



DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES

JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182

denr.sd.gov

August 27, 2018

Al Salomone, Manager
Gulf Exploration, L.L.C.
9701 North Broadway Extension
Oklahoma City, OK 73114

Dear Mr. Salomone:

Thank you for your application filed July 19, 2018, requesting approval to drill an oil well at a location that is an exception to statewide spacing. The well is located 2,191 feet from the north line and 2,566 feet from the east line in Section 2, Township 11 South, Range 1 East, approximately 14 miles southwest of Edgemont, Fall River County, SD.

The department published a Notice of Recommendation, Oil and Gas Case No. 16-2018, recommending approval of the application. The date for intervention was August 21, 2018, 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 74:12:02:08 and 74:12:02:09, approval of the application is hereby granted. Enclosed is the Notice of Recommendation.

If our office can be of further assistance to you, please do not hesitate to contact me at (605) 773-4201.

Sincerely,

Mike Lees, Administrator
Minerals and Mining Program

Enclosure

cy w/enc: Brett Koenecke, May, Adam, Gerdes & Thompson, P. O. Box 160, Pierre, SD

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

IN THE MATTER OF THE APPLICATION OF GULF EXPLORATION, L.L.C., OKLAHOMA CITY, OK FOR A PERMIT TO DRILL AN OIL AND GAS WELL AT AN EXCEPTION LOCATION TO STATEWIDE SPACING, DESCRIBED AS THE DRAGOON 1-2 WELL, LOCATED 2,191 FEET FROM THE NORTH LINE AND 2,566 FEET FROM THE EAST LINE IN SECTION 2, TOWNSHIP 11 SOUTH, RANGE 1 EAST; APPROXIMATELY 13.8 MILES SOUTHWEST OF EDMONT, FALL RIVER COUNTY, SD.

NOTICE
OF
RECOMMENDATION

OIL AND GAS
CASE NO. 16-2018

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) 74:12:02:08 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."

The Secretary recommends approval of the exception location for the following reasons:

1. The applicant asserts that drilling this well at the location prescribed by the statewide spacing rule would likely result in a well unable to produce in economic quantities, as indicated by three dimensional seismic interpretation.
2. No other producing or drilled oil and gas wells are located within 1,000 feet of the proposed location.

Authority for the Secretary to approve this application is contained in ARSD 74:12:02:08 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 August 21, 2018, the Secretary's recommendation will be considered final and the Secretary will approve the application in accordance with that recommendation.

The application and notice of recommendation are also posted on the department's website at: <http://denr.sd.gov/des/og/pubhearing.aspx> and <http://denr.sd.gov/public>. Additional information about this application is available from Mike Lees, Administrator, Minerals and Mining Program, Department of Environment and Natural Resources, 523 East Capitol Avenue, Pierre, SD 57501, telephone (605) 773-4201, email michael.lees@state.sd.us.

July 26, 2018



Steven M. Pirner
Secretary

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