

2011 SENATE NATURAL RESOURCES

SB 2290

2011 SENATE STANDING COMMITTEE MINUTES

Senate Natural Resources Committee
Fort Lincoln Room, State Capitol

SB 2290
February 4, 2011
14054

☐ Conference Committee

Committee Clerk Signature

Monica Sparling

Explanation or reason for introduction of bill/resolution:

Relating to enforcement of laws, rules, and regulations concerning the conservation of oil and gas; and to provide a penalty

Minutes:

Testimony Attached

Chairman Lyson opened the hearing on SB 2290.

Senator David O'Connell: If the problems had been taken care of for the last 14 years we wouldn't need this bill. The majority of the oil people are good neighbors; there are a few that have made a black mark on the industry. The bill does need amendments. The fiscal note may not need to be there.

Senator Triplett: Don't you think that there is already provision in the job description of the Director of the Division of Mineral Resources that his job is to enforce laws and rules concerning oil and gas issues?

Senator David O'Connell: Yes, there is but it needs to have teeth put into the law. There has to be something to make sure it gets done.

Representative Bob Hunskor, District 6, presented written testimony in favor the bill. See **Attachment #1.**

Senator Hogue: I don't understand the reason that you want the bill. Is it that the agency does not have enough resources to get the job done or is it that the law is not being enforced?

Representative Bob Hunskor: There are existing laws to take care of it, but the Department of Mineral Resources is overstressed with the oil activity. They are lacking personnel or funds, I don't know. I do know there needs to be a stricter enforcement of the laws that are there.

Galen Peterson, a farmer from Maxbass, presented written testimony in favor of SB 2290. See **Attachment #2** and **Attachment #3.**

Senator Hogue: You mentioned in your testimony that there were several areas where there were 5 acre salt spills. Are those these wells?

Galen Peterson: No, they are not by these wells. They are in the oil fields developed in the 50s and 60s . They used to allow evaporator pits for salt water. There was very lax enforcement on that so a lot of the pits ran over. There are huge areas out there affected. One spread to 160 acres over three sections of land.

Senator Hogue: How could we find the name of that neighbor of yours?

Galen Peterson presented a Google map. See **Attachment #4**.

Myron Hanson, chairman of the Northwest Landowners Association, presented written testimony in favor of SB 2290. See **Attachment #5 and #6**.

Tom Wheeler, a farmer from Ray, ND, presented written testimony in support of the bill. See **Attachment #7**.

Christine Peterson, a farmer from Antler, ND presented written testimony in favor of SB 2290. See **Attachment #8**.

Lance Kjelshus, a farmer from Souris, ND presented written testimony in favor of SB 2290. See **Attachment #9**.

Senator Burkhardt: Is there just one bad operator out there or are there several?

Lance Kjelshus: We have had about a dozen or more different companies. It just continues.

Larry Peterson from Antler ND, a farmer and a contract pumper and gauger for an oil company, presented written testimony in favor of SB 2290. See **Attachment #10**.

Todd Kranda, an attorney with the Kelsch Law Firm, presented written testimony in opposition to SB 2290. See **Attachment #11**.

Chairman Lyson: If he gets the new personnel. Is there any policy for how quickly they will respond to a request from a landowner that has a problem?

Todd Kranda: I don't know what the timing is. I heard that their inspections were dropped back from every six months to every year or from every other month to once every year. Because of the workload, his inspections have really dropped off. I think that is part of the problem. He does need these inspectors. HB 1343 I think is the solution. In terms of the turnaround, I'm not sure.

Lynn Helms, Director of the Dept of Mineral Resources, presented written testimony in opposition to SB 2290. See **Attachment #12**, a picture of a reclaimed site, and **Attachment #13**.

Senator Triplett: How many cases have you referred to District Court?

Lynn Helms: In the last year we have prosecuted 6 complaints which have gone to the Office of Administrative Hearings and we have settled 5 of those through settlement negotiations. If you add in the ones in process, there are a total of nine in the past year.

Senator Burkhardt: Are there only a few bad operators or are there many?

Lynn Helms: All but one of the people who testified today are from the Minot District. We have the most staff up there but it still is not enough. We make a quarterly report to the Industrial Commission of the problem operators. When I started this job my list of problem operators was two pages long. We have gotten it down to a half a page, but there still are problem operators. Sometimes when we let it play out a bad operator goes broke and sells out to a new operator and they improve on those wells. It is a process but it is time consuming.

Senator Uglem: Do you restrict what type of soil sterilants can be used on a well site?

Lynn Helms: That is not part of our administrative code. I do understand the problem of using soil sterilants, but a large part of our problem is weed control. A great number of our calls are concerning weeds on the sites.

Senator Hogue: I have a few questions on the scope of your enforcement authority. Your office identifies a bad operator. Do you have other provisions in the law to not only fine them for that spill but also curtail their ability to work as an operator in the entire oil patch? Do you have that authority?

Lynn Helms: We do. When someone initially gets identified as a problem operator, the first thing that happens is their bond gets suspended. That stops the bleeding. Following that we make a report to the Industrial Commission and we start working with the surety on their bond to get wells plugged and reclaimed and begin to whittle away at the list until we can get them back into compliance. Our only authority in regard to fines is through the District Courts and settlements. If there is a serious enough problem that is threatening public safety or causing an environmental threat we can actually shut the well in. But that is limited to 40 days. Then I have to give notice and hold a public hearing and either go to court to close the well or turn it loose again. There is some authority but it is limited.

Senator Hogue: What rights does the surface owner have under current law? Can they buy black dirt and put it on and then charge the oil company for it by turning in the bills to the oil company? If the operator doesn't pay, could the landowner take them to court for the payment of the restoration work? Or do they have to go through your office?

Lynn Helms: I believe they could follow the process you spelled out. They would not have to go through our office. We initiated a policy that took effect on April 1, 2010. Prior to that time a surface owner received no information about upcoming reclamation and no

information about how the reclamation was going to take place. Now they are required to receive a reclamation plan before the well is plugged. We are making Improvements.

Vice-Chair Hogue closed the hearing on SB 2290.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Natural Resources Committee Fort Lincoln Room, State Capitol

SB 2290
February 7, 2011
14140

☐ Conference Committee

Committee Clerk Signature

Veronica Spurling

Explanation or reason for introduction of bill/resolution:

Relating to enforcement of laws, rules, and regulations concerning the conservation of oil and gas; and to provide a penalty

Minutes:

No Attachments

Chairman Lyson opened the discussion on SB 2290 and mentioned the bill had a fiscal note of one million dollars.

Senator Triplett: I would like to preface my remarks with this comment. This bill is among those that are well intentioned but not well researched. The Division of Mineral Resources has this issue under serious consideration by putting more people in their enforcement budget. If it would be in order I would move a Do Not Pass.

Senator Schneider: Second

Chairman Lyson described what he felt law enforcement should do to handle the calls that come in: written complaint, respond by next day, one week recheck, fine \$100/day until cleaned up.

Senator Triplett: Isn't that part of the concern, that there is no due process? I like the part about a prompt response, but to have a fine put in place without a hearing on the part of the oil company was something Mr. Helms objected to and I think we should object to also.

Chairman Lyson: What I have said is not etched in stone, but it is what I recommended to them. But we will get something in black and white. If it gets done, we won't be hearing and re hearing these people on this same issue. The complaints we got are almost all from the old oil field. We haven't heard from one person in the Bakken. If he gets the personnel, he can take care of the problems.

Roll Call Vote: 5-1-1

Carrier: Senator Lyson

FISCAL NOTE

Requested by Legislative Council
01/21/2011

Bill/Resolution No.: SB 2290

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2009-2011 Biennium | | 2011-2013 Biennium | | 2013-2015 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Expenditures | \$0 | \$0 | \$1,036,750 | \$0 | \$1,078,220 | \$0 |
| Appropriations | \$0 | \$0 | \$1,036,750 | \$0 | \$1,078,220 | \$0 |

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| 2009-2011 Biennium | | | 2011-2013 Biennium | | | 2013-2015 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2290 would require the Department of Mineral Resources to respond and make a determination on all notices of violations within 15 days. This will require additional staffing.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The workload will require additional staffing--at a minimum one additional field person in each regional office (a total of 3 field inspectors) and 3 additional staff in the central office to handle hearings/writing of orders/accounting, etc.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Unable to determine.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Additional staffing of 6 Full time employees consisting of 3 Engineering Tech Field Inspectors - \$539,000; 1 legal assistant - \$127,000; 1 administrative assistant - \$90,000; 1 administrative staff officer - \$94,000 for a total of \$850,000

Administrative Hearing Office costs of \$186,750 based on 747 notices of violations issued in the years 2009 and 2010. 747 x 2 hours x \$125/hour = \$186,750. Total estimated cost for 2011-2013 biennium \$1,036,750. The 2013-2015 numbers reflect inflation of 4%.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The General Fund appropriation for the Industrial Commission Department of Mineral Resources would need to be increased.

Salaries & Wages \$850,000

Operating \$186,750

Total of \$1,036,750

The funding for this additional workload is not included in the Governor's Executive Budget. Any income received from the fines would go into the Abandoned Oil and Gas Reclamation Fund.

| | | | |
|---------------|--------------|----------------|-----------------------|
| Name: | Karlene Fine | Agency: | Industrial Commission |
| Phone Number: | 328-3722 | Date Prepared: | 01/26/2011 |

Date: 2-7-11
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2290

Senate Natural Resources Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☒ Do Not Pass ☐ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Triplett Seconded By Schneider

| Senators | Yes | No | Senators | Yes | No |
|-------------------|-----|----|-------------------|-----|----|
| Chairman Lyson | ✓ | | Senator Schneider | ✓ | |
| Vice-Chair Hogue | | ✓ | Senator Triplett | ✓ | |
| Senator Burckhard | | | | | |
| Senator Freborg | ✓ | | | | |
| Senator Uglem | ✓ | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Total (Yes) 5 No 1

Absent 1

Floor Assignment Lyson

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

REPORT OF STANDING COMMITTEE

SB 2290: Natural Resources Committee (Sen. Lyson, Chairman) recommends DO NOT PASS (5 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING). SB 2290 was placed on the Eleventh order on the calendar.

2011 TESTIMONY

SB 2290

#1

SB 2290 TESTIMONY FROM REPRESENTATIVE BOB HUNSKOR, D-6

THANK YOU MR. CHAIRMAN AND MEMBERS OF THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE.

IN LATE 2009, THE DEPARTMENT OF MINERAL RESOURCES, SEVERAL LAND OWNERS AND TWO LEGISLATORS MET TO TOUR SEVERAL OIL SITES IN RENVILLE COUNTY.

ONE PARTICULAR WELL SITE WE VISITED WAS DRILLED IN 2005. THERE HAS NEVER BEEN ANY OIL SOLD FROM THIS WELL – IT WAS GIVEN A TEMPORARY ABANDONMENT STATUS IN SEPTEMBER 2010 -- IT HAS BEEN ABANDONED FOR YEARS. THE WELL SITE WAS A MESS -- OIL EQUIPMENT -- WEEDS – ALL FRUSTRATION FOR THE SURFACE OWNER FARMER. THE PICTURES TAKEN IN 2009 SPEAK FOR THEMSELVES.

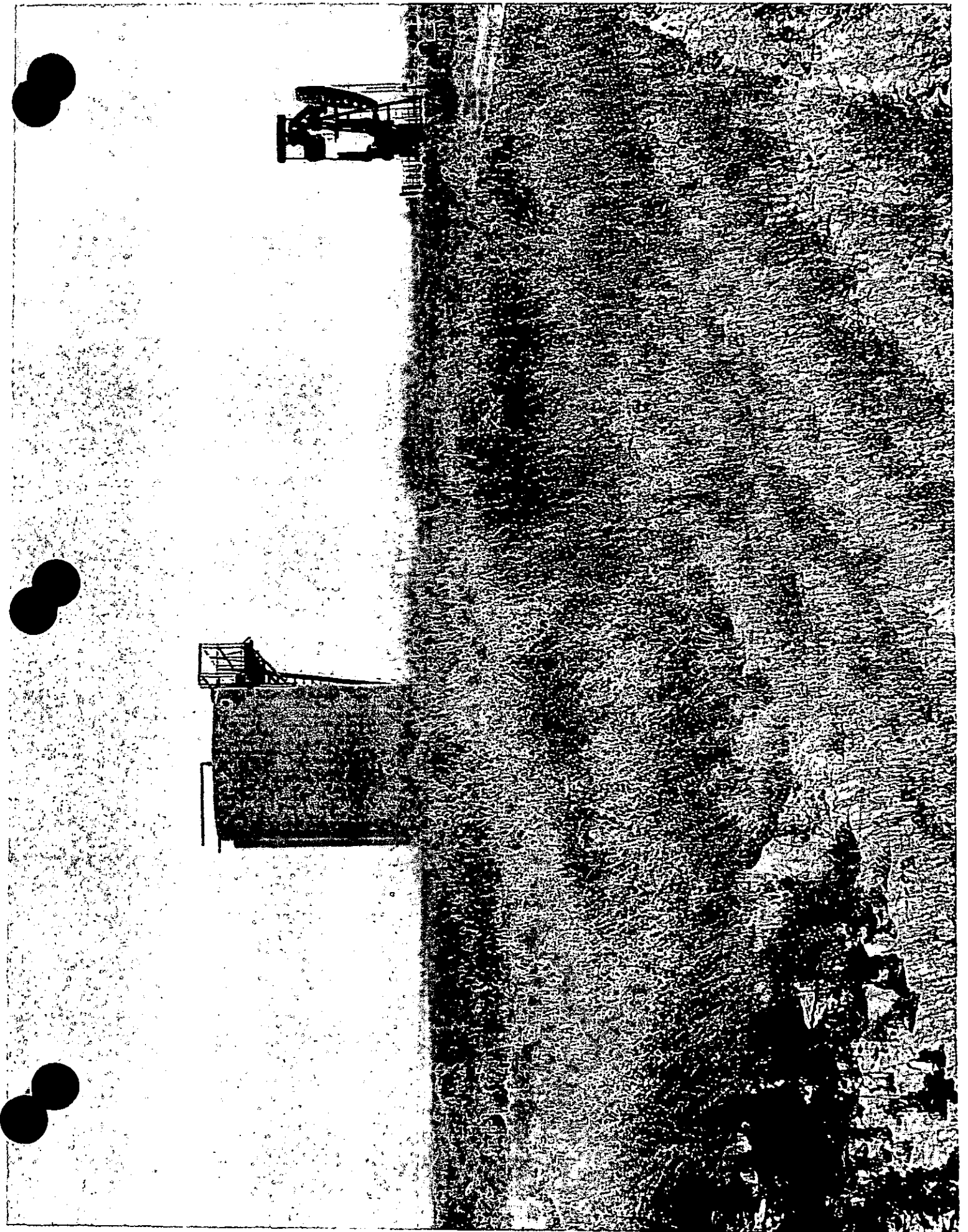
WHILE MOST OIL COMPANIES HAVE THEIR WELL SITES CLEAN AND NEAT – A FEW – LIKE I DESCRIBED HAVE NOT BEEN RESPONSIBLE.

THAT BEGS FOR BETTER ENFORCEMENT OF EXISTING RULES – COUPLED WITH STIFF PENALTIES WHERE NECESSARY, SO THE SURFACE OWNER/FARMERS IS NOT THE LOSER.

END RESULT **SB 2290** IS BEFORE YOU TODAY.

MR. CHAIRMAN AND COMMITTEE MEMBERS THAT CONCLUDES MY TESTIMONY AND I WILL STAND FOR QUESTIONS. HOWEVER, THOSE QUESTIONS MAY BE BETTER ANSWERED BY THE SURFACE OWNERS WHO ARE DIRECTLY INVOLVED WITH THIS SCENARIO.

THANK YOU.





NORTH DAKOTA LEGISLATIVE NATURAL RESOURCE COMMITTEE

Mr. Chairman and members of the committee:

My name is Galen Peterson, a farmer from Maxbass, North Dakota, and I am here to testify in support of SB 2290.

My testimony concerns the Helen Sidener 43-1 well, located in Blaine Township, Bottineau County. This well site is located on land which I farm and manage.

The well was drilled in April, 1984. The well did not become a producing well.

The well was shut in from November 1985 until early 1991 in violation of North Dakota Industrial Commission Rule number 43-02-03-55 (Desertion of Wells). Enforcement action was threatened, but action was never taken to force the plugging and abandoning of this well. In July of 1991, the well was permitted to be a salt water disposal. The permit was valid for 1 year. Completion of a salt water disposal was not done, therefore that permit expired.

In December of 1992, TA (temporary abandoned) status was granted. This status is to be renewed annually, but was not renewed until 1996. This pattern of violations (failure to apply for annually for TA status), threats to not renew TA status, and subsequent renewal of TA status continued until June of 2008 when I wrote to the Oil and Gas Division requesting the TA status be denied and the well be plugged.

This is a time period of 23 years of violation after violation where no enforcement action was taken. I was unaware of this activity until I discovered this well file. Had I, or the landowners been informed by the O&GD of the file and its contents, we would never have allowed this to continue. Nor should the O&GD been an enabler to allow a situation such as this to continue.

The well was plugged in March 2009. Deep ruts were left entering the site and on the site, holes were left where the deadmen were, and a large hole was left at the well bore. Reclamation work was to be done, I assumed, later in the spring or in the fall.

In the fall of 2009, I contacted the operator concerning the reclamation. He told me the contractor said the work had been done and the state inspector approved it. Nothing had been done except holes filled by me so I wouldn't have to continue farming around the site. I contacted the O&GD to make sure the bond hadn't been released and it hadn't.

The operator planned to do the reclamation in the spring of 2010, but the field had already been seeded. Therefore the work would be done in the fall. The conditions then were too wet to do a decent job, so nothing was done.

I recently discovered the bond had been released in September of 2010 and the state inspector approved the reclamation. The site at best would produce 10% of a crop, no topsoil has been placed on the site, and no leveling of the site has been done. On January 18th, I wrote an email of complaint concerning the situation to the O&GD and received a phone reply on January 25th. The well site will be inspected next spring. Since their bond has been released, how will the operator, (this company has recently been sold) be forced to do proper reclamation? And why are the surface and mineral owners left completely out of the process? And what possible justification can there be for a situation such as this? I am very anxious to hear explanations.

A \$1,000,000 fiscal note has been attached to this bill, a substantial sum. However, to properly regulate a multi-billion dollar industry, the amount is not exorbitant. And it appears highly qualified personnel would be hired, based on the pay schedule.

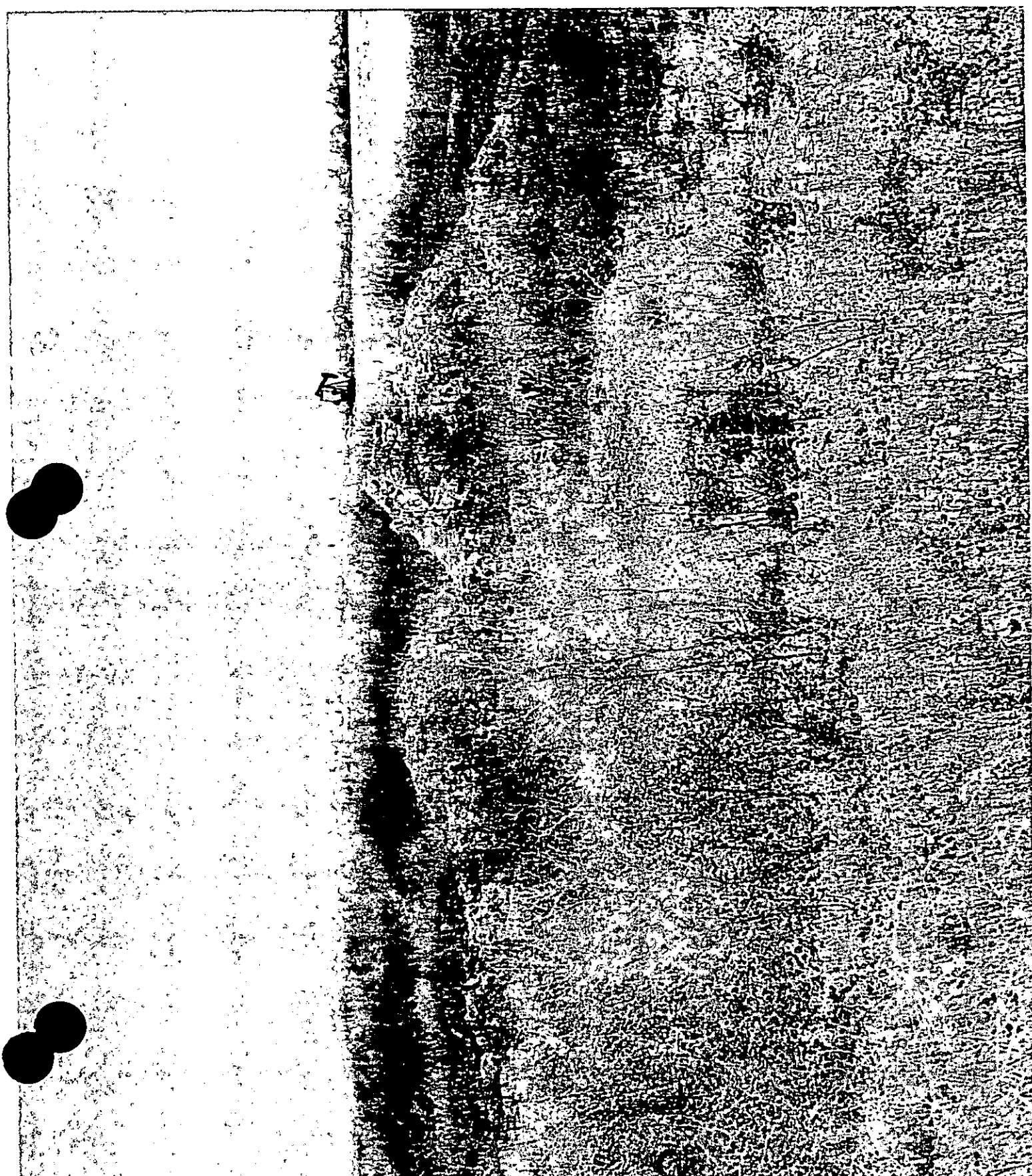
Conversely, some savings will be realized. What is the cost of repeatedly contacting operators that do not rectify their violations in a timely manner? This is a widespread problem in older oilfields. What is the cost of monitoring a situation such as the Sidener well, that has needlessly continued for 24 years and counting? Sadly, this type of well is far from an isolated case.

What is the cost of the scores of salt water spill sites, many that are in excess of 5 acres and growing in size yearly? Most of these sites would have been prevented with proper enforcement and fines applied early on.

Cases such as these may seem to be in the past. However, the problems persist and are not being resolved. The methods of enforcement and inability to levy fines has not changed. The well sites of the rich Bakken-Three Forks may currently have new, shiny, state of the art equipment, but they too will need repairs and maintenance, and will develop problems that will endanger the surrounding farmland.

Without changes, the 'bad' operators will continue with standard operating procedure, which is, delays in correcting violations and in many cases, ignoring threats of enforcement. Good operators should have no objection to this bill. It will be business as usual for them.

The rules and statutes are known and there is no reason for them to be not followed.



Christenson 1

Well file #10845

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10845

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

F.E. Wilborn
ASSISTANT DIRECTOR

November 20, 1998

Mr. David Olson
Turtle Mountain G&O, Inc.
PO Box 4
Bottineau, ND 58318

RE: Christenson #1
NE NW Sec. 8-160N-78W
Well File No. 10845

Goodman-Romsos #1
SW SE Sec. 5-160N-78W
Well File No. 10794

Dear Mr. Olson:

The above captioned wells have not produced since July and September of 1997, respectively, and are in violation of Section 43-02-03-55 of the North Dakota Administrative Code (Abandonment of Wells). This rule states in part that the failure to produce oil for a period of one year constitutes abandonment of a producing well. Any such well must be plugged and the site reclaimed.

Please state on the enclosed Sundry Notice (Form 4) the reason for nonproduction and what your intentions are for bringing this well into compliance. If you have any questions, feel free to contact our office.

Sincerely,

David J. McCusker
David J. McCusker
Field Inspector

DJM/kl

Enclosure

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10845

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

F.E. Wilborn
ASSISTANT DIRECTOR

(May 17, 1999)

Mr. David Olson
Turtle Mountain G&O, Inc.
PO Box 4
Bottineau, ND 58318

RE: Goodman Romsos #1
SW SE Sec. 5-160N-78W
Well File No. 10794

(Christenson #1)
NE NW Sec. 8-160N-78W
Well File No. 10845

Dear Mr. Olson:

The ~~above-captioned~~ wells have not produced since 1997, and are in violation of Section 43-02-03-55 of the North Dakota Administrative Code (Abandonment of Wells). This rule states in part that the failure to produce oil for a period of one year constitutes abandonment of a producing well. Any such well must be plugged and the site reclaimed.

Please submit for approval plug and abandonment procedures or requests for temporary abandonment status on the enclosed sundry notices (form 4's). Before a temporary abandonment request can be approved, the perforations must be isolated, integrity of the casing proven, and the casing sealed at the surface. This test must be witnessed by a field inspector. If you have any questions, feel free to contact our office.

Sincerely,

David J. McCusker
David J. McCusker
Field Inspector

DJM/kl

cc: Glenn Wollan

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10845

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

F.E. Wilborn
ASSISTANT DIRECTOR

June 11, 1999

Mr. David L. Olson
Turtle Mountain G&O, Inc.
PO Box 4
Bottineau, ND 58318

RE: Christenson #1
NE NW Sec. 8-160N-78W
Well File No. 10845

Goodman-Romsos #1
SW SE Sec. 5-160N-78W
Well File No. 10794

Lervik #1
SW SW 5-160N-78W
Well File No. 10322

Lervik #2-5
SE SW Sec. 5-160N-78W
Well File No. 11195

Brandt Goodman #1-9
SE NW Sec. 9-160N-178W
Well File No. 11779

Brandt/Nermoe #2-9
NE NW Sec. 9-160N-78W
Well File No. 11988

Goodman #3-9
NW NW Sec. 9-160N-78W
Well File No. 12154

Dear Mr. Olson:

During recent inspection of the above captioned wells, I noted that there were barrels of oil waste on the locations. ~~This is in violation of~~ Section 43-02-03-19.2 of the North Dakota Administrative Code (Disposal of Waste). This rule states in part that "All waste associated with exploration of oil and gas must be properly disposed of in an authorized facility in accord with all applicable local, state, and federal laws and regulations." A copy of the applicable rule has been enclosed.

Please have this waste properly disposed of immediately. If you have any questions, feel free to contact our office.

Sincerely,

David J. McCusker
David J. McCusker
Field Inspector

DJM/kl

Enclosure

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10845

Lynn D. Helms
DIRECTOR<http://explorer.ndic.state.nd.us>F.E. Wilborn
ASSISTANT DIRECTOR

June 18, 1999

Mr. Merton R. Peterson
601 Nichols Street
Bottineau, ND 58318-1439RE: Christenson #1
NE NW Sec. 8-160N-78W
Well File No. 10845Goodman-Romsos #1
SW SE Sec. 5-160N-78W
Well File No. 10794Lervik #1
SW SW 5-160N-78W
Well File No. 10322Lervik #2-5
SE SW Sec. 5-160N-78W
Well File No. 11195Goodman #3-9
NW NW Sec. 9-160N-78W
Well File No. 12154Brandt/Nermoe #2-9
NE NW Sec. 9-160N-78W
Well File No. 11988

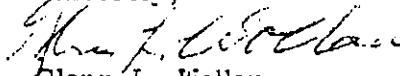
Dear Mr. Peterson:

I am sending information you requested during our telephone conversation yesterday and by your correspondence dated June 16, 1999. Enclosed you will find a production printout of the Christenson #1 and Goodman-Romsos #1 wells going back to January, 1995, as well as copies of some correspondence to Turtle Mountain Gas and Oil regarding the wells referenced above and in the attachment to your letter. As we discussed by telephone, you withdrew your request for results of inspections of the well sites during 1998 at this time. The Oil and Gas Division intends to require that the wells are brought into compliance with Industrial Commission rules, specifically with regard to oil waste stored on the sites and any fire hazards, as they are addressed in our rules.

A unitization and waterflood project was also of concern to you. Under Chapter 36-08 of the North Dakota Century Code, the Industrial Commission has jurisdiction and authority concerning unitization and waterfloods. According to our records, no plan has been brought before the Commission to create a unitized area including the above referenced wells, nor to conduct waterflood operations on the wells. Field inspections indicate that, to our knowledge, no waterflood operations have been conducted on the wells.

If I can be of further assistance, please feel free to contact me.

Sincerely,


Glenn L. Wollan
Field Inspector

GLW/kl

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10845

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

July 21, 1999

Mr. David L. Olson
Turtle Mountain G&O, Inc.
PO Box 4
Bottineau, ND 58318

RE: Christenson #1
NE NW Sec. 8-160N-78W
Well File No. 10845

Goodman-Romsos #1
SW SE Sec. 5-160N-78W
Well File No. 10794

Lervik #1
SW SW Sec. 5-160N-78W
Well File No. 10322

Lervik #2-5
SE SW Sec. 5-160N-78W
Well File No. 11195

Brandt Goodman #1-9
SE NW Sec. 9-160N-78W
Well File No. 11779

Brandt/Nermoe #2-9
NE NW Sec. 9-160N-78W
Well File No. 11988

Goodman #3-9
NW NW Sec. 9-160N-78W
Well File No. 12154

Dear Mr. Olson:

During a recent inspection I noticed that you still have not removed the barrels of oil waste on the above-captioned well sites, as had been requested in a letter dated June 11, 1999 (copy enclosed). You continue to be in violation of Section 43-02-03-19.2 of the North Dakota Administrative Code (Disposal of Waste).

At this time you are to remove and properly dispose of the waste. If you have any questions, feel free to contact our office.

Sincerely,

David J. McCusker
David J. McCusker
Field Inspector

DJM/kl

Enclosure

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10845

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

September 22, 1999

Mr. David L. Olson
Turtle Mountain G&O, Inc.
PO Box 4
Bottineau, ND 58318

RE: Christenson-#1
NE NW Sec. 8-160N-78W
Well File No. 10845

Goodman-Romsos #1
SW SE Sec. 5-160N-78W
Well File No. 10794

Lervik #1
SW SW Sec. 5-160N-78W
Well File No. 10322

Lervik #2-5
SE SW Sec. 5-160N-78W
Well File No. 11195

Brandt Goodman #1-9
SE NW Sec. 9-160N-78W
Well File No. 11779

Brandt/Nermoe #2-9
NE NW Sec. 9-160N-78W
Well File No. 11988

Goodman #3-9
NW NW Sec. 9-160N-78W
Well File No. 12154

Dear Mr. Olson:

The above referenced wells were inspected the week of September 13, 1999. At that time the necessary work had not been completed to bring the wells into compliance with Section 43-02-03-19.2 of the North Dakota Administrative Code (Disposal of Waste). Copies of previous correspondence regarding this matter are enclosed.

Weather conditions are currently favorable for this type of work to be performed. Please have the cleanup completed as soon as possible. If these well sites are not brought into compliance by November 1, 1999, I shall turn this matter over to the Attorney General's Office. If you have any questions, feel free to contact our office.

Sincerely,

Robert K. Garbe
Robert K. Garbe
District Supervisor

RKG/kl

cc: Glenn Wollan

Enclosures

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10845

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

November 3, 1999

Mr. David L. Olson
Turtle Mountain G&O, Inc.
PO Box 4
Bottineau, ND 58318

RE: Goodman-Romsos #1
SW SE Sec. 5-160N-78W
Well File No. 10794

Christenson #1
NE NW Sec. 8-160N-78W
Well File No. 10845

Dear Mr. Olson:

Enclosed are copies of correspondence dated November 20 1998, and May 17 1999, from our office concerning abandonment of the above captioned wells. To date we have not received procedures for plug and abandonment or requests for temporary abandonment status.

Please submit for approval plug and abandonment procedures and/or requests for temporary abandonment status for these wells. If you have any questions, feel free to contact our office.

Sincerely,

David J. McCusker
David J. McCusker
Field Inspector

DJM/kl

Enclosures

10845

TURTLE MOUNTAIN GAS & OIL, INC.

Box 4 • Bottineau, ND 58318

Phone (701) 228-2417 or (701) 228-3851



December 9, 1999

Industrial Commission
Mr. David J. McCusker
600 E. Boulevard Ave, Dept. 405
Bismarck, N.D. 58505-0840

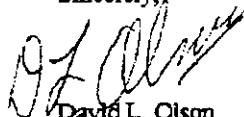
Re: Goodman-Romsos #1
SW SE Sec. 5 5-160N-78W
Well File No. 10794

< Christenson #1
NE NW Sec. 8-160N-78W
Well File No. 10845

Dear Mr. McCusker,

We started working on a water flood in the Starbuck Field which these two above
mentioned wells are involved. We had hoped to have this project finished by now but with
the low oil prices we had to put it on hold. We hope to complete this water flood in the
Spring.

Sincerely,


David L. Olson
President

DLO/dmo

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10845

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

December 27, 1999

Mr. David Olson
Turtle Mountain G&O, Inc.
PO Box 4
Bottineau, ND 58318

RE: Christenson #1
NE NW Sec. 8-160N-78W
Well File No. 10845

Dear Mr. Olson:

Enclosed is a copy of correspondence dated September 22, 1999, concerning Section 43-02-03-19.2 of the North Dakota Administrative Code (Disposal of Waste). This well is still in violation, due to water surrounding the site at the time of the deadline.

Conditions are favorable at this time to perform the work needed; and it must be done immediately, or the matter will be turned over to the Attorney General's office.

Also, Glenn Wollan informed me that, per your telephone conversation with him, you were going to bring both this well and the Goodman-Romsos #1 (Permit #10794) back onto production in January of 2000. If you have any questions, feel free to contact our office.

Sincerely,

David J. McCusker
David J. McCusker
Field Inspector

DJM/kl

cc: Glenn Wollan

CERTIFIED MAIL - P 157 798 550



SUNDRY NOTICE AND REPORTS ON WELLS
INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
SFN 5749 (1-94)



Well File Number
10845

600 East Boulevard
Bismarck, ND 58505

PLEASE READ INSTRUCTIONS ON BACK OF FORM

- ☐ Notice of Intent
Approximate Start Date _____
- ☐ Report of Work Done
Date Work Completed _____

- ☐ Drilling Prognosis
☐ Redrilling or Repair
☐ Casing or Liner
☐ Plug Well
☐ Supplemental History
☐ Temporarily Abandon
- ☐ Spill Report
☐ Shooting
☐ Acidizing
☐ Fracture Treatment
☐ Change Producing Method
☐ Reclamation
☐ Other _____

| | | | | |
|--|--|------------------------|--------------|------------------|
| Well Name and Number Christenson #1-8 | | | | |
| Footages | | Qtr-Qtr NENE | Section 8 | Township 160N |
| Range 78W | | Field S.W. Starbuck | | |
| Pool Spearfish | | County Bottineau | | |

| 24 HOUR PRODUCTION RATE | |
|-------------------------|-------|
| BEFORE | AFTER |
| Oil | Oil |
| Water | Water |
| Gas | Gas |

| | | | |
|---|--|-------------------|-------------|
| Name of Contractor Turtle Mountain Gas & Oil, Inc. | | | |
| Address 33 Westergard Road, P.O. Box 4 | | City Bottineau | State ND |
| | | Zip Code 58318 | |

DETAILS OF WORK

Turtle Mountain Gas & Oil, Inc. attempted to put the Christenson #1-8 back on production but during the spring the well is surrounded by water and we would like to wait until it dries up some so we can check for electrical problems. Depending on the weather but we should have it on production the first part of June 2000.

| | | |
|--|------------------------------------|-------------------|
| Company Turtle Mountain Gas & Oil, Inc. | | |
| Address 33 Westergard Road, P.O. Box 4 | | |
| City Bottineau | State ND | Zip Code 58318 |
| By <i>David L. Cloog</i> | Date April 13, 2000 | |
| Title President | Telephone Number (701) 263-4694 | |

| | |
|--|-----------------------------------|
| FOR OFFICE USE ONLY | |
| <input checked="" type="checkbox"/> Received | <input type="checkbox"/> Approved |
| Date 4-17-00 | |
| By <i>Glenn L. Wollan</i> | |
| Title RECLAMATION SUPERVISOR | |

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

108245

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

October 20, 2000

Mr. David L. Olson
Turtle Mountain G&O Inc.
PO Box 4
Bottineau, ND 58318

Re: Goodman-Romsos #1
SW SE 5-160-78
Well File No. 10794

Christenson #1.
NE NW 8-160-78
Well File No. 10845

Dear Mr. Olson:

Enclosed are copies of correspondence dated May 17, 1999, June 11, 1999, September 22, 1999 and December 27, 1999. These letters note that you are in violation of Sections 43-02-03-19.2 (Disposal of Waste) and 43-02-03-55 (Abandonment of Wells) of the North Dakota Administrative Code.

To date the Romsos #1 and the Christenson #1 are still in violation of the North Dakota Administrative Code. Unless you bring both wells into compliance with the Code by November 30, 2000, on Friday - December 1, 2000 the matter will be referred to the Attorney General's office, for filing of a complaint.

In addition, both sites are currently in violation of Section 43-02-03-28 (Safety Regulation), which states, in part, "All vegetation must be removed to a safe distance from any production equipment to eliminate a fire hazard."

Weather conditions are currently favorable for this type of work to be performed. If you have any questions, feel free to contact our office.

Sincerely,

James Dufty
James Dufty
Field Inspector

JCD/kl

CERTIFIED MAIL - 7099 3220 0002 8477 3108

Enclosures

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10845

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

April 8, 2002

Mr. Warren Plunkett
Minnesota Trust Company
107 Oakland Avenue
P.O. Box 463
Austin, MN 55912

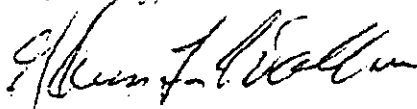
Re: First Heartland Bond No. FHS0102-a
Turtle Mountain Gas & Oil, Inc.

Dear Mr. Plunkett:

Enclosed please find a copy of ND Industrial Commission order 9095 concerning certain wells on the above referenced bond. These wells are in violation of sections 43-02-03-55, 43-02-03-19, and 43-02-03-19.2 of the North Dakota Administrative Code relating to failure to plug wells and reclaim well sites, and disposal of waste. Turtle Mountain Gas & Oil has failed to comply with any of the terms of the order.

Turtle Mountain Gas & Oil's bond is conditioned on compliance with rules of the Administrative Code. Since they have not complied with the rules, we are requesting that Minnesota Trust/First Heartland plug the wells and reclaim the well sites. Please submit plugging and reclamation procedures for these wells by June 1, 2002 for approval. The wells must be plugged and well sites reclaimed by freeze up next fall.

Sincerely,



Glenn L. Wollan
Field & Reclamation Supervisor

Cc: Charles Carvell
David Olson

CERTIFIED MAIL - 7001 2510 0001 2974 5695

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

Lynn D. Helms
DIRECTOR

www.oilgas.nd.gov

Bruce E. Hicks
ASSISTANT DIRECTOR

September 15, 2004

Mr. Warren Plunkett
Minnesota Trust Company
107 Oakland Avenue
P.O. Box 463
Austin, MN 55912

Re: First Heartland Bond No. FHS-0102-A

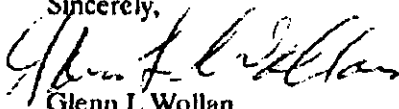
Dear Mr. Plunkett:

Enclosed please find a list of the wells on the above referenced bond that are operated by Turtle Mountain Gas & Oil (TMG&O) along with violations noted on certain wells. Violations on TMG&O wells have been the subject of two Commission complaint actions as well as other less formal enforcement proceedings. The Commission has attempted to work with TMG&O to correct the violations but progress on this of late has been minimal.

The above bond is conditioned on compliance with rules of the Administrative Code. Since TMG&O has not corrected the violations, we are requesting that Minnesota Trust/First Heartland, as surety for TMG&O proceed immediately to do so or, alternatively, forfeit the bond amount.

Please advise me within the next thirty days of your intentions and to discuss a compliance plan and timetable for the wells should you choose not to forfeit the bond.

Sincerely,



Glenn L. Wollan
Field Supervisor

cc: Charles Carvell

CERTIFIED MAIL

| FILE | WELL NAME | VIOLATION |
|-------|--------------------|----------------------------------|
| 4141 | M. SOLBERG 1 | 43-02-03-55 Abandonment of Wells |
| 8308 | ROPER 1 | |
| 9098 | KOK 1-13 | 43-02-03-55 Abandonment of Wells |
| 10322 | LERVIK 1 | |
| 10639 | CASTOR-STATE 2 | 43-02-03-19 Site Reclamation |
| 10794 | GOODMAN-ROMSOS 1 | 43-02-03-55 Abandonment of Wells |
| 10845 | CHRISTENSON 1 | 43-02-03-55 Abandonment of Wells |
| 11195 | LERVIK 2-5 | |
| 11779 | BRANDT GOODMAN 1-9 | |
| 11988 | BRANDT/NERMOE 2-9 | |
| 12154 | GOODMAN 3-9 | 43-02-03-22 Defective Casing |
| 12684 | LIEN 1-8 | |
| 12753 | LIEN 2-8 | |
| 13174 | LYNNE 2-14 | 43-02-03-19 Site Reclamation |
| 13565 | NERMOE 1-4 | 43-02-03-55 Abandonment of Wells |
| 14510 | SOLBERG 2-9 | |

Bond Status T340**Operator:** TURTLE MOUNTAIN GAS & OIL, INC.**Amount:** \$100,000.00**Surety Co:** FIRST HEARTLAND SURETY & CASUALTY INS. C**Max Wells:** Unlimited**Surety No:** FHS-0102-A**Comment:** CHECK W/BRUCE ON PERMITS & TRANSFERS

| File | Name | Status | Type | Location | Last Actv | Months* |
|-------|--------------------|--------|------|----------|-----------|----------------|
| 4141 | M. SOLBERG 1 | TA | OG | SWNE | 9 160 78 | 04 / 2000 |
| 8308 | ROPER 1 | A | OG | NESE | 6 180 78 | 06 / 1981 1.5 |
| 9088 | KOK 1-13 | TA | OG | SWNW | 13 152 88 | 08 / 1997 |
| 10322 | LERVIK 1 | A | OG | SWSW | 5 160 78 | 09 / 1983 1.5 |
| 10639 | CASTOR-STATE 2 | PA | OG | SWNW | 18 159 90 | 09 / 1989 * |
| 10794 | GOODMAN-ROMSOS 1 | AB | OG | SWSE | 5 180 78 | 04 / 1984 84.7 |
| 10845 | CHRISTENSON 1 | AB | OG | NENW | 8 160 78 | 11 / 1984 88.8 |
| 11195 | LERVIK 2-5 | A | OG | SESW | 5 160 78 | 11 / 1984 1.5 |
| 11779 | BRANDT GOODMAN 1-9 | A | OG | SENW | 9 160 78 | 11 / 1985 1.5 |
| 11988 | BRANDT/NERMOE 2-9 | A | OG | NENW | 9 160 78 | 08 / 1988 1.5 |
| 12154 | GOODMAN 3-3 | IA | OG | NWNW | 9 160 78 | 10 / 1987 8.6 |
| 12684 | LIEN 1-8 | PA | OG | NENE | 8 152 88 | 08 / 2002 * |
| 12753 | LIEN 2-8 | PA | OG | SENE | 8 152 88 | 08 / 2002 * |
| 13174 | LYNNE 2-14 | PA | OG | SWNW | 14 152 88 | 08 / 2002 * |
| 13585 | NERMOE 1-4 | AB | OG | SESE | 4 180 78 | 10 / 1993 22.8 |
| 14510 | SOLBERG 2-9 | A | OG | NWNE | 9 160 78 | 12 / 1996 1.5 |

| | Wells | Site Restored | | |
|-----------------------|-----------|---------------|------------------|-----------------|
| Active Wells | 6 | 0 | | |
| Inactive Wells | 1 | 0 | | |
| Temporarily Abandoned | 2 | 0 | | |
| Current Permits | 0 | 0 | Number of Wells | Number of Wells |
| Drilling Status | 0 | 0 | Plugged, Expired | Pending Minor |
| Abandoned Wells | 3 | 0 | Permits Not Yet | Cleanup. |
| P & A Wells | 4 | 0 | Restored. | |
| Dry Holes | 0 | 0 | 4 | 1 |
| Cancelled Permits | 0 | 0 | 0 | 0 |
| Expired Permits | 0 | 0 | 0 | 0 |
| Totals | 16 | 0 | 4 | 1 |

* If Well Status - PA or DRY, Last Activity will be the Well Status Date

Wednesday, September 15, 2004

Page 1 of 1



Minnesota Surety and Trust Company

MINNESOTA'S FOREMOST INDEPENDENT SURETY AND TRUST COMPANY

107 West Oakland Avenue • P.O. Box 463

AUSTIN, MINNESOTA 55912

507 / 437-3231 800 / 322-3502

Fax: 507 / 437-8376

www.minnesotasurety.com



October 8, 2004

Glenn L. Wollan
North Dakota Industrial Commission
Oil and Gas Division
600 E. Boulevard Ave.
Dept. 405
Bismarck, ND 58505-0840

CERTIFIED MAIL
70022410000710128838

RE: First Heartland Surety Bond Number FHS-0102-A

Dear Mr. Wollan:

Your letter to Warren Plunkett dated September 15, 2004 has been referred to me for response. I have talked with Dave Olson of Turtle Mountain Oil and Gas regarding your letter and its attachments. Attached to this letter is Mr. Olson's response. Mr. Olson takes issue with your comment to the effect that the Commission has attempted to work with Turtle Mountain to correct the violations but the progress has been "minimal". Mr. Olson informed me that he has just recently spent approximately \$170,000.00 to correct the alleged violations. The answers set forth on the attached document should resolve these issues. At this point, there are no violations that would warrant forfeiture of the bond.

Please contact me at your convenience so that we can discuss this matter further. Thank you.

Yours very truly,

MINNESOTA SURETY & TRUST COMPANY

By: 
Peter D. Plunkett, President

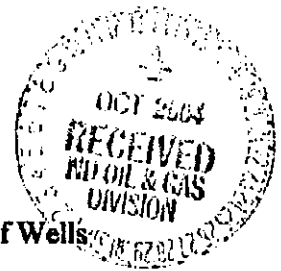
PDP/njb
Enclosure

Cc: Dave Olson
F:\Newdoc\ryl\ben surety\Turtle Mountain to Wollan-10.6.04.doc

Bail Bonds
Court Bonds
Fiduciary Bonds
Savings Department
Complete Trust Services

Call Toll Free 1-800-322-3502 Monday through Friday and Saturday Mornings for Bond Advice.

TURTLE MOUNTAIN



| FILE | WELL NAME | | VIOLATION |
|------|------------|---|----------------------------------|
| 4141 | M. SOLBERG | 1 | 43-02-03-55 Abandonment of Wells |

ANSWER: This well has not been abandoned. It is the Starbuck field. It will be used as a source well for water. It has been tested recently and is in full compliance. It hasn't been producing recently but is has been pressured tested. There is a 50-foot plug on the base.

| | | | |
|------|-------|---|--|
| 8308 | ROPER | 1 | |
|------|-------|---|--|

ANSWER: In production.

| | | | |
|------|-----|------|----------------------------------|
| 9098 | KOK | 1-13 | 43-02-03-55 Abandonment of Wells |
|------|-----|------|----------------------------------|

ANSWER: This well was being operated by Larry Jones of Prosper Oil. No payments have been made to Mr. Olson from Prosper Oil. Therefore, Mr. Olson is going to foreclose on this well. There is a 640 pumping unit on the well. If necessary, the well be sold and plugged by Turtle Mountain. At this point, there is a 50-foot plug over the pay zone on this well. Part of the problem with this well as far as operation is that there is no electricity out there and it is quite expensive to get electricity there. It is approximately a 15 barrel a day well.

| | | | |
|-------|--------|---|--|
| 10322 | LERVIK | 1 | |
|-------|--------|---|--|

ANSWER: In production.

| | | | |
|-------|--------------|---|------------------------------|
| 10639 | CASTOR-STATE | 2 | 43-02-03-19 Site Reclamation |
|-------|--------------|---|------------------------------|

ANSWER: Mr. Olson informs us that they spent \$47,000.00 on site restoration five years ago. The State inspector at the time said it was fine when finished. Apparently, one of the wells has been released but not the other. Mr. Olson hasn't received any notice on either of the wells for 7 or 8 years. Mr. Olson would like to know why the site reclamation was approved on one well but not the other when the same thing was done on both wells.

| | | | |
|-------|----------------|---|----------------------------------|
| 10794 | GOODMAN-ROMOSS | 1 | 43-02-03-55 Abandonment of Wells |
|-------|----------------|---|----------------------------------|

ANSWER: This is a 3 or 4 barrel a day well. Mr. Olson said he will hook up the well and get it going again this fall. It needs a new motor and some wellhead work.

| | | | |
|------------------|------------------------|--------------|---|
| 10845 | CHRISTENSON | 1 | 43-02-03-55 Abandonment of Wells |
|------------------|------------------------|--------------|---|

ANSWER: ~~This well is going to be an injection well for water flood. Hopefully Mr. Olson can get enough water down there or else he will use it as a source well. The well is no problem and the site is O.K.~~

RECEIVED
OCT 2003
ADJUTANT GENERAL
DIVISION

11779 BRANDT GOODMAN 1-9

11988 BRANDT/NERMOE 2-9

12154 GOODMAN 3-9 43-02-03-22 Defective Casing

12684 LIEN 1-8

12753 LIEN 2-8

13174 LYNNE 2-14 43-02-03-19 Site Reclamation

13565 NERMOE 1-4 43-02-03-55 Abandonment of Wells

14510 SOLBERG 2-9

F. Newdon's barn surety/Turtle Mountain-Answer to violations doc

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10845

Lynn D. Helms
DIRECTOR

www.oilgas.nd.gov

Bruce E. Hicks
ASSISTANT DIRECTOR

October 27, 2004

Mr. Peter Plunkett
Minnesota Trust Company
107 Oakland Avenue
P.O. Box 463
Austin, MN 55912

Re: First Heartland Bond No. FHS-0102-A

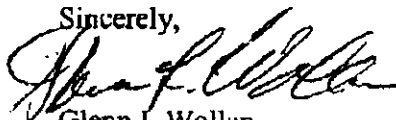
Dear Mr. Plunkett:

I received your response to my letter requesting action to either correct the violations on the above bond or forfeit the bond, and have attached a more detailed well-by-well comment on the violations to illustrate that, indeed, Turtle Mountain Gas and Oil's response has been insufficient and minimal. In short, we have been attempting to work with Mr. Olson for years to correct many of these problems. The Kok, Lynne, Christenson and Goodman-Romsos wells were the subject of an Industrial Commission order in 2001 and a court order in 2002. Only the Lynne 2-14 has had action taken to comply with the orders, and that work was done by a company who I believe had a working interest in the well.

Again, we are requesting that Minnesota Trust/First Heartland, as surety for TMG&O proceed immediately to do one of two things; either begin to immediately bring the wells into compliance or forfeit the bond amount. If you decide to forfeit the bond I want to receive your check within two weeks. If you decide to correct the violations, I would like to receive from you within two weeks a compliance plan that sets forth all the work you intend to do and when you intend to begin and complete each component of the plan. If we find the plan unacceptable we will contact you to discuss its revision. If we cannot agree on a compliance plan we may then ask that the bond amount be forfeited.

If we do not hear from you within two weeks, I will turn the matter over to the Attorney General's office and ask it to enforce the rights we have under the bond your company issued.

Sincerely,



Glenn L. Wollan
Field Supervisor

Cc: Charles Carvell
David Olson

CERTIFIED MAIL - 7000 0520 0022 8654 4764

FILE WELL NAME

4141 M. SOLBERG 1

Although this well was pressure tested and qualified for temporary abandonment status in May 2003, the status is only granted for a one year time period and has expired. TMG&O's intended use for the well as a water source well depends on unitization of the field. No unitization plan has been filed with the Commission and the well therefore does not qualify for renewal of temporarily abandoned status and continues in violation of Section 43-02-03-55.

8308 ROPER 1

This well is in violation of Sections 43-02-03-17 & 49. It needs a lease sign, there was oil spilled around the wellhead and an abandoned tank that needs to be removed.

9098 KOK 1-13

Regardless of ownership, TMG&O is responsible for the well as operator of record. Mr. Olson told us a couple of years ago that he would start proceedings against Prosper Oil but no action has occurred that we are aware of. TMG&O is in violation of ICO 9095 requiring plugging of the well by April 1, 2002 and reclamation of the wellsite by July 1, 2002. Further, the district court ordered TMG&O to remedy all violations found in ICO 9095 (Northeast Judicial District, Civil No. 02-C-39). The 640 pumping unit Mr. Olson refers to is not for this well but for the Prosper Kok 2-13 well on the adjacent well site.

10322 LERVIK 1

Well is in violation of Sections 17 & 49. A lease sign is needed and there is oil spilled around the wellhead.

10639 CASTOR-STATE 2

TMG&O was notified in June of 1998 that the site required reseeding. Our inspector is unaware of the work being done and no report of the work being done was filed with us. Our inspector reports that about 60% of the site is weeds and dead area. The State Land Department owns this land and has also reported large bare areas and exposed pit liner on the site.

10794 GOODMAN-ROMSOS 1

TMG&O is in violation of ICO 9095 and the court order referred to above.

10845 —CHRISTENSON— 1

Again, this well is in violation of the ICO 9095 and the court order.

11195 LERVIK 2-5

This well is in violation of Sections 17 & 49. It needs a lease sign, there was oil spilled around the wellhead and an abandoned test tank that needs to be removed.

11779 BRANDT GOODMAN 1-9

Lease sign needed and oil spilled around wellhead.

11988 BRANDT/NERMOE 2-9

Lease sign needed and oil spilled around wellhead.

12154 GOODMAN 3-9

The defective casing has recently been isolated about a year and half after the Oil & Gas Division became aware of the casing leak and after repeated requests to rectify it. A lease sign is needed.

12684 LIEN 1-8

Reclamation is not adequate. A recent inspection showed lack of growth and poor topsoil replacement with subsoil and gravel mixed in.

12753 LIEN 2-8

Reclamation is not adequate. A recent inspection showed lack of growth and poor topsoil replacement with subsoil and gravel mixed in.

13174 LYNNE 2-14

An affidavit from the surface owner requesting waiver of reclamation of the lease road must be submitted.

13565 NERMoe 1-4

Although the well has been started up again, it is in violation of Section 43-02-03-49 & 53 because of oil and salt water spilled around the wellhead.

14510 SOLBERG 2-9

Lease sign needed and oil spilled around wellhead.

10845



Minnesota Surety and Trust Company

MINNESOTA'S FOREMOST INDEPENDENT SURETY AND TRUST COMPANY

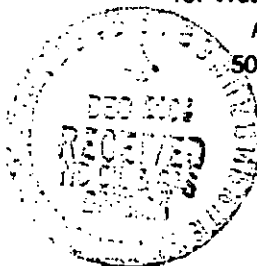
107 West Oakland Avenue • P.O. Box 463

AUSTIN, MINNESOTA 55912

507 / 437-3231 800 / 322-3502

Fax: 507 / 437-8376

www.minnesotasurety.com



December 3, 2004

Glenn L. Wellan
North Dakota Industrial Commission
Oil and Gas Division
600 E. Boulevard Ave.
Dept. 405
Bismarck, ND 58505-0840

CERTIFIED MAIL AND FAX

70022410009710128876

FAX NO.: 701-328-8022

RE: First Heartland Surety Bond Number FHS-0102-A

Dear Mr. Wellan:

We acknowledge receipt of your letter dated October 27, 2004. I have again talked with Mr. Olson regarding your letter. Attached to this letter is Mr. Olson's response and plan of action regarding the subject wells. I think that it would be appropriate at this time to have conference call between Minnesota Surety, Dave Olson and yourself so that we can all agree on a plan for resolution of the alleged problems that you have described in your October 27 letter and attachments.

I look forward to working with you on this. Thank you for your cooperation.

Yours very truly,

MINNESOTA SURETY & TRUST COMPANY

By: 
Peter D. Phelan, President

PDP/njc

Enclosure

Cc: Dave Olson

Ball Bonds
Court Bonds
Fiduciary Bonds
Savings Department
Complete Trust Services

Call Toll Free 1-800-322-3502 Monday through Friday and Saturday Mornings for Bond Advice.

TURTLE MOUNTAIN

| <u>FILE</u> | <u>WELL NAME</u> | | <u>VIOLATION</u> |
|-------------|------------------|---|----------------------------------|
| 4141 | M. SOLBERG | 1 | 43-02-03-55 Abandonment of Wells |

ANSWER: This well has not been abandoned. It is the Starbuck field. It will be used as a source well for water. It has been tested recently and is in full compliance. It hasn't been producing recently but is has been pressured tested. There is a 50-foot plug on the base.

ANSWER 10-27-04: Mr. Olson will pressure test this well. At this time, he is negotiating with Ward Williston of West Hope and Eagle Operating of Kenmare to develop a unitization plan and to water flood the field.

| | | |
|------|-------|---|
| 8308 | ROPER | 1 |
|------|-------|---|

ANSWER: In production.

ANSWER 10-27-04: A new lease sign will be in place within a month. There is no abandoned tank. The tank belongs to the lease. Regarding oil spilled around the wellhead, you can't pump oil with out some spillage. Any amount of spillage noticed on Roper I will be taken care of through proper mitigation techniques.

| | | | |
|------|-----|------|----------------------------------|
| 9098 | KOK | 1-13 | 43-02-03-55 Abandonment of Wells |
|------|-----|------|----------------------------------|

ANSWER: This well was being operated by Larry Jones of Prosper Oil. No payments have been made to Mr. Olson from Prosper Oil. Therefore, Mr. Olson is going to foreclose on this well. There is a 640 pumping unit on the well. If necessary, the well be sold and plugged by Turtle Mountain. At this point, there is a 50-foot plug over the pay zone on this well. Part of the problem with this well as far as operation is that there is no electricity out there and it is quite expensive to get electricity there. It is approximately a 15 barrel a day well.

ANSWER 10-27-04: Mr. Olson is going to be hiring an attorney (the same attorney that Minnesota Surety is using. See below) to bring an action against Larry Jones and Prosper Oil for premiums owed. Apparently, all of the equipment was moved from KOK 1-13 to KOK 2-13, which is a well right next to it. Larry Jones and Prosper Oil are also bonded on KOK 2-13 through Minnesota Surety and Trust Company. A lawsuit is currently pending by Minnesota Surety and Trust Company against Larry Jones and Prosper Oil regarding KOK 2-13. Enclosed as Exhibit A are the suit papers for this lawsuit. Once we obtain a judgment against Larry Jones and Prosper Oil, we will foreclose upon all of the equipment on the site which will yield enough cash to plug both KOK 1-13 and KOK 2-13.

| | | |
|-------|--------|---|
| 10322 | LERVIK | 1 |
|-------|--------|---|

ANSWER: In production.

ANSWER 10-27-04: A lease sign will be in place within a month. To the extent that there is any oil spillage around the wellhead, this will be cleaned up within the same time period. We reiterate that it is very difficult to pump oil on any well without some amount of spillage.

10639

CASTOR-STATE 2

43-02-03-19 Site Reclamation

ANSWER: Mr. Olson informs us that they spent \$47,000.00 on site restoration five years ago. The State inspector at the time said it was fine when finished. Apparently, one of the wells has been released but not the other. Mr. Olson hasn't received any notice on either of the wells for 7 or 8 years. Mr. Olson would like to know why the site reclamation was approved on one well but not the other when the same thing was done on both wells.

ANSWER 10-27-04: Mr. Olson tells me that both Castor 1 and 2 have been re-seeded twice. Furthermore, a man by the name of Bergstrom spread black dirt on the properties once. Castor-State 1 was previously released sometime ago. A farmer is apparently using Castor-State 2 as a feedlot for his cattle. There are salt licks and bail feeders on the premises. Regarding the claimed exposed pit liner, Mr. Olson is unsure where this may be. However, it will be removed as soon as possible. Nothing can be done on this property until next spring in any event.

10794

GOODMAN-ROMOSS

1

43-02-03-55 Abandonment of Wells

ANSWER: This is a 3 or 4 barrel a day well. Mr. Olson said he will hook up the well and get it going again this fall. It needs a new motor and some wellhead work.

ANSWER 10-27-04: Mr. Olson realizes that there is a violation of ICO9095 and the court order that you referenced. However, this well is currently in production. A work over rig and a tank have been moved to the property. Furthermore, Mr. Olson tells me that he is current on his lease for this property. A production report will be filed next month.

10845

CHRISTENSON 1

43-02-03-55 Abandonment of Wells

ANSWER: This well is going to be an injection well for water flood. Hopefully Mr. Olson can get enough water down there or else he will use it as a source well. The well is no problem and the site is O.K.

ANSWER 10-27-04: Again, Mr. Olson realizes that there is an order ICO9095 affecting this well. Mr. Olson has talked with Ward Williston to see about putting a pumping unit on this well and going back into production with it. The well produces about 3 barrels a day and is therefore economical under the current prices. Furthermore, there is an extra pumping unit available now that can be used on this well.

11195

LERVIK 2-5

ANSWER: In production.

ANSWER 10-27-04: Regarding the lease sign and oil spillage, please refer to answer to Lervik 1 above. There is no "abandoned test tank" on the premises that needs to be removed. The tank that is being referred to is a production tank and it is being moved to Goodman-Romoss 1. This production tank could stay on the property because it is O.K. with the landowner. However, it will be moved.

11779 BRANDT GOODMAN 1-9

ANSWER: In production.

ANSWER 10-27-04: See answer to Lervik 1 above.

11988 BRANDT/NERMOE 2-9

ANSWER: In production.

ANSWER 10-27-04: See answer to Lervik 1 above.

12154 GOODMAN 3-9 43-02-03-22 Defective Casing

ANSWER: Mr. Olson informs me that they spend \$80,000.00 on this well last fall. It produced for a couple of months and then one of the State employees said that there was pressure on the casing side and made him shut it in. Mr. Olson ordered a "double packer" and should have been on-line by the end of May but it took three months to get the double packer. This well has been on-line since August 28, 2004 and Mr. Olson has filed the necessary paperwork with your division. There should be no problem with this well.

ANSWER 10-27-04: See answer to Lervik 1 above.

12684 LIEN 1-8

ANSWER: Plugged and reclaimed.

ANSWER 10-27-04: This is the first that Mr. Olson became aware that reclamation is not adequate according to your office. Mr. Olson will need to talk to the person that reclaimed it. Again, any further work on the premises will not be able to be done until next spring.

12753 LIEN 2-8

ANSWER: Plugged and reclaimed.

ANSWER 10-27-04: This is the first that Mr. Olson became aware that reclamation is not adequate according to your office. Mr. Olson will need to talk to the person that reclaimed it. Again, any further work on the premises will not be able to be done until next spring.

13174 LYNNE 2-14 43-02-03-19 Site Reclamation

ANSWER: The site has been reclaimed. The landowner next to the site specifically requested that Mr. Olson leave the road going in which he needs for access to another field. Mr. Olson will obtain a signed affidavit from the landowner regarding this. Site reclamation on this well should be approved.

ANSWER 10-27-04: An affidavit from Ole Lynne will be obtained within a month.

13565 NERMOE 1-4 43-02-03-55 Abandonment of Wells

ANSWER: Well put back into service on October 7, 2004.

ANSWER 10-27-04: Mr. Olson personally looked at this well in October of 2004. There was no detectable salt-water spill. The pumping unit does not exceed four square feet which is common in the industry. There is no oil spilled around the wellhead either.

14510 SOLBERG 2-9

ANSWER: In production.

ANSWER 10-27-04: See answer to Lervik 1 above.

Mr. Olson would also add that a ND State inspector was out in the area two weeks ago and did not have time to look at Turtle Mountain's well in the Starbuck field. New lease signs have now been ordered for all wells.

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

Lynn D. Helms
DIRECTOR

www.oilgas.nd.gov

Bruce E. Hicks
ASSISTANT DIRECTOR

10845
December 16, 2004

Mr. Peter Plunkett
Minnesota Trust Company
107 Oakland Avenue
P.O. Box 463
Austin, MN 55912

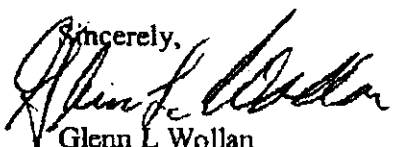
Re: First Heartland Bond No. FHS-0102-A

Dear Mr. Plunkett:

I received your response to my letter of October 27, 2004. Since you did not fully address a compliance plan and timetable for each well as I requested, you will find attached specific requirements and a timetable for completion of the requirements for each well.

If the requirements and timetable are not followed, I intend to turn the matter over to the Attorney General's office and request enforcement of the rights we have under the bond your company issued.

Sincerely,



Glenn L. Wollan
Field Supervisor

cc: Charles Carvell
Dave Olson

Encl

CERTIFIED MAIL - 7000 0520 0022 8654 4832

FILE WELL NAME

4141 M. SOLBERG 1

Although this well was pressure tested and qualified for temporary abandonment status in May 2003, the status is only granted for a one year time period and has expired. TMG&O's intended use for the well as a water source well depends on unitization of the field. No unitization plan has been filed with the Commission and the well therefore does not qualify for renewal of temporarily abandoned status and continues in violation of Section 43-02-03-55.

12-16-04. A plugging procedure for this well must be submitted by 1-31-05 and the work completed by 6-1-05. Alternatively, a form 15 (Transfer of Operator) could be submitted transferring the well to one of the operators TMG&O has contacted to develop a unitization plan. We will NOT consider pressure testing the well as an acceptable compliance plan.

8308 ROPER 1

This well is in violation of Sections 43-02-03-17 & 49. It needs a lease sign, there was oil spilled around the wellhead and an abandoned tank that needs to be removed.

12-16-04. The oil spillage must be cleaned up, lease sign installed and a form 4 submitted by 1-31-05 reporting the completion of the work and indicating what repairs have been done to prevent further leakage from the wellhead. The tank on site is not currently in use. If it is not in usable condition, it must be removed to comply with Section 43-02-03-49. Regarding Mr. Olson's comment that "you can't pump oil without some spillage", I will note that other operators minimize these problems through proper maintenance of equipment.

9098 KOK 1-13

Regardless of ownership, TMG&O is responsible for the well as operator of record. Mr. Olson told us a couple of years ago that he would start proceedings against Prosper Oil but no action has occurred that we are aware of. TMG&O is in violation of ICO 9095 requiring plugging of the well by April 1, 2002 and reclamation of the wellsite by July 1, 2002. Further, the district court ordered TMG&O to remedy all violations found in ICO 9095 (Northeast Judicial District, Civil No. 02-C-39). The 640 pumping unit Mr. Olson refers to is not for this well but for the Prosper Kok 2-13 well on the adjacent well site.

12-16-04. A plugging procedure must be submitted by 1-31-05 and the work completed by 6-1-05.

10322 LERVIK 1

Well is in violation of Sections 43-02-03-17 & 49. A lease sign is needed and there is oil spilled around the wellhead.

12-16-04. The oil spillage must be cleaned up, a lease sign installed and a form 4 submitted by 1-31-05 reporting the completion of the work and indicating what repairs have been done to prevent further leakage from the wellhead.

10639 CASTOR-STATE 2

TMG&O was notified in June of 1998 that the site required reseeding. Our inspector is unaware of the work being done and no report of the work being done was filed with us. Our inspector reports that about 60% of the site is weeds and dead area. The State Land Department owns this land and has also reported large bare areas and exposed pit liner on the site.

12-16-04. A form 4 must submitted by 6-1-05 outlining a plan to address the bare and weedy areas on the site, and the exposed pit liner. Because this site is on State land you should meet with a representative of the Land Department and NDIC Oil & Gas Division prior to submitting the remediation plan.

10794 GOODMAN-ROMSOS 1

TMG&O is in violation of **ICO 9095** and the court order referred to above.

12-16-04. A production report must be filed no later than 1/5/05 as noted.

10845—CHRISTENSON—1

Again, this well is in violation of the **ICO 9095** and the court order.

12-16-04. A plugging procedure for this well must be submitted by 1-31-05 and the work completed by 6-1-05. Alternatively, a form 15 (Transfer of Operator) could be submitted transferring the well to one of the operators TMG&O has contacted to develop a unitization plan.

11195 LERVIK 2-5

This well is in violation of Sections **43-02-03-17 & 49**. It needs a lease sign, there was oil spilled around the wellhead and an abandoned test tank needs to be removed.

12-16-04. The oil spillage must be cleaned up, a lease sign installed and the tank moved. A form 4 must be submitted by 1-31-05 reporting the completion of the work and indicating what repairs have been done to prevent further leakage from the wellhead.

11779 BRANDT GOODMAN 1-9

Lease sign needed and oil spilled around wellhead.

12-16-04. The oil spillage must be cleaned up, a lease sign installed and a form 4 submitted by 1-31-05 reporting the completion of the work and indicating what repairs have been done to prevent further leakage from the wellhead.

11988 BRANDT/NERMOE 2-9

Lease sign needed and oil spilled around wellhead.

12-16-04. The oil spillage must be cleaned up, a lease sign installed and a form 4 submitted by 1-31-05 reporting the completion of the work and indicating what repairs have been done to prevent further leakage from the wellhead.

12154 GOODMAN 3-9

The defective casing has recently been isolated about a year and half after the Oil & Gas Division became aware of the casing leak and after repeated requests to rectify it. A lease sign needed.

12-16-04. A lease sign must be installed and a form 4 submitted by 1-31-05 reporting the completion of the work.

12684 LIEN 1-8

Reclamation is not adequate. A recent inspection showed lack of growth and poor topsoil replacement with subsoil and gravel mixed in.

12-16-04. A form 4 must submitted by 6-1-05 outlining a plan to address the deficiencies on the site. You should meet with the landowner and a representative of the NDIC Oil & Gas Division prior to submitting the plan.

12753 LIEN 2-8

Reclamation is not adequate. A recent inspection showed lack of growth and poor topsoil replacement with subsoil and gravel mixed in.

12-16-04. A form 4 must submitted by 6-1-05 outlining a plan to address the deficiencies on the site. You should meet with the landowner and a representative of the NDIC Oil & Gas Division prior to submitting the plan.

13174 LYNNE 2-14

An affidavit from the surface owner requesting waiver of reclamation of the lease road must be submitted.

12-16-04. The affidavit must be submitted by 1-31-05.

13565 NERMOR 1-4

Although the well has been started up again, it is in violation of Sections 43-02-03-49 & 53 because of oil and salt water spilled around the wellhead.

12-16-04. Since our inspector noted oil and saltwater spilled when he inspected the site on 10-12-04, Mr. Olson must have been on the site earlier that month. In any case, the oil and water spillage must be cleaned up and a form 4 submitted by 1-31-05 reporting the completion of the work and indicating what repairs have been done to prevent further leakage from the wellhead. A tank and treater on the site are currently not in use. If this equipment is not in usable condition, it must be removed to comply with Section 43-02-03-49.

14510 SOLBERG 2-9

Lease sign needed and oil spilled around wellhead.

12-16-04. The oil spillage must be cleaned up, a lease sign installed and a form 4 submitted by 1-31-05 reporting the completion of the work and indicating what repairs have been done to prevent further leakage from the wellhead.

**SUNDRY NOTICES AND REPORTS ON WELLS - FORM 4**

INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
600 EAST BOULEVARD DEPT 405
BISMARCK, ND 58505-0840
SFN 6748 (07-2000)

Well File No.
10845

PLEASE READ INSTRUCTIONS BEFORE FILLING OUT FORM.
PLEASE SUBMIT THE ORIGINAL AND THREE COPIES.

| | | | |
|---|--|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | Approximate Start Date January, 2007 | <input type="checkbox"/> Drilling Prognosis | <input type="checkbox"/> Spill Report |
| <input type="checkbox"/> Report of Work Done | Date Work Completed | <input type="checkbox"/> Redrilling or Repair | <input type="checkbox"/> Shooting |
| <input type="checkbox"/> Notice of Intent to Begin a Workover Project that may Qualify for a Tax Exemption Pursuant to NDCC Section 57-51.1-03. | Approximate Start Date | <input type="checkbox"/> Casing or Liner | <input type="checkbox"/> Acidizing |
| | | <input type="checkbox"/> Plug Well | <input type="checkbox"/> Fracture Treatment |
| | | <input type="checkbox"/> Supplemental History | <input type="checkbox"/> Change Production Method |
| | | <input type="checkbox"/> Temporarily Abandon | <input type="checkbox"/> Reclamation |
| | | <input checked="" type="checkbox"/> Other Well Evaluation | |

| | | | | | |
|--|--------------------------|----------------------------|----------|--------------|-------------|
| Well Name and Number Christenson 1 | | | | | |
| Footages | | Qtr-Qtr | Section | Township | Range |
| 545 F N L | 2140 F W L | NENW | 8 | 160 N | 78 W |
| Field Southwest Starbuck | Pool Spearfish | County Bottineau | | | |

| 24-HOUR PRODUCTION RATE | | | |
|-------------------------|------|-------|------|
| Before | | After | |
| Oil | Bbls | Oil | Bbls |
| Water | Bbls | Water | Bbls |
| Gas | MCF | Gas | MCF |

| | | | |
|-----------------------|------|-------|----------|
| Name of Contractor(s) | | | |
| Address | City | State | Zip Code |

DETAILS OF WORK

Upon transfer of well from Turtle Mountain Gas and Oil to Ballantyne Oil, Ballantyne Oil will proceed with plans to utilize well in anticipation of unitizing of the Spearfish Pool in the Southwest Starbuck Field Area.

Note: well must be brought into compliance w/ Sec. 43-02-03-55, NDAC.

| | | | |
|------------------------------------|---------------------------------------|---|--|
| Company Ballantyne Oil | | Telephone Number 701-245-6143 | |
| Address P O Box 397 | | | |
| City Westhope | State ND | Zip Code 58793 | |
| Signature <i>Allen Boetcher</i> | Printed Name Allen Boetcher | | |
| Manager | Date December 27, 2006 | | |

| FOR STATE USE ONLY | |
|--|-----------------------------------|
| <input checked="" type="checkbox"/> Received | <input type="checkbox"/> Approved |
| Date 5-07 | |
| By <i>Glenn L. Wollan</i> | |
| Title GLENN L. WOLLAN | |
| Field Supervisor | |

Helen Sidener 43-1

Well file #10831

10831

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

WESLEY D. NORTON
Chief Enforcement Officer

F. E. WILBORN
Deputy Enforcement Officer

CLARENCE G. CARLSON
Geologist

CHARLES KOCH
Engineering Dept.

DOREN DANNEWITZ
Field Supervisor

KEN KALLESTAD
Reclamation Sup.

<June 26, 1985>

Mr. Randy G. Wright
American Oil Partners
1999 Bryan Street, Suite 3330
Dallas, TX 75201

RE: Helen Sidener #43-1
NE SE Section 1-T160N-R83W
Well File No. 10831

Helen Sidener #43-1R
NE SE Section 1-T160N-R83W
Well File No. 11590

Dear Mr. Wright:

On a recent inspection of the Helen Sidener #43-1, I noted that the well was abandoned and the drill site has not been restored. According to our office, this well has not produced since completion on July 17, 1984. Also a new location has been staked for the Helen Sidener #43-1R which is 240 feet south of the Sidener #43-1 well.

If the Helen Sidener #43-1R is to be drilled and completed, the Helen Sidener #43-1 must be plugged and abandoned or completed as a salt water disposal. This must be done prior to production of crude oil from the Helen Sidener #43-1R.

Also, no restoration work has been performed on the following drill sites in the Mountrose Field:

#10882, George Adams #21-6 - NE NW Section 6-T160N-R82W

#10890, George Adams #23-6 - NE SW Section 6-T160N-R82W

#10905, George Adams #22-6 - SE NW Section 6-T160N-R82W

#10919, George Adams et al #13-6 - NW SW Section 6-T160N-R82W

#10920, George Adams #34-33 - SW SE Section 33-T161N-R82W

#10954, Dale G. Leathers #31-6 SWD - NW NE Section 6-T160N-R82W

These locations must be restored by August 1, 1985, as required by North Dakota Industrial Commission Rule No. 43-02-03-19. If you have any questions, feel free to contact our office.

Sincerely,

Jon W. Johnson
Field Inspector

cc: Lawrence Render
JWJ/rls

900 EAST BOULEVARD, BISMARCK, NORTH DAKOTA 58505 701-224-2969

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

WESLEY D. NORTON
Chief Enforcement Officer

F. E. WILBORN
Deputy Enforcement Officer

CLARENCE G. CARLSON
Geologist

CHARLES KOCH
Engineering Dept.

DOREN DANHEWITZ
Field Supervisor

KEN KALLESTAD
Reclamation Sup.

February 2, 1987

Mr. Randy G. Wright
AOP Operating Company
Route 1, Box 328
Giddings, Texas 78942

RE: Helen Sidener 43-1
NE SE Section 1-T160N-R83W
Well File No. 10831

Dear Mr. Wright:

The above captioned well has not been on production since November 1985 and is currently shut in.

North Dakota Industrial Commission Rule No. 43-02-03-55 (Desertion of Wells) states in part that the failure to produce oil for a period of one year is evidence for desertion of wells and such well shall be plugged.

Please submit your future plans for this well on a Sundry Notice (Form 4). If the well is to be temporarily abandoned, the production perfs must be isolated and the casing pressure tested.

Your immediate attention is appreciated. If you have any questions, feel free to contact our office.

Sincerely,

Jon W. Johnson /rls
Jon W. Johnson
Field Inspector

JWJ/rls

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10831

WESLEY D. NORTON
Chief Enforcement Officer

F. E. WILBORN
Deputy Enforcement Officer

CLARENCE G. CARLSON
Geologist

CHARLES KOCH
Engineering Dept.

DOREN DANNEWITZ
Field Supervisor

KEN KALLESTAD
Reclamation Sup.

January 22, 1988

A.O.P. Operating Company
1999 Bryan Street
Suite 3330
Dallas, Texas 75201

RE: Helen Sidener #43-1
NE SE Section 1-T160N-R83W
Well File No. 10831

Gentlemen:

Our records indicate the above captioned well has not produced since November 1985 and is currently shut in.

Please submit a proposed plugging procedure immediately. If our office has not received this procedure by March 1, 1988, I will turn the matter over to our Bismarck office for further action.

If you have any questions, feel free to contact our Bismarck office.

Sincerely,

Jon W. Johnson /rls
Jon W. Johnson
Field Inspector

JWJ/rls

AMERICAN OIL PARTNERS

February 25, 1988

Express Mail



North Dakota Industrial Commission
Oil and Gas Division
Attn: Mr. Jon W. Johnson
900 East Boulevard
Bismark, North Dakota 58505

Re: Plugging Procedure
Helen Sidener #43-1
NE SE Section 1 - T160N - R83W
Well File No. 10831

Gentlemen:

As requested by your January 22, 1988 letter, please find attached a Form 4 with the proposed plugging procedure, pertinent wellbore data and a copy of the cement bond log ran 5/14/84. It is our plan to perform this work late spring/early summer. There has been a company that intends to make an offer to AOP Operating Corporation within a month to takeover this well for continued operations. If this happens we will so advise your office and file the proper documentation.

Should you require further information on this procedure or the well's status, please contact Sharon Figueroa or me.

Yours very truly,

A. Russ Hensley
Vice President

cc: CWF, RGW & TCW

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10831

Wesley D. Norton
CHIEF ENFORCEMENT OFFICER

F. E. Wilborn
DEPUTY ENFORCEMENT OFFICER

Clarence G. Carlson
GEOLOGIST

Charles Koch
ENGINEERING DEPT

Doren Dannewitz
FIELD SUPERVISOR

Glen Wollan
RECLAMATION SUP

May 26, 1988

Mr. Ross Hensley
AOP Operating Corp.
1999 Bryan St., Suite 3330
Dallas, Texas 75201

RE: Mountrose Field
Bottineau County
North Dakota

Dear Mr. Hensley:

Upon inspection of the above captioned field, I noted the following:

- #10954, Dale Leathers #31-6 SWD
 - 1. Gauge on tubing not working properly.
 - 2. Crude oil inside dike.
 - 3. Location needs good clean up from crude and saltwater spills.
- #10920, George Adams #34-33
 - 1. Crude oil spill at wellhead.
 - 2. Seals on crude oil tank not properly sealed.
- #10831, Helen Sidner #43-1
 - 1. Well still shut in!
- #10883, Adams #21-6
 - 1. Saltwater tank leaks.
 - 2. Crude oil inside dike.
 - 3. Crude oil spill at tank battery.

Please proceed to have all spills cleaned up, replace gauge on saltwater disposal, and seal all crude tanks properly. This work needs to be done by June 15, 1988, or further action will be taken.

Also, the Helen Sidner #43-1, should be plugged and abandoned by July 1, 1988. You received approval for plug and abandonment in February 1988.

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10831

Wesley D. Norton
CHIEF ENFORCEMENT OFFICER

F. E. Wilborn
DEPUTY ENFORCEMENT OFFICER

Clarence G. Carlson
GEOLOGIST

Charles Koch
ENGINEERING DEPT.

Doren Dannewitz
FIELD SUPERVISOR

Glenn Wollan
RECLAMATION SUP.

January 6, 1989

AOP Operating Corporation
1999 Bryan Street
Suite 3330
Dallas, TX 75201

RE: Helen Sidener #43-1
NE SE Sec. 1-T160N-R83W
Well File No. 10831

Gentlemen:

The above captioned well has not been on production since November 1985 and is presently abandoned. Several attempts have been made to have this well plugged.

Proceed immediately to properly plug and abandon this well following the procedures that were approved in February 1988.

If this well is not plugged and abandoned by March 1, 1989, the Industrial Commission shall be forced to take further action regarding this matter.

Sincerely,

Jon W. Johnson

Jon W. Johnson
Field Inspector

JWJ/dh

AMERICAN OIL PARTNERS

10831

February 16, 1989



Mr. Jon W. Johnson
Field Inspector
North Dakota State Industrial Commission
Oil and Gas Division
900 East Boulevard
Bismarck, North Dakota 58505

Re: Helen Sidener #43-1
NE SE Sec. 1-T160N-R83W
Well File No. 10831

Dear Mr. Johnson:

We are in receipt of your letter of January 6, 1989, regarding the subject well. Due to the economic downturn of the oil economy, we have not been in a financial position to assume the plugging responsibility since approval of the procedures.

For the past three months we have aggressively pursued the sale of our North Dakota properties, including the subject well. We are in final negotiations with two interested parties and feel that a sale is imminent. We respectfully request an extension of six months in the plugging date from March 1, 1989 to September 1, 1989, by which time we will have fulfilled all of our responsibilities to the North Dakota Industrial Commission.

Sincerely,

Toni Shelton

Toni Shelton
Production Administrator

/rbs

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10831

Wesley D. Norton
CHIEF ENFORCEMENT OFFICER

F. E. Wilborn
DEPUTY ENFORCEMENT OFFICER

Clarence G. Carlson
GEOLOGIST

Charles Koch
ENGINEERING DEPT.

Doren Dannewitz
FIELD SUPERVISOR

Glenn Wollan
RECLAMATION SUP.

August 2, 1989

Mr. Don Ballantyne
Ballantyne Oil
521 Aspen Avenue
Bismarck, ND 58501

RE: Helen Sidener #43-1
NE SE Sec. 1-160N-83W
Well File No. 10831

Everson #43-20
NE SE Sec. 20-155N-86W
Well File No. 10505

Dear Mr. Ballantyne:

The Helen Sidener #43-1 has been shut in and not produced since November 1985, and the Everson #43-20 has been abandoned since October 1987.

These two wells are in violation of North Dakota Industrial Commission Rule No. 43-02-03-55 (Desertion of wells). At this time, please submit for approval plug and abandonment procedures on both of these wells.

If you have any questions, feel free to contact our office.

Sincerely,

Jon W. Johnson/dh

Jon W. Johnson
Field Inspector

JWJ/dh

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10831

Wesley D. Norton
CHIEF ENFORCEMENT OFFICER

F. E. Wilborn
DEPUTY ENFORCEMENT OFFICER

Clarence G. Carlson
GEOLOGIST

Charles Koch
ENGINEERING DEPT.

Doren Dannewitz
FIELD SUPERVISOR

Glenn Wollan
RECLAMATION SUP.

January 25, 1990

Mr. Don Ballantyne
Ballantyne Oil
521 Aspen Ave.
Bismarck, ND 58501

RE: Helen Sidener #43-1
NE SE Sec. 1-160N-83W
Well File No. 10831

Everson #43-20
NE SE Sec. 20-155N-86W
Well File No. 10505

Dear Mr. Ballantyne:

The Helen Sidener #43-1 well has been shut-in and has not produced since November 1985, and the Everson #43-20 well has been abandoned since October 1987.

Several requests have been made of you to have subject wells plugged and abandoned. These wells are in violation of North Dakota Industrial Commission Rule No. 43-02-03-55 (Desertion of wells).

Proceed immediately to submit for approval plug and abandonment procedures on these wells and such wells must be properly plugged by April 16, 1990 or risk a show cause hearing on May 9, 1990. If you have any questions, feel free to contact our office.

Sincerely,

Jon W. Johnson
Jon W. Johnson
Field Inspector

JWJ/k1

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10831

Wesley D. Norton
CHIEF ENFORCEMENT OFFICER

F. E. Wilborn
DEPUTY ENFORCEMENT OFFICER

Clarence G. Carlson
GEOLOGIST

Charles Koch
ENGINEERING DEPT.

Doren Dannewitz
FIELD SUPERVISOR

Glenn Wollan
RECLAMATION SUP.

March 5, 1990

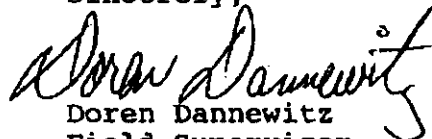
Mr. Don Ballantyne
Ballantyne Oil Company
521 Aspen Ave.
Bismarck, ND 58501

RE: Helen Sidener #43-1
NE SE Sec. 1-160N-83W
Well File #10831

Dear Mr. Ballantyne:

The request for temporary abandonment status on subject well is hereby denied. Proceed to submit plug and abandonment procedures for approval.

Sincerely,


Doren Dannewitz
Field Supervisor

DD/kl

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10831

Wesley D. Norton
DIRECTOR

F. E. Wilborn
ASSISTANT DIRECTOR

March 4, 1996

Mr. Donald Ballantyne
Ballantyne Oil Company
2120 Fourth Avenue NW
Minot, ND 58701

RE: Helen Sidener #43-1
NE SE Sec. 1-160N-83W
Well File No. 10831

Dear Mr. Ballantyne:

~~The temporary abandonment status for the above captioned well expired in December 1993.~~ This status is approved for a specific time period and must be reviewed yearly.

At this time please submit for approval either a Sundry Notice (Form 4) detailing your future plans for this well or plug and abandonment procedures. If you have any questions, feel free to contact our office.

Sincerely,

Jon W. Johnson
Jon W. Johnson
Field Inspector

JWJ/k1



WELL INTEGRITY REPORT - FORM 19
INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
SFN 5757 (10-93)

600 East Boulevard
Bismarck, ND 58505

| | | | |
|---|--------------------|---|----------------------|
| October 10, 1996 | | UIC Number | File Number 10831 |
| Reason For Test Renew T.A. Status | | <input type="checkbox"/> Disposal Well <input type="checkbox"/> Production Well <input type="checkbox"/> Enhanced Recovery Well <input type="checkbox"/> Other | |
| Name of Operator Ballantyne Oil | Address | | |
| Well Name and Number Sidener #43-1 | Field Mounthase | County Bott | |
| Location of Well | | | |
| Qtr.-Qtr.: N 5 E | Section: 01 | Township: 160 N | Range: 83 W |
| Name of Contractor Performing Pressure Test | | | |

BEFORE TEST

| | | |
|--|--------------------------------------|---|
| Tubing Pressure 0 psig <input type="checkbox"/> FTP or <input checked="" type="checkbox"/> SITP | Annulus or Casing Pressure 0 psig | |
| Annular Fluid Salt water | Fluid Used to Test Salt water | Amount of Fluid Needed to Fill Annulus or Casing 1 bbl |

START OF TEST

| | |
|--|--|
| Tubing Pressure psig <input type="checkbox"/> FTP or <input checked="" type="checkbox"/> SITP | Annulus or Casing Pressure 970 psig |
|--|--|

END OF TEST

| | |
|---|--|
| Tubing Pressure 0 psig <input type="checkbox"/> FTP or <input type="checkbox"/> SITP | Annulus or Casing Pressure 970 psig |
| Length of Test 15 Minutes | Was Annulus or Casing Bled Off to Zero After Test? <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No - Pressure Left |

WELL DATA

| | | |
|-----------------------|--------------|------|
| Formation | Perforations | Feet |
| Packer Depth Feet | Packer Model | |
| Tubing Size Inches | Tubing Type | |

DOES THIS WELL APPEAR TO BE COMPLETED IN ACCORDANCE WITH CHAPTER 43-02-05-06 OF THE NORTH DAKOTA ADMINISTRATIVE CODE?
☒ YES ☐ NO - EXPLAIN BELOW.

| |
|--|
| |
| |
| |
| |

I hereby certify that this report is true and complete to the best of my knowledge.

| | |
|---|-------|
| Signature of Company Representative Witnessing Test <i>[Signature]</i> | Title |
| Signature of NDOGD Field Inspector Witnessing Test <i>[Signature]</i> | |

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10831

Wesley D. Norton
DIRECTOR

F. E. Wilborn
ASSISTANT DIRECTOR

January 2, 1997

Mr. Donald Ballantyne
Ballantyne Oil Company
2120 Fourth Ave. NW
Minot, ND 58701

RE: Helen Sidener #43-1
NE SE Sec. 1-160N-83W
Well File No. 10831

Dear Mr. Ballantyne:

The above captioned well successfully passed a pressure test in October 1996, for renewal of its temporary abandonment status.

At this time please submit a Sundry Notice (Form 4) requesting extension of the temporary abandonment status for this well. The form must include the method of testing, the reason for the request, and future plans for the well.

Please note that this request must be submitted yearly. If you have any questions, feel free to contact our office.

Sincerely,

Jon W. Johnson/k1
Jon W. Johnson
Field Inspector

JWJ/k1

cc: Doren Dannewitz



SUNDRY NOTICES AND REPORTS ON WELLS - FORM 4
INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
SFN 5749 (1-94)

Well File Number

10831

600 East Boulevard
Bismarck, ND 58505

PLEASE READ INSTRUCTIONS ON BACK OF FORM

☐ Notice of Intent

Approximate Start Date _____

☐ Report of Work Done

Date Work Completed _____

- ☐ Drilling Prognosis
☐ Redrilling or Repair
☐ Casing or Liner
☐ Plug Well
☐ Supplemental History
☐ Temporarily Abandon

- ☐ Spill Report
☐ Shooting
☐ Acidizing
☐ Fracture Treatment
☐ Change Producing Method
☐ Reclamation
☐ Other _____

Well Name and Number

Helen Sidener 43-1

Footages

Qtr-Qtr

Section

Township

Range

NE SE

01

160

83

Field

Pool

County

Mountrose

Madison

Bottineau

24 HOUR PRODUCTION RATE

BEFORE

AFTER

Oil

Oil

Water

Water

Gas

Gas

Name of Contractor

Address

City

State

Zip Code

DETAILS OF WORK

Please consider renewal of temporary abandonment status for this well.

The well was successfully pressure tested in October 1996, witnessed by Jon W. Johnson.

Pressure test done by Ham's Well Service hot oil unit.

Temporary abandonment status is requested because of the value of this well as a possible salt water disposal for the producing wells of the Mountrose field.

Company

Ballantyne Oil

Address

PO Box 397

City

Westhope

State

ND

Zip Code

58793

By

Jackie Boettcher
Jackie Boettcher

Date

2-19-97

Title

Bookkeeper

Telephone Number

(701) 245-6143

FOR OFFICE USE ONLY

☐ Received

☒ Approved

Date

2-25-97

By

Glenn L. Wollan
ORIGINAL SIGNED BY

Title

GLENN L. WOLLAN
RECLAMATION SUPERVISOR



SUNDRY NOTICES AND REPORTS ON WELLS - FORM
INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
SFN 5749 (1-84)

Well File Number

10831

500 East Boulevard
Bismarck, ND 58505

EASE READ INSTRUCTIONS ON BACK OF FORM

☐ Notice of Intent

Approximate Start Date _____

☐ Report of Work Done

Date Work Completed _____

☐ Drilling Progress

☐ Redrilling or Repair

☐ Casing or Liner

☐ Plug Well

☐ Supplemental History

☒ Temporarily Abandon

☐ Spill Report

☐ Shooting

☐ Acidizing

☐ Fracture Treatment

☐ Change Producing Method

☐ Reclamation

☐ Other _____

Well Name and Number

Helen Sidener 43-1

Footages

Qtr-Qtr

Section

Township

Range

NE SE

01

160

83

Field

Pool

County

Mountrose

Madison

Bottineau

24 HOUR PRODUCTION RATE

BEFORE

AFTER

Oil

Oil

Water

Water

Gas

Gas

Name of Contractor

Address

City

State

Zip Code

DETAILS OF WORK

Please consider renewal of temporary abandonment status for this well.

The well was successfully pressure tested in October 1996, witnessed by Jon W. Johnson.

Pressure test done by Ham's Well Service.

Temporary abandonment status is requested because of the value of this well as a possible salt water disposal for the producing wells of the Mountrose field.

Company

Ballantyne Oil

Address

PO Box 397

City

Westhope

State

ND

Zip Code

58793

By

Jackie Bottcher

Date

7-6-98

Title

Bookkeeper

Telephone Number

(701)245-6143

FOR OFFICE USE ONLY



Received



Approved

Date

7-13-98

By

Title

TETRENS

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10831

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

September 29, 1999

Mr. Donald Ballantyne
Ballantyne Oil Company
2120 Fourth Ave. NW
Minot, ND 58703

RE: Helen Sidener #43-1
NE SE Sec. 1-160N-83W
Well File No. 10831

Dear Mr. Ballantyne:

The temporary abandonment status of the above referenced well has expired. At this time please submit a request for extension of temporary abandonment status for the well. If you have any questions, feel free to contact our office.

Sincerely,

Jon W. Johnson/k1
Jon W. Johnson
Field Inspector

JWJ/k1

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10831

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

January 14, 2000

Mr. Donald Ballantyne
Ballantyne Oil Co.
2120 Fourth Ave. NW
Minot, ND 58703

RE: Helen Sidener #43-1
NE SE Sec. 1-160N-83W
Well File No. 10831

Dear Mr. Ballantyne:

~~The temporary abandonment status for the above referenced well has expired.~~
Please submit a request for extension of temporary abandonment status for the well.
Since this is the second letter requesting the status of this well, please submit your
request immediately. If you have any questions, feel free to contact our office.

Sincerely,

Jon W. Johnson
Jon W. Johnson
Field Inspector

JWJ/kl

cc: Doren Dannewitz



SUNDRY NOTICES AND REPORTS ON WELLS - FORM
INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
SFN 5749 (11-94)

Well File Number
10831

600 East Boulevard
Bismarck, ND 58505

PLEASE READ INSTRUCTIONS ON BACK OF FORM

☐ Notice of Intent
Approximate Start Date _____

☐ Report of Work Done
Date Work Completed _____

- ☐ Drilling Program
☐ Redrilling or Recasing
☐ Casing or Liner
☐ Plug Well
☐ Supplemental History
☒ Temporarily Abandonment
- ☐ Spill Report
☐ Shooting
☐ Acidizing
☐ Fracture Treatment
☐ Change Producing Method
☐ Reclamation
☐ Other _____

| | | | | |
|--|-----------------|---------------------|-----------------|-------------|
| Well Name and Number Helen Sidener 43-1 | | | | |
| Footages | Cu-Cy NE SE | Section 01 | Township 160 | Range 83 |
| Field Mountrose | Pool Madison | County Bottineau | | |

| 24 HOUR PRODUCTION RATE | |
|-------------------------|-------|
| BEFORE | AFTER |
| Oil | Oil |
| Water | Water |
| Gas | Gas |

| | | | |
|--------------------|------|-------|----------|
| Name of Contractor | | | |
| Address | City | State | Zip Code |

DETAILS OF WORK

Please consider renewal of temporary abandonment status for this well.

The well was successfully pressure tested in October 1996, witnessed by Jon W. Johnson.

Pressure test done by Ham's Well Service.

Temporary abandonment status is requested because of the value of this well as a possible salt water disposal for the producing wells of the Mountrose field.

| | |
|---------------------------|----------------------------------|
| Company Ballantyne Oil | |
| Address PO Box 397 | |
| City Westhope | State ND |
| By Jackie Boettcher | Zip Code 58793 |
| Title Bookkeeper | Date 3-3-2000 |
| | Telephone Number 701-245-6143 |

FOR OFFICE USE ONLY

| | |
|---|--|
| <input type="checkbox"/> Received | <input checked="" type="checkbox"/> Approved |
| Date APR 04 2000 | |
| By <i>[Signature]</i> | |
| Title Horizontal Drilling Supervisor | |

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10831

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

May 25, 2001

Mr. Donald Ballantyne
Ballantyne Oil Co.
2120 Fourth Ave. NW
Minot, ND 58703

RE: Helen Sidener #43-1
NE SE 1-160N-83W
Well File # 10831

Dear Mr. Ballantyne:

~~The temporary abandonment status of the above referenced well has expired.~~
According to my records, the above captioned well has not produced since November of 1985. The well is in violation of Section 43-02-03-55 of the Administrative Code of North Dakota (Abandonment of Wells).

At this time, please either submit for approval plug and abandonment procedures for this well, or request an extension of temporary abandonment status. Please include the reason for the request, and your immediate future plans for this well. If there are any questions, please feel free to contact our office. Thank you.

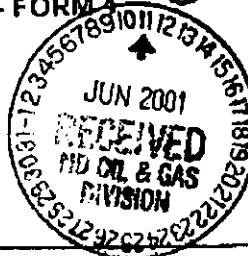
Sincerely,

Scott D. Dible
Scott Dible
Field Inspector

SDD/kl

**SUNDRY NOTICES AND REPORTS ON WELLS - FORM 1**

INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
600 EAST BOULEVARD DEPT 405
BISMARCK, ND 58505-0840
SFN 5749 (04-99)



Well File No.
10831

PLEASE READ INSTRUCTIONS BEFORE FILLING OUT FORM.
PLEASE SUBMIT THE ORIGINAL AND THREE COPIES.

| | |
|---------------------|------------------------|
| Notice of Intent | Approximate Start Date |
| Report of Work Done | Date Work Completed |

- | | |
|---|---|
| <input type="checkbox"/> Drilling Prognosis | <input type="checkbox"/> Spill Report |
| <input type="checkbox"/> Redrilling or Repair | <input type="checkbox"/> Shooting |
| <input type="checkbox"/> Casing or Liner | <input type="checkbox"/> Acidizing |
| <input type="checkbox"/> Plug Well | <input type="checkbox"/> Fracture Treatment |
| <input type="checkbox"/> Supplemental History | <input type="checkbox"/> Change Production Method |
| <input type="checkbox"/> Temporarily Abandon | <input type="checkbox"/> Reclamation |
| <input type="checkbox"/> Other | |

| | | | | |
|--|-------------------------|----------------------------|--------------------------|----------------------|
| Well Name and Number Helen Sidner 43-1 | | | | |
| Footages 2140 F S L 500 F E L | Qtr-Ctr NE SE | Section 01 | Township 160 N | Range 83 W |
| Field Mountrose | Pool Madison | County Bottineau | | |

| Before | | After | |
|--------|------|-------|------|
| Oil | Bbls | Oil | Bbls |
| Water | Bbls | Water | Bbls |
| Gas | MCF | Gas | MCF |

| | | | |
|-----------------------|------|-------|----------|
| Name of Contractor(s) | | | |
| | City | State | Zip Code |

DETAILS OF WORK

Please consider renewal of temporary abandonment status for this well.

The well was successfully pressure tested in October 1996, witnessed by Jon W. Johnson.

Pressure test done by Ham's Well Service.

Temporary abandonment status is requested because of the value of this well as a possible salt water disposal for the producing wells of the Mountrose field.

M.I.T. THIS YEAR.

(Signature)

| | | | |
|---------------------------------------|--|--|--------------------------|
| Company Ballantyne Oil | | Telephone Number 245-6143 | |
| Address PO Box 397 | | | |
| Westhope | | State ND | Zip Code 58793 |
| Signature <i>Donald Ballantyne</i> | | Printed Name Donald Ballantyne | |
| Title Partner | | Date 6/06/2001 | |

| | |
|------------------------------------|--|
| Received | <input checked="" type="checkbox"/> Approved |
| Date <i>June 11, 2001</i> | |
| By <i>David M. Cusker</i> | |
| Title PETROLEUM ENGINEER | |



SUNDRY NOTICES AND REPORTS ON WELLS - FORM 4

INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
600 EAST BOULEVARD DEPT 405
BISMARCK, ND 58505-0840
SFN 5749 (03-2000)

Well File No.
10831

PLEASE READ INSTRUCTIONS BEFORE FILLING OUT FORM.
PLEASE SUBMIT THE ORIGINAL AND THREE COPIES.

| | |
|---|------------------------|
| <input type="checkbox"/> Notice of Intent | Approximate Start Date |
| <input type="checkbox"/> Report of Work Done | Date Work Completed |
| <input type="checkbox"/> Notice of Intent to Begin a Workover Project that may Qualify for a Tax Exemption Pursuant to NDCC Section 57-51.1-03. | |
| Approximate Start Date | |

| | |
|--|---|
| <input type="checkbox"/> Drilling | <input type="checkbox"/> Spill Report |
| <input type="checkbox"/> Redrilling or Reperforating | <input type="checkbox"/> Shooting |
| <input type="checkbox"/> Casing or Liner | <input type="checkbox"/> Acidizing |
| <input type="checkbox"/> Plug Well | <input type="checkbox"/> Fracture Treatment |
| <input type="checkbox"/> Supplemental History | <input type="checkbox"/> Change Production Method |
| <input type="checkbox"/> Temporarily Abandon | <input type="checkbox"/> Reclamation |
| <input type="checkbox"/> Other | |

| | | | | | |
|--|------------------------|----------------------------|--------------|-------------|--|
| Well Name and Number Helen Sidner 43-1 | | | | | |
| Footages | Qtr-Qtr | Section | Township | Range | |
| 2140 F S L 500 F E L | NE SE | 1 | 160 N | 83 W | |
| Field Mountrose | Pool Madison | County Bottineau | | | |

| 24-HOUR PRODUCTION RATE | | | |
|-------------------------|------|-------|------|
| Before | | After | |
| Oil | Bbls | Oil | Bbls |
| Water | Bbls | Water | Bbls |
| Gas | MCF | Gas | MCF |

| | | | |
|-----------------------|------|-------|----------|
| Name of Contractor(s) | | | |
| Address | City | State | Zip Code |

DETAILS OF WORK

Please consider renewal of temporary abandonment status for this well.

The well was successfully pressure tested in October 1996, witnessed by Jon W. Johnson.

Pressure test done by Ham's Well Service.

Temporary abandonment status is requested because of the value of this well as a possible salt water disposal for the producing wells of the Mountrose field.

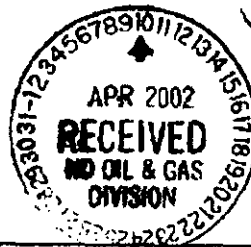
RESUBMIT AFTER M.I.T. *(DMU)*

| | | | |
|---------------------------------------|--|---|--|
| Company Ballantyne Oil | | Telephone Number 701-245-6143 | |
| Address P.O. Box 397 | | | |
| City Westhope | State ND | Zip Code 58793 | |
| Signature <i>Donald Ballantyne</i> | Printed Name Donald Ballantyne | | |
| Title Partner | Date March 12, 2002 | | |

| FOR STATE USE ONLY | |
|--|-----------------------------------|
| <input checked="" type="checkbox"/> Received | <input type="checkbox"/> Approved |
| Date <i>March 14, 2002</i> | |
| By <i>David J. McCarter</i> | |
| Title PETROLEUM ENGINEER | |



WELL INTEGRITY REPORT - FORM 19
INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
600 EAST BOULEVARD DEPT 405
BISMARCK, ND 58505-0640
SFN 5767 (01-2001)



| | |
|---------------|-------|
| Well File No. | 10831 |
| UIC No. | NA |

PLEASE READ INSTRUCTIONS BEFORE FILLING OUT FORM.
PLEASE SUBMIT THE ORIGINAL.

| | | | | | |
|--|------------------------|--|--------------------------|----------------------|----------------------------|
| Date of Test April 9, 2002 | | Name of Contractor Performing Pressure Test Ham's Well Service | | | |
| Operator Ballantyne Oil | | Telephone Number (701) 245-6143 | | | |
| Address PO Box 397 | | City Westhope | | State ND | Zip Code 58793 |
| Well Name and Number Helen Sidener #43-1 | | Field Mountrose | | | |
| Location of Well | Qtr-Qtr NESE | Section 1 | Township 160 N | Range 83 W | County Bottineau |

WELL DATA

| | | | | | |
|---|--|---|------|--|--|
| Formation | | Perforations | | | |
| Tool Type | <input type="checkbox"/> Packer <input type="checkbox"/> CICR <input checked="" type="checkbox"/> CIBP | Depth 2907 | Feet | Packer Model | |
| Tubing Size Inches | | Tubing Type | | | |
| Well Type <input type="checkbox"/> Disposal Well <input type="checkbox"/> Production Well <input checked="" type="checkbox"/> Enhanced Recovery Well <input checked="" type="checkbox"/> Other | | Reason for Test <input type="checkbox"/> UIC MIT <input checked="" type="checkbox"/> TA <input type="checkbox"/> TAO <input type="checkbox"/> Workover | | Type of Test <input type="checkbox"/> MIT <input type="checkbox"/> Initial MIT <input type="checkbox"/> Annual MIT <input checked="" type="checkbox"/> 5 Year MIT | |

BEFORE TEST

| | |
|--|---|
| Pressure PSIG <input type="checkbox"/> FTP or <input type="checkbox"/> SITP | Annulus or Casing Pressure 0 PSIG |
|--|---|

START OF TEST

| | |
|--|--|
| Starting Tubing Pressure PSIG <input type="checkbox"/> FTP or <input type="checkbox"/> SITP | Starting Annulus or Casing Pressure 900 PSIG |
|--|--|

END OF TEST

| | |
|--|--|
| Ending Tubing Pressure PSIG <input type="checkbox"/> FTP or <input type="checkbox"/> SITP | Ending Annulus or Casing Pressure 900 PSIG |
|--|--|

TEST DATA

| | | |
|---|--|--|
| Annulus or Casing Fluid saltwater | Fluid Used to Test same | Amount of Fluid Needed to Fill Annulus or Casing 1.50 Bbls |
| Length of Test 15 Minutes | Was Annulus or Casing Bled Off to Zero After Test? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No - Pressure Left PSIG | |

COMMENTS

| |
|--|
| <input checked="" type="checkbox"/> Pass <input type="checkbox"/> Fail - Explain below. <input type="checkbox"/> Conditional Approval - Explain below. |
| this well has been TA'd for an extended period of time and should be considered a candidate for P+A in 2003 when this extension expires |

This report is true and complete to the best of my knowledge.

| | |
|--|---------------------------|
| Company Representative Witnessing Test Allen Boettcher | Title Prod. Mgr |
| Commission Field Inspector Witnessing Test Bob Garbe | |



SUNDRY NOTICES AND REPORTS ON WELLS - FORM 4

INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
600 EAST BOULEVARD DEPT 405
BISMARCK, ND 58505-0840
SFN 5749 (07-2000)

Well File No.
10831

PLEASE READ INSTRUCTIONS BEFORE FILLING OUT FORM.
PLEASE SUBMIT THE ORIGINAL AND THREE COPIES.

| | |
|---|---|
| <input type="checkbox"/> Notice of Intent | Approximate Start Date |
| <input checked="" type="checkbox"/> Report of Work Done | Date Work Completed April 9, 2002 |
| <input type="checkbox"/> Notice of Intent to Begin a Workover Project that may Qualify for a Tax Exemption Pursuant to NDCC Section 57-51.1-03. | Approximate Start Date |

| | |
|---|---|
| <input type="checkbox"/> Drilling Project | <input type="checkbox"/> Spill Report |
| <input type="checkbox"/> Redrilling or Repair | <input type="checkbox"/> Shooting |
| <input type="checkbox"/> Casing or Liner | <input type="checkbox"/> Acidizing |
| <input type="checkbox"/> Plug Well | <input type="checkbox"/> Fracture Treatment |
| <input type="checkbox"/> Supplemental History | <input type="checkbox"/> Change Production Method |
| <input checked="" type="checkbox"/> Temporarily Abandon | <input type="checkbox"/> Reclamation |
| <input type="checkbox"/> Other | |

| | | | | | |
|---|--|------------------------|----------|----------------------------|-------------|
| Well Name and Number Helen Sidner #43-1 | | | | | |
| Footages | | Qtr-Qtr | Section | Township | Range |
| 2140 F S L 500 F E L | | NE SE | 1 | 160 N | 83 W |
| Field Mountrose | | Pool Madison | | County Bottineau | |

| 24-HOUR PRODUCTION RATE | | | |
|-------------------------|------|-------|------|
| Before | | After | |
| Oil | Bbls | Oil | Bbls |
| Water | Bbls | Water | Bbls |
| Gas | MCF | Gas | MCF |

| | | | |
|-----------------------|------|-------|----------|
| Name of Contractor(s) | | | |
| Address | City | State | Zip Code |

DETAILS OF WORK

Please consider renewal of temporary abandonment status for this well.

M.I.T. done 4/9/02. Witnessed by Bob Garbe, ND Oil and Gas Division.

900# held - 15 minutes

Pressure test done by Ham's Well Service.

Temporary abandonment status is requested because of the value of this well as a possible salt water disposal for the producing wells of the Mountrose field.

EXTENSION APPROVED FOR ONE YEAR (SEE COMMENT ON 04-09-02 M.I.T.)

| | | | |
|--------------------------------------|--|---|--------------------------|
| Company Ballantyne Oil | | Telephone Number 245-6183 | |
| Address PO Box 397 | | | |
| City Westhope | | State ND | Zip Code 58793 |
| Signature <i>Jackie Boettcher</i> | | Printed Name Jackie Boettcher | |
| Date April 11, 2002 | | | |

| FOR STATE USE ONLY | |
|--|--|
| <input type="checkbox"/> Received | <input checked="" type="checkbox"/> Approved |
| Date April 12, 2002 | |
| By <i>David McCusker</i> | |
| Title DAVID MCCUSKER REGISTERED ENGINEER | |

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

10831

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

May 12, 2003

Donald B. Ballantyne
Ballantyne Oil
2120 4th Ave. NW
Minot, ND 58703

RE: George Adams #22-6
SE NW 6-160N-82W
Well File No. 10905

Bronderslev #3
SE SW 32-162N-R81W
Well File No. 10930

Chrest #22-26
SE NW 26-161N-91W
Well File No. 12271

Anderson #13-26
NW SW 26-161N-91W
Well File No. 12359

Jessie Strompro #1
SW NE 22-163N-93W
Well File No. 2138

Mott "A" #2
SW NW 35-164N-84W
Well File No. 3171

Blowers BND #1
SW SE 17-160N-83W
Well File No. 4668

Dear Mr. Ballantyne:

The above captioned wells have not produced in over a year and are currently in violation of Section 43-02-03-55 of the North Dakota Administrative Code (Abandonment of Wells).

No action has been taken to bring these wells into compliance with this rule in spite of previous letters. Therefore, unless you file a compliance plan for the wells with our office by June 9, 2003, we will request that the office of the Attorney General file a complaint.

We also have received a request to renew the temporary abandonment (TA) status of the Helen Sidener 43-1 well (NDIC File No. 10831) in Mountrose Field. According to our records, this well is being kept for possible use as a disposal well if the existing disposal well in the field becomes unusable. Continued TA of the well will be contingent on your compliance plan for the George Adams #22-6. If the Adams is either put back into production or plugged, we will approve renewal of the Sidener TA.

Mr. Donald Ballantyne
May 12, 2003
Page 2

However, if you plan to TA the Adams, we would not renew the TA for the Sidener,
since the Adams would then give you a backup option for disposal in the Mountrose
Field.

If you have any questions, feel free to contact our office.

Sincerely,



Glenn Wollan
Field Supervisor

GLW/kl

CERTIFIED MAIL - 7001 1940 0005 3424 7609

Cc: David McCusker

Well Integrity Report - Form 19 Summary

INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
600 EAST BOULEVARD DEPT 405
BISMARCK, ND 58503-0840

Well File No. **10831**

UIC No. **1**

Test Date: **5/29/2003 11:52:25 AM** Contractor Performing Pressure Test: **Hamm's Well Service**
Operator: **BALLANTYNE OIL** Telephone: **701-852-9235**
Address: **2120 4TH AVE NW** City: **MINOT** State: **ND** Zip Code: **58701**
Well Name: **HELEN SIDENER 43-1** Field: **MOUNTROSE**
Location: Qtr-Qtr: **NESE** Section: **1** Township: **160** Range: **83** Cnty: **BOTTINEAU**

WELL TEST DATA

| Formation: | MADISON | | Perforations: | Feet | | | | | | | | | | | | | |
|--|---------------------------|---|-----------------------|---------------------------|-------------------|--|--------------------|----------------------|--------------------|------------------|-----------------------|-----------------------|-----------------------|-----------------------------|---------------|-----------------|-----------------|
| Tool Type: | CIBP | Depth: | 2907 Feet | Packer Model: | | | | | | | | | | | | | |
| Tubing Size: | 2.875 Inches | Tubing Type: | | Test Type: | Annual MIT | | | | | | | | | | | | |
| Well Type: | Production Well | Reason for Test: | TA | | | | | | | | | | | | | | |
| <table border="1"><thead><tr><th></th><th>BEFORE TEST</th><th>START of TEST</th><th>END of TEST</th></tr></thead><tbody><tr><td>Tubing Pressure:</td><td>0 PSIG Shut In</td><td>0 PSIG Shut In</td><td>0 PSIG Shut In</td></tr><tr><td>Annulus or Casing Pressure:</td><td>0 PSIG</td><td>900 PSIG</td><td>900 PSIG</td></tr></tbody></table> | | | | | | | BEFORE TEST | START of TEST | END of TEST | Tubing Pressure: | 0 PSIG Shut In | 0 PSIG Shut In | 0 PSIG Shut In | Annulus or Casing Pressure: | 0 PSIG | 900 PSIG | 900 PSIG |
| | BEFORE TEST | START of TEST | END of TEST | | | | | | | | | | | | | | |
| Tubing Pressure: | 0 PSIG Shut In | 0 PSIG Shut In | 0 PSIG Shut In | | | | | | | | | | | | | | |
| Annulus or Casing Pressure: | 0 PSIG | 900 PSIG | 900 PSIG | | | | | | | | | | | | | | |
| Annulus or Casing Fluid: | Treated Salt Water | | Test Fluid: | Treated Salt Water | | | | | | | | | | | | | |
| Amount of Fluid Needed to Fill Annulus or Casing: | 0.5 Bbls | | | | | | | | | | | | | | | | |
| Test Length: | 15 Minutes | Was Annulus or Casing Bled to Zero After Test?: | Yes | If No - Pressure Left: | | | | | | | | | | | | | |

INSPECTION COMMENTS

| | | | |
|-------------------------------|-------------------|---------------------|-----------|
| Test Result: | Acceptable | Approved TA Status: | No |
| Report of Work Done Required: | No | | |
| Annual TA check. | | | |

This Report is true and complete to the best of my knowledge.

Company Representative Witnessing Test: **Allan Boercher**

Title: **Field Foreman**

Commission Field Inspector Witnessing Test: **Scott Dible**

NDIC Initials

SDC



SUNDRY NOTICES AND REPORTS ON WELLS - FORM 4

INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
600 EAST BOULEVARD DEPT 405
BISMARCK, ND 58505-0840
SFN 5749 (03-2000)



Well File No.

10831

PLEASE READ INSTRUCTIONS BEFORE FILLING OUT FORM.
PLEASE SUBMIT THE ORIGINAL AND THREE COPIES.

| | | | |
|---|------------------------|---|---|
| <input type="checkbox"/> Notice of Intent | Approximate Start Date | <input type="checkbox"/> Drilling Progress | <input type="checkbox"/> Spill Report |
| <input type="checkbox"/> Report of Work Done | Date Work Completed | <input type="checkbox"/> Redrilling or Repair | <input type="checkbox"/> Shooting |
| <input type="checkbox"/> Notice of Intent to Begin a Workover Project that may Qualify for a Tax Exemption Pursuant to NDCC Section 57-51.1-03. | Approximate Start Date | <input type="checkbox"/> Casing or Liner | <input type="checkbox"/> Acidizing |
| | | <input type="checkbox"/> Plug Well | <input type="checkbox"/> Fracture Treatment |
| | | <input type="checkbox"/> Supplemental History | <input type="checkbox"/> Change Production Method |
| | | <input checked="" type="checkbox"/> Temporarily Abandon | <input type="checkbox"/> Reclamation |
| | | <input type="checkbox"/> Other | |

| | | | | | |
|--|------------------------|----------------------------|--------------|-------------|--|
| Well Name and Number Helen Sidner 43-1 | | | | | |
| Footages | Qtr-Qtr | Section | Township | Range | |
| 2140 F S L 500 F E L | NE SE | 1 | 160 N | 83 W | |
| Field Mountrose | Pool Madison | County Bottineau | | | |

| 24-HOUR PRODUCTION RATE | | | |
|-------------------------|------|-------|------|
| Before | | After | |
| Oil | Bbls | Oil | Bbls |
| Water | Bbls | Water | Bbls |
| Gas | MCF | Gas | MCF |

| | | | |
|-----------------------|------|-------|----------|
| Name of Contractor(s) | | | |
| Address | City | State | Zip Code |

DETAILS OF WORK

Please consider renewal of temporary abandonment status for this well.

The well was successfully pressure tested in ~~October 1996~~, witnessed by ~~Jon W. Johnson~~.

April, 2002, witnessed by Bob Garbe. (Signature)

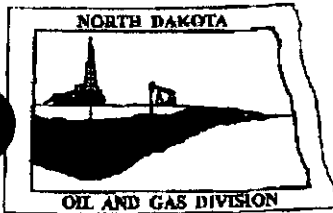
Pressure test done by Ham's Well Service.

Temporary abandonment status is requested because of the value of this well as a possible salt water disposal for the producing wells of the Mountrose field.

| | | | |
|---------------------------------------|--------------------|--|--|
| Company Ballantyne Oil | | Telephone Number 701-245-6143 | |
| Address P.O. Box 397 | | | |
| City Westhope | State ND | Zip Code 58793 | |
| Signature <i>Donald Ballantyne</i> | | Printed Name Donald Ballantyne | |
| Title Partner | | Date April 30, 2003 | |

FOR STATE USE ONLY

| | |
|------------------------------------|--|
| Received | <input checked="" type="checkbox"/> Approved |
| Date <i>May 6, 2003</i> | |
| By <i>David J. McLuskey</i> | |
| Title PETROLEUM ENGINEER | |



Oil and Gas Division

Lynn D. Helms - Director

Bruce E. Hicks - Assistant Director

Department of Mineral Resources

Lynn D. Helms - Director

North Dakota Industrial Commission

www.oilgas.nd.gov

10831

November 1, 2006

Ballantyne Oil Company
3001 N. Broadway
Minot, ND 58701

RE: Helen Sidener #43-1
NE SE 1-160N-83W
Bottineau County, ND
Mountrose Field
Well File # 10831

Dear Sir:

The above captioned well was in Temporarily Abandoned (TA) status. There must be an annual request to renew the status, however, and this well is overdue.

At this time, please either produce, submit plugging procedures, or request a TA renewal for this well. If you have any questions, please feel free to contact our office.

Sincerely,

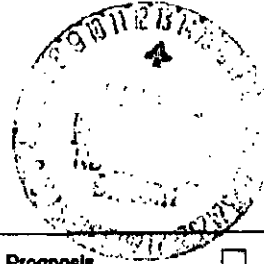
Scott D. Dible
Scott Dible
Field Inspector

SDD/ki

Cc; Ballantyne Oil Company, Westhope Office

**SUNDRY NOTICES AND REPORTS ON WELLS - FORM 4**

INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
600 EAST BOULEVARD DEPT 405
BISMARCK, ND 58505-0840
SFN 5749 (03-2004)



Well File No.
10831

PLEASE READ INSTRUCTIONS BEFORE FILLING OUT FORM.
PLEASE SUBMIT THE ORIGINAL AND ONE COPY.

| | |
|---|------------------------|
| <input type="checkbox"/> Notice of Intent | Approximate Start Date |
| <input type="checkbox"/> Report of Work Done | Date Work Completed |
| <input type="checkbox"/> Notice of Intent to Begin a Workover Project that may Qualify for a Tax Exemption Pursuant to NDCC Section 57-51.1-03. | Approximate Start Date |

| | |
|---|---|
| <input type="checkbox"/> Drilling Prognosis | <input type="checkbox"/> Spill Report |
| <input type="checkbox"/> Redrilling or Repair | <input type="checkbox"/> Shooting |
| <input type="checkbox"/> Casing or Liner | <input type="checkbox"/> Acidizing |
| <input type="checkbox"/> Plug Well | <input type="checkbox"/> Fracture Treatment |
| <input type="checkbox"/> Supplemental History | <input type="checkbox"/> Change Production Method |
| <input checked="" type="checkbox"/> Temporarily Abandon | <input type="checkbox"/> Reclamation |
| <input type="checkbox"/> Other | |

| | | | | | |
|---|--|------------------------|----------|----------------------------|-------------|
| Well Name and Number Helen Sidener 43-1 | | | | | |
| Footages | | Qtr-Qtr | Section | Township | Range |
| 2140 F S L 500 F E L | | NESE | 1 | 160 N | 83 W |
| Field Mountrose | | Pool Madison | | County Bottineau | |

| 24-HOUR PRODUCTION RATE | | | |
|-------------------------|------|-------|------|
| Before | | After | |
| Oil | Bbls | Oil | Bbls |
| Water | Bbls | Water | Bbls |
| Gas | MCF | Gas | MCF |

| | | | |
|--|--|--------------------------|--------------------|
| Name of Contractor(s) Ham's Well Service | | | |
| Address Highway 83 S | | City Westhope | State ND |
| | | Zip Code 58793 | |

DETAILS OF WORK

Ballantyne Oil respectfully requests TA status for this well!
TA status is requested because of this well's potential value as a SWD for the producing wells in the Mountrose Field.
A copy of MIT is enclosed.

| | | | |
|-------------------------------------|--|--|--------------------------|
| Company Ballantyne Oil | | Telephone Number 245-6143 | |
| Address PO Box 397 | | | |
| City Westhope | | State ND | Zip Code 58793 |
| Signature <i>Allen Boettcher</i> | | Printed Name Allen Boettcher | |
| Manager | | Date December 12, 2006 | |

| FOR STATE USE ONLY | |
|------------------------------------|--|
| <input type="checkbox"/> Received | <input checked="" type="checkbox"/> Approved |
| Date <i>December 13, 2006</i> | |
| By <i>David M. Huescher</i> | |
| Title PETROLEUM ENGINEER | |

Image Date: 10/14/2005

48°49'09.46" N 101°12'59.47" W

© 2010

Image © 2010 Digital

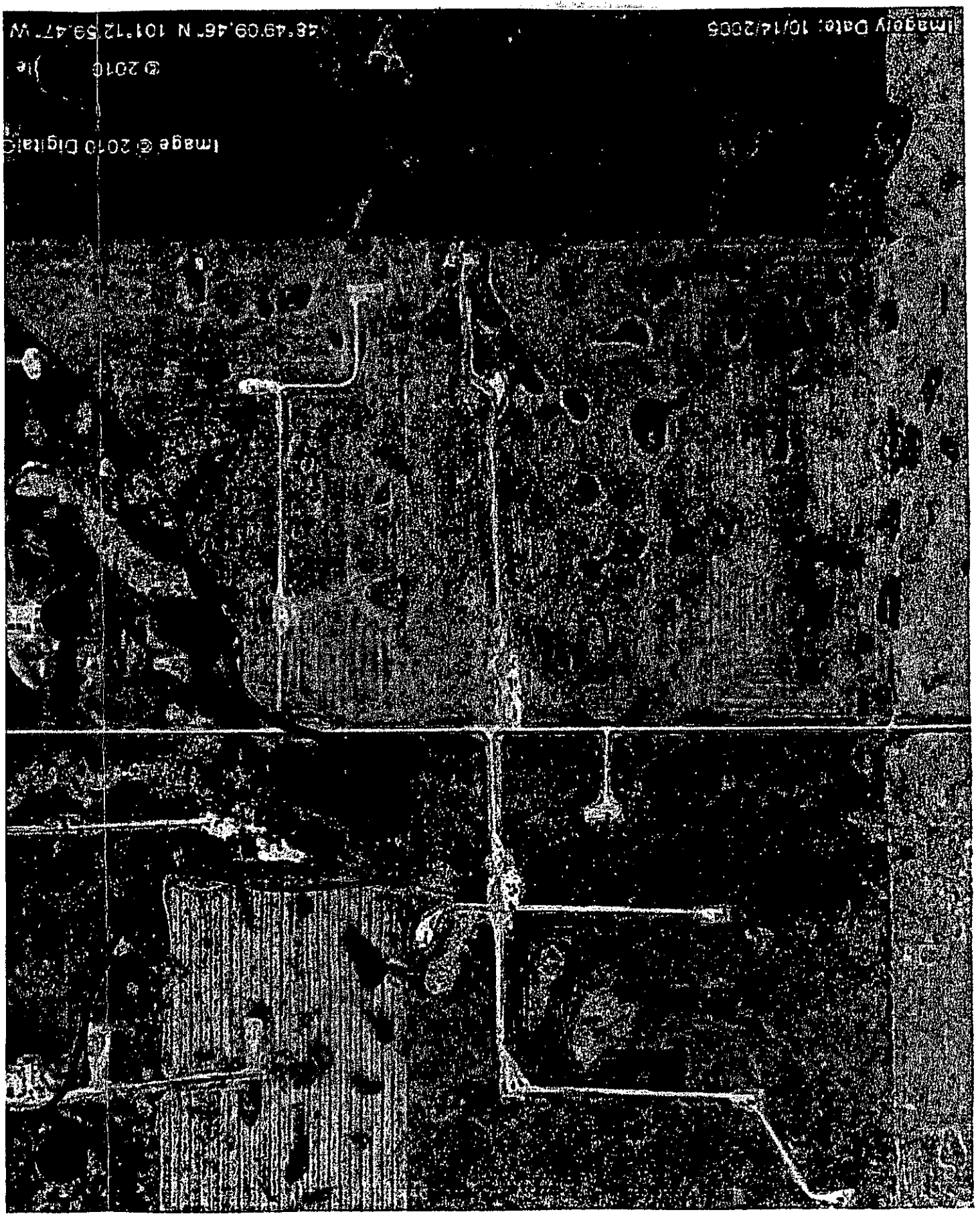




Image © 2010 DigitalGlobe

© 2010 Google

46° N 101° 12 59.47' W elev 462 m

Eye alt: 2194 km

H 5

Mr. Chairman, members of the committee:

My name is Myron Hanson. I live and farm west of Souris, ND, and I am the chairman of the Northwest Landowners. I am representing our organization here today.

The Northwest Landowners stands in support of Senate Bill 2290.

I would like to submit for your review, pictures of a salt water and oil spill from a salt water disposal tank battery in Renville Township in Bottineau County. These pictures and incident report were forwarded to me by a member of our association. This spill occurred on September 13, 2010, and was the second spill in 30 days. Please note that the pictures were taken September 28, 2010. The spill report indicates that it took five weeks for the clean up and that the quantities involved were 1 barrel (42 gallons) of oil and 41 barrels of salt water (1722 gallons).

Obviously this spill was far greater in size than was reported. How deep into the soil does salt water contamination proceed in 35 days? This tank battery has several thousand barrels of oil and salt water going through it daily. It is my understanding that current regulations require that a dike system capable of holding one day's volume plus the capacity of the largest tank be in place. Please note the inadequate dike.

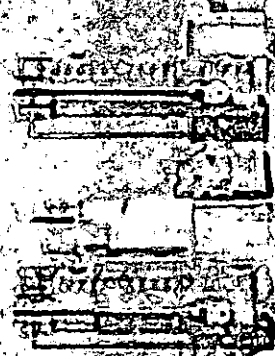
Oil Companies are require to know and abide by these rules and yet to the best of my knowledge, no violations have been issued by state regulatory agencies, nor as of January 24th has the land owner been notified.

I have large areas of salt water contamination on my farm dating back to the late 1950s and 60s. We can not allow our land to be destroyed by careless operations. We need to enforce current NDIC rules with real consequences for violations, with the goal of funding the remediation of land damaged by such actions.

On a more current note, I have the report on the reclamation on Nordmark 3, well file 2902. I currently rent this land and the report states the that the work will be completed by 12/2008. The basic work was started but never completed. For the past two springs I have been working to make this area tillable and my landlord has never been contacted about this.

The Northwest Landowners Association feels strongly that real consequences be attached to violations in order to better protect one of our most precious resources, the land of North Dakota farmers and ranchers.

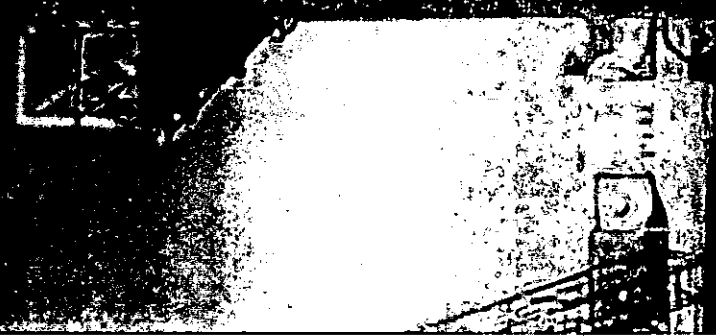
09/28/2010



09/28/2010



09/28/2010



North Dakota Industrial Commission Follow-up Spill Report

| | | | | | | | |
|--|----------------------------|---|--|---|---|--|---------------------------|
| API Number 33 - - | | | | Well File or Facility No. 413884-01 | | | |
| Operator Sagebrush Resources, LLC | | | | | | Telephone Number | |
| Address PO Box 397 | | | | City Westhope | State ND | Zip Code 58793 | |
| Well Name and Number or Facility Name Rice-Glessing CTB | | | | Field Renville | | | |
| Location of Well or Facility | Footages F L F L | Qtr-Qtr NWSE | Section 8 | Township 161 N | Range 82 W | County Bottineau | |
| Description of Spill Location if not on Well or Facility Site and/or Distance and Direction from Well or Facility | | | | | | | |
| Directions to Site | | | | | | | |
| Release Discovered By Pumper | | Date Release Discovered September 13, 2010 | | Time Release Discovered 6 : 00 AM | | Date Release Controlled September 26, 2010 | |
| Company Personnel Notified | | How Notified | | Date Notified | | Time Notified | |
| Type of Incident Tank Overflow | | Root Cause of Release Power Failure | | | Date Clean up Activities Concluded October 18, 2010 | | |
| Distance to Nearest Residence or Occupied Building 0.7 Miles | | | Distance to Nearest Fresh Water Well 3.5 Miles | | | | |
| Piping Specifics (If Applicable) | Size (Decimal Format) | Type | Location of Piping | | | | |
| Volume of Release | Oil 1.00 Barrels | Saltwater 41.00 Barrels | Other | | | | |
| Volume of Release Recovered | Oil 1.00 Barrels | Saltwater 41.00 Barrels | Other | | | | |
| Was Release Contained Within Dike No | | If No, Was Release Contained on Well Site Yes | | If No, Was Release Contained on Facility Site or Pipeline ROW | | | |
| Areal Extent of Release if not Within Dike | | | Affected Medium Well/Facility Soil | | General Land Use Well/Facility Site | | |
| Describe Cause of Release or Fire and Other Types of Incidents, Root Causes of Release, Land Uses, and Released Substances After an electrical outage the transfer pump failed to restart. A Murphy switch that should have shut down wells also failed. | | | | | | | |
| Action Taken to Control Release and Clean Up Action Undertaken Found bad wire from Murphy switch and replaced. | | | | | | | |
| Potential Environmental Impacts | | | | | | | |
| Planned Future Action and/or Action Taken to Prevent Reoccurrence | | | | | | | |
| Where Were Recovered Liquids Disposed recovered liquids were returned to tanks | | | | Where Were Recovered Solids Disposed Clean Harbors Landfill | | | |
| Weather Conditions | Wind Speed 0 MPH | Wind Direction | Temperature 50 ° F | Skies clear | Estimated Cleanup Cost \$ 65,000.00 | | Damage Value \$ |
| Regulatory Agencies/Others Notified NDIC/NDDH | | Person Notified Scott Dihle | | Date Notified September 13, 2010 | Time Notified 5 : 00 PM | Notified By Brad Gilbertson | |
| Fee Surface Owner | | | | | : | | |
| Federal Agency | | Lease Number | | | : | | |
| BLM | | | | | : | | |
| USFS | | | | | : | | |
| Report Originator Brad Gilbertson | | | Title Supt. | | Date September 14, 2010 | | |
| Reviewed By | | | Title | | Date | | |



SUNDRY NOTICES AND REPORTS ON WELLS - FORM 4

INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
600 EAST BOULEVARD DEPT 405
BISMARCK, ND 58505-0840
SFN 5749 (08-2006)

Well File No.
2902

PLEASE READ INSTRUCTIONS BEFORE FILLING OUT FORM.
PLEASE SUBMIT THE ORIGINAL AND ONE COPY.

| | |
|---|---|
| <input type="checkbox"/> Notice of Intent | Approximate Start Date |
| <input checked="" type="checkbox"/> Report of Work Done | Date Work Completed July 11, 2008 |
| <input type="checkbox"/> Notice of Intent to Begin a Workover Project that may Qualify for a Tax Exemption Pursuant to NDCC Section 57-51.1-03. | Approximate Start Date |

| | |
|---|---|
| <input type="checkbox"/> Drilling Prognosis | <input type="checkbox"/> Spill Report |
| <input type="checkbox"/> Redrilling or Repair | <input type="checkbox"/> Shooting |
| <input type="checkbox"/> Casing or Liner | <input type="checkbox"/> Acidizing |
| <input checked="" type="checkbox"/> Plug Well | <input type="checkbox"/> Fracture Treatment |
| <input type="checkbox"/> Supplemental History | <input type="checkbox"/> Change Production Method |
| <input type="checkbox"/> Temporarily Abandon | <input checked="" type="checkbox"/> Reclamation |
| <input type="checkbox"/> Other | |

| | | | | | |
|--|--------------------------|------------------|--------------|-------------|--|
| Well Name and Number Howard Nordmark 3 | | | | | |
| Footages | Qtr-Qtr | Section | Township | Range | |
| 1980 F S L 1980 F E L | NWSE | 30 | 163 N | 78 W | |
| Field | Pool | County | | | |
| Roth | Spearfish/Madison | Bottineau | | | |

| 24-HOUR PRODUCTION RATE | | | |
|-------------------------|------|-------|------|
| Before | | After | |
| Oil | Bbls | Oil | Bbls |
| Water | Bbls | Water | Bbls |
| Gas | MCF | Gas | MCF |

| | | | |
|---|------------------|-----------|--------------|
| Name of Contractor(s) G3 Operating, LLC | | | |
| Address | City | State | Zip Code |
| PO Box 1505 | Williston | ND | 58801 |

DETAILS OF WORK

Completed plugging well on 7/11/2008 pursuant to Form 7 Plugging Report. Completed site reclamation as follows.

- 1.) Southam Welding cut off prod. & surface csg 4' below surface. Welded on plate, backfilled on top of csg. Removed tbg and csg heads from location. Had Production's trailer take tbg to Rice yard. Ward Williston emptied out swab tank and moved it to the yard.
- 2.) Productive Service crew filled hole around WH and leveled out and cleaned up location. Dug up and removed anchors and power posts (hauled out pumping unit).
- 3.) Final reclamation (lease road) to be completed by Farden (scheduled to be done by 12/2008)

| | | | |
|--|----------------------------------|---|--|
| Company G3 Operating, LLC | | Telephone Number (303) 297-2028 | |
| Address 475 17th St, Suite 1210 | | | |
| City | State | Zip Code | |
| Denver | CO | 80202 | |
| Signature | Printed Name Tim Muniz | | |
| | Date October 31, 2008 | | |
| Title VP, Operations | | | |
| Email Address tmuniz@g3operating.com | | | |

| FOR STATE USE ONLY | |
|--|-----------------------------------|
| <input checked="" type="checkbox"/> Received | <input type="checkbox"/> Approved |
| Date | 11-4-08 |
| By | |
| Title | Reclamation Specialist |

47

Chairman and committee members, my name is Tom Wheeler. I farm and ranch NW of Ray in Williams County. I would like to start my testimony with a quote.

When the Landscape is Quiet Again

We do not want to halt progress We do not plan to be selfish and say "North Dakota will not share its energy resource."

No, we simply want to insure the most efficient and environmentally sound method of utilizing our precious coal and water resources for the benefit of the broadest number of people possible.

And when we are through with that, and the landscape is quiet again, when the draglines, the blasting rigs, the power shovels and the huge gondolas cease to rip and roar! And when the last bulldozer has pushed the last spoil pile into place, and the last patch of barren earth has been seeded to grass or grain, let those who follow and repopulate the land be able to say, our grandparents did their job well. The land is as good and, in some cases, better than before. Only if they can say this will we be worthy of the rich heritage of our land and its resources.

Governor Arthur A. Link October 11, 1973

I do not have Governor Art Link's wisdom. I wish I did. But I can tell you that if I have 50 cows, I should have 2 bulls. So it stands to reason if I have 100 cows, I had better have 4 bulls. If every cow is not checked out by a bull, I will regret it. I am not saying that every oil well needs to be checked out. But I do believe that every complaint about an oil well does need to be investigated.

A spokesman for the ND industrial commission has said that adequate enforcement could have a million dollar price tag. If taking 1 million dollars from the 100s and 100s of millions received by the state of ND from oil and gas taxes will help enforcement of the laws it is money well spent.

An attorney representing the petroleum council set a book up here as thick as this one when he demonstrated how involved the process of doing a title search is. He said they could spend 100 hours or more on the most involved ones. This book laying here has absolutely nothing in it pertaining to oil. But I know that if I spent that many hours in research, I could get enough testimony and pictures to fill this book with incidents of oil well related spills and improper procedures. The evidence is there. The spills do not disappear. Many have been reported. Too many of them have not seen a remedy.

I feel extremely lucky in the fact that the oil leases in my area have been picked up by an oil producer that has one of the best reputations in the industry for running a clean ship. I know that they have banned trucking companies that have had too many spills or other incidents. What concerns me is if these oil wells slow down enough so that this company would sell them to an operator that is not so concerned about the environment.

I have listened to testimony from a representative from an oil producing company tell about a farmer driving over the deadman anchor and cultivating inside the boundaries of the oil well location. As a farmer I am embarrassed by that. But if it is a major problem, file a lawsuit. That seems like the route surface owners are expected to take to resolve an issue with the oil companies.

My Great Grandfather homesteaded the place where I live in 1902. We can work with the oil industry to preserve the land for my great grand children. The money could be made available to step up enforcement. Lets do it.

I believe if Governor Art Link were alive, he would be at this lectern delivering his message except it would be about oil instead of coal. Do we have the wisdom of Governor Art Link? I believe the members of this committee do. Are we concerned with what we are leaving our grandchildren? Are we worthy?

Mr. Chairman and Members of the Committee:

My name is Christine Peterson, my husband Daryl and I are semi retired farmers near Antler, North Dakota, and I am here in support of SB 2290.

On Jan. 4, 2009 after receiving a call of an oil and salt water spill at a salt water disposal tank battery on our property we drove down to investigate.

This (1st) picture shows the spill that reportedly happened Jan .4th. There was a large quantity of oil all around the tanks within the dikes as this was the oil on top of salt water tank. There also was evidence of a large quantity of salt water that had percolated through gravel and some melting of snow on the west side of the dike in our field. This oil spill took 4 months to clean up inside the dikes, and appears a lot of it was covered with gravel. The salt water went through the dike and into our field. We repeatedly contacted North Dakota Industrial Commission about the spill reports and damage to our fields (see second picture). After frequent requests to the commission in 2009 and 2010, an employee of NDIC, met us at the tank location late July 2010 and we took soil samples in large area of our field that has little or no plant growth. He took samples and had them tested finding significant salt water damage.

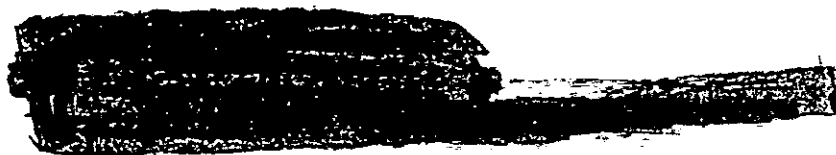
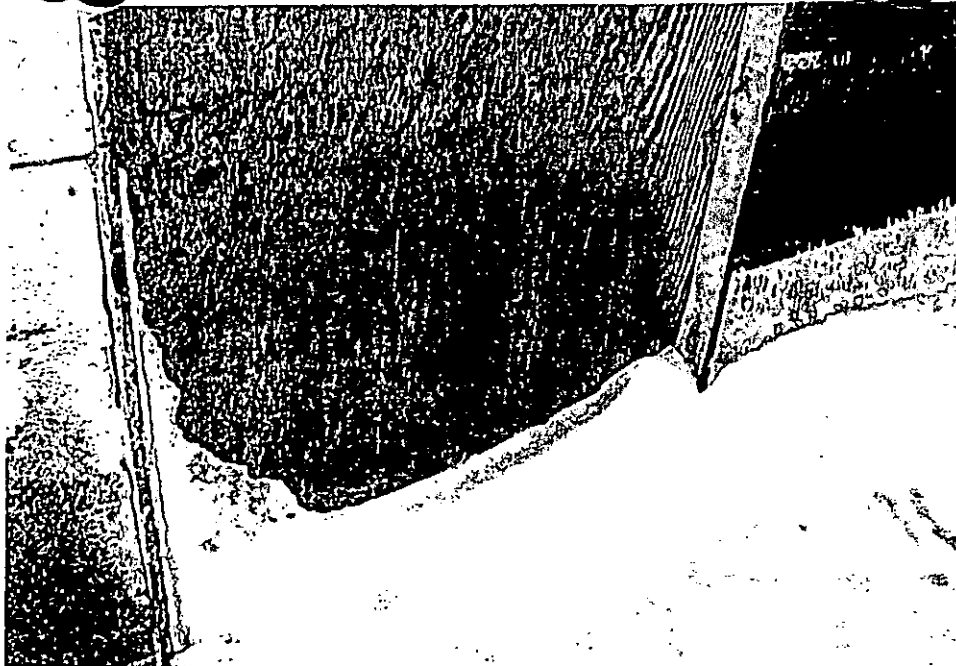
Aug 16th of 2010 NDIC wrote to the oil company of the situation and told them to take samples , have them tested, and file a plan for remediation including time frame for work to be preformed and proceed with diligence to complete the work.

We had repeatedly asked NDIC to require cleanup to be done in the fall of 2010. As of today, over two years after the spill there has been very little action taken or reports of violation on record at the commission. The commission has not even got results of the soil testing. The commission reports that cleanup will take place in the spring.

Spills can happen but timely cleanup is required to minimize permanent damage. We feel state regulators did not do enough to protect our farmland.

We have taken our copy of the Statutes and Rules from NDIC around to many well sites in Bottineau County and found many not enforced violations from inadequate dikes, completely rusted out tank tops, wells that have been abandoned for many years that should have been plugged and other issues that can and have permanently damaged our farmland. The correlative rights of surface and royalty owners are not being protected.

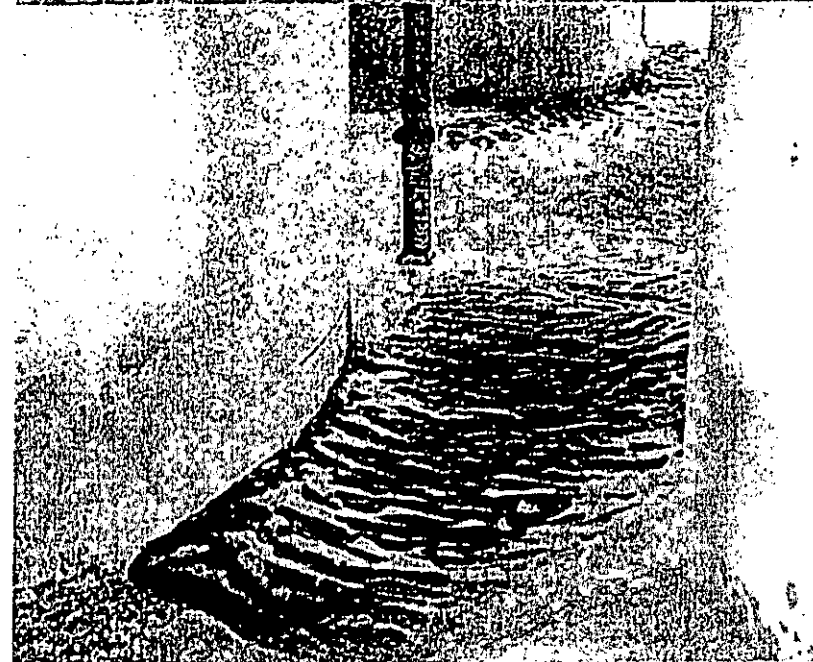
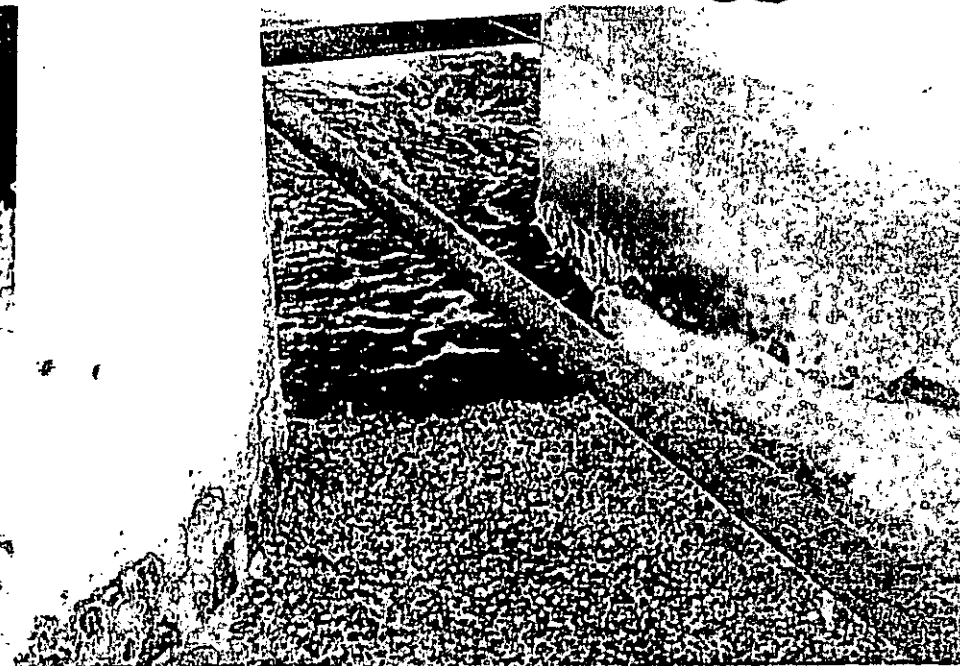
I feel if the North Dakota Industrial Commission vigorously enforced regulations and levied fines, the oil companies would be more likely to obey the statutes and rules of the commission.



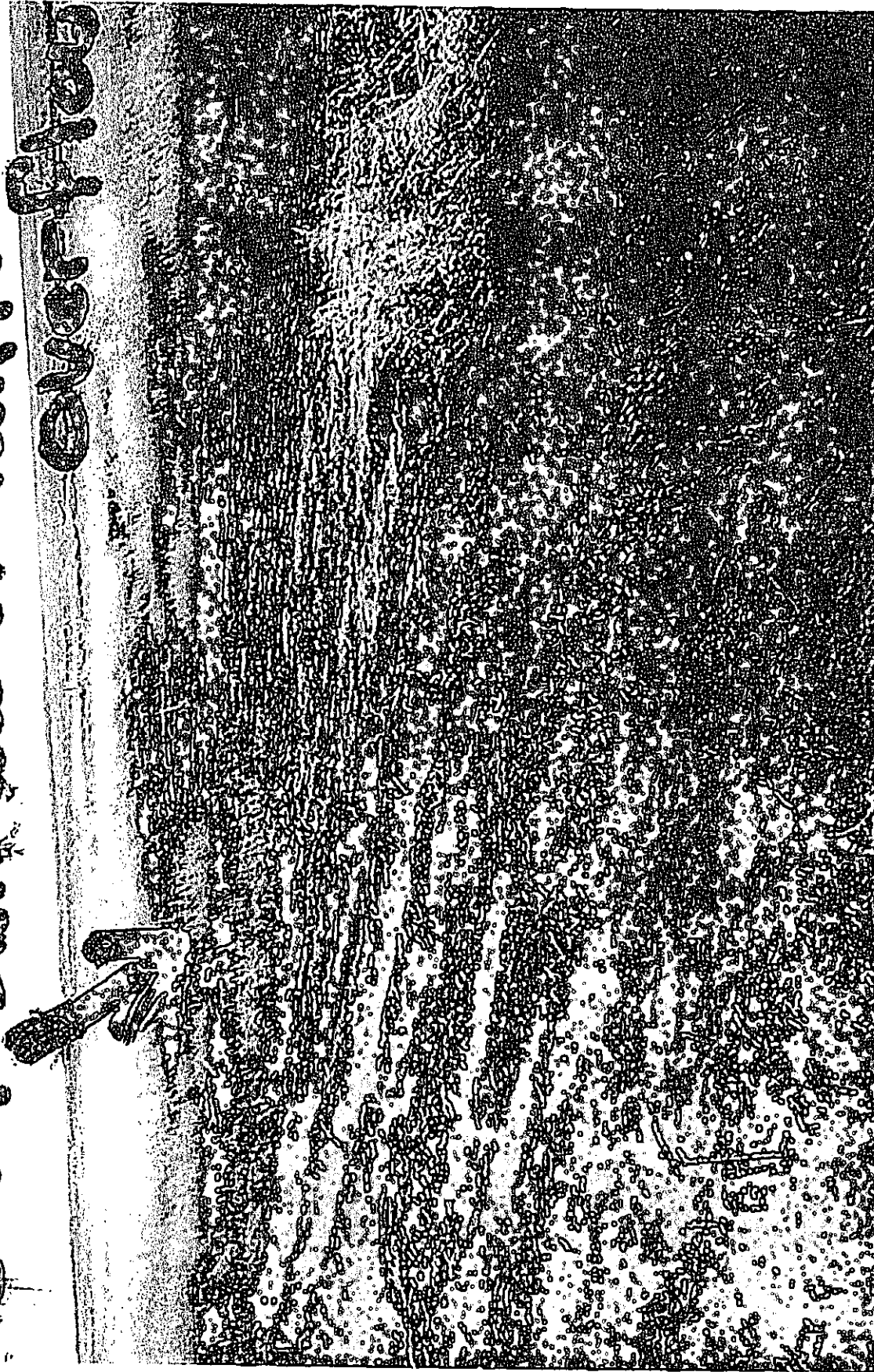
This is the overflow of the salt water tank that occurred Jan 3, 2009.

This is the skim oil, who knows how much salt water percolated into the gravel base and into the ground to damage the soil forever.

As of March 3, this spill had not been cleaned up. And no report in state file 9916 SW SE 32-162-81 -- Bottineau County



2007 Salt water tank Over-flow



Mr. Chairman and Members of the Committee:

February 4, 2011

Subject: Testimony in favor of Senate Bill 2290

My name is Lance Kjelshus (chel-sus). I am from Souris, North Dakota, which is located in Bottineau County. I farm with my son Joe, who is a fourth generation farmer. I was introduced to agriculture at a very young age, as I started helping my father when I was twelve years old. I am now 57 years old, so I do not view myself as a rookie when it comes to my experience in the industry of agriculture and oil.

In late December of 1952, North Dakota's newest industry, oil, was introduced to our township. In particular, there was a well that was drilled on ground that my father was farming. He later purchased this property in 1960. This purchase allowed him 25% of the minerals and is still producing around two barrels of oil per day. We clearly are not seeing a return on its production as we are spending more money in fertilizer, fuel, seed, labor, and depreciation by not being able to farm right through this site.

Currently our operation is focused on cereal grain and oil seed rotation of owned and rented land. There are seven oil sites that we farm around. These sites include lease roads, well heads, tank batteries, and all of the traffic that goes along with it. We also farm through nine drill sites that are dry holes and have been reclaimed. These nine sites generally produce 25 to 50 percent less grain than the ground that has not been affected by drilling activity. We have had to deal with many unfortunate spills and carelessness of drilling, service rigs, trucking, pumping, and other extraction activities of the oil industry. I have five key examples of these activities that have caused our family farm a loss of gross production.

My first example is a water truck that had 80 barrels of salt water on board. My dad and I were on our way to lend the driver a hand and pull him out. Before we got there, the driver had unloaded all of the salt water onto the ground thinking this would help his situation. On account of this selfless act, nothing grows on a very large area in which the salt water had spread.

In another instance, service crews have cleaned sludge and salt water from the bottoms of treaters and dumped it into holes that they dug in the ground outside of the lease boundary with a backhoe. These spots also do not produce anything and are well outside of the oil site into our field.

There are many spots in our fields that we come across where oil crews have discarded their supplies. These supplies include pipe collars, drill bits, and other various type of rubbish which are very hard on our agricultural vehicles, not to mention the environment that we live in.

In the winter, these oil leases get the snow plowed out and piled up. Also there are hundreds of feet that get ridged out into our fields. Living in the climate that we live in, we need all the help we can get for our soil to warm up in the spring so we can get a crop out of the ground. These snow piles and ridges often do not melt in a timely manner and they also provide a large wet area. The snow removal for these sites also drag the rocks and gravel from the pad out into our fields causing damage to our seeding toolbars and tillage implements. We have also had problems with oil companies not using lease roads to get from one well to the other in the winter. They have found it much easier on themselves if they plow a path to the next well across our fields so they can make a shorter distance in between the sites.

My final example has to do with the chemicals that are used to sterilize the ground so weeds and grass become eliminated around these lease sites. The runoff from rain and snow carry these chemicals out into our fields and leach into the soil around the oil sites so nothing grows in these areas. In many cases it is multiple drill widths out into the field.

We as land owners are told that the projected area that will be affected by drilling an oil well is around five to seven acres which include the dikes, well head, lease road, pad and tank batteries. When factoring in all of the examples that I have provided, the affected area seems to grow from what we are told in the beginning. This puts a lot of undesirable pressure on our bottom line, the environment, and our capital investments.

I have gone back and forth with different people in the oil industry who promise that they will be flexible to work with until the end of their projects. It seems that when we are in a time of need with these issues that I have stated, the guys who have given their word that they will be around with the answers are nowhere to be found. With that said, I have a question for the oil companies and petroleum council. When you are done extracting the oil and minerals from our property, will you be around to help provide the proper action and be willing to anti-up money for assistance? From my experience in dealing with these problems, I DOUBT IT!

In closing, we need to remember that we may own this ground but we only have it for the time we are living and we need to leave it for our next generations to grow and prosper from it like we have been so fortunate to do. After all they are the future of our economy. I am in favor and hope you will support Senate Bill 2290. Thank you very much.

Lance Kjelsus
389 107th St. NW
Souris, North Dakota 58783

NORTH DAKOTA LEGISLATIVE NATURAL RESOURCE COMMITTEE

Mr. Chairman and Members of the Committee:

My name is Larry Peterson, from Antler, North Dakota. I am here in support of SB2290. I am a farmer and have been a contract pumper and gauger for an oil company for 29 years.

From 1982 until today, I have seen enforcement of North Dakota Industrial Commission regulations become more lax year by year.

Included with this testimony is a picture of a tank in a central tank battery. Notice the condition of the top. This was brought to the attention of the NDIC this past October and again in January. It was allowed to remain in use and was just recently repaired. It is unknown how long this very dangerous situation existed.

Oil companies have come to realize that if they do not maintain dikes, report spills, keep tanks and equipment in compliance or even plug abandoned wells there will be little or no consequences.

I strongly believe if mandatory fines were levied, oil companies would be diligent following the statutes and rules of the North Dakota Industrial Commission. And, in the long run, there would be a decreased need for enforcement officials.

11/02/2010 10:12



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#11

Testimony in Opposition to
SENATE BILL NO. 2290
Senate Natural Resources Committee
February 4, 2011

Chairman Lyson, Senate Natural Resources Committee members, for the record my name is Todd D. Kranda. I am an attorney with the Kelsch Law Firm in Mandan and I appear before you today as a lobbyist on behalf of the North Dakota Petroleum Council to oppose SB 2290.

As you may know, the North Dakota Petroleum Council represents more than 250 companies involved in all aspects of the oil and gas industry and has been representing the industry since 1952. The North Dakota Petroleum Council members produced nearly 95% of the 100 million plus barrels of oil that were produced in North Dakota in 2010.

The North Dakota Petroleum Council is opposed to SB 2290 because it is unnecessary and a duplication of the statutory provisions that already exist in law for the enforcement of the rules and orders with regard to oil and gas activity.

Chapter 38-08 of the North Dakota Century Code provides authorization for the North Dakota Industrial Commission regarding control of oil and gas resources. Furthermore there are additional enforcement provisions provided for within the North Dakota Administrative Code, namely Chapter 43-02-03.

The North Dakota Industrial Commission already has the necessary tools and

authority for enforcement of all laws, rules and orders concerning oil and gas operations. The responsibility for enforcement of the rules and orders is already being used by the North Dakota Industrial Commission through the Department of Mineral Resources. The only legislative assistance that is needed for implementation of the existing laws would be the passage of both HB 1343 which authorizes four new positions to assist with regulatory responsibilities through the end of the biennium and then the additional staff as requested for the next biennium in the Industrial Commission budget, HB 1014.

There is not a reasonable justification nor need for this new legislation. The Department of Mineral Resources already applies the existing law for the enforcement of the oil and gas regulations.

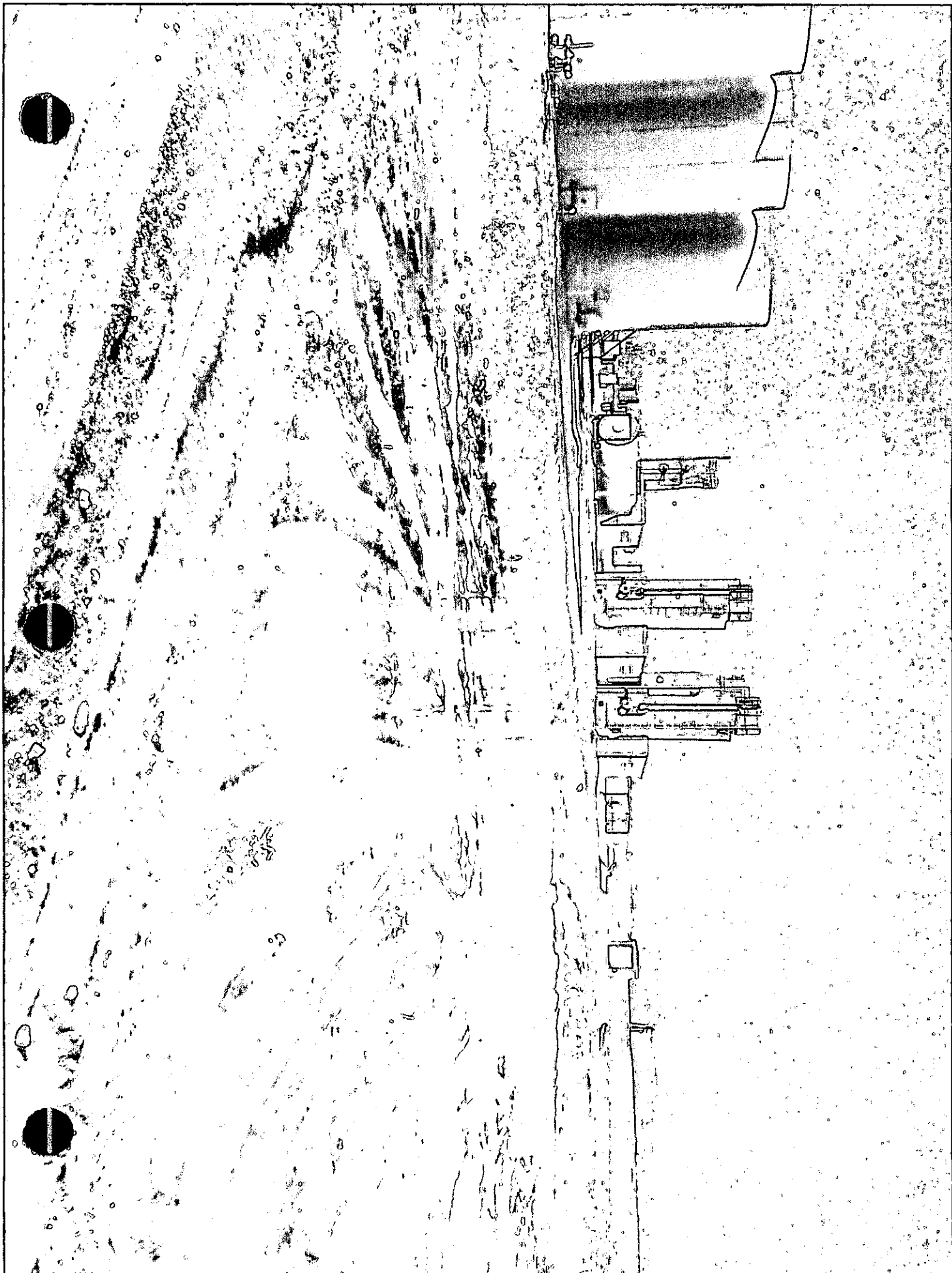
Furthermore, SB 2290 is likely unconstitutional because of the lack of due process that is provided for with regard to the assessment of the penalties.

In conclusion, the laws of North Dakota already provide for a fair process and reasonable enforcement authority regarding the existing oil and gas regulations. SB 2290 is simply not necessary nor appropriate.

Accordingly, I would urge a **DO NOT PASS** recommendation for **SB 2290**. I would be happy to try to answer any questions.

#12

Picture of reclaimed site





SENATE BILL NO. 2290

Senate Natural Resources
February 4, 2011

Testimony of Lynn D. Helms, Director

The Industrial Commission's Department of Mineral Resources Oil and Gas Division currently has jurisdiction over oil and gas operators under North Dakota Century Code 38-08 and North Dakota Administrative Code 43-02-03.

CONTROL OF GAS AND OIL RESOURCES

CHAPTER 38-08

38-08-01. DECLARATION OF POLICY. It is hereby declared to be in the public interest to foster, to encourage, and to promote the development, production, and utilization of natural resources of oil and gas in the state in such a manner as will prevent waste; to authorize and to provide for the operation and development of oil and gas properties in such a manner that a greater ultimate recovery of oil and gas be had and that the correlative rights of all owners be fully protected; and to encourage and to authorize cycling, recycling, pressure maintenance, and secondary recovery operations in order that the greatest possible economic recovery of oil and gas be obtained within the state to the end that the landowners, the royalty owners, the producers, and the general public realize and enjoy the greatest possible good from these vital natural resources.

43-02-03-05. ENFORCEMENT OF LAWS, RULES, AND REGULATIONS DEALING WITH CONSERVATION OF OIL AND GAS. The commission, its agents, representatives, and employees are charged with the duty and obligation of enforcing all rules and statutes of North Dakota relating to the conservation of oil and gas. However, it shall be the responsibility of all the owners or operators to obtain information pertaining to the regulation of oil and gas before operations have begun.

The director may shut in, for no more than forty days, any well that is likely to cause a serious threat of pollution or injury to the public health or safety.

Oil and Gas Division field inspectors issued 747 written notices of violation in 2009-2010 which is approximately 7 per week. In addition approximately 7,200 notices which is approximately 10 per day, were transmitted to operator field personnel via telephone with approximately 90% corrected prior to the next field inspection and without a written notice being required.

Due process for initiating notices of violation and for closing uncorrected violations can be found in the following sections of current North Dakota Law:

43-02-03-54. INVESTIGATIVE POWERS. Upon receipt of a written complaint from any surface owner or lessee, royalty owner, mineral owner, local, state, or federal official, or any other interested party, alleging a violation of the oil and gas conservation statutes or any rule, regulation, or order of the commission, the director shall immediately cause an investigation of such complaint to be made. The director may also conduct such investigations on the director's own initiative or at the direction of the commission. If, after such investigation, the director affirms that cause for complaint exists, the director shall report the results of the investigation to the person who submitted the complaint, if any, to the person who was the subject of the complaint and to the commission. The commission shall institute such legal proceedings as, in its discretion, it believes are necessary to enjoin further violations.

38-08-16. CIVIL AND CRIMINAL PENALTIES.

1. Any person who violates any provision of this chapter, or any rule, regulation, or order of the commission is subject to a civil penalty to be imposed by the commission not to exceed twelve thousand five hundred dollars for each offense, and each day's violation is a separate offense, unless the penalty for the violation is otherwise specifically provided for and made exclusive in this chapter. Any such civil penalty may be compromised by the commission. The penalties provided in this section, if not paid, are recoverable by suit filed by the attorney general in the name and on behalf of the commission, in the district court of the county in which the defendant resides, or in which any defendant resides, if there be more than one defendant, or in the district court of any county in which the violation occurred. The payment of the penalty may not operate to legalize any illegal oil, illegal gas, or illegal product involved in the violation for which the penalty is imposed, or to relieve a person on whom the penalty is imposed from liability to any other person for damages arising out of the violation.

2. Notwithstanding any of the other provisions of this section, a person who willfully violates any provision of this chapter, or any rule or order of the commission that pertains to the prevention or control of pollution or waste is guilty of a class C felony unless the penalty for the violation is otherwise specifically provided for and made exclusive in this chapter. The criminal penalty provided for in this subsection may only be imposed by a court of competent jurisdiction.

38-08-17. ACTION TO RESTRAIN VIOLATION OR THREATENED VIOLATION.

1. Whenever it appears that any person is violating or threatening to violate any provision of this chapter, or any rule, regulation, or order of the commission, the commission shall bring suit against such person in the district court of any county where the violation occurs or is threatened, to restrain such person from continuing such violation or from carrying out the threat of violation. In any such suit, the court has jurisdiction to grant to the commission, without bond or other undertaking, such prohibitory and mandatory injunctions as the facts may warrant, including temporary restraining orders, preliminary injunctions, temporary, preliminary or final orders restraining the movement or disposition of any illegal oil, illegal gas, or illegal product, any of which the court may order to be impounded or placed in the custody of an agent appointed by the court.

2. If the commission fails to bring suit to enjoin a violation or threatened violation of any provision of this chapter, or any rule, regulation, or order of the commission, within ten days after receipt of written request to do so by any person who is or will be adversely affected by such violation, the person making such request may bring suit in his own behalf to restrain such violation or threatened violation in any court in which the commission might have brought suit. The commission must be made a party defendant in such suit in addition to the person violating or threatening to violate a provision of this chapter, or a rule, regulation, or order of the commission, and the action must proceed and injunctive relief may be granted to the commission without bond in the same manner as if suit had been brought by the commission.

Lines 9 and 10 state "The director of the department of mineral resources shall enforce vigorously all laws, rules, and orders concerning the conservation of oil and gas under this chapter". I submit to you that 7,200 verbal and 747 written notices of violation in 2 years constitute vigorous enforcement.

Lines 10 through 15 assess fines for uncorrected violations after notification of the operator by the department or notification of the department by an affected landowner, but make no provisions for complaint investigation or due process to adjudicate the complaint. The current statutes that require a hearing, a negotiated settlement, and suit in District Court remain in place. We estimate a need for 3 Field Inspectors to investigate surface owner notices within the 15 days required, 1 Legal Assistant to handle hearing notices and order writing, 1 Administrative Assistant to handle hearing dockets and order preparation, 1 Administrative Staff Officer to handle accounting for complaints and fines, and 750 hearings at the Office of Administrative Hearings or the time and expense to negotiate a settlement agreement.