

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

IN THE MATTER OF THE PETITION OF
GULF EXPLORATION, L.L.C. FOR A
SPACING ORDER FOR SECTION 10,
T10S, R1E, B.H.M., FALL RIVER
COUNTY, SOUTH DAKOTA.

OIL AND GAS
CASE NO. 2-2021

ORDER

SECRETARY'S ORDER UNDER SDCL 45-9-74

A Petition ("Petition") of Gulf Exploration, L.L.C. ("Gulf") was submitted to the South Dakota Board of Minerals and Environment ("Board") on March 30, 2021. The Board prepared and published a Notice of Opportunity for Hearing ("Notice"), and Gulf caused a copy of the Petition and the Notice to be served by mail or personally on each party affected by the petition. No petitions to intervene were filed in accordance with the Notice. Therefore, pursuant to South Dakota Codified Laws (SDCL) 45-9-74, SDCL 45-9-20 through 29, and Administrative Rules of South Dakota (ARSD) 74:12:02:06, and based upon Gulf's Petition and supporting documents filed by Gulf, the Secretary makes and enters the following Order:

Gulf owns an oil and gas leasehold interest in the captioned lands.

In November 2019, Gulf drilled the Fortitude 1-10 well in the SE/4 of the NE/4 of the SW/4. In September 2018, Gulf drilled the Bolero 1-10 wells in the SE/4 of the SE/4 of the SW/4 of Section 10, Township 10 South, Range 1 East, BHM, Fall River County, SD. The Fortitude well produces from the Leo Sands of the Minnelusa Formation. The Bolero well is not producing.

The captioned lands have not been spaced by the Board for oil and gas production.

Within each separate governmental quarter-quarter section, or governmental lot corresponding to it, in the captioned lands, the Leo Sands of the Minnelusa Formation contains a separate common accumulation of oil or gas or both.

Based on production from similar Fall River County oil fields producing from the Leo Sands, a spacing of one well per governmental quarter-quarter section, or governmental lot corresponding to it, in the captioned lands is likely not smaller than the maximum area that can be efficiently and economically drained by one well. However, given the limited amount of specific information pertaining to the proposed field, temporary spacing units are appropriate in this case pursuant to SDCL 45-9-25.

Based on production from similar Fall River County oil fields producing from the First, Second, Third, and Fourth Leo Sands, the spacing of one well per governmental quarter-quarter

section, or governmental lot corresponding to it, in the captioned lands will likely result in the efficient and economical development of the Leo Sands pools as a whole.

The temporary spacing of one well per governmental quarter-quarter section, or governmental lot corresponding to it, in the captioned lands will prevent waste, avoid the drilling of unnecessary wells, protect correlative rights, and contribute to a greater ultimate recovery of oil and gas.

IT IS THEREFORE ORDERED

- A. Gulf's Petition be, and the same hereby is, granted.
- B. The following described lands in Fall River County, SD:

Township 10 South, Range 1 East, BHM
Section 10: all.

are temporarily spaced to allow the drilling and completion of one oil and gas well per governmental quarter-quarter section, or governmental lot corresponding to it, into the First, Second, Third, and Fourth Leo Sands of the Minnelusa Formation, with each oil and gas well to be located no closer than 200 feet from a spacing unit boundary, and no closer than 800 feet to the nearest well drilled to or producing from the Leo Sands of the Minnelusa Formation. The Fortitude 1-10 and Bolero 1-10 wells are exception locations.

- C. The above-described lands are designated the Bunker Buster Field.
- D. Upon filing all required further information and forms, drilling permits may be issued for the drilling of oil and gas wells in the Bunker Buster Field.

Dated this 17th day of May, 2021.



Hunter Roberts
Secretary
Department of Agriculture and Natural Resources