

# 2006 Oil and Gas Activity Update for South Dakota

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*Oil and Gas exploration and drilling were down somewhat in 2006 from previous high levels in 2005. In 2006, 41 drilling permits were issued, and 25 new wells were drilled, compared to 53 permits and 44 new drills in 2005. Consequently, crude oil totals were lower: 1,394,318 bbls were produced in 2006, compared to 1,469,635 bbls in 2005, a decrease of 5%. This decrease in production was probably a result of the difficulty by Operators in obtaining service rigs to complete the new wells, and problems with pipeline capacities. Since many of these new wells started producing late in the year, production totals in 2007 should be higher.*

*Much of the drilling activity was grass roots horizontal wells and horizontal re-entries of existing vertical wells by Continental Resources and Luff Exploration in the Red River Formation in Harding County, but there was also exciting news in drilling for shallow gas in the state. Spyglass Exploration and Gold Point Energy (GPE) announced a new shallow gas field discovery, and potential oil shows in the Shannon Member of the Pierre Formation in Harding County.*

*Although much of the activity can be attributed to higher crude oil prices, Governor Rounds has recognized the importance of the oil and gas industry to South Dakota, and has encouraged orderly oil and gas development in his 2010 Initiative. Governor Rounds also instructed the DENR Oil and Gas Section and South Dakota Geological Survey (SDGS) to prepare a work plan, as suggested by industry representatives, to compile and disseminate information via the Internet to aid those interested in the exploration and development of oil and gas resources in the state. Recent developments include providing Internet access to oil and gas well data, as well as updated state and county maps. Also, all of the electric well logs in our files have been scanned, are available on DVD by request, and will be available on the web site soon. Along with the SDGS and Professors at the South Dakota School of Mines, we are currently working on well log correlations and cross sections that span the entire state. They will be made available as SDGS publications and on the Internet soon. The link to the Oil and Gas Section website is <http://www.state.sd.us/denr/DES/Mining/Oil&Gas/O&Ghome.htm> and the link to the SDGS website is <http://www.sdgs.usd.edu/>*

*With the advent of recent statute and rule changes, the development of the work plan, and the large amount of high-potential, but essentially unexplored, regions in the state, Governor Rounds and the DENR believe the time is right for expanding the orderly drilling and development of the oil and gas resources of South Dakota.*

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