operations, LLC, pursuant to SDCL 45-9-68.

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

Dated this 14th day of December 2016.



Steven R. Blair
Assistant Attorney General
1302 East Highway 14, Suite 1
Pierre, South Dakota 57501-8501
Telephone: (605) 773-3215
Email: Steve.Blair@state.sd.us

*Counsel for Department of Environment
and Natural Resources*

Correction: This Order for Continuance incorrectly lists O&G Case No. 2-2015 in the caption box. The Order pertains to the Enforcement Hearing regarding O&G Permit No. 2026, not Case No. 2-2015. Apart from the incorrect case number, the Order is correct, and grants approval for continuance of the Enforcement Hearing originally scheduled for November 17, 2016.

STATE OF SOUTH DAKOTA
DEPARTMENT OF ENVIRONMENTAL AND NATURAL RESOURCES

BOARD OF MINERALS AND ENVIRONMENT

IN THE MATTER OF
QUARTZ OPERATIONS, LLC.
NORTHERN POINTS 1 WELL; DENR
PETITION TO REVOKE PERMIT AND
PETITION TO FORFEIT SURETY

(O & G Permit No. 2026)

O&G Case No. 2-2015

**ORDER FOR CONTINUANCE
OF HEARING**

Presently this matter is pending before the Board of Minerals and Environment and Robert L. Morris, appointed Hearing Chair. A hearing is scheduled for November 17, 2016.

Quartz Operations, LLC, by and through its counsel, has submitted a Motion for Continuance of the November 17, 2016 hearing due to a scheduling conflict and has requested that the hearing be continued to January 19, 2017. Parties of record have indicated that they have no objection to the Motion for Continuance.

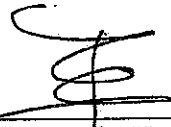
The Hearing Chair, after being fully advised in the premises, and good cause shown, it is therefore:

ORDERED that the Motion for Continuance is **GRANTED**; and its further

ORDERED that the hearing in this matter is rescheduled for January 19, 2017 at 10:15 am CST; and it is further

ORDERED that Counsel for the Department of Natural Resources (DENR) is requested to issue and serve an Amended Notice of Enforcement Hearing on all Parties of Record, according to the applicable statutory law and applicable administrative regulations.

Dated this 17th day of November, 2016.



Robert L. Morris, Hearing Chair
Board of Minerals and Environment



600 South Main Ave, Ste 102 | PO Box 964 | Sioux Falls, SD 57101-0964
Phone 605 | 334 | 0005 Fax 605 | 334 | 4814
E-Mail: mark@hwalaw.com

November 3, 2016

Bob Morris
P.O. Box 370
704 7th Ave., 2nd Floor, Suite 2
Belle Fourche, SD 57717

**Re: In The Matter Of Quartz Operations, LLC, Northern Points 1 Well; DENR Petition
to Revoke Permit and Petition to Forfeit Surety (O & G Permit No. 2026)
O&G Case No. 2-2015**

Dear Mr. Morris:

Enclosed please find a Motion for Continuance of Hearing. Per the Certificate of Service, a true and correct copy of the Motion is being provided to all parties. Thank you.

Best regards,

HAGEN, WILKA & ARCHER, LLP



Mark A. Ekse

MAE:ch

Enclosure

cc: Brenda Binegar (w/encl.)
Steven R. Blair/Ellie Bailey (w/encl.)
Rex Hagg (w/encl.)
Charles D. McGuigan (w/encl.)
Tom Brady (w/encl.)
Craig Perry (w/encl.)

**STATE OF SOUTH DAKOTA
DEPARTMENT OF ENVIRONMENTAL AND NATURAL RESOURCES**

BOARD OF MINERALS AND ENVIRONMENT

IN THE MATTER OF

QUARTZ OPERATIONS, LLC.
NORTHERN POINTS 1 WELL; DENR
PETITION TO REVOKE PERMIT AND
PETITION TO FORFEIT SURETY

(O & G Permit No. 2026)

O&G Case No. 2-2015

**MOTION FOR CONTINUANCE
OF HEARING**

Comes now Quartz Operations, LLC (“Quartz Operations”), by and through its attorney of record, Mark A. Ekse, Hagen, Wilka & Archer, LLP, and respectfully moves the Department of Environmental and Natural Resources Board of Minerals and Environment to continue the hearing scheduled for November 17, 2016, to January 19, 2017, due to a scheduling conflict.

Dated this 3 day of November, 2016, at Sioux Falls, South Dakota.

HAGEN, WILKA & ARCHER, LLP

By



Mark A. Ekse
600 S. Main Avenue, Suite 102
P.O. Box 964
Sioux Falls, SD 57101-0964
(605) 334-0005
Attorneys for Quartz Operations, LLC

CERTIFICATE OF SERVICE

The undersigned, attorney for Quartz Operations, LLC, above named, hereby certifies that a true and correct copy of **Motion For Continuance of Hearing** was served by mail, first-class postage prepaid, upon:

Bob Morris
P.O. Box 370
704 7th Ave., 2nd Floor, Suite 2
Belle Fourche, SD 57717

Charles D. McGuigan
Chief Deputy Attorney General
1302 East Highway 14, Suite 1
Pierre, SD 57501


Steven R. Blair
Ellie Bailey
Assistant Attorneys General
1302 East Highway 14, Suite 1
Pierre, SD 57501-8501

Tom Brady
Lynn, Jackson, Shultz & Lebrun
135 East Colorado Blvd.
P.O. Box 8250
Spearfish, SD 57783

Rex Hagg
S.D. Board of Minerals and Environment
P.O. Box 8008
Rapid City, SD 57709

Craig Perry
Craig K. Perry & Associates
8010 W. Sahara Avenue, Suite 260
Las Vegas, NV 89117

on this 3 day of November, 2016.



Mark A. Ekse

STATE OF SOUTH DAKOTA
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

BOARD OF MINERALS AND ENVIRONMENT

IN THE MATTER OF)	
QUARTZ OPERATIONS, LLC.)	
NORTHERN POINTS 1 WELL; DENR)	NOTICE OF
PETITION TO REVOKE PERMIT)	ENFORCEMENT HEARING
AND PETITION TO FORFEIT)	
SURETY)	
)	
(O & G Permit No. 2026))	

TO ALL PARTIES OF RECORD:

Notice is hereby given that the Board of Minerals and Environment has scheduled a contested enforcement hearing in the above reference matter to be held on **Thursday, November 17, 2016**, at the **Matthews Training Center, Joe Foss Building, 523 East Capitol Avenue, Pierre, South Dakota 57501**. The hearing is scheduled to begin at 10:15 a.m central time, or as soon thereafter as the matter may be heard.

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.

In 2013, the Board granted Quartz Operation permit no. 2026 to drill an oil and gas well known as the Northern Points 1 well at the following location:

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

This enforcement hearing will be held to consider the Petition to Revoke Drilling Permit & Petition for Forfeiture of Surety submitted by the Department of Environment and Natural Resources and concerning the drilling permit for the Northern Points 1 well. The Department's Petition is based upon the Notice of Violation issued by the Department on July 1, 2016, to Quartz Operations, LLC. The hearing will also be held to consider whether the Board should pursue civil penalties from Quartz Operations, LLC, as provided for by SDCL 45-9-68.

This matter is considered an enforcement proceeding initiated by the Department under the provisions of ARSD § 74:09:01:05. The parties to this proceeding are Quartz Operations, LLC, as the operator in whose name the drilling permit was issued, and the Department. According to ARSD § 74:09:01:06, no other party may intervene in a contested hearing held in an enforcement action.

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.

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 take action to 1.) revoke the drilling permit issued to Quartz Operations, LLC, 2.) forfeit the surety

currently held, and/or 3.) seek civil penalties from Quartz Operations, LLC, pursuant to SDCL 45-9-68.

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

Dated this 19th day of October, 2016.



Steven R. Blair
Ellie J. Bailey
Assistant Attorneys General
1302 East Highway 14, Suite 1
Pierre, South Dakota 57501-8501
Telephone: (605) 773-3215
Steve.Blair@state.sd.us
Ellie.Bailey@state.sd.us

*Counsel for Department of Environment
and Natural Resources*

STATE OF SOUTH DAKOTA
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

BOARD OF MINERALS AND ENVIRONMENT

IN THE MATTER OF)
QUARTZ OPERATIONS, LLC.) CERTIFICATE OF SERVICE
NORTHERN POINTS 1 WELL; DENR)
PETITION TO REVOKE PERMIT)
AND PETITION TO FORFEIT)
SURETY)
)
)
(O & G Permit No. 2026))

The undersigned hereby certifies that the original of the Department's
Petition to Revoke Drilling Permit and Petition for Forfeiture of Surety, along with
the Notice of Hearing, and Motion for Appointment of Hearing Chair were filed
with:

Brenda Binegar
DENR Minerals & Mining Program
523 E. Capitol Ave.
Pierre, SD 57501

Further, the undersigned certifies that true and correct copies of the above
referenced documents were served by United States Mail, first class, postage
prepaid upon the following:

Quartz Operations, LLC
Attn. Mark Ekse
Hagen, Wilka & Archer
600 S. Main, Suite 102
P.O. Box 964
Sioux Falls, SD 57104

Tom Brady
Lynn, Jackson, Shultz & Lebrun
135 E. Colorado Blvd
P.O. Box 8250
Spearfish, SD 57783

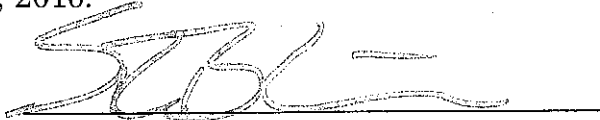
Craig Perry
Craig K. Perry & Associates
8010 W. Sahara Ave., Suite 260
Las Vegas, NV 89117

Rex Hagg
601 West Blvd
P.O. Box 8008
Rapid City, SD 57709

And hand delivered to:

Charles McGuigan
Chief Deputy Attorney General
1302 E. Highway 14, Suite 1
Pierre, SD 57501

On this 20th day of October, 2016.

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

Steven R. Blair
Ellie Bailey
Assistant Attorneys General
1302 East Highway 14, Suite 1
Pierre, South Dakota 57501-8501
Telephone: (605) 773-3215
Steve.Blair@state.sd.us
Ellie.Bailey@state.sd.us

STATE OF SOUTH DAKOTA
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

BOARD OF MINERALS AND ENVIRONMENT

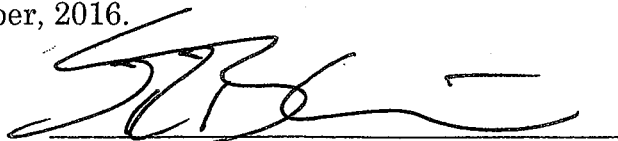
IN THE MATTER OF)	
QUARTZ OPERATIONS, LLC.)	SUBPOENA TO APPEAR
NORTHERN POINTS 1 WELL; DENR)	
PETITION TO REVOKE PERMIT)	
AND PETITION TO FORFEIT)	
SURETY)	
)	
(O & G Permit No. 2026))	

TO: LEON SOMSEN
Quartz Operations, LLC
920 East Highway 50
Yankton, South Dakota 57078

You are commanded to be at and appear in the above entitled matter on November 17, 2016, at 10:15 a.m. central time, or as soon thereafter as the matter may be heard, at the Matthews Training Center, Joe Foss Building, 523 East Capitol Avenue, Pierre, South Dakota 57501, then and there to give testimony for the undersigned in the above captioned administrative proceeding before the South Dakota Board of Minerals and Environment.

This subpoena is issued in the name of the South Dakota Board of Minerals and Environment pursuant to the provisions of SDCL 45-9-59, 1-26-19.1 and 15-6-45.

Dated this 20th day of October, 2016.



Steven R. Blair
Assistant Attorney General
1302 East Highway 14, Suite 1
Pierre, South Dakota 57501-8501
Telephone: (605) 773-3215
Steve.Blair@state.sd.us

STATE OF SOUTH DAKOTA)
 :SS
COUNTY OF MINNEHAHA)

ADMISSION OF SERVICE

I, Mark A. Eske, as counsel for Quartz Operations, LLC, do hereby admit service of the above subpoena on behalf of Mr. Somsen and Quartz Operations, LLC.

I certify that the above subpoena came into my possession on the _____ day of October, 2016. I hereby admit service of the same.

Dated this _____ day of October, 2016.

Mark A. Eske
Hagen, Wilka & Archer, LLP
600 South Main Ave, Suite 102
P.O. Box 964
Sioux Falls, South Dakota 57101