

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

IN THE MATTER OF THOMAS L.)	NOTICE OF VIOLATION
SUNDE'S FAILURE TO COMPLY WITH)	AND
ARSD 74:12)	ORDER

TO: Thomas L. Sunde
108 2nd Avenue
Armstrong, IA 50514

The Secretary of the Department of Agriculture and Natural Resources (“Department”), pursuant to South Dakota Codified Laws (SDCL) 45-9-11 hereby gives NOTICE that Thomas L. Sunde, 108 2nd Avenue, Armstrong, IA 50514 has violated conditions of its Applications for Permit to Drill numbers: 121, 340, 342, 348, and 416 and Administrative Rules of South Dakota (ARSD) 74:12 as specified below.

The **FACTS** alleged to constitute these violations are as follows:

1. Thomas L. Sunde operates five oil wells and one saltwater disposal well located in Custer County, South Dakota:
 - a. Helms 1 Coffing, located in the northeast quarter of the northwest quarter of Section 34, Township 6 South, Range 2 East.
 - b. Ozark 1 Coffing, located in the southeast quarter of the northwest quarter of Section 34, Township 6 South, Range 2 East.
 - c. Dodgin 1 Coffing, located in the northeast quarter of the northwest quarter of Section 34, Township 6 South, Range 2 East.

- d. Ozark 2 Coffing, located in the southeast quarter of the northwest quarter of Section 34, Township 6 South, Range 2 East.
 - e. Ozark 3 Coffing saltwater disposal, located in the southeast quarter of the northwest quarter of Section 34, Township 6 South, Range 2 East.
 - f. Sunde 1-6-2-34 Spencer, located in the northwest quarter or the southeast quarter of Section 34, Township 6 South, Range 2 East.
2. As part of the transfer of applications for the permits to drill, Thomas L. Sunde submitted a \$30,000 statewide Plugging and Performance Bond in accordance with SDCL 45-9-15. The bond was submitted as a surety bond, number 1114551, issued by Lexon Insurance Company, Louisville, KY.
 3. On September 2, 2020, due to statutory changes, the Department received a bond rider to increase the surety amount from \$30,000 to \$100,000.
 4. Thomas L. Sunde operated, but reported no production since July 2022 for the following wells:
 - a. Helms 1 Coffing, API No. 40 033 05015, Permit 121.
 - b. Ozark 1 Coffing, API No. 40 033 05010, Permit 340.
 5. Thomas L. Sunde operated, but reported no production since October 2022 for the following well:

Dodgin 1 Coffing, API No. 40 033 05012, Permit 342.
 6. Thomas L. Sunde operated, but reported no production since December 2022 for the following well:
 - a. Ozark 2 Coffing, API No. 40 033 05005, Permit 348.

7. Thomas L. Sunde operated, but reported no injection since December 2022 for the following saltwater disposal well:

a. Ozark 3 Coffing, API No. 40 033 05113, Permit 416.

8. The Administrative Rules of South Dakota (ARSD) § 74:12:03:03 states:

Temporary abandonment of a well. Written approval must be obtained from the secretary for the temporary abandonment of a well. A well that is not completed with production casing may not be temporarily abandoned and must be plugged immediately. A well with production casing may not be temporarily abandoned for more than six months, unless the operator is granted an extension by the secretary.

Before approving a request for extension, the secretary may require mechanical integrity testing of the temporarily abandoned or shut-in well. A temporarily abandoned or shut-in well that successfully passes a mechanical integrity test may not be required to undergo another test for five years unless the secretary finds that circumstances have substantially changed to alter the condition of the well.

The manner in which the well is to be maintained must be reported to and approved by the secretary. Bonding requirements must be met until the well is permanently abandoned.

9. The following wells have been idle since July 2022 and have not been temporarily abandoned:

a. Helms 1 Coffing, API No. 40 033 05015, Permit 121.

b. Ozark 1 Coffing, API No. 40 033 05010, Permit 340.

10. The following well has been idle since October 2022 and has not been temporarily abandoned:

a. Dodgin 1 Coffing, API No. 40 033 05012, Permit 342.

11. The following well has been idle since December 2022 and has not been temporarily abandoned:

a. Ozark 2 Coffing, API No. 40 033 05005, Permit 348.

12. The following saltwater disposal well has been idle since December 2022 and has not been temporarily abandoned:

a. Ozark 3 Coffing, API No. 40 033 05113, Permit 416.

13. Failure to plug and abandon, produce, or temporarily abandon Thomas L. Sunde's Helms 1 Coffing, Ozark 1 Coffing, Dodgin 1 Coffing, and Ozark 2 Coffing, oil wells is a violation of ARSD 74:12:03:03.

14. Failure to plug and abandon, inject, or temporarily abandon Thomas L. Sunde's Ozark 3 Coffing injection well is a violation of ARSD 74:12:03:03.

15. On October 30, 2023, the Department directed Thomas L. Sunde to take action and bring the wells back on production and injection by December 31, 2023, in accordance with ARSD 74:12:03:03.

16. To date, the Department has not received any plan or timeline, nor has Thomas Sunde taken any action to bring the wells back on production or injection.

ORDER

WHEREFORE, as a result of the above FACTS and VIOLATIONS, and pursuant to SDCL Chapter 45-9, and ARSD Article 74:12, the Secretary of the South Dakota Department of Agriculture and Natural Resources hereby ORDERS that the following corrective actions be taken by Thomas L. Sunde:

1. Thomas L. Sunde shall produce, temporarily abandon, or plug and abandon the Helms 1 Coffing, Ozark 1 Coffing, Dodgin 1 Coffing, and Ozark 2 Coffing oil wells **by May 10, 2024**. Prior to plugging and abandoning wells, a plugging plan must be submitted to the Department for approval.

2. Thomas L. Sunde shall inject, temporarily abandon, or plug and abandon the Ozark 3 Coffing saltwater disposal well **by May 10, 2024**. Prior to plugging and abandoning wells, a plugging plan must be submitted to the Department for approval.

NOTICE IS HEREBY GIVEN that this Order is effective thirty days from the date of its service, unless Thomas L. Sunde submits a written request for a hearing before the Board of Minerals & Environment (Board) regarding the facts and violations alleged above. The written request must be filed before the expiration of thirty days by delivery to: Secretary, Department of Agriculture and Natural Resources, 523 E. Capitol Ave., Pierre, SD 57501-3181.

NOTICE IS ALSO GIVEN that should Thomas L. Sunde fail to request a hearing within the time frame established immediately above, the allegations stated herein shall be deemed fact and the Order shall be immediately effective.

NOTICE IS ALSO GIVEN that if Thomas L. Sunde fails to fully comply with the above Order by May 10, 2024, the Department will petition the Board to revoke Sunde's Permits to Drill for the above referenced wells, and to forfeit any surety held by the Board concerning said wells. Any petition filed by the Department will require a contested case hearing before the Board. A draft copy of the Department's Petition is attached.

NOTICE IS ALSO GIVEN that the above alleged violations, as well as any failure to comply with the provisions of the ORDER, may subject Thomas L. Sunde to injunctive legal action pursuant to SDCL 34A-10-2.5, and to legal action for civil penalties and for damages to the natural resources pursuant to SDCL 45-9-68.

This Notice of Violation does not constitute a waiver or election by the State to forego civil or criminal action of any kind, including actions to seek penalties or other relief as the State may deem appropriate under the provisions of SDCL, Chapters 34A-10 and 45-9.

Dated and signed this 5th day of April 2024.



Hunter Roberts
Secretary
Department of Agriculture and Natural Resources