

STATE OF SOUTH DAKOTA
DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES

BOARD OF MINERALS AND ENVIRONMENT

IN THE MATTER OF)	
THOMAS L. SUNDE'S)	ORDER REVOKING DRILLING
VIOLATIONS OF)	PERMITS AND FORFEITING SURETY
SDCL CHAPTER 45-9 AND)	
ARSD ARTICLE 74:12)	
)	
(O & G Permit Nos. 121, 340, 342, 348, 416)	
and 2066))	

The above captioned matter came before the Board of Minerals & Environment (Board) on October 24, 2024. The Board, being otherwise fully informed of the facts and issues pertinent to the matter, hereby issues the following.

The Board FINDS as follows:

1. Thomas L. Sunde holds the following Permits to Drill: nos. 348, 340, 342, 121, 416, & 2066.
2. As authorized by these permits, Thomas L. Sunde operates six oil and injection wells located in Custer County, South Dakota at the following locations:
 - a. Ozark 2 Coffing, located in the southeast 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. Helms 1 Coffing, located in the northeast quarter of the northwest quarter of Section 34, Township 6 South, Range 2 East.
 - e. Ozark 3 Coffing, 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 of the southeast quarter of Section 34, Township 6 South, Range 2 East.

3. Thomas L. Sunde initially submitted a \$30,000 statewide Plugging and Performance Bond, in accordance with SDCL 45-9-15, as required surety for the wells authorized by the Permits to Drill held by Mr. Sunde. The bond was submitted as a surety bond, number 1114551, issued by Lexon Insurance Company, Louisville, KY. A copy of the Plugging and Performance Bond is attached to the Petition for reference. On September 2, 2020, due to statutory changes, the department received a bond rider increasing the surety amount from \$30,000 to \$100,000.

4. Thomas L. Sunde operated the following oil wells but has reported no production for these wells since 2022:

- a. Helms 1 Coffing, API No. 40 033 05015, Permit 121.
- b. Ozark 1 Coffing, API No. 40 033 05010, Permit 340.
- c. Dodgin 1 Coffing, API No. 40 033 05012, Permit 342.
- d. Ozark 2 Coffing, API No. 40 033 05005, Permit 348.

These wells have been idle since 2022 and have not been temporarily abandoned.

5. Failure to plug and abandon, produce, or temporarily abandon these wells is a violation of ARSD § 74:12:03:03.

6. Thomas L. Sunde operated the Ozark 3 Coffing saltwater disposal injection well, API No. 40 033 05113, Permit 416, but has reported no injection since 2022. The well has been idle since 2022 and has not been temporarily abandoned.

7. Failure to plug and abandon, inject, or temporarily abandon the Ozark 3 Coffing injection well is a violation of ARSD § 74:12:03:03.

8. On April 4, 2024, the Department issued a Notice of Violation and Order to Thomas L. Sunde regarding the above discussed wells. Mr. Sunde did not contest or dispute the allegations contained in the Notice of Violation.

9. On September 11, 2024, the Department issued a Petition to Revoke Drilling Permits and Forfeit Surety in this matter. The Petition is based upon the allegations contained in the previously issued Notice of Violation.

10. On October 8, 2024, a Stipulation for Revocation of Drilling Permits and Forfeiture of Surety was fully executed by Mr. Sunde and the Department. Mr. Sunde agreed that he had received proper notice of the alleged violations. Mr. Sunde also admitted that he has taken no action to bring the above identified wells back into production, has not provided a plugging plan for said wells, and has not sought approval to plug and abandon said wells. Mr. Sunde stipulated to the entry of an order revoking the above identified Oil & Gas Permits, and to the entry of any order forfeiting any surety to the State of South Dakota.

11. Lexon Insurance Company, a subsidiary of Sompo Intl., was contacted regarding this matter and has not contested forfeiture of surety bond number 1114551, in the amount of \$100,000, to the State of South Dakota.

ORDER

Based upon the foregoing it is hereby:

ORDERED that the Stipulation for Revocation of Drilling Permits and Forfeiture of Surety, referenced above, is hereby fully incorporated herein by this reference. It is further

ORDERED that Oil & Gas Permit nos. 348, 340, 342, 121, and 416 are hereby revoked for failure to comply with the terms and conditions of said permits and applicable State law. It is further

ORDERED that Oil & Gas Permit no. 2066 is hereby revoked due to lack of surety as required by State law. It is further

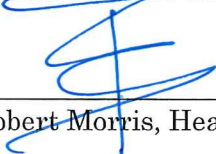
ORDERED that surety bond no. 1114551, issued by Lexon Insurance Company, totaling \$100,000, be forfeited to the State of South Dakota. The Chairman of the Board is authorized to issue whatever paperwork is necessary to complete the forfeiture of said surety. It is further

ORDERED that Department staff are directed and authorized to carry out all activities necessary to transfer the proceeds of Lexon Insurance Co. Surety Bond no. 1114451 to the Department to be held in the name of the Board. It is further

ORDERED that, upon receipt of the payment of the surety to the Department of Agriculture & Natural Resources, Thomas L. Sunde is released from liability for the plugging and abandonment of all wells associated with Oil & Gas Permits nos. 348, 340, 342, 121, 416, & 2066, and is released from all liability for any surface reclamation of any well-site associated with the identified permits.

Dated this 24th day of October, 2024

SOUTH DAKOTA BOARD OF
MINERALS AND ENVIRONMENT



Robert Morris, Hearing Chair