

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2319

2005 SENATE NATURAL RESOURCES

SB 2319

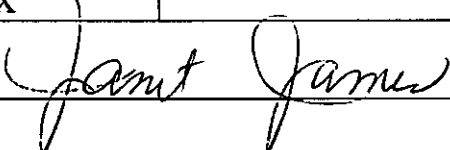
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2319

Senate Natural Resources Committee

☐ Conference Committee

Hearing Date February 10, 2005

| Tape Number | Side A | Side B | Meter # |
|--|--------|--------|------------|
| 1 | X | | 36.9 - end |
| | | X | 0.0 - end |
| 2 | X | | |
| Committee Clerk Signature  | | | |

Minutes:

Senator Stanley Lyson, Chairman of the Senate Natural Resources Committee opened the hearing on SB 2319 relating to regulation of geophysical exploration seismic shot hole operations and definitions and exploration permit requirements to conduct geophysical exploration.

All members of the committee were present.

Senator Tim Mathern (36.9) of District 11 cosponsor of SB 2319 introduced the bill (See attached testimony).

Senator John Traynor asked if the sponsor is aware of damages of well due to seismic activity.

Senator Mathern answered that he has only read about damages in western North Dakota.

Cindy Klein (40.0) representing the Dakota Resource Council testified in support of SB 2319 (See attached testimony which includes documents from several members of the Council).

Senator Rich Wardner asked about the compensation of seismographers to landowners.

Cindy Klein answered that this is negotiated in contract for damages to pastures or crops but does not include damages after the seismic activity. There is also a bond of \$50,000.00 to the state.

Senator Traynor asked about the administrative rules hearing during the interim.

Cindy Klein stated it was a close vote of 10 - 9 to keep the rules as they are and not to hold the rule over.

Senator Wardner stated that he was on the administrative rules committee and wanted to explain the hearing. The administrative rules committee can hold over a rule for one time but they need a very good reason to do so. The committee needs to be careful not void rules without a cause. The vote of 10 - 9 was not to void the rule or the content of the rule but about the procedure.

Senator Michael Every asked for clarification that the 1320 rule was passed into law by the legislature last session.

Cindy Klein clarified it was an administrative rule that came forth from the oil and gas division that had the authority to do so.

Ralph Muecke (1.7) of Gladstone, North Dakota testified in support of SB 2319 on his own behalf. He gave history of seismic activity on his family farm and the damage that was caused many years ago. He was grateful for laws that have been passed over the years and is not for excessive government regulations but a few basic laws are necessary to keep things in balance. He continued that the concept of water testing is good so that there are no questions and this testing should be paid for by the companies. He also appreciated the negotiation of footage clause in the bill.

When asked about resent damage or if the family complained or filed claims for damage,

Ralph Muecke admitted there was not damage done during the last seismic exploration and that damages were never claimed.

Senator Dennis Bercier (12.9) of District 9, cosponsor of SB 2319 testified in support (See attached testimony). He also stated he was on the Administrative Rules Committee during the interim and heard testimony of ruined wells from years ago. Property owners rights should be protected and they should not be expected to pay for testing of wells. Although SB 2319 does set the distance range to 1320 feet, it does offer the flexibility to negotiate that distance.

Senator Lyson asked for opposing testimony.

Lynn D. Helms, (21.6) Director of the North Dakota Industrial Commission's Oil and Gas Division testified in opposition to SB 2319 (See attached testimony).

Senator Michael Every asked if the science is sound why are they opposed to Section 3.

Lynn Helms answered that Section 3 does allow flexibility on the part of someone who agrees to permit but the problem has been with the small parcels of land whose owners to not agree to seismic activity. He admitted he is in favor of private negotiations.

Senator Joel Heitkamp asked who decided the 1320 foot rule.

Lynn Helms explained the process stating that in 1997 the rules were adopted that set the 1332 set back to coincide with the rules in the surrounding states as this was working them. When the problem of the small rural plots arose in 2003 the staff considered a rules change. Feeling this would be good for the environment proposed a rule change. Hearings were held with testimony from all involved parties and it was decided by the administrative rules committee by a close vote not to hold over for another hearing.

Senator John Traynor asked about the language in Section 2, Part 8 in regard to the state's involvement and if this means policing the process..

Lynn Helms admitted it is a concern as to who will police the process of the testing schedule. It will no longer be a choice, but the state will require well testing and that will need to be monitored.

Senator Heitkamp asked what kind of testing of the wells will be required.

Lynn Helms answered that the SB 2319 does not define that and administrative rules will have to make that determination.

Senator Every asked if the 1320 feet rule is working in other states, why does it not work in North Dakota.

Lynn Helms answered that he does not know if the 1320 feet in other states is working at the present time, only that it did at the time North Dakota adopted the rules. Some of the other states have not been approached by industry or anyone else to change their rules as North Dakota has been approached. This is why the change has been considered, because they have been approached by what seems to be scientifically safe, sound and sensible change.

Senator Traynor asked when the state becomes involved in a seismic contract and if 660 feet set back eliminates dry holes, what is the impact of these dry holes.

Lynn Helms answered that the state would become involved in a contract only when there is a disagreement between the parties. A dry hole disturbed approximately 5 -10 acres of land with removal of top soil, roads, drilling pads, a reserve pit and drill through fresh water formations. This needs to be reclaimed and sometimes future production can take up as long as seven years.

Senator Traynor asked what compensation is provided to the surface owner.

Lynn Helms stated the surface owners are typically paid a lump sum for time of disruption which includes crop damage and can end up in court if damages are not agreed upon.

Tape #2 Side A 0.0 - 15.9

Senator Wardner asked for comparison of damages caused by thumper trucks in compared the charge blasts.

Lynn Helms explained that the effect of the trucks is about half of a blast and that the trucks are allowed within 330 ft from wells, building, pipelines, etc.

Ron Ness (1.6) representing the North Dakota Petroleum Council testified in opposition to SB 2319 (See attached testimony). He further stated that the problems caused by seismic activities were confined to the time before 1997 when the North Dakota started to regulate the industry.

Since that time there has been 96 geophysical operations have been taken place in the North Dakota and neither the Oil and Gas Division and the Industrial Commission have received any complaints. Until there is a filed complaint this is not an issue that needs to be addressed.

Senator Wardner asked if the damages paid to landowners is the same inside as paid outside the 1320 feet set back and can a landowner demand even further set back footage than the 1320 feet.

Ron Ness stated that the damage fees paid is the same and the landowner has every right to demand even further set back if he wishes and if agreed upon.

Senator Traynor asked about the "harmless" clause referred to in a presented contract and if this in statute. He also asked if the oil company will stand behind the clause and if a bond stands behind that.

Ron Ness confirmed that the "harmless" clause is in state law and that there is a \$50,000.00 bond.

Page 6

Senate Natural Resources Committee

Bill/Resolution Number SB 2319

Hearing Date 2-10-05

Jeff Herman, (12.5) Regional Manager for Petro-Hunt, L.L.C. testified in opposition to SB

2319 (See attached testimony).

Senator Lyson closed the hearing on SB 2319.

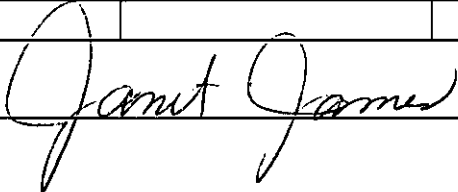
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2319

Senate Natural Resources Committee

☐ Conference Committee

Hearing Date February 11, 2005

| Tape Number | Side A | Side B | Meter # |
|--|--------|--------|------------|
| 1 | X | | 27.8 -37.9 |
| | | | |
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| Committee Clerk Signature  | | | |

Minutes:

Senator Stanley Lyson, Chairman of the Senate Natural Resources Committee opened the committee work on SB 2319 relating to regulation of geophysical exploration seismic shot hole operation and definitions and exploration permit requirements to conduct geophysical exploration.

All members of the committee were present.

Senator John Traynor made a motion for a Do Not Pass of SB 2319.

Senator Rich Wardner second the motion.

Discussion was held as to the problems of seismic exploration in the past and some of the legislation that has been passed for cleanup and responsibility of the companies involved. It was decided the part of the bill for notification of the property owners rights to the landowner was good. There seems to be a bill in the house that is similar except for the footage issue.

Page 2

Senate Natural Resources Committee

Bill/Resolution Number SB 2319

Hearing Date 2-11-05

Technology has changed so that there are not the problems of years ago to the point that landowners are now allowing the seismic close to wells, homes etc.

Senator Michael Every stated he was opposed to the motion because Lynn Helms told the committee that the surrounding states are using the 1320 rules and it is working well. He further stated that he felt the industry was opposed to the bill because in the future they might need to impose their will on the landowner.

Roll call vote for a Do Not Pass of SB 2319 was taken indicating 6 YEAS, 1 NAY AND 0 ABSENT OR NOT VOTING.

Senator Ben Tollefson will carry SB 2319.

Date: 2-11-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2319

Senate Senate Natural Resources Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Traynor Seconded By Wardner

| Senators | Yes | No | Senators | Yes | No |
|-----------------------------------|-----|----|-----------------------|-----|----|
| Senator Stanley Lyson, Chairman | ✓ | | Senator Joel Heitkamp | ✓ | |
| Senator Ben Tollefson, Vice Chair | ✓ | | Senator Michael Every | | ✓ |
| Senator Layton Freborg | ✓ | | | | |
| Senator Rich Wardner | ✓ | | | | |
| Senator John Traynor | ✓ | | | | |
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Total (Yes) 6 No 1

Absent 0

Floor Assignment Tollefson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 11, 2005 10:18 a.m.

Module No: SR-28-2525
Carrier: Tollefson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2319: Natural Resources Committee (Sen. Lyson, Chairman) recommends DO NOT PASS (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2319 was placed on the Eleventh order on the calendar.

2005 TESTIMONY

SB 2319

TESTIMONY: SB 2319
Senate Natural Resources Committee
February 10, 2005

Chairman Lyson and members of the Natural Resources Committee,

My name is Senator Tim Mathern and I am a sponsor of SB 2319.

I grew up on a farm and learned early that water and the family well was about the most important thing on the farm. Now as I live in Fargo I know our water source and quality is what makes our city positive or negative.

SB 2319 will change the distance that a seismic charge must be setback from a water well, pipeline, building or other sensitive area to 1320 feet. This change and others that will be explained by other testifiers. Passage of this bill will put the landowners back into a meaningful position to protect the important water source they depend on.

I ask you for a do pass recommendation on SB 2319.

Dakota Resource Council

P. O. Box 1095, Dickinson ND 58602-1095
(701) 483-2851; www.drcinfo.com

TESTIMONY: SB 2319
Senate Natural Resources Committee
February 10, 2005

Chairman Lyson and members of the Natural Resources Committee,

My name is Cindy Klein and I am here today to provide testimony for Dakota Resource Council (DRC) in favor of SB 2319. Dakota Resource Council is a member-based, grassroots organization with over 600 members in the State of North Dakota.

Knowing that water is one of North Dakota's most precious natural resources and must be protected at all costs is one of the reasons that we support this bill.

SB 2319 will reverse an administrative rule change from last year that changed the distance that a seismic charge must be setback from a water well, pipeline, building or other sensitive area. In 2004 this distance was changed from 1320 feet to 660 feet.

SB 2319 will also require a permitting agent to supply a prospective lessee with a copy of the North Dakota Damage Compensation statutes and if requested by the landowner absorb the cost of testing water wells for quality and quantity prior to any seismic activity in the area. A certified test of water wells is a small price to pay when you weigh that cost against the cost of drilling a new well.

Our members have taken the position that if a seismic company wants to negotiate an agreement with landowners, then those landowners should have every resource available to protect themselves. One of those resources is receiving a copy of section 38.11.1 of the North Dakota Century Code at the beginning of those negotiations. You may hear others say that the landowner should already know his rights, but, if we deprive people of their rights simply because they do not fully understand them, we are not acting in the spirit of the rule of law under a democratic government. Besides, the oil and gas industry is expanding every day in this state, and it is approaching land and mineral owners who may have never experienced any development. Currently, there is no requirement that this important information be provided to the operator of the land. This chapter contains the oil and gas production damage compensation. This bill will require that when the permitting agent has his first contact with an operator of the land to discuss negotiation for seismic exploration, the permitting agent will be required to provide the operator of the land a copy of that statute within 7 days.

On the issue of reversing the 660-foot setback, DRC became involved when,

in December of 2003, the Oil and Gas Division began the process of changing some oil and gas administrative rules. DRC submitted written comments, as well as oral testimony at the January 5, 2004 hearing. Our comments were in support of some changes and in opposition to others. Our members also testified at the Administrative Rules Hearing in July of 2004. With bi-partisan efforts from members of that committee, we were able to hold a voice vote. That vote result was a close 10-9 to not hold over the rule change. At the time it was suggested that the rule change could be addressed legislatively.

At all times our biggest concern with these rule changes was the decrease in the seismic charge setback distance. It is a disaster waiting to happen. We found case after case of water well damage at the old distance of 1320 feet. Regardless of who was in charge of the seismic program at that time, there was still damage. This is indisputable. In your packet are copies of statements signed by landowners who lost wells and a list of names of others who have stated damage.

The Oil and Gas Division recently stated that there have been no problems since they took over the geoseismic program in 1997, yet in their testimony in July they cite three situations where there were complaints. These complaints reference seismic operations at the 1320-foot distance. Any decrease in this setback distance is an unwarranted risk to our farmers' and ranchers' water supplies. There is a provision for a waiver to be granted by the landowner. With this provision, there is not a need to decrease this distance. Let this be a choice and not a mandate from the state.

This bill will eliminate any doubt as to the integrity of a well prior to seismic exploration. In the event of damage, which can be catastrophic in its long-term effects, the landowner is only able to prove claim by comparison to a water quality and quantity test, which must be completed within the 12 months period preceding the seismic activity.

This legislation will not deter or unduly delay development projects conducted by reputable operators, but will only result in more reasonable protection and recourse for the operators of the land.

I would like to let you know that DRC has no problem with designating some sort of deadline to give to operators of the land to request that their wells be tested to insure that the seismic projects would not be delayed. DRC would not object to changing this language to a reasonable timeframe, yet to be determined, as long as the operator of the land has had sufficient time to have their wells tested if they choose to do so.

A worry we have is that a "bad operator" would use the language from 38-11.1, where it states that a certified well test must be done within the preceding 12 months, and intentionally extend their project in order to make that certified test exempt and to excuse them from responsibility.

We ask you today for a do pass recommendation on this bill. ~~no change in our~~. Passing this law would make seismic companies responsible for testing water sources, and it would give a valuable tool to struggling farmers and ranchers who otherwise face often

prohibitive costs in seeking justice if their water wells are damaged in the course of seismic exploration. This is an insurance policy for both the landowners and the seismic companies.

This is a list of names of landowners and well drillers that I have talked to, or our members from the Oil and Gas Task Force have talked to about water well problems that occurred immediately after seismic shots where set off in the areas surrounding their wells.

| | | |
|---------------------|--------------|----------------|
| Leif Jellesed | Charlson | |
| Roger Brenna | Keene | |
| Miles Johnsrud | Watford City | |
| Peter Skedsvold | Alexander | |
| Tom Irgens | Springbrook | |
| Loucille Abelmanm | Alexander | |
| Don Lovaas | Keene | |
| Dale Berwick | Dickinson | (Well Driller) |
| Robert Opp | Glen Ullin | (Well Driller) |
| Dennis Frisinger | Watford City | |
| Ron Nestor | Regent | |
| Weston Berg | Hazen | |
| Mrs. Roger Getz | Rhame | |
| Robert Kuylen | South Heart | |
| Lauren Klewin | Amidon | |
| Harold Tysver | Scranton | (Well Driller) |
| Linda Rauser | Keene | |
| Art & Rosie Sickler | Dickinson | |
| Zita Quaschnick | South Heart | |

TESTIMONY: SB 2319
Senate Natural Resources Committee
February 10, 2005

Chairman Lyson and members of the committee,

My name is Melvin Wisdahl and I am a farmer and a member of Dakota Resource Council. I am pleased to submit this testimony in support of Senate Bill 2319.

I have been a resident and farmer northern Williams County for many years.

Water is a valuable resource to us and without it there would be no family farmers' and ranchers'.

I am asking you today to support this bill.

I feel that this bill is an insurance policy for farmers, ranchers and other landowners, as well as, our oil and gas development industry.

I know that there are many farmers who would not be able to replace their water wells if they were damaged by seismic charges. They need a way to protect themselves.

Many landowners have not been made familiar with their rights according to North Dakota Century Code regarding the oil and gas production damage compensation sections.

This bill will give those landowners a chance to protect their water sources.

This bill will also reverse an administrative rule change that was made during the interim session. The rule change decreased the distance that a seismic charge of any size must be setback from a water well or other sensitive area, by half. The rule allows for a variance to be granted by a landowner. That variance was allowed at the 1320-foot distance and should be the only way that a seismic charge is allowed that close to a water well. I know that if I were approached to negotiate terms for seismic activity on my land, there is no way that I would allow a charge 660 feet away from my water sources. This should be my choice, not a directive from the state.

With our oil and gas industry developing strongly again, we can be assured that we will see seismic projects in areas that may have never been explored before. Some of these landowners are inexperienced in the laws and rules of our state. They need to have the opportunity to become familiar with them, and this bill will give them that chance.

The state damage compensation statutes state that a landowner only has recourse if a certified quality and quantity test has been conducted in the last twelve months. There are not many people out there who know this, and if the permitting agent is not required to give this information to the prospective lessee, there is a big chance that he will not know that he has to have completed this process in order to be protected from damage.

I ask you today for a do-pass recommendation for Senate Bill 2319.

Thank you
Peter W. Wisdahl

ADMINISTRATIVE RULES OF MONTANA

Updated Through June 30, 2004

Administrative Rules
Home Page

Agency Listing

New Search

Montana Code
Annotated

Secretary of State
Home Page

OIL AND GAS CONSERVATION

36.22.502

Sub-Chapter 5

Seismic Exploration Activities

36.22.501 SHOT LOCATION LIMITATIONS No vibroseis shall be done closer than 330 feet, or seismic shot hole drilled or surface charge set closer than 1320 feet (1/4 mile) to any building, structure, water well, or spring; nor closer than 660 feet (1/8 mile) to any reservoir dam without written permission of the surface owner. (History: Sec. 82-1-104, MCA; IMP, Sec. 82-1-104, MCA; NEW, 1977 MAR p. 1196, Eff. 12/24/77; AMD, 1982 MAR p. 1398, Eff. 7/16/82; AMD, 1983 MAR p. 1193, Eff. 8/26/83; AMD, 1987 MAR p. 1095, Eff. 7/17/87.)

36.22.502 PLUGGING AND ABANDONMENT Unless otherwise agreed to between the surface owner; the company, firm, corporation, or individual responsible for the drilling of seismic shot holes; and the board's designated inspector, all such holes shall be plugged and abandoned as set forth below; provided, however, that before the surface owner agrees to a plugging method which deviates from this rule, he must be given a copy of this rule:

(1) The seismic company responsible for the plugging and abandonment of seismic shot holes shall notify the board in writing at its Billings office of its intent to plug and abandon, including the date and time such activities are expected to commence, the location by section, township and range of the holes to be plugged, and the name and telephone number of the person in charge of the plugging operations. A copy of this notice shall be sent to the surface owner at the same time.

(2) All seismic shot holes shall be plugged before shooting. Exceptions may be granted after approval by the board's designated inspector. In the event the original plug does not hold, the hole shall be properly plugged as soon as reasonably practicable; however, in no event shall any hole remain unplugged for a period of more than 30 days unless, upon application, the board or its staff grants an extension which may not exceed 90 days. All holes shall be

temporarily capped during the period between drilling and final plugging.

(3) When drilling seismic shot holes, and non-artesian water is encountered or when water is used in conjunction with the drilling, plugging shall be accomplished by filling the hole with coarse ground bentonite from the bottom up to 5 feet above the static water level with a minimum of 100 pounds of bentonite. The hole shall be further filled and tamped with cuttings to a depth of three feet below ground level. All shot holes drilled in the glacial till area of Montana as

ADMINISTRATIVE RULES OF MONTANA

9/30/95 36-487

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Send Comments to: mt-rules@lists.state.mt.us

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Chapter 4. Section 6. Geophysical/Seismic Operations. Wyoming Rules and Statutes

(l) **Reports.** Upon completion of seismic shot hole activity or at thirty (30) day intervals after the work has commenced, whichever occurs first, the geophysical/seismic company shall file with the Commission a report of the completion or progress of the seismic project. The final completion report must include a statement that all work has been performed in compliance with the application for a permit to perform seismic activity and permit provisions and specific conditions of approval, if any. Said report shall be in affidavit form as provided on Form 15A. This final filing shall include a 7 1/2 or 15 minute United States Geological Survey topographic quadrangle map (at a scale of one inch equals two thousand feet or one inch equals four thousand feet that shows Section, Township, and Range) and the location of each shot hole so that the shot holes can be easily located. Upon completion of geophysical activity other than shot hole operations, the geophysical/seismic company shall provide the Commission with verbal or written notice of such completion of the permitted project.

(m) Said maps, applications, and reports shall be kept confidential by the Commission for a period of five (5) years from the date of receipt, subject to the needs of the Commission to use them to enforce these regulations, the Wyoming Conservation Act, and the orders of the Commission or Supervisor. The Commission staff may advise the affected surface owner of seismic lines and the exploration method used.

(n) Fresh water flows detected during drilling including seismic, core, or other exploratory holes shall be recorded on Form 19 and reported to the Commission on the next business day. Information contained on the form shall describe the depth at which the sand was encountered, the thickness and the rate of water flow, if known.

(o) Geophysical/seismic companies shall give the Commission at least twenty-four (24) hours advance notice of shot hole plugging operations, provided that notice of plugging operations planned for Sunday or Monday may be given on the previous Friday.

(p) **Plugging.** Bentonite materials used in seismic hole plugging shall be derived from naturally occurring untreated, high swelling sodium bentonite which consists principally of the mineral montmorillonite. Numerical values for physical requirements, a list of equipment and material for testing, testing procedures and recommended guidelines are all found in Appendix H of the Commission's Rules and Regulations Manual.

(q) The non-metallic plug used in the plugging of seismic holes shall be imprinted with the name of the geophysical/seismic company responsible for the plugging of the hole. Initials or other identifying marks may be imprinted on the plug with the Supervisor's approval.

(r) Unless the geophysical/seismic company can prove to the satisfaction of the Supervisor that another method will provide better protection to groundwater and long-

term land stability, seismic shot hole operations shall be conducted in the following manner:

(i) Seismic shot hole operations will not be conducted within one-quarter (1/4) mile of any building or water well, flowing spring, or stock water pipeline. The provisions of this subsection may be modified by any reasonable written agreement between the geophysical/seismic company and the surface owner.

(ii) Except as provided in subsection (x), when water is used in conjunction with the drilling of seismic shot holes or when water is encountered in the hole, seismic holes are to be filled with coarse ground bentonite which meets the specifications of the Commission's guideline, Appendix H. Cuttings not added to the hole are to be disposed of in accordance with subsection (vii) of this section. Any other suitable plugging material commonly used in the industry may be substituted, as long as it meets the criteria in Appendix H to these rules, upon approval of the State Oil and Gas Supervisor.

(iii) The hole will be filled with the coarse ground bentonite from the top of the explosive charge up to a depth above the final water level except where the final water level will be within three feet (3') of the surface. No bentonite shall be placed within three feet (3') of the surface. Cuttings shall be added from the top of the bentonite to the surface. A non-metallic plug of appropriate size will be set at a depth of three feet (3') below surface. Cuttings added above the non-metallic plug shall be tamped.

(iv) When drilling with air only, and in completely dry holes, a plugging may be accomplished by returning the cuttings to the hole, tamping the returned cuttings to the above-referenced depth of three feet (3'), and setting the non-metallic plug topped with more cuttings and soil as per subsection (iii). A small mound will be left over the hole for settling allowance.

(v) All shot holes must be plugged on the same day they are drilled and loaded. No shot holes may be left unplugged overnight.

(vi) The existing cap leads will be cut off below ground level.

(vii) Any drilling fluid or cuttings which are deposited on the surface around the seismic hole will be raked or otherwise spread out to at least within one inch (1") of the surface, such that the growth of the natural grasses or foliage will not be impaired.

(viii) If the number of seismic drilling units proposed for a project exceed the Commission's capacity to provide appropriate inspection oversight, the Commission staff reserves the right to limit the number of drilling units.

(ix) There should be a hole plugger for every drill, so that the holes can be plugged immediately after the explosive charge is loaded. Variances to this rule may be approved on a case-by-case basis by the Supervisor.

Dakota Resource Council
PO Box 1095
Dickinson, ND 58602-1095
701-483-2851
www.drcinfo.com

Please answer the questions below to the best of your ability. Remember that this statement will be signed by you as your formal testimony on the loss of your well.

1. What is your name, address and telephone number?

Name Dennis Frisigner
Address 2871 116th AVE NW
City, State, Zip Watford City, ND 58854
2. Do you now, or have you ever had oil and or gas exploration done on your land? YES
3. Do you own the land that this exploration was done on? . My mother owned the land until 1985 then I received it from her
4. Do you own the minerals? We have 1/7th of the minerals
5. Have you ever had seismic exploration on your land? Yes
6. Who was the company that did this seismic exploration? Geo Seismic Services
7. Give the dates (approximately) that the any seismic exploration was done on your land. Between 1981 and 1985.
8. Did you have any experience with well loss during or after such exploration? YES
9. If yes, how far away from your well was the seismic work performed. YES
10. If yes, please describe what happened, to the best of your ability. Use a blank sheet of paper if you need more room. Make sure you state how for the seismic work was done from your home, out buildings, wells and stock dams? On or about 3-2-1982 a 25# charge was set off closer than the 1320 ft distance away form my home and well. This was at about 8 am. By 10 am that

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Morning, we had no water coming out of our well. I went out side to contact he seismic crew, who were in the process of setting off another charge, at closer than the 1320 ft allowed distance from my home and well. The stopped what they were doing and quickly left the premises. I had the well driller come out to inspect the well and it was clear to him that the charge was the cause of the loss of our water. We continued to be out of water for the next 18 months.

11. Did you contact the seismic company about this problem with your well? Yes
12. Who did you discuss this situation with and what was their response? We sent a letter describing what happened to Mr. Howard Martin of Geo Seismic Services and at no time did we receive a response. It was shortly thereafter, that we referred the well loss situation to Attorney, Robert Harms. On May 21 we started working on legal action against Geo Seismic Services.
13. Did you contact the State of North Dakota Oil and Gas Division or the Industrial Commission about this problem and if so, who was your contact person there and what was their response? Yes, but it was a telephone conversation and I do not recall who I spoke with. I do know that we discussed trying to go after the bond posted by the seismic company and was told that was not possible.
14. Do you have any documentation supporting your statement? Yes see attached information

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18. Do you feel that this rule change is in the best interest of the surface owner/user? No, this is definitely not in the best interest of the landowner. I can't understand why they changed the rule in the first place. It is like saying it's all right to run a freeway through your house.

Signature

Dennis Frisinger
Lucy F. Frisinger

Printed Signature

Dennis Frisinger
Lucy F. Frisinger

Subscribed and sworn to before me this 17th day of July, 2004

Kathy L Skarda
Watford City ND

My commission expires:

KATHY L SKARDA
Notary Public
State of North Dakota
My Commission Expires May 13, 2010



HARMS, LEIER & EVENSON, LTD.

Attorneys-at-Law

Williston, North Dakota 58802-1192
Box 1192 - 8 E. Bdwy.
701/572-8146

Tioga, North Dakota 58852
8 North Main
701/664-2829

ROBERT W. HARMS

PATRICK F. LEIER

JERRY W. EVENSON

September 26, 1983

Dennis Frisinger

Watford City, ND 58854

S T A T E M E N T

- 5/18/83 Rough draft of Summons and Complaint
- 5/21/83 Research of law of claims of landlord and tenant;
Phone call to Dennis
- 5/21/83 Draft of Summons, Complaint, phone conferences
with Bessie and Dennis
- 6/15/83 Draft of Application for Default, Affidavit, and
Statement supporting the same
- 6/28/83 Phone conference re: proving damages; Phone
conference with insurance adjuster from Minneapolis,
Minnesota
- 6/29/83 Conference and preparation of Answers to
Interrogatories
- 7/28/83 Travel to and examination of water well site
- 7/5/83 Final preparation of Answers to Interrogatories
- 8/8/83 Conference with expert, preparation of additional
Discovery re: expert; Further preparation for trial
- 8/10/83 Review of opponents' Answer and applicable Rules;
Phone conference with Gary Kirk Patrick; Phone call
to Bud Thompson
- 8/10/83 Lengthy conferences with Randy Bakke and client re:
Settlement; Research on attorney's fees; plugging
holes, $\frac{1}{2}$ mile limit; Preparation of pre-trial
statement; analysis of proof
- 8/15/83 Review of Answers with clients; preparation of
formal Answers to Interrogatories

- 8/31/83 Conference re: water well, various prior wells, method of watering cattle since damage; Instructions of items needed to be prepared by Plaintiff
- 9/2/83 Phone conference to North Dakota Geology Survey; Phone conference with State Lab re: water test
- 9/5/83 Study of Legislative notes re: statute for compensating surface owners and attorney's fees.
- 9/6/83 Preparation of Motion for Summary Judgment; Resistance to Defendant's similar Motion and Brief in support of the same; Research re: same

Total recovered: \$20,000.00

Atty's. fees, 1/3 of total recovery: \$ 6,666.67

Plus disbursements:

5/27/83 Sheriff of Burleigh County; service of Summons and Complaint 11.50

5/26/83 Secretary of State re: Search of records for registered agent of Geo-Seismic Services, Inc. 2.00

Total: \$ 6,680.17

$\$20,000.00 - \$6,680.17 = \$13,319.83$

Balance Owed to client: \$13,319.83

*This is what Dennis
has been got
they were without
data for 18 months
C. Allen*

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Please answer the questions below to the best of your ability. Remember that this statement will be signed by you as your formal testimony on the loss of your well.

1. What is your name, address and telephone number?

Name Ron Nester

Address 1102 11th Ave NW

City, State, Zip: Reeder, ND 58649

2. Do you now, or have you ever had oil and or gas exploration done on your land? Yes
3. Do you own the land that this exploration was done on? Yes
4. Do you own the minerals? We have partial minerals on this land
5. Have you ever had seismic exploration on your land? yes
6. Who was the company that did this seismic exploration? I do not remember at this time. I can't swear to it, but it could have been Continental
7. Give the dates (approximately) that the any seismic exploration was done on your land. During the span of 1977 to 1979
8. Did you have any experience with well loss during or after such exploration? Yes
9. If yes, please describe what happened, to the best of your ability. Use a blank sheet of paper if you need more room. There was seismic work during that span from about 1977-1979. We rented acres in SE ¼ 31-132-97 and NW ¼ 8-131-97 and there was a well on each of those sections. We own the acres of SW ¼ 7-131-97. Dennis Knutson of Knutson well drilling in Hettinger came out right after the seismic work and we were told the well casings had caved in/collapsed. We knew this right away after the seismographing. The last

Ron Nester Pg 1

section, that we own, we did not realize that the well was damaged until the following spring when we went to put cattle out there.

10. Did you contact the seismic company about this problem with your well? Yes.
11. Who did you discuss this situation with and what was their response? I had the records at one time, but now they are unavailable. I had contacted the company and the first time I talked to them, I was told that we would be compensated. The second time I called them, they told me that they would not be compensating me for the loss of 3 wells.
12. Did you contact the State of North Dakota Oil and Gas Division or the Industrial Commission about this problem and if so, who was your contact person there and what was their response? NO, I don't remember doing that, just the seismic company.
13. Do you have any documentation supporting your statement? I did have documentation that was turned over to the Hettinger County States Attorney to file charges against the company. His name was Bill Goetz. He was later disbarred and my file was never returned to me.
14. Did you receive any compensation for your well loss from any sources? No, I did not. When we went to drill new wells, the owner of section 31, Morton Rud, said it was not worth it to try to go after the company. We just had the well drilled and the windmills moved. William and Edna Nordahl own section 8 and we own section 7. There was an extra cost to that well when it was re-drilled, because instead of moving the windmill, we put in a submersible pump, therefore we had to have power run into there to run that well. All the costs were our responsibility.
15. What are those sources and was it enough to compensate you for the loss of your well? N/A
16. Do you feel that this rule change, from 1320 feet to 660 feet is necessary? No. If anything, they should be getting further away from water sources, as far as I am concerned.
17. Do you feel that this rule change is in the best interest of the surface user? NO. This just ticks you off that they don't take responsibility when they (industry) do damage to land and wells.

Ronald B. Nester

SIGNATURE

RONALD B. NESTER

PRINTED FULL NAME

Subscribed and sworn to me before this 6 day of May, 2004

Aleta M. Hendricks
Aleta M. Hendricks
My commission expires Sept. 9, 2004

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Please answer the questions below to the best of your ability. Remember that this statement will be signed by you as your formal testimony on the loss of your well.

1. What is your name, address and telephone number?

Name: Tom Irgens

Address: 6260 129th Ave NW

City, State, Zip: Springbrook, ND 58843

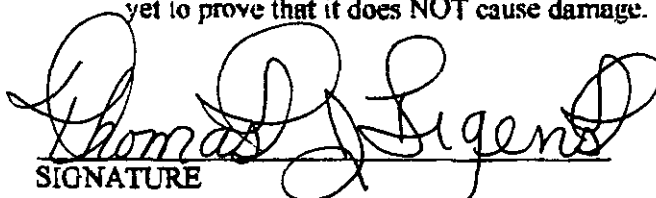
2. Do you now, or have you ever had oil and or gas exploration done on your land? Yes
3. Do you own the land that this exploration was done on? Yes
4. Do you own the minerals? Some minerals I own and some I do not own.
5. Have you ever had seismic exploration on your land? Yes
6. Who was the company that did this seismic exploration? There have been several companies that did seismic on my land. Western Geophysical and Geo Seismic Resources are two that I can think of right now.
7. Give the dates (approximately) that the any seismic exploration was done on your land. The seismic was done in 1981, 1982 and possibly in 1983, the same year there was a well drilled in that area.
8. Did you have any experience with well loss during or after such exploration? Yes
9. If yes, please describe what happened, to the best of your ability. Section 27 of 156-100 had a very good water well on it. It had produced abundant water for many years. Right after the seismographers went though that section, that well quit working and I had to drill another well to a different depth and we

never did have the water out there that we had prior to the seismic company damaging our well.

In section 26 of 156-100 we had a stock dam and a water well. That water well was not producing the amount that the one on 26 did, but it was a steady well until the seismic work came through there. It did not produce any water after that. There was also a stock dam that I built in the late 70's as a back up in that area. It had a good bottom and always held water all year long and we had also stocked some fish in there. After the seismic work, that dam would not hold water all year anymore. It has also been dry in the winter.

10. Did you contact the seismic company about this problem with your well? Yes and also the oil company that the seismograph company was working for.
11. Who did you discuss this situation with and what was their response? There were a couple of companies that did seismic work on the land out there and without digging through records from 20 years ago, I don't specifically know who I talked to, but, I do remember telling that my wells and stock dam were damaged. They also knew prior to the seismic work that they were to not put charges in the area of those wells and the dam and they did anyway and ruined the wells and the dam.
12. Did you contact the State of North Dakota Oil and Gas Division or the Industrial Commission about this problem and if so, who was your contact person there and what was their response? I remember talking to Wes Norton about this situation and many other situations at that time. The oil and gas division should have documentation on those wells that I lost.
13. Do you have any documentation supporting your statement? I have information somewhere and if this was winter instead of seeding season, I could look for them. I also know that the oil and gas division has some documentation regarding this situation.
14. Did you receive any compensation for your well loss from any sources?
Absolutely none
15. What are those sources and was it enough to compensate you for the loss of your well?

16. Do you feel that this rule change, from 1320 feet to 660 feet is necessary. This rule change is just another foolish law to support the oil and gas industry. They have been able to work around this before and had no trouble finding oil before. There is no reason to decrease this distance.
17. Do you feel that this rule change is in the best interest of the surface user? No I do not at all. Especially those landowners who are getting their wells damaged for future generations. Five pounds of dynamite is going to do damage to water wells at the same depth as the water. They don't take into consideration that the water vein is in the same area as the charge. They have yet to prove that it does NOT cause damage.


SIGNATURE

Thomas J. Irgens
FULL PRINTED NAME

Subscribed and sworn to before me
this 28th day of April, 2004.

Michele Dean
Notary Public, State of North Dakota
My Commission Expires 01-19-2008

Michele Dean
Michele Dean
Williams County, ND

ARCO Oil and Gas Company
Mid-Continent ~~District~~
555 Seventeenth Street
Mailing address: P.O. Box 5540
Denver, Colorado 80217
Telephone 303 293 4600



December 12, 1985

Mr. Tom Irgens
P. O. Box 6
Springbrook, North Dakota 58850

Re: Your letter Dated September 4, 1985

Subject: Water Well Near Irgens #1-27 Well

Dear Mr. Irgens:

I have reviewed your request for damage compensation, and the data you presented attached to your letter of September 4, 1985. Further, I have discussed this matter at length with Sandy Stash and Mel Palmer. I find no reason to suspect that any of ARCO's operations are in any way the cause of problems with your water well. Therefore, I do not believe that ARCO should compensate you for your incurred cost of replacement, stated to be \$2,230.48, or for the cost of plugging the original well, estimated to cost \$1,100.00.

Should you wish to discuss this matter further, please advise.

Sincerely yours,


J. M. McCarthy
District Drilling Superintendent

JMMcC/ps

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Please answer the questions below to the best of your ability. Remember that this statement will be signed by you as your formal testimony on the loss of your well.

1. What is your name, address and telephone number?

Name: Loucille Abelmann

Address: 14263 38th St NW

City, State, Zip: Alexander, ND 58831-9775

2. Do you now, or have you ever had oil and or gas exploration done on your land? YES
3. Do you own the land that this exploration was done on? YES
4. Do you own the minerals? I own a few of the minerals
5. Have you ever had seismic exploration on your land? YES
6. Who was the company that did this seismic exploration? I am not sure after all this time and I don't have any records from the seismic work. I do, however, have records from the following companies, who could have possibly been the ones that did the seismic work: Portal Pipeline, Hunt Oil Co., Mineral Land Services, Sage Energy, Superior and Phillips.
7. Give the dates (approximately) that the any seismic exploration was done on your land. Late 70's and early 80's 1982-83-84
8. Did you have any experience with well loss during or after such exploration? Yes, the well that was near, around ¼ mile from the seismic shots, dwindled down to nothing within a short period of time after the shots
9. If yes, please describe what happened, to the best of your ability. Use a blank sheet of paper if you need more room. With in about a week the well, that had

Loucille Abelmann Pg1

previously been pumping good water 24 hours a day, went down to pumping no water at all.

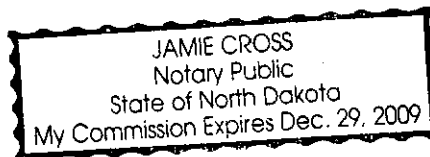
10. Did you contact the seismic company about this problem with your well? NO
11. Who did you discuss this situation with and what was their response? N/A
12. Did you contact the State of North Dakota Oil and Gas Division or the Industrial Commission about this problem and if so, who was your contact person there and what was their response? NO
13. Do you have any documentation supporting your statement? No, just my personal statement.
14. Did you receive any compensation for your well loss from any sources? NO
15. What are those sources and was it enough to compensate you for the loss of your well? N/A
16. Do you feel that this rule change, from 1320 feet to 660 feet is necessary? "NO" The certainly should not do that.
17. Do you feel that this rule change is in the best interest of the surface user? NO. I certainly don't. If there are no wells in the area, that is one thing, but it sure can ruin the wells.
18. IF you answered no to #17, please put additional comments here. There should be rules that if a well is lost in the area of seismic or other oil and gas exploration, the company doing the exploring in the area should have to prove that they did not do the damage to the well.

Louville F. Abelman
SIGNATURE

Louville F. Abelman
FULL PRINTED SIGNATURE

Subscribed and sworn to before me this 7th day of May, 2004

Jamie Cross



Louville Abelman Pg

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Please answer the questions below to the best of your ability. Remember that this statement will be signed by you as your formal testimony on the loss of your well.

1. What is your name, address and telephone number?

Name Weston Berg

Address PO Box 492 or 1240 HWY 31

City, State, Zip Stanton, ND 58571

2. Do you now, or have you ever had oil and or gas exploration done on your land? no
3. Do you own the land that this exploration was done on? N/A
4. Do you own the minerals? N/A
5. Have you ever had seismic exploration on your land? This testing was done on the land that belongs to our neighbor, across the road from our place. There is a possibility that the seismic work was done on our land about the same time, but I don't recall for sure.
6. Who was the company that did this seismic exploration? Unsure at this time
7. Give the dates (approximately) that the any seismic exploration was done on your land. In the early 1980's
8. Did you have any experience with well loss during or after such exploration? yes If yes, how far away from your well was the seismic work performed? Within ¼ mile or less, it was 200 feet deep holes with 25 pound charges
9. If yes, please describe what happened, to the best of your ability. Use a blank sheet of paper if you need more room. Make sure you state how for the seismic work was done from your home, out buildings, wells and stock dams.

A very short time after the charges sent off, our water became murky, cloudy, foul smelling and when it pooled it had an oily surface. The seismic work was done directly across the road from our place. Our well, house and farm buildings are in close proximity to the area that the charges were set off.

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#9 continued... Our water stayed like this for almost 2 years. We had to haul water to our farm for that period of time, and we were never compensated for any damage to our well or for any inconvenience that we endured.

10. Did you contact the seismic company about this problem with your well? I don't specifically recall. I am thinking that we did, because we questioned if zoning laws had been broken because of the type of zoning that we have in this area.
11. Who did you discuss this situation with and what was their response? N/A
12. Did you contact the State of North Dakota Oil and Gas Division or the Industrial Commission about this problem and if so, who was your contact person there and what was their response? We got the feeling from the State that there was to be no one making waves when it comes to development of oil and gas in North Dakota. It seemed at the time that oil and gas companies could do almost anything and not be questioned by the state.
13. Do you have any documentation supporting your statement? no
14. Did you receive any compensation for your well loss from any sources? no
15. What are those sources and was it enough to compensate you for the loss of your well? N/a

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16. Do you feel that this rule change, from 1320 feet to 660 feet is necessary? No. It was too close at 1320 feet. There are aquifers in this area that are only 43 feet deep. $\frac{1}{4}$ of a mile is too close to any water source.
17. Do you feel that this rule change, from 1320 feet to 660 feet is necessary? No. It was too close at 1320 feet. There are aquifers in this area that are only 43 feet deep. $\frac{1}{4}$ of a mile is too close to any water source.
18. Do you feel that this rule change is in the best interest of the surface user? No this is not being done in the best interest of the surface user/owner. In the experience we had, 1320 feet was too close and to lessen the minimum only increases the risk of damage to wells.
19. IF you answered no to #17, please put additional comments here. No additional comments at this time

Signature

Weston L Berg

Printed Signature

Weston L Berg

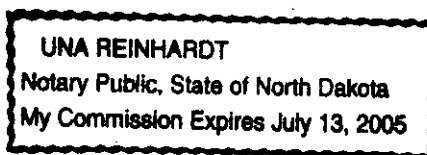
Subscribed and sworn to before me this 22 day of June, 2004

Una Reinhardt

Mercer County

July 13, 2005

My commission expires:



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701-483-2851
www.drcinfo.com**

Please answer the questions below to the best of your ability. Remember that this statement will be signed by you as your formal testimony on the loss of your well.

1. What is your name, address and telephone number?

Name Art or Rose Sickler

Address 1580 21st West

City, State, Zip Dickinson, ND 58601
2. Do you now, or have you ever had oil and or gas exploration done on your land? YES
3. Do you own the land that this exploration was done on? YES
4. Do you own the minerals? We own some over all, but on the section that we lost the well on, we owned all the minerals
5. Have you ever had seismic exploration on your land? YES
6. Who was the company that did this seismic exploration? We have had so much over the years, that we can't be specific on who the company was that was involved in this case
7. Give the dates (approximately) that the any seismic exploration was done on your land. Early 1970's
8. Did you have any experience with well loss during or after such exploration? YES
9. If yes, how far away from your well was the seismic work performed? About 1000 feet from our well that supplied water to our house

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10. If yes, please describe what happened, to the best of your ability. Use a blank sheet of paper if you need more room. Make sure you state how for the seismic work was done from your home, out buildings, wells and stock dams. There had been a lot of seismic activity in the area and on this day specifically, there was a charge about 1000 feet from our home and water well. We noticed immediately a decrease in the quality of our water. It became bitter and sandy. It became increasingly unusable and then became completely unusable and was abandoned with in 6-12 months. We felt this was directly attributed to the seismic work that day. We had a 2nd well loss that we are not sure, but think was from the seismic work, as well.
11. Did you contact the seismic company about this problem with your well? YES
12. Who did you discuss this situation with and what was their response? Do not remember specifically who we spoke with at the time, but we were told that because we did not have our well tested prior to any seismic activity, they were not responsible and would not be held accountable for our well loss.
13. Did you contact the State of North Dakota Oil and Gas Division or the Industrial Commission about this problem and if so, who was your contact person there and what was their response? Yes. Do not remember who we spoke with, but we were told the same thing. Companies are not responsible because the wells were not tested prior to exploration. We were not advised at any time that this should be done prior to any seismic or oil and gas activity on our property.

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14. Do you have any documentation supporting your statement? NO
15. Did you receive any compensation for your well loss from any sources? NO
16. What are those sources and was it enough to compensate you for the loss of your well? N/A
17. Do you feel that this rule change, from 1320 feet to 660 feet is necessary?
This is not acceptable at all. There is no way that we would ever let them blast or use vibrating seismic now.

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18. Do you feel that this rule change is in the best interest of the surface user?
No!! We don't care if it is the law or now, this is dangerous to homes, foundations and most of all, the aquifers. We would not want them within 660 feet of any of these things.
19. IF you answered no to #17, please put additional comments here.

Signature

Rose Sickler

Printed Signature

Rose Sickler

Subscribed and sworn to before me this 19 day of July, 2004

Aleta M. Hendricks

Aleta M. Hendricks

My commission expires: September 9, 2004

Senator Bercier
Testimony Senate Bill 2319
Senate Natural Resources Committee
February 10, 2005

Chairman Lyson and Members of the Committee,

Water is becoming an increasingly important resource in North Dakota and throughout the nation. Currently, two of the biggest issues in North Dakota are water-related: How the Corps should manage Lake Sakakawea and the Missouri River, and the Devil's Lake outlet issue.

In western North Dakota, water has always been a big issue. Wells for homes and cattle are expensive to drill and finding good water is often difficult.

This is why we need to do everything we can to insure that sources of water are protected.

The bill that is before you, SB 2319, is an insurance policy, both for the landowner and for the seismic companies. This bill would do three important things. First, in Section 2, it would require the seismic company to provide the landowner with a copy of the state law pertaining to oil and gas production damage compensation. It would also add language to require the seismic company to test any wells within ½ mile of planned seismic activity if the landowner requests it.

These two provisions would help to prevent misunderstandings between the landowner and the company, and would provide a means to evaluate water supplies before seismic activity takes place, which would protect the seismic company from fraudulent claims and provide the landowner with documentation in the event that his or her well, spring or other water source suffers damages from seismic activity.

Lastly, in Section 3 of the bill, there is added language that would restore the 1,320 foot distance requirement for shothole operations. This distance was cut in half last year by the Administrative Rules Committee. You will note that the bill **allows for variances for lesser distances**, which could be granted by the landowner. I feel that this reversal is necessary because there have been instances in the past where wells were damaged from seismic activity and cutting this distance in half is asking for problems.

You will no doubt hear today that there are no recent reported cases of well damage. I would remind you that the way our system is set up, it is the responsibility of the landowner to prove that his or her property was damaged. This can involve resources of time and money that the landowner does not possess. Often such cases are not even pursued because it is less daunting to shoulder the expense of drilling a new well than it is to pursue legal action against a company possessing infinitely more resources than those of the individual.

Mr. Chairman and Members of the Committee, I am asking you to recommend a 'Do Pass' on Senate Bill 2319.



SENATE BILL NO. 2319

Senate Natural Resources Committee
February 10, 2005

Testimony of Lynn D. Helms, Director, Oil & Gas Division

Since July 1, 1997 the Industrial Commission's Oil & Gas Division has had jurisdiction over Geophysical Exploration under NDCC Chapter 38-08.1, and has promulgated rules for the regulation of Geophysical Exploration under NDAC Chapter 43-02-12. The Oil & Gas Division monitors seismic programs involving over 150 square miles and 12,000 source points each year.

The Industrial Commission is supportive of the goals of Section 1 and Section 2 part 4 of this bill, has concerns about Section 2 part 8, and is opposed to Section 3.

In November 2003 the Oil & Gas Division began the process of revising 32 sections of its rules, one of which was NDAC 43-02-12-05 DISTANCE RESTRICTIONS – SHOT HOLE OPERATIONS – NONEXPLOSIVE METHODS. These rules revisions took effect May 1, 2004.

Section 1 and Section 2 part 4 – These sections of the bill expand the definition of operator of the land, permitting agent, and what information permitting agents are required to provide. We have already requested that all geophysical permit holders do this and our Geophysical Field Inspector is checking with permitted and adjacent land owners to make sure they have received and understand NDCC 38-11.1.

Section 2 part 8 – Our concern with this section of the bill is that it inserts the State into a private contractual agreement between two parties that are informed and responsible if the geophysical permit holders have complied with our requirements. This could create another impediment to economic activity in rural North Dakota.

Section 3 – This section of the bill directly contradicts and reverses the sound science that went into our 2003-2004 rule making. I will try to avoid a detailed discussion of physics and particle motion and just address the two areas of science that went into changing the distance restriction from 1320 feet to 660 feet.

1) Why consider a smaller distance?

Geophysical Exploration uses information gathered in the field and computer processing to decrease the risk of drilling dry holes. On a world wide basis the odds of a commercial discovery went from 1 in 24 to 1 in 10 with the development of 2D seismic and from 1 in 10 to 1 in 3 with the development of 3D seismic. The obvious conclusion is that better data = lower risk = less dry holes with their associated impacts. The Oil & Gas Division asked the Geophysics Department at the University of Tulsa to study this for us. A 1320-foot distance restriction creates a 2640-foot diameter skip in a 3D seismic survey requiring 5 miles of offset seismic data in every direction to remove the data effects or an 86 ½ square mile shoot, but the average North Dakota 3D survey covers 21 ½ square miles. A 660-foot distance restriction (1320-foot skip) requires 2 ½ miles of offset seismic data in every direction to remove the data effects or a 21 ½ square mile shoot. The smaller distance restriction will substantially reduce the amount of land impacted by geophysical exploration and drilling.

2) Is the reduced distance restriction safe?

The safe distance from detonated explosives has been studied extensively since 1980 when the U.S. Bureau of Mines published RI 8507.

Damage potential is based upon peak particle velocity in inches per second, which drops about 2/3 every time the distance from the blast doubles. Following are some published particle velocity effects:

>10 inches per second – will crack foundations, concrete slabs and sidewalks

>5 inches per second - possible damage to well casings

>2 inches per second – will crack plaster

<0.2 inches per second – safe for structures with historic or architectural importance that are in poor or deteriorated condition.

A 15-pound Dynagel charge (the largest used in North Dakota since 7/1/1997) yields a particle velocity of 0.043 inches per second at 660 feet (a safety factor of 4.65).

Finally, some history on geophysical exploration technology:

1970-1980 – typically 25-50 pound charges at 200 feet

1980-1995 – typically 25 pound charges at 200 feet

1995-present – typically 5-10 pound charges at 40-80 feet.

Current 3D surveys typically use 90% 5-pound and 10% 10-pound charges.

In conclusion, Section 1 and Section 2 part 4 of this bill are satisfactory, but have already been incorporated into our regulatory policy; Section 2 part 8 is a concern because it inserts the State into a private contractual agreement between two informed parties; and Section 3 is a reactionary step that will increase environmental impacts by causing unnecessary drilling of additional shot holes or dry holes based on bad data.



North Dakota Petroleum Council

Ron Ness
President

Marsha Reimnitz
Office Manager

Email: ndpc@btinet.net
Phone: 701-223-6380
Fax: 701-222-0006
120 N. 3rd Street • Suite 225
P.O. Box 1395
Bismarck, ND 58502-1395

Senate Bill 2319

Senate Natural Resources Committee

February 10, 2005

Mr. Chairman, and members of the Committee, my name is Ron Ness, President of the North Dakota Petroleum Council. The North Dakota Petroleum Council represents more than 100 companies involved in all aspects of the oil and gas industry including oil and gas production, refining, pipeline, mineral leasing, consulting, legal work, and oil field service activities in North Dakota, South Dakota, and the Rocky Mountain region. I appear before you today in opposition of Senate Bill 2319.

We believe this bill is a solution looking for a problem. Since the Industrial Commission's Oil and Gas Division took over the regulation of seismic activities from the individual counties in 1997, there have been 97 seismic shoots and NO complaints relating to water wells were filed with their office. Prior to that change, there were plenty of issues. However, any complaints relating back to the 1980's should not be part of today's discussion. Seismic technology and use has changed; but it's still a critical element of the oil and gas exploration business. This bill places a financial and timing burden on seismic projects. The costs of these projects are astounding. We are fortunate in North Dakota to have companies interested in conducting seismic projects. They allow science to more precisely determine where oil and gas reservoirs exist and reduce the chance of drilling dry wells and the associated impacts.

Attached to my testimony is a chart from the International Association of Geophysical Contractors (IAGC) showing the commonly used safe distance chart for seismic activities. As you can see, North Dakota's present law of 660 feet from water wells, buildings, underground cisterns, pipelines, and flowing springs is well within safe distances (NDCC 43-02-12-05) by IAGC and other studies. Unless waived or altered by the landowner in the surface use written agreement, this is the distance a seismic project must be from these structures. The U.S.D.A. on Forest Service lands allows five pound charges to be within 145 feet of cultural resource structures and other facilities and ten-pound charges must be 205 feet away. There is no reason why the distance should not be at least 660 feet on private surface. The data clearly indicates this is reasonable and safe and helps eliminate blank areas in seismic data. Once again, this bill is a solution looking for a problem.

Also attached is a copy of a seismic project conducted last year in western North Dakota. As you can see, the seismic company representative, usually a North Dakota landman, met with each surface owner and they negotiated the terms and conditions of the surface use agreement. In this case, two landowners requested that their wells be tested and it was done. Others signed variances to allow the seismic closer than 660 feet but he required them to stay 400 feet away. In all cases, the landowners were well compensated for the surface use. The NDIC Oil and Gas Division is provided copies of this information to assist them in regulating the seismic activities. Our research shows that in this 50 square mile shoot, there were 53 water wells and 33 water springs. Had this law, requiring water well testing been in place, 86 tests might have been required to be performed. Our data shows that an average test costs around \$600 which means $\$600 \times 86 = \$52,000$ in additional expense. Our companies indicate that if a well is tested before seismic activity, another test is needed afterward to determine that no damage has occurred to limit pending liability through no fault of seismic. This more than doubles the surface use payments for the project. At some point, these additional costs can discourage the use of seismic in North Dakota. To my knowledge, no other state in this region requires such testing.

Other issues with this bill:

- The timing is bad – seven days notice is not enough to complete the work.
- What is a certified test? Can the work get done in time, if required?
- How long is the test applicable for liability?
- It appears the bill includes testing when vibroseis is used. This must be changed.

We believe that, currently, landowners do not file complaints because the issues are not significant and the compensation for surface use is more than adequate. If landowners want tests now, it's generally done as part of the agreement. If it becomes a requirement upon request, then maybe the landowner should front the costs unless damage is verified. This is similar to credit checks or cholesterol checks – if it's free – sign me up every time. If I have to pay or share the costs – I will only do it when it's a concern.

We urge a Do Not Pass on this bill. I would be happy to answer any questions.

**SAFE OPERATING DISTANCE CHART****COMMONLY USED AND ACCEPTED BY THE GEOPHYSICAL INDUSTRY****Explosives Energy Source**
Charge size shown in pounds

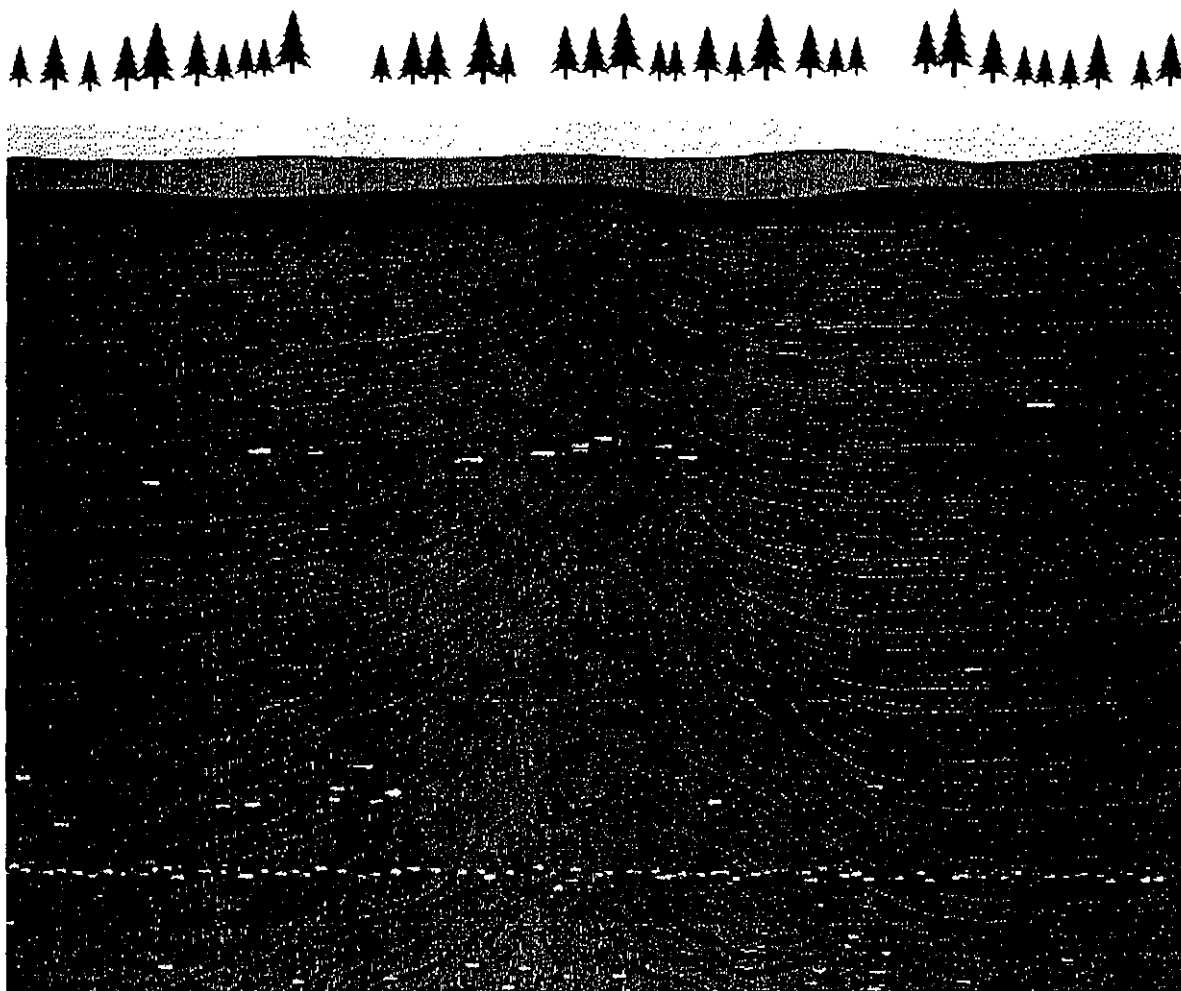
| | <u>5 or under</u> | <u>6 to 10</u> | <u>11 to 20</u> | <u>21 to 40</u> | <u>41 to 100</u> | <u>Vibro- seis</u> |
|--|-----------------------|--------------------|---------------------|---------------------|----------------------|------------------------|
| Pipeline less than 6" diameter | 100' | 140' | 190' | 230' | 290' | 300' |
| Pipeline 6" to 12" diameter | 150' | 215' | 280' | 350' | 430' | 300' |
| Pipeline greater than 12" diameter | 200' | 290' | 380' | 460' | 580' | 300' |
| Telephone lines | 40' | 56' | 76' | 80' | 115' | ** |
| Railroad track or main paved highway | 150' | 215' | 280' | 350' | 430' | ** |
| Electric power line (shot hole not to exceed 200' depth) | 300'* | 300'* | 300'* | 300'* | 300'* | ** |
| Water well, buildings, underground cistern, and all other objects not mentioned including all living things | 300' | 430' | 560' | 700' | 860' | 300' |

* This distance may be decreased to 40 feet where Primacord is used in detonating the explosive charge.

#####

Geophysical Operations

Providing Needed Information on the
Geology of the National Forest System



United States Department of Agriculture • Forest Service • International Association of Geophysical Contractors
FS 589 • October 1996

Table I: Recommended Safe Distances from Buried Shots to Cultural Resource Structures and Other Facilities

Uses a scaled distance of 65

Peak particle velocity at these distances will be below 0.75 in/sec under normal conditions

| Charge Size (lb) | 0.33 | 0.5 | 1 | 3 | 5 | 10 | 15 | 20 | 30 | 40 | 50 | 60 | 75 |
|------------------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Depth (ft) | | | | | | | | | | | | | |
| 5 | 37 | 46 * | 65 * | 112 * | 145 * | 205 * | 252 * | 291 * | 356 * | 411 * | 460 * | 503 * | 563 * |
| 10 | 36 | 45 | 64 | 112 * | 145 * | 205 * | 252 * | 291 * | 356 * | 411 * | 460 * | 503 * | 563 * |
| 15 | 34 | 43 | 63 | 112 | 145 | 205 * | 251 * | 290 * | 356 * | 411 * | 459 * | 503 * | 563 * |
| 20 | 32 | 41 | 62 | 111 | 144 | 205 * | 251 * | 290 * | 355 * | 411 * | 459 * | 503 * | 563 * |
| 25 | 28 | 39 | 60 | 110 | 143 | 204 * | 250 * | 290 * | 355 * | 410 * | 459 * | 503 * | 562 * |
| 30 | 22 | 35 | 58 | 109 | 142 | 203 * | 250 * | 289 * | 355 * | 410 * | 459 * | 503 * | 562 * |
| 40 | - | 23 | 51 | 105 | 140 | 202 | 249 * | 288 * | 354 * | 409 * | 458 * | 502 * | 561 * |
| 50 | - | - | 42 | 101 | 136 | 199 | 247 | 286 * | 352 * | 408 * | 457 * | 501 * | 561 * |
| 75 | - | - | - | 84 | 124 | 191 | 240 | 281 | 348 | 404 * | 453 * | 498 * | 558 * |
| 100 | - | - | - | 52 | 105 | 180 | 231 | 273 | 342 | 399 | 449 | 493 | 554 |
| 125 | - | - | - | - | 74 | 163 | 219 | 262 | 333 | 392 | 442 | 488 | 549 |
| 150 | - | - | - | - | - | 141 | 202 | 249 | 323 | 383 | 434 | 481 | 543 |
| 175 | - | - | - | - | - | 108 | 181 | 232 | 310 | 372 | 425 | 472 | 535 |
| 200 | - | - | - | - | - | 47 | 153 | 211 | 295 | 359 | 414 | 462 | 526 |
| 225 | - | - | - | - | - | - | 113 | 184 | 276 | 344 | 401 | 450 | 516 |
| 250 | - | - | - | - | - | - | 30 | 148 | 253 | 326 | 386 | 437 | 504 |
| 275 | - | - | - | - | - | - | - | 94 | 228 | 306 | 368 | 422 | 491 |
| 300 | - | - | - | - | - | - | - | - | 192 | 281 | 348 | 404 | 476 |
| 325 | - | - | - | - | - | - | - | - | 145 | 252 | 325 | 385 | 460 |
| 350 | - | - | - | - | - | - | - | - | 65 | 216 | 298 | 362 | 441 |
| 375 | - | - | - | - | - | - | - | - | - | 168 | 266 | 336 | 420 |
| 400 | - | - | - | - | - | - | - | - | - | 95 | 226 | 306 | 396 |
| 450 | - | - | - | - | - | - | - | - | - | - | 94 | 226 | 338 |
| 500 | - | - | - | - | - | - | - | - | - | - | - | 59 | 259 |
| 550 | - | - | - | - | - | - | - | - | - | - | - | - | 120 |
| 600 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 650 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 700 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 750 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 800 | - | - | - | - | - | - | - | - | - | - | - | - | - |

* Some charge sizes, although safe from a distance standpoint, may be more prudently detonated in deeper boreholes

- For the depth and charge size listed, no surface location should experience a peak particle velocity over 0.75 in/sec

Table II: Recommended Safe Distances from Surface Shots to Cultural Resource Structures and Other Facilities

Uses a scaled distance of 470

Maximum decibels at these distances will not exceed 140 DB under normal conditions

| Charge Size (lb) | 0.33 | 0.5 | 1 | 3 | 5 | 10 | 15 | 20 | 30 | 40 | 50 | 60 | 75 |
|------------------|------|-----|-----|-----|-----|------|------|------|------|------|------|------|------|
| Distance (feet) | 325 | 373 | 470 | 678 | 804 | 1013 | 1159 | 1276 | 1460 | 1607 | 1731 | 1840 | 1982 |

Estate of Ivan Chornuk
10

**SEISMIC PERMIT
AND RELEASE SETTLEMENT OF SURFACE DAMAGES**

AGREEMENT, by and between the Undersigned hereinafter called "Landowner" (whether one or more), and **ON & STRAHN, INC., PO BOX 3020, CHEYENNE, WY 82003**, and its designated agents, hereinafter referred to as "Company"

WITNESSTH, that the Landowner, for and in consideration of Five and More Dollars (\$5.00), cash in hand paid, receipt of which is hereby acknowledged, does hereby grant Company, its successors and assigns, the exclusive right, but not the obligation, to conduct and explore by geophysical and other means, seismic operations and surveys by use of seismograph or other geophysical methods. The right of entry shall include the right to bring workmen, vehicular and seismograph equipment, and implements necessary for seismic operations, on and across, the following described lands in the County of Billings, State of North Dakota, to-wit:

Township 143 North, Range 100 West, 5th P.M.

Section 23: W/2

Section 28: SE/4

| CROP | NON-CROP |
|-----------------------------------|---------------------------------|
| 480.00 Acres X \$5.00 per acre | 0.00 Acres X \$3.00 per acre |
| \$ 2,400.00 | \$ 0.00 |
| TOTAL CROP | TOTAL NON-CROP |

Containing 480.00 acres, more or less

| | |
|----------------|-------------|
| TOTAL PAYMENT: | \$ 2,400.00 |
|----------------|-------------|

Payment: \$5.00 per acre cropland
\$3.00 per acre non-cropland

This agreement shall remain in force for one (1) year from the date of execution herein. As consideration to conduct this seismic operation, Company shall pay Landowner (as noted above beside the description) per surface acre owned for all damages, if any, caused by its operation on said land, proportionately reduced to Landowner's (s') surface acreage ownership in each section of land described herein. Payment for said damages will be due and payable prior to conducting any seismic related activity. If said Landowner owns a less interest in the above described land than the entire and undivided surface estate therein, then the payment herein provided shall be paid to the Landowner only in the proportion which his interest bears to the entire surface estate.

Company shall conduct said seismic operations or cause same to be conducted in a workmanlike manner, according to accepted industry practice. Company further agrees to indemnify and save landowner harmless from and against all claims from damages of every nature that might arise as a result of Company's operations. Permission is hereby given to Company, its agents and assigns, to enter the lands described herein for the purpose of sampling water wells and to conduct seismic operations. Company agrees that seismic shot-holes shall be drilled NO CLOSER than 400 feet from Landowner's water wells, buildings, underground cisterns, oil and/or gas pipelines and flowing springs and NO CLOSER than 100 feet from Landowner's water pipelines. This permission is granted on the condition that Company assumes responsibility for any verifiable damages to said water wells, buildings, underground cisterns, oil and/or gas pipelines, flowing springs, or water pipelines, which result solely as a result of its seismic operations. The right of entry shall include the right of Company to bring workmen, vehicular and other equipment necessary for said operations. ~~The Landowner hereby releases and forever discharges Company and their employees, agents, associates, affiliates, companies, successors and assigns of and from any and all further claims on account of any damages to the surface of the above described lands as a result of said seismic operation.~~

Ivan Chornuk
WITNESS to sign

Seismic Permit (Continued)

If the estate of either party hereto is assigned or sublet, the express and implied covenants herein shall extend to the sublessees, successors and assigns of the parties hereto. In the event the Company assigns its interest in this agreement, it shall be relieved and discharged any liability to the Landowner thereafter accruing upon any of the terms, provisions and covenants in this agreement.

This permit shall be effective as to each Landowner on execution hereof as to his or her interest and shall be binding on those signing and all persons claiming by, through, or under them, or as heirs, personal representatives, assigns or surface tenants, notwithstanding some of the Landowners herein named, may not join in the execution hereof. The word "Landowner" as used in this agreement means the party or parties who execute this agreement as the Landowner, although not named herein. In the event others should claim an interest in this damage payment, I (we), the undersigned, agree to be personally liable to them for their proportionate part thereof.

Our information shows your ownership as follows:

(a) Surface owner

X

(c) Surface Tenant/Lessee

(b) Mineral owner

(d) Mineral Lessee

(We) do hereby certify that I am (we are) Landowner, Tenant, and or Authorized Agent of the herein described property. I (We) do hereby waive any further notice required by Company under NDCC Chapter 38-08.1 or other applicable statutes. No other permission need be obtained by Company to conduct its operations except as follows:

1) It is understood and agreed by the parties hereto that should it be necessary for "Company" to conduct its aforementioned operations (except for surface surveying accomplished without the use of vehicles), upon those lands known as 'Croplands', then it is agreed that an additional 'Crop-Damage' Settlement will be paid in the amount of 00, in full settlement for tenant's growing crops; Payment to be made to Harry W. Chornuk, as Personal Representative of the Estate of Ivan J. Chornuk.

2) It is understood and agreed by the parties hereto that "Company" will not place its shot-points any closer than a 660 foot radius from all of Landowner's water wells located on said lands, or within a 660 foot radius of all that part of the Creek (referred to as Betsy Creek) that runs through the W/2 of Section 23-T143North, Range 100 West, 5th P.M. It is also understood that "Company" will not place its shot-points any closer than a 660 foot radius of the two springs located in the SW/4SE/4 of Section 28, T143North-R100W, 5th P.M. Furthermore, "Company" will conduct a flow test and water analysis test to the well located in the NW/4NW/4 of Section 23, T143North-R100W, 5th P.M., before and after sourcing and will provide Landowner with the results from such test.

IN TESTIMONY WHEREOF, this instrument is executed this 12th day of April, 2004.

Harry Chornuk PR
Landowner/Tenant/Authorized Agent

Landowner/Tenant/Authorized Agent

| | | | |
|-------------|--|-------------|--|
| Name: | Harry W. Chornuk as Personal Representative of the Estate of Ivan J. Chornuk, deceased | Name: | |
| Address: | | Address: | |
| City/State: | | City/State: | |
| Phone: | | Phone: | |
| Tax ID# | | Tax ID# | |

This permit shall be effective as to each Landowner on execution hereof as to his or her interest and shall be binding on those signing and all persons claiming by, through, or under them, or as heirs, personal representatives, assigns or surface tenants, notwithstanding some of the Landowners herein named, may not join in the execution hereof. The word "Landowner" as used in this agreement means the party or parties who execute this agreement as the Landowner, although not named herein. In the event others should claim an interest in this damage payment, I (we), the undersigned, agree to be personally liable to them for their proportionate part thereof.

Our information shows your ownership as follows:

(a) Surface owner

X

(c) Surface Tenant/Lessee

(b) Mineral owner

(d) Mineral Lessee

(We) do hereby certify that I am (we are) Landowner, Tenant, and or Authorized Agent of the herein described property. I (We) do hereby waive any further notice required by Company under NDCC Chapter 38-08.1 or other applicable statutes. No other permission need be obtained by Company to conduct its operations except as follows:

1) It is understood and agreed by the parties hereto that should it be necessary for "Company" to conduct its aforementioned operations (except for surface surveying accomplished without the use of vehicles), between the time frame as follows - May 01 through July 31, upon those lands deemed 'Croplands', then it is agreed that an additional 'Crop-Damage' Settlement will be paid in the amount of \$1,100.00.

2) It is understood and agreed by the parties hereto that "Company" will not place shot-points any closer than a 660 foot radius of the water well located in the NW/4NE/4NE/4 of Section 05, T142N-R100W, 5th P.M.; and "Company" also agrees to test said well located in the NW/4NE/4NE/4 of Section 05, T142N-R100W, 5th P.M. before and after sourcing and will provide Landowner with the results concluded from such test.

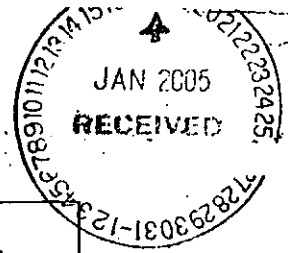
IN TESTIMONY WHEREOF, this instrument is executed this 3 day of 30, 2004.

Julia Kordon
Landowner/Tenant/Authorized Agent

Julia Kordon
Landowner/Tenant/Authorized Agent

| | | | |
|-------------|--------------------------|-------------|--|
| Name: | Julia Kordon | Name: | |
| Address: | 13639 Blacktail Rd. | Address: | |
| City/State: | Fairfield, ND 58627-9453 | City/State: | |
| Phone: | 701-575-4954 | Phone: | H - (701) - 575-8435 (Kurt) M - (701) - 290-0843 (Kurt) |
| Tax ID# | 523-32-9768 | Tax ID# | |

**9400 MAGPIE SEISMIC PROSPECT
BILLINGS COUNTY, NORTH DAKOTA
STEPHENS ENERGY COMPANY, LLC**



| | | | | | | |
|----|----|----|----|----|----|----|
| 11 | 12 | 07 | 08 | 09 | 10 | 11 |
| 14 | 13 | 18 | 17 | 16 | 15 | 14 |
| 23 | 24 | 19 | 20 | 21 | 22 | 23 |
| 26 | 25 | 30 | 29 | 28 | 27 | 26 |
| 35 | 36 | 31 | 32 | 33 | 34 | 35 |
| 02 | 01 | 06 | 05 | 04 | 03 | 02 |
| 11 | 12 | 07 | 08 | 09 | 10 | 11 |
| 14 | 13 | 18 | 17 | 16 | 15 | 14 |
| 23 | 24 | 19 | 20 | 21 | 22 | 23 |
| 26 | 25 | 30 | 29 | 28 | 27 | 26 |
| 35 | 36 | 31 | 32 | 33 | 34 | 35 |
| 02 | 01 | 06 | 05 | 04 | 03 | 02 |
| 11 | 12 | 07 | 08 | 09 | 10 | 11 |
| 14 | 13 | 18 | 17 | 16 | 15 | 14 |
| 23 | 24 | 19 | 20 | 21 | 22 | 23 |
| 26 | 25 | 30 | 29 | 28 | 27 | 26 |
| 35 | 36 | 31 | 32 | 33 | 34 | 35 |
| 02 | 01 | 06 | 05 | 04 | 03 | 02 |
| 11 | 12 | 07 | 08 | 09 | 10 | 11 |

T144N-R100W 5TH PM

T143N-R100W 5TH PM

**SURFACE OWNERSHIP STATUS
9400-MAGPIE SEISMIC PROSPECT, BILLINGS COUNTY, NORTH DAKOTA**

| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
|----------|---|--|---|--------------------|--------------------|-------------------|------------------|
| 1 | Hecker, Dwight, aka - Dwight A. & Teresa A. (HW) 1453 Whitetail Rd. Belfield, ND 58622 701-575-4952 | Township 143 North, Range 100 West Section 16: All Section 17: All Section 19: Lots 1(38.55), 2(38.69), 3(38.83), 4(38.97), E/2W/2, E/2 Section 20: NW/4, N/2NE/4, SW/4NE/4, NW/4SE/4 Section 21: N/2 Section 22: SE/4 Section 27: NW/4 Section 34: NE/4 Containing 3,035.04 acres, more or less | PERMITTED - 02-24-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. Staging Permit - Yes - \$1,500.00 | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 520.00 | 2515.04 | 2600.00 Paid | 7545.12 Paid | 5.00 Paid | 1500.00 Paid | 11,650.12 |
| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
| 2 | Lowman, James J. & Dona M. (HW) 1316 Whitetail Rd. Fairfield, ND 58627-9743 701-575-4708 | Township 143 North, Range 100 West 10: N/2S/2 Township 144 North, Range 100 West 07: SW/4SW/4 Containing 200.00 acres, more or less | PERMITTED - 02-25-2004 & 03-20-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 160.00 | 40.00 | 800.00 Paid | 120.00 Paid | 10.00 Paid | 1000.00 Paid | 1,930.00 |
| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
| 3 | Evoniuk, Dale, aka Dale G., & Linda Evoniuk, (HW) 13343-20 th St. SW. Fairfield, ND 58627-0092 701-575-4593 | Township 142 North, Range 100 West Section 02: Lots 3(40.05), 4(40.23), S/2NW/4, SW/4 Containing 320.28 acres, more or less | PERMITTED - 02-21-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 320.28 | 0.00 | 1601.40 Paid | 0.00 Paid | 5.00 Paid | 913.00 Paid | 2,519.40 |
| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
| 4 | Evoniuk, Margorie & Samuel J. Evoniuk, (WH) 13347-20 th St. SW. Fairfield, ND 58627-0092 701-575-4980 | Township 142 North, Range 100 West Section 11: NW/4, less 2.87 acre tract Section 11: SW/4 Containing 317.13 acres, more or less | PERMITTED - 02-21-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 317.13 | 0.00 | 1585.65 Paid | 0.00 Paid | 5.00 Paid | 913.00 Paid | 2,503.65 |

SURFACE OWNERSHIP STATUS
9400-MAGPIE SEISMIC PROSPECT, BILLINGS COUNTY, NORTH DAKOTA

| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
|----------|---|---|--|--------------------|--------------------|-------------------|-----------------|
| 5 | Kurtis J. Kordon 13633 Blacktail Rd. Fairfield, ND 58627-9453 H-701-575-8435 M-701-290-0843 | Township 143 North, Range 100 West Section 27: SW/4 Section 30: Lots 1(39.10), 2(39.22), E/2NW/4, NE/4 Section 34: W/2 Township 142 North, Range 100 West Section 05: A 15.50-acre tract of land, more or less, and more fully described in Book 60 of Deeds, at Page 713. Containing 813.82 acres, more or less | PERMITTED -02-25-2004 STIPS -Crop Damage Settlement between May 1 st thru July 31. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 495.50 | 318.32 | 2477.50 Paid | 954.96 Paid | 5.00 Paid | 1500.00 Paid | 4,937.46 |
| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
| 6 | Haverluk, Pauline 1707 Main South Dickinson, ND 58601-8626 (Son - Neil - 701-575-8449) | Township 143 North, Range 100 West Section 04: SE/4NW/4, NW/4SW/4, E/2SW/4, SE/4 Section 05: Lots 1(40.15), 2(40.13), 3(40.11), 4(40.09), S/2N/2, S/2 Containing 960.48 acres, more or less | PERMITTED -03-21-2004 STIPS -Crop Damage Settlement between May 1 st thru July 31. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 320.00 | 640.48 | 1600.00 Paid | 1921.44 Paid | 5.00 Paid | 1140.00 Paid | 4,666.44 |
| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
| | *O'Brien, Donald, aka Don, & Rose, (HW) PO Box 452 Belfield, ND 58622 701-575-4316 | Township 143 North, Range 100 West Section 04: Lots 1(39.88), 2(39.96), S/2NE/4 Containing 159.84 acres, more or less | PERMITTED -02-28-2004 STIPS -None *Subject to KFD to Dennis O'Brien & Arlinda C., HW & William L. O'Brien & Lana F., HW. Payment to be made to T Lazy T. Ranch, A Partnership... | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 0.00 | 159.84 | 0.00 Paid | 479.52 Paid | 10.00 Paid | 0.00 | 489.52 |
| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
| 8 | Cecilia Yourk Hurt, Trustee of the Roman Yourk Equity Pure Trust 401-2 nd Avenue NE Belfield, ND 58622-7235 701-575-4672 | Township 143 North, Range 100 West Section 22: SW/4 Containing 160.00 acres, more or less | PERMITTED -03-05-2004 STIPS -Crop Damage Settlement between May 1 st thru July 31. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 160.00 | 0.00 | 800.00 Paid | 0.00 Paid | 5.00 Paid | 500.00 Paid | 1,305.00 |

SURFACE OWNERSHIP STATUS
9400-MAGPIE SEISMIC PROSPECT, BILLINGS COUNTY, NORTH DAKOTA

| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
|-----------|---|--|---|--------------------|--------------------|-------------------|-----------------|
| 9 | Johnson, Curtis B., & Frances V., (HW), PO Box 75 South Heart, ND 58655-0075 & Johnson, Larry N. & Ruth N. PO Box 801 Belfield, ND 58622-0901 701-575-4900 | Township 143 North, Range 100 West Section 27: W/2SE/4 Containing 80.00 acres, more or less | PERMITTED -03-20-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31., & to be paid to tenant Donald Stigen. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 80.00 | 0.00 | 400.00 Paid | 0.00 Paid | 5.00 Paid | 500.00 Paid | 905.00 |
| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
| 9A | Curtis B. Johnson, Trustee of the Johnson Ranch Trust PO Box 75 South Heart, ND 58655-0075 701-677-5844 | Township 143 North, Range 100 West Section 27: E/2SE/4 Section 28: SW/4 Section 34: SE/4 Containing 400.00 acres, more or less | PERMITTED -03-20-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31., & to be paid to tenant Donald Stigen. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 240.00 | 160.00 | 1200.00 Paid | 480.00 Paid | 5.00 Paid | 1500.00 Paid | 3,185.00 |
| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
| 10 | Harry W. Chornuk, as Personal Representative of the Estate of Ivan J. Chornuk, deceased Watford City, ND 701-575-4936 | Township 143 North, Range 100 West Section 23: W/2 Section 28: SE/4 Containing 480.00 acres, more or less | PERMITTED -04-12-2004 STIPS - Crop Damage Settlement - No time frame specified. ADDITIONAL STIPS - 1: No Shots within 660' of wells. 2: No Shots within 660' of creek in 23. 3: No Shots within 660' of springs in 28. 4: Must test well in Sec. 23. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 480.00 | 0.00 | 2400.00 PAID | 0.00 | 5.00 Paid | 2,500.00 Paid | 4,905.00 |
| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
| 11 | Simnioniw, Edward J. 2985 Highway 85 Belfield, ND 58622 701-575-4452 & Simnioniw, Leslie 12631-37 th St. SW South Heart, ND 58655 | Township 143 North, Range 100 West Section 32: SE/4, S/2NE/4 Containing 240.00 acres, more or less | PERMITTED -03-20-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 240.00 | 0.00 | 1200.00 Paid | 0.00 Paid | 5.00 Paid | 700.00 Paid | 1,905.00 |
| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
| 12 | Kordon, Ben 13633 Blacktail Rd. Fairfield, ND 58627-9753 H-701-575-8435 | Township 143 North, Range 100 West Section 32: SW/4, W/2NW/4 Containing 240.00 acres, more or less | PERMITTED -03-20-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 100.00 | 140.00 | 500.00 Paid | 420.00 Paid | 5.00 Paid | 300.00 Paid | 1,235.00 |

SURFACE OWNERSHIP STATUS
9400-MAGPIE SEISMIC PROSPECT, BILLINGS COUNTY, NORTH DAKOTA

| TRACT # | LANDOWNER | LANDS | COMMENTS |
|-----------|--|--|--|
| 13 | Kordon, Julia 13639 Blacktail Rd. Fairfield, ND 58627-9753 H-701-575-4954 | Township 143 North, Range 100 West Section 32: E/2NW/4 Township 142 North, Range 100 West Section 05: Lots 1(40.01), 2(40.03), S/2NE/4, SW/4, less a 15.50-acre tract of land, more or less, and more fully described in Book 60 of Deeds, at Page 713. Containing 384.54 acres, more or less | PERMITTED - Mail out STIPS - Crop Damage Settlement between May 1 st thru July 31. ADDITIONAL STIPS - 1: No Shots within 660' of well in NW/4NE/4NE/4 of Sec. 5-142-100. 2: Must test above well. |
| | CROP ACRES 324.54 | NON-CROP ACRES 60.00 | CROP \$ 1622.70 Paid |
| | | NON-CROP \$ 80.00 Paid | FLAT FEE \$ 0.00 Paid |
| | | DAMAGES \$ 1100.00 Paid | TOTAL \$ 2,902.70 |
| TRACT # | LANDOWNER | LANDS | COMMENTS |
| 14 | Anheluk, Jerry 2183-133 rd Avenue SW Belfield, ND 58622-9320 H-701-575-4428 | Township 143 North, Range 100 West Section 35: SW/4 Containing 160.00 acres, more or less | PERMITTED - 02-29-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. |
| | CROP ACRES 160.00 | NON-CROP ACRES 0.00 | CROP \$ 800.00 Paid |
| | | NON-CROP \$ 0.00 Paid | FLAT FEE \$ 5.00 Paid |
| | | DAMAGES \$ 500.00 Paid | TOTAL \$ 1,305.00 |
| TRACT # | LANDOWNER | LANDS | COMMENTS |
| 15 | Kanski, Margaret, Life Estate (Remaindermen & AIF - Brenda Schumacher) HCRI Box 51 Fairfield, ND 58627 Son/Kevin - 701-225-5313 | Township 143 North, Range 100 West Section 26: SW/4 Containing 160.00 acres, more or less | PERMITTED - 02-29-2004 STIPS - Crop Damage Settlement - No time specified. ADDITIONAL STIPS - 1: Can't enter under Muddy conditions without consent of landowner. |
| | CROP ACRES 160.00 | NON-CROP ACRES 0.00 | CROP \$ 800.00 Paid |
| | | NON-CROP \$ 0.00 Paid | FLAT FEE \$ 5.00 Paid |
| | | DAMAGES \$ 2000.00 Paid | TOTAL \$ 2,805.00 |
| TRACT # | LANDOWNER | LANDS | COMMENTS |
| 16 | Rodakowski, Arnold & Colleen (HW) 433-1 st Ave. East Dickinson, ND 58601 701-483-4885 | Township 142 North, Range 100 West Section 03: SW/4 Containing 160.00 acres, more or less | PERMITTED - 04-03-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. |
| | CROP ACRES 160.00 | NON-CROP ACRES 0.00 | CROP \$ 800.00 Paid |
| | | NON-CROP \$ 0.00 Paid | FLAT FEE \$ 5.00 Paid |
| | | DAMAGES \$ 1200.00 Paid | TOTAL \$ 2,005.00 |
| TRACT # | LANDOWNER | LANDS | COMMENTS |
| 17 | Rodakowski, Katherine 1101 Porter Avenue, Apt 23 Bismarck, ND 58501 701-530-9123 | Township 142 North, Range 100 West Section 03: SE/4 Section 04: Lots 1(40.09), 2(40.35), S/2NE/4, SE/4, less a 15.98 acre tract of land, more or less, and more fully described in Book 62 of Deeds, at Page 469. Section 10: E/2E/2, S/2SW/4 Containing 704.46 acres, more or less | PERMITTED - 04-03-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. ADDITIONAL STIPS - 1: No Shots in the E/2NE/4 of 4. |
| | CROP ACRES 704.46 | NON-CROP ACRES 0.00 | CROP \$ 3522.30 Paid |
| | | NON-CROP \$ 0.00 Paid | FLAT FEE \$ 5.00 Paid |
| | | DAMAGES \$ 2100.00 Paid | TOTAL \$ 5,627.30 |

SURFACE OWNERSHIP STATUS
9400-MAGPIE SEISMIC PROSPECT, BILLINGS COUNTY, NORTH DAKOTA

| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
|------------|--|--|--|--------------------|--------------------|-------------------|-----------------|
| 17A | Rodakowski, David 13433 Blacktail Rd. Fairfield, ND 58627-9452 701-575-4653 | Township 142 North, Range 100 West Section 04: A 15.98-acre tract of land, more or less, and more fully described in Book 62 of Deeds, at Page 469. Containing 15.98 acres, more or less | PERMITTED - 04-03-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 15.98 | 0.00 | 79.90 Paid | 0.00 Paid | 5.00 Paid | 100.00 Paid | 184.90 |
| 18 | Dutchuk, James, etal 127-8 th Ave. East, Apt 15 Dickinson, ND 58501 701-483-1449 | Township 142 North, Range 100 West Section 04: Lots 3(40.21), 4(40.07), S/2NW/4 Containing 160.28 acres, more or less | PERMITTED - 02-29-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 80.00 | 80.28 | 400.00 Paid | 240.84 Paid | 5.00 Paid | 250.00 Paid | 895.84 |
| 19 | Krivourchka, Margaret 550 Colfax St. Dickinson, ND 58501 701-483-3459 | Township 142 North, Range 100 West Section 04: SW/4 Section 05: SE/4 Containing 320.00 acres, more or less | PERMITTED - 02-28-2004 PERMITTED - 02-28-2004 (Son) STIPS - Crop Damage Settlement between May 1 st thru July 31. ADDITIONAL STIPS - Pay Crop damages to Roy Krivourchka | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 250.00 | 70.00 | 1250.00 Paid | 210.00 Paid | 5.00 Paid | 715.00 Paid | 2,180.00 |
| 20 | Leilani R. Duke, Personal Representative of the Estate of Robert Kordon, deceased 260 East Birch St. Walla Walla, WA 99362-5007 509-529-3685 | Township 142 North, Range 100 West Section 05: Lots 3(40.05), 4(40.07), S/2NW/4 Section 06: SW/4NE/4 Containing 200.12 acres, more or less | PERMITTED - 04-05-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 200.12 | 0.00 | 1060.00 Paid | 0.00 | 0.00 | 600.00 Paid | 1,660.00 |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 0.00 | 40.00 | | 0.00 | 0.00 | 0.00 | 120.00 |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 0.00 | 40.00 | | 0.00 | 0.00 | 0.00 | 120.00 |

SURFACE OWNERSHIP STATUS
9400-MAGPIE SEISMIC PROSPECT, BILLINGS COUNTY, NORTH DAKOTA

| TRACT # | LANDOWNER | LANDS | COMMENTS | | | | |
|-----------|---|--|--|--------------------|--------------------|-------------------|-----------------|
| 23 | Saunders, Inez E. Ulrich 2340 Sanguinetti Lane, Space 28 Stockton, CA 95205 209-467-4003 | Township 142 North, Range 100 West Section 06: Lot 2(40.05), AKA - NW/4NE/4 Containing 40.05 acres, more or less | PERMITTED - Yes - 04-03-2004 STIPS - None | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 0.00 | 120.05 | 0.00 | 120.05 Paid | | 0.00 | 120.05 |
| 24 | Gregory, Raymond P. & Anna (HW) et al 516 Park St. Dickinson, ND 58501 701-225-6409 | Township 142 North, Range 100 West Section 09: NE/4 Section 10: W/2NE/4, E/2NW/4 Containing 320.00 acres, more or less | PERMITTED - 3-19-2004 STIPS - Crop Damage Settlement between May 1 st thru July 31. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 200.00 | 120.00 | 1000.00 Paid | 360.00 Paid | 5.00 | 600.00 Paid | 1,965.00 |
| 25 | West Plains Electric Cooperative, Inc. A cooperative corporation 1260 West Villard PO Box 1078 Dickinson, ND 58501-1079 | Township 142 North, Range 100 West Section 11: A 2.87 acre tract of land as described in Book 53 of Deeds, at page 507. Containing 2.87 acres, more or less | PERMITTED - NO STIPS - None NOTE - Surface work will not cross. Minerals -- permitted. | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 0.00 | 2.87 | 0.00 | 8.61 | | | 8.61 |
| 26 | State of North Dakota | Township 144 North, Range 101 West Section 36: All Township 143 North, Range 100 West Section 28: SE/4 (Minerals only) Containing 800.00 acres, more or less | PERMITTED - 03-30-2004 STIPS - None | | | | |
| | CROP ACRES | NON-CROP ACRES | CROP \$ | NON-CROP \$ | FLAT FEE \$ | DAMAGES \$ | TOTAL \$ |
| | 0.00 | 800.00 | 0.00 | 2,400.00 Paid | | | 2,400.00 |

Total surface use compensation \$66,435.99

February 10, 2005

Mr. Chairman and members of the Committee, my name is Jeff Herman, I am the Regional Manager for Petro-Hunt, L.L.C out of their Bismarck Office. The Hunt companies have been involved in ND Oil & Gas exploration and production since the late 1940's and are currently one of the top 10 production companies in the state. We employ 150 full time employees in ND in our Oil field operations and the Gas Processing Plant that we operate by Killdeer, and an additional 50 parties working on a contract basis.

I appear before you today in opposition of ~~House~~ ^{Senate} Bill ~~1222~~ ²³¹⁹.

We believe this bill is a solution looking for a problem, as I am not aware of one claim of damages done to a water source as a result of seismic we have shot since I began with the company in 1980. Other active ND Oil companies I have talked to about this issue report the same relative to their operations. It almost seems that this issue has become popular folklore as we hear all these horror stories, but never see any specific documented cases presented.

We feel this bill is unnecessary as under current law each landowner has the right to request testing prior to entry already. Mandatory testing would only opens up a can of worms. Such as who determines what tests are run, what defines a water well, will it extend to springs, ponds etc.? Who provides well location and background information? ("My water is much harder after the seismic shoot." Is pretty hard to defend without back data.) Who pays for

storage of test water samples and information, and for how long? Who determines damages?

As you are all aware there is a current 7 year drought going over most of ND, wells are going dry all over the place, who determines if a poor well that goes dry 3 or 4 months after seismic was shot was damaged by the seismic activity, over usage or lack of recharge? Who approves the tester, will they be certified or licensed by the state? Will this be another "tax" on business past through to the oil company? Does the test have to be supervised by a state employee? If so, who pays for that person?

How could you ever document if the damage was caused by seismic or the actual testing process caused the casing to fail because it had never been flowed that hard before. How do you deal with the lack of confidence from land owners that were told their wells produced so much when drilled and now only test half the original rate. If they won't believe the tester and are convinced that they are working for the seismic company will we have to provide a second opinion?

It appears to me that the current rules are working, why burden it with more regulation that seem like they will cause more problems than solutions? Exploration activity in ND is just starting to pick up again which is good for the State; let's not throw up unnecessary road blocks to slow it down.

I urge a Do Not Pass on this bill. I would be happy to answer any questions.