

**OIL AND GAS LEASE
SURFACE DAMAGE AGREEMENT**

(date)

(name/address)

Re: Surface Damage Agreement covering:
(county) County
Township (#) North, Range (#) West
 Section (#): (#)
 Damage Caused By: (fill-in)
 Oil & Gas Lease #: (fill-in)

{Option #1: Oil Well Site and Associated Access Road}

The undersigned, on behalf of the Board of University and School Lands (the Board), and **(company name)** (the Company), hereby agree that the surface damage payments shall be **(amount of damage payment spelled out) Dollars, \$(amount of damage payment)**, pursuant to the provisions of N.D.C.C. Chapter 38-11.1, to be paid by the Company. The Company is authorized to enter and utilize approximately **(# of acres)** acres of land located within the **(qtr)** of Section **(#)**, Township **(#)** North, Range **(#)** West, **(County)** County, North Dakota, to construct, operate, maintain, and remove a well site approximately **(# feet)** feet from the **(north/south)** line and **(# feet)** feet from the **(east/west)** line of this section called the **(name of well)** oil well and an access road approximately **(# of rods)** rods in length to the well site.

{Option #2: Oil Well Site and Associated Access Road with annual payment}

The undersigned, on behalf of the Board of University and School Lands (the Board), and **(company name)** (the Company), hereby agree that the surface damage payments shall be **(amount of damage payment spelled out) Dollars, \$(amount of damage payment)**, for the oil well site and **\$(amount)** per foot for the access road to be paid prior to drilling operations; and a **\$(amount)** annual payment due January 1 of the year following commencement of drilling operations and continuing until the well site and access road are reclaimed, pursuant to the provisions of N.D.C.C. Chapter 38-11.1, to be paid by the Company. The Company is authorized to enter and utilize approximately **(# of acres)** acres of land located within the **(qtr)** of Section **(#)**, Township **(#)** North, Range **(#)** West, **(County)** County, North Dakota, to construct, operate, maintain, and remove a well site approximately **(# feet)** feet from the **(north/south)** section line and **(# feet)** feet from the **(east/west)** section line of this section called the **(name of well)** oil well and an access road approximately **(# of rods)** rods in length to the well site.

{Option #3: Access Road in Unitized Field or Pipeline}

The undersigned, on behalf of the Board of University and School Lands (the Board), and **(company name)** (the Company), hereby agree that the surface damage payments shall be **(amount of damage payment spelled out), \$(amount of damage payment)**, pursuant to the provisions of N.D.C.C. Chapter 38-11.1, to be paid by the Company. The Company is authorized to enter and

utilize approximately **(# of rods)** rods and/or **(# of acres)** acres of land located within the **(qtr)** of Section **(#)**, Township **(#)** North, Range **(#)** West, **(County)** County, North Dakota, to construct, operate, maintain, and remove a **(diameter of pipeline and type, ie. access road or pipeline)** serving the **(name of well)** oil well as described and illustrated in Exhibit **"(appropriate exhibit)"**, which is attached to and made a part of this surface damage agreement.

This agreement is for a spacing unit that includes the following described tracts: **((sec, twp, range))**. If a different spacing unit is part of an application filed with the North Dakota Industrial Commission, Company shall notify the Board and provide the legal descriptions of the land included in the new spacing unit.

The Company agrees that it shall:

1. Require its representative, surveyor, and construction or reclamation contractor(s) to contact the State Land Department Surface Management Division at 1-701-328-2800 to arrange an on-site inspection, if determined to be necessary by the State Land Department, prior to siting and staking the well site and appurtenances thereto, such as a separate tank battery, roads, pipelines, communication lines, and electrical lines, or conducting reclamation thereof, and to receive approval by the Land Department before construction or reclamation begin.
2. Notify the Board of any additional well bore(s) proposed for this well site prior to any site preparation or drilling and shall negotiate additional surface damage payments.
3. Not enlarge the well site from the dimensions granted in this agreement without written permission from the Board.
4. Submit an easement request to the Board if this well site is proposed to be used in any way to develop or support the development of non-state minerals or minerals outside of the spacing unit as designated for the well(s) identified in the agreement.
5. Notify the Board of any aggregate deposits exposed during construction of the well site or access road, and if this aggregate will be used for surfacing the well site or access road, contact the Board for aggregate value and payment information.
6. **(only for a well site and its associated access road - renumber if this is taken out)** Furnish a survey plat showing the dimensions and acreage necessary for the **(type, ie. well site, access road)** (which will be referred to as Exhibit "A") if one has not already been provided.
7. Not stack or store equipment on the site without written consent from the Board of University and School Lands;
8. Control noxious weeds on the **(type, ie. well site, access road, pipeline)** and associated facilities;
9. Maintain existing natural water drainage and surface lessee's access to existing sources of livestock water;
10. Avoid unstable areas, areas of excessive cut and fill, stream channels, drainage ways, and wooded areas in construction of the **(type, ie. well site, access road, pipeline)**, and associated facilities;
11. Reserve and stockpile not less than the top eight (8) inches of soil on the entire **(type, ie. well site, access road, pipeline)**, including both cut and fill areas, for use in reclamation as shown on Exhibits **"(appropriate exhibits)"**;
12. Control erosion and repair any damage caused by erosion;
13. Paint all buildings, tank structures, and fixtures associated with the **(type, ie. well site, access road, pipeline)** in earth tone colors;

14. **(only for a well site and its associated access road - renumber if this is taken out)** Weather permitting, within 180 days of abandonment of the well, dispose of all surface contaminated soil, remove equipment and debris, remove the above ground power source(s) and pipeline(s), recontour the access road, well site and any associated facilities to conform with the original terrain, bury all rocks and evenly respread the reserved soil and reseed with a mixture of native grasses as specified in Exhibit "**(appropriate exhibit)**". After seeding, the entire disturbed area shall be fenced to exclude livestock. Reclamation shall not be deemed completed until erosion is controlled, the surface is revegetated with a mixture of native grasses, and written approval is received from the State Land Department;
15. Immediately report all spills and fires to the State Land Department, Surface Management Division at 1-701-328-2800;
16. The attached Exhibits "**(appropriate exhibits)**" are made a part of this agreement and the Company agrees to be bound by the terms in the exhibits;
17. This Agreement shall be binding on the heirs, successors, and assigns of the parties hereto, until released by the Board.

STATE LAND DEPARTMENT

Jeff Engleson, Acting Commissioner
of University and School Lands

Date

(COMPANY NAME)

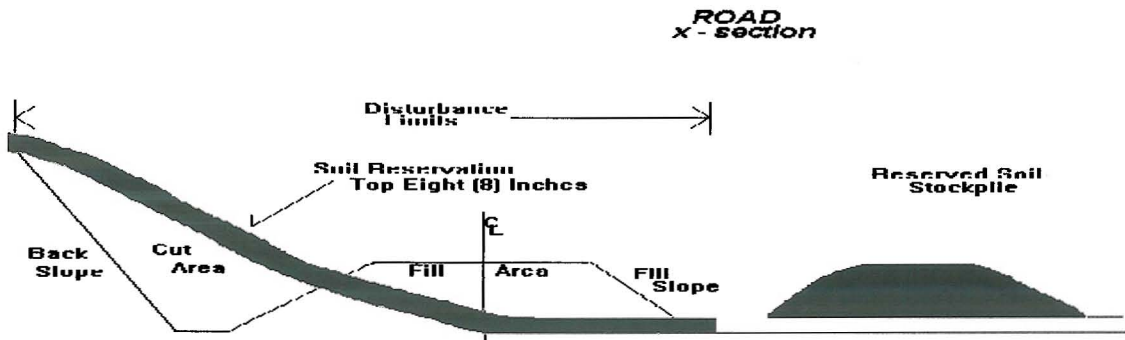
Signature on behalf of **(Company Name)**

Date

Title

ND BOARD OF UNIVERSITY AND SCHOOL LANDS
State Land Department

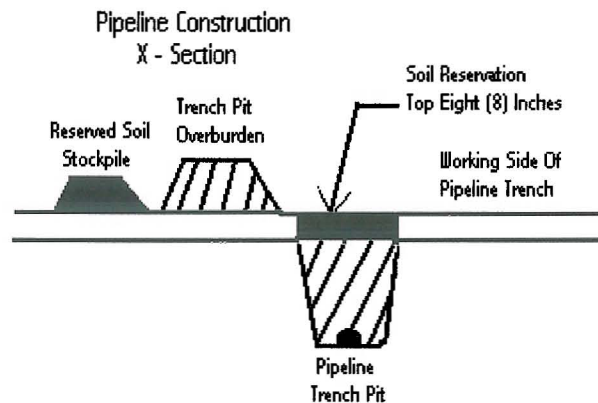
SOIL RESERVATION AND RECLAMATION SPECIFICATIONS
Required Method for Roads



1. **Contact:** The Company shall require their contractor(s) to contact the North Dakota State Land Department, Surface Management Division, 1707 N 9th St., Bismarck, ND, 58501, 701-328-2800, two (2) weeks prior to road construction or reclamation, or if they have any questions.
2. **Soil Reservation:** Prior to construction or maintenance of the herein authorized road, the top eight (8) inches of soil shall be reserved from all areas to be disturbed including road bed, fillslope and backslope areas, as shown above, and all other areas subject to topsoil and subsoil mixing. The reserved soil shall be stockpiled and seeded to the native perennial grass seed mixture shown in Exhibit "(appropriate exhibit)" such that wind and water erosion are minimized. Following soil reservation, cut and fill operations can proceed. If the road will be permanent, all or a portion of the reserved soil shall be respread as needed to stabilize cut or fill areas and ditches.
3. **Drainage:** The road shall be constructed, maintained, and removed in a manner which provides drainage adequate to maintain the existing natural flow. Structures including but not limited to cross drains, culverts, dikes, and ditches, shall be installed where necessary to maintain the natural flow and to stabilize erosion. If an erosion problem develops, the necessary actions shall be taken to correct it and any erosion damage shall be repaired.
4. **Reclamation:** Any road abandonment plans shall be subject to written approval of the State Land Department, prior to implementation. Upon abandonment of the herein authorized road, the reserved soil shall be salvaged from the road ditches, backslopes and fill slopes; gravel or scoria shall be removed; the roadbed shall be completely obliterated and recontoured to conform to the adjacent natural terrain; and the reserved soil shall be evenly respread on the disturbed areas.
5. **Revegetation:** All disturbed soil surfaces resulting from construction, maintenance, or reclamation of the herein authorized road, shall be revegetated with a mixture of **native** perennial grasses listed in Exhibit "(appropriate exhibit)" sufficient to prevent accelerated erosion and restore, as closely as possible, the original long-term productivity. The use of any other seed mixtures shall be subject to the prior written approval of the State Land Department. Reclamation shall not be deemed completed until erosion is controlled, the surface is revegetated with a mixture of native grasses, and written approval is issued by the State Land Department.

ND BOARD OF UNIVERSITY AND SCHOOL LANDS
State Land Department

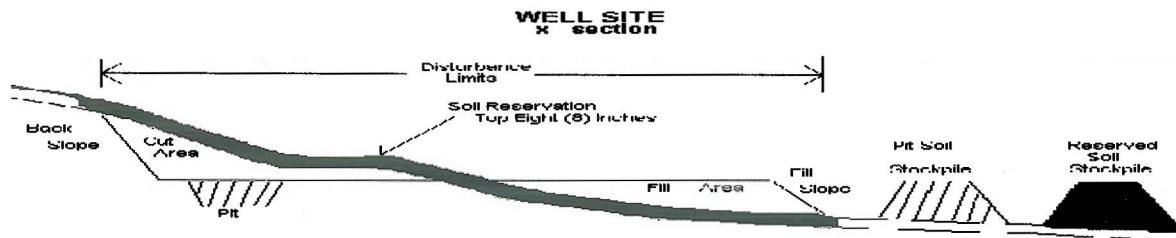
SOIL RESERVATION AND RECLAMATION SPECIFICATIONS
Required Method for Pipelines



1. **Contact:** The Company shall require their contractor(s) to contact the North Dakota State Land Department, Surface Management Division, 1707 N 9th St., Bismarck, ND, 58501, 701-328-2800, two (2) weeks prior to pipeline construction or reclamation, or if they have any questions.
2. **Soil Reservation:** Prior to construction or maintenance of the herein authorized pipeline, the top eight (8) inches of soil shall be reserved from all areas to be disturbed including fillslope and backslope areas and all other areas subject to topsoil and subsoil mixing. The reserved soil shall be stockpiled until pipeline installation and overburden backfill is completed, then evenly respread over the areas from which it was reserved.
3. **Drainage:** The pipeline shall be constructed, maintained, and removed in a manner which provides drainage adequate to maintain the existing natural flow. Structures including but not limited to cross drains, culverts, dikes, and ditches, shall be installed where necessary to assure proper natural flow and to stabilize erosion. If an erosion problem develops, the necessary actions shall be taken to correct it and any erosion damage shall be repaired.
4. **Reclamation:** Any pipeline abandonment plans shall be subject to written approval of the State Land Department, prior to implementation.
5. **Revegetation:** All disturbed soil surfaces resulting from construction, maintenance, or reclamation of the herein authorized pipeline, shall be revegetated with a mixture of native perennial grasses listed in Exhibit "(appropriate exhibit)" sufficient to prevent accelerated erosion and restore, as closely as possible, the original long-term productivity. The use of any other seed mixtures shall be subject to the prior written approval of the State Land Department. Reclamation shall not be deemed completed until erosion is controlled, the surface is revegetated with a mixture of native grasses, and written approval is issued by the State Land Department.

ND BOARD OF UNIVERSITY AND SCHOOL LANDS
State Land Department

SOIL RESERVATION AND RECLAMATION SPECIFICATIONS
Required Method for Well Sites



1. **Contact:** The Company shall require their contractor(s) to contact the North Dakota State Land Department, Surface Management Division, 1707 N 9th St., Bismarck, ND, 58501, 701-328-2800, two (2) weeks prior to well site construction or reclamation, or if they have any questions.
2. **Soil Reservation:** Prior to construction or maintenance of the herein authorized well site, the top eight (8) inches of soil shall be reserved from all areas to be disturbed, including well site, fillslope and backslope areas, as shown above, and all other areas subject to topsoil and subsoil mixing. The reserved soil shall be stockpiled and seeded to the native perennial grass seed mixture shown in **Exhibit "(appropriate exhibit)"** such that wind and water erosion are minimized. Following soil reservation, cut and fill operations can proceed. If the well site will be permanent, then all or a portion of the reserved soil shall be respread as needed to stabilize cut or fill areas of the well site.
3. **Drainage:** The well site shall be constructed, maintained, and removed in a manner which provides drainage adequate to maintain the existing natural flow. Structures including but not limited to cross drains, culverts, dikes, and ditches, shall be installed where necessary to maintain the natural flow and to stabilize erosion. If an erosion problem develops, the necessary actions shall be taken to correct it and any erosion damage shall be repaired.
4. **Reclamation:** Any well site abandonment plans shall be subject to written approval of the State Land Department, prior to implementation. Upon abandonment of the herein authorized well site, the reserved soil shall be salvaged from the well site, backslopes and fill slopes; gravel or scoria shall be removed; the well site shall be completely obliterated and recontoured to conform to the adjacent natural terrain; and the reserved soil shall be evenly respread on the disturbed areas.
5. **Revegetation:** All disturbed soil surfaces resulting from construction, maintenance, or reclamation of the herein authorized well site, shall be revegetated with a mixture of native perennial grasses listed in **Exhibit "(appropriate exhibit)"** sufficient to prevent accelerated erosion and restore, as closely as possible, the original long-term productivity. The use of any other seed mixtures shall be subject to the prior written approval of the State Land Department. Reclamation shall not be deemed completed until erosion is controlled, the surface is revegetated with a mixture of native grasses, and written approval is issued by the State Land Department.

State Land Department

Native Grass Seeding Specifications

<u>Species</u>	<u>lbs.</u> <u>PLS*/acre</u>	<u>% of</u> <u>Mixture</u>
Western wheatgrass	8	42%
Slender wheatgrass	5	26%
Green needlegrass	4	21%
Side-oats grama	<u>2</u>	<u>11%</u>
	19	100%

*PLS - Pure Live Seed (based on 50 PLS/sq. feet)

1. The seed bed should be firmly packed (footprints left in the soil should be less than 1/2 inch deep).
2. An early spring seeding (before May 24th) is preferred. A dormant fall seeding (after October 20th) is acceptable.
3. A cover crop of oats at 10 lbs. PLS/acre must be seeded on the disturbed area.
4. A drill designed specifically for native grass seeding will give the best seeding results. The seed should be planted at a depth of 1/2 to 1 inch. Precaution must be taken not to plant the seed too deeply in the soil or poor germination will result.
5. On areas where equipment cannot be used, broadcast seed and rake or drag to cover seed. Where seed is broadcast, double the seeding rate.
6. Use only North Dakota certified seed.