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Minutes of the
Board of Minerals and Environment
Telephone Conference Call Meeting

July 16, 2020

10:00 a.m. Central Time

CALL TO ORDER: The meeting was called to order by Chairman Rex Hagg. The roll was called, and a quorum was present.

Chairman Hagg announced that the meeting was streaming live on SD.net, a service of South Dakota Public Broadcasting.

BOARD MEMBERS PRESENT: Rex Hagg, Gregg Greenfield, Glenn Blumhardt, Dennis Landguth, Doyle Karpen, Daryl Englund, Jessica Peterson, Bob Morris, and John Scheetz.

BOARD MEMBERS ABSENT: None.

OTHERS: Mike Lees and Tom Cline, Minerals and Mining Program.

ELECTION OF OFFICERS: Motion by Morris, seconded by Karpen, that the current slate of officers serve for another year – Rex Hagg, chairman, Glenn Blumhardt, vice chairman, and Gregg Greenfield, secretary. A roll call vote was taken, and the motion carried unanimously.

APPROVAL OF MINUTES FROM MAY 21, 2020: Mr. Englund pointed out that in the 7th paragraph on page 2, the word “where” should be “were.”

Motion by Blumhardt, seconded by Morris, to change “where” to “were” in the 7th paragraph on page 2 and to approve the minutes from the June 18, 2020, Board of Minerals and Environment meeting, as amended. A roll call vote was taken, and the motion carried unanimously.

DEPARTMENT UPDATE

Spyglass Oil & Gas Wells: Mike Lees, administrator of the Minerals and Mining Program, provided an update on the progress of plugging Spyglass wells in Harding County. A special appropriation from the 2020 legislature (S.B. 17) is being used to plug the 40 wells. On June 18, 2020, the department published the Request for Proposals (RFP). The department has received responses from six plugging companies. Mr. Lees stated that he and Jeff Kenner, Minerals and Mining Program field geologist, will be present at the Spyglass site on July 21, 2020, for a site visit for perspective bidders. The proposal submission deadline is August 25, 2020, and it is anticipated that a decision will be made by September 14, 2020.

H.B. 1025 involved revisions to plugging and performance bonds for oil and gas wells. The new increased bonding requirement went into effect July 1, 2020. The department sent letters to all oil

and gas operators in May 2020 explaining the new requirements. Operators have until September 1, 2020, to post the increased bonds. The department also informed two operators that they need to post additional idle well bonds of \$20,000 per well.

COVID-19: Mr. Lees stated that most DENR staff worked remotely between mid-March and early June. Almost all staff has been back in the office since June 14, 2020. Staff are following protective protocols during field work. No more than two people travel together in a vehicle. Travel is limited primarily to day trips for the inspectors, who are using DOT fueling stations and taking a sack lunch with them rather than dining in restaurants.

Future board meetings: Mr. Lees stated that the Water Management Board met in the Matthew Training Center in the Foss Building for the July 8-9, 2020, meeting. The board held three contested case hearings with five of the board members and all of the parties present in the training center. One board member participated remotely. CDC guidelines were followed to ensure the safety of the board and participants. Since the last time the Board of Minerals and Environment met in person, the Matthew Training Center has been renovated. There are now two large screens in the room and electronics, which allow Digital Dakota Network (DDN) and other remote means of participation in meetings. Some boards have been utilizing those capabilities for remote meetings. The Water Management Board was the first to meet in person in the Foss Building since March. The various parties for the three hearings were required to let the department know who would be attending, and an area was available in the building for the parties to wait until their respective hearing began, so no more than 10 people plus the board members were in the room at the same time. The set up of the room allowed for six-foot social distancing. The department had a COVID-19 screening area set up at the entrance of the building with a thermometer, masks, and hand

sanitizer available. Department staff signed people in rather than having each person sign in separately. Mr. Lees noted that the Water Management Board meeting seemed to go well. He said it was on the verge of being a bit crowded in the Training Center with 15 people present in the room, so with the nine BME members plus anyone else attending, the room would be a bit more crowded.

Future BME agenda items: Mr. Lees noted that the Minerals and Mining Program does not anticipate any contested case hearings in the near future. Future items for the board are the Wharf Resources bond increase, the annual large-scale gold mine updates, and the Pete Lien & Sons Permit 57 update the board requested last year. That update involves a transfer between a mine permit and mine license. Mr. Lees stated that addressing these items at an in-person meeting would be preferable, but the items could also be effectively presented to the board during a telephonic meeting.

Mr. Morris stated that North Dakota was supposedly using COVID-19 federal funds for addressing abandoned wells. He asked if South Dakota could use federal funds to plug the Spyglass wells.

Mr. Lees said the department did explore that, and the department is working within the guidelines it has to spend the money that is available. It does not appear that there is an easy avenue for the department to spend the COVID-19 money on shovel-ready projects at this point in time, but the department is watching to see how that works for North Dakota.

Chairman Hagg asked, other than the Spyglass wells, how many wells have been abandoned in South Dakota?.

Mr. Lees said the department is not aware of any wells that are in the same situation that Spyglass was. There is another shallow natural gas field in Harding County that has been out of production for several years, but that operator is still viable and is working with the department. The company is actively plugging wells and planning to plug additional wells. Mr. Lees said this is one of the companies that the \$20,000 per idle well applies to. The other company that has been asked to pay the \$20,000 idle well bond is a very small operation with a handful of shallow wells just across the border from Fall River County in Custer County, but that is also a viable operator working with the department to bring the wells into compliance.

Chairman Hagg asked if the Matthew Training Center was expanded during the renovation. Mr. Lees said the size of the meeting room did not change.

Chairman Hagg said the board will meet via telephone conference call for the next couple months. If a contested case hearing is required in the near future, the board will explore making the Matthew Training Center work for a hearing.

MINING ISSUES

Consent Calendar: Prior to the meeting, the board received a table listing the department recommendations for release of surety, release of liability and surety, transfers of liability, and releases of liability. (see attachment).

Tom Cline, Minerals and Mining Program, presented the consent calendar.

Responding to a question from Chairman Hagg, Mr. Cline stated that for the Mine Licenses listed on pages 2 and 3, all of those sites have been reclaimed and are eligible for release of liability.

Motion by Landguth, seconded by Peterson, to accept the department recommendations for release of surety, release of liability and surety, transfers of liability, and releases of liability, as shown on the consent calendar. A roll call vote was taken, and the motion carried unanimously.

NEXT MEETING: The next meeting is scheduled for August 20, 2020. Chairman Hagg asked that, since the meeting will be held telephonically, the board be provided with copies of presentation material for agenda items.

Mr. Scheetz requested that staff provide a Brohm Superfund site update at the next meeting. Mr. Lees said he will coordinate with the Groundwater Quality Program to provide an update in August.

PUBLIC COMMENT PERIOD: No one from the public commented.

Chairman Hagg commented that the board has not had much time to interact on more of a personal level to get to know each other. He asked if the board members would be open to providing a personal biography so other board members can learn more about them.

Mr. Morris noted that the board had received a copy of an article written by Linda Hilde for the Madison newspaper about her experiences while serving on the Board of Minerals and Environment. He said a lot of institutional knowledge was lost when Ms. Hilde, Mr. Sweetman,

and Mr. McCahren left the board. Mr. Morris said he believes building relationships among the board members is important. He suggested that perhaps the board could hold a retreat. He said he is aware that there may be quorum issues, but it would be nice to get to know all of the board members on a more personal level.

Mr. Blumhardt stated that the board used to have contested case hearings that would last two or three days, and the board members were together quite a bit, so he was able to get to know them on a more personal level.

Chairman Hagg said the board is stymied because of the COVID-19 pandemic for the next several months.

Chairman Hagg and Doyle Karpen provided personal biographies.

Chairman Hagg asked the board members to let Ms. Binegar know if they would like to provide a personal biography at a future meeting.

ADJOURN: Motion by Karpen, seconded by Landguth, that the meeting be adjourned. A Roll call vote was taken, and the motion carried unanimously.

Secretary _____ Date _____

Witness _____ Date _____

Consent Calendar
South Dakota Board of Minerals & Environment

July 16, 2020

<u>License Holder</u>	<u>License No.</u>	<u>Site No.</u>	<u>Surety Amount</u>	<u>Surety Company or Bank</u>	<u>DENR Recommendation</u>
<u>Release of Surety:</u>					
Jerome Lohr Garretson, SD	11-924		\$9,000	Bank of the West, Clark	Release \$9,000.
<u>Release of Liability & Surety:</u>					
Dan's Excavating Castlewood, SD	98-677		\$500	First Premier Bank, Sioux Falls	Release liability and \$500.
		677002	NE1/4 Section 3; T114N-R52W, Hamlin County		
<u>Transfer of Liability:</u>					
LG Everist Inc. & Subsidiaries Sioux Falls, SD	83-37		\$20,000	The Aetna Casualty & Surety Company	Transfer liability.
		37011	Section 12; T94N-R54W, Yankton County		
Transfer to:					
J Hazen, LLC Vermillion, SD	20-1076		\$20,000	Lexon Insurance Company	

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<u>Transfer of Liability:</u>					
Obenauer Sand & Gravel Eureka, SD	84-282		\$20,000	Great Plains Bank, Eureka Great Plains Bank, Aberdeen	Transfer liability.
		282009		NE1/4 & S1/2 Section 13; T125N-R73W, McPherson County	
Transfer to:					
BDM Gravel LLC Roscoe, SD	20-1071		\$20,000	Plains Commerce Bank, Aberdeen	
<u>Release of Liability:</u>					
Bob Bak Construction Pierre, SD	83-61		\$20,000	American State Bank, Pierre First National Bank, Pierre Wells Fargo Bank, White River American Bank & Trust, Pierre	Release liability.
		61034		NE1/4 Section 6; T3N-R29E, Stanley County	
Crusher Investment Company Sioux Falls, SD	83-24		\$20,000	North American Specialty Insurance Company	Release liability.
		24008		SW1/4 except Lot H-2 of the SW1/4 except Lot H-2 of the S1/2 SW1/4 & except Bruns Tract 1 of Section 15; T101N-R50W, Minnehaha County	

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<u>Release of Liability:</u>					
R & J Gravel & Trucking Chamberlain, SD	07-841	841005	\$20,000	Sun Surety Insurance Company S1/2 Section 29; T105N-R65W, Aurora County	Release liability.
Webster Scale Inc. Webster, SD	03-766	766006	\$20,000	AMCO Insurance Company NW1/4 Section 26; T122N-R53W, Day County	Release liability.
Sully County Highway Department Onida, SD	83-132	132012	EXEMPT	NA N1/2 Section 3; T116N-R74W, Sully County	Release liability.
Walworth County Highway Department Selby, SD	83-7	7030	EXEMPT	NA NW1/4 Section 8; T122N-R76W, Walworth County	Release liability.