



SEISMIC COMPLETION REPORT

INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
600 EAST BOULEVARD DEPT 405
BISMARCK, ND 58505-0840
SFN 51456 (03-2005)

Permit No. 97-0120	
Shot Hole Operations	*Non-Explosive Operations Vibroseis

SECTION 1

Geophysical Contractor Quantum Geophysical, Inc.	
Project Name and Number Peabody 3-D	County(s) Bottineau County
Township(s) 162 & 163	Range(s) 76 & 77 & 78
Drilling and Plugging Contractors NA	
Date Commenced January 15, 2007	Date Completed February 16, 2007

SECTION 2

First S.P. # NA	Last S.P. # NA												
Loaded Holes (Undetonated Shot Points) NA													
S.P.#'s													
Charge Size													
Depth													
Reasons Holes Were Not Shot													

SECTION 3

Flowing Holes and/or Blowouts S.P.#'s None
Procedure for Plugging Flowing Holes and/or Blowouts NA
Include a 7.5 minute USGS topographic quadrangle map or a computer generated post-plot facsimile of the approximate scale displaying each individual shot hole, SP #, line #, and legal location.

*Non-Explosive Operations - Complete Section 1 and Affidavit.

AFFIDAVIT OF COMPLETION (GEOPHYSICAL CONTRACTOR)

STATE OF Texas)

)

COUNTY OF Harris)

Before me, M.F. CALLAGHAN (MFC)
~~Maureen Callaghan~~, a Notary Public in and for the said

County and State, this day personally appeared Bruce Fulker

who being first duly sworn, deposes and says that (s)he is employed by Quantum Geophysical, Inc.

_____ , that (s)he has read North Dakota

Century Code Section 38-08.1, that the foregoing seismic project has been completed in

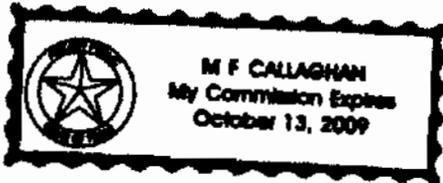
accordance with North Dakota Administrative Code Rule 43-02-12 and that the statements on

the reverse side of this document are true.

B.F.

Geophysical Contractor Representative

Subscribed in my presence and sworn before me this 20 day of March, 2007.



Notary Public *M.F. Callaghan*

My Commission Expires 10/13/2009



GEOPHYSICAL EXPLORATION PERMIT

INDUSTRIAL COMMISSION OF NORTH DAKOTA
 OIL AND GAS DIVISION
 600 EAST BOULEVARD DEPT 405
 BISMARCK, ND 58505-0840
 SFN 51459 (03-2005)

1) a. Company Quantum Geophysical, Inc		Address One Riverway, Ste 440 Houston, Texas 77056	
Contact Bruce Fulker		Telephone 713-840-3380	Fax 713-850-7783
Surety Company Bank of North Dakota		Bond Amount \$50,000.00	Bond Number GEO300
2) a. Subcontractor(s) ECS (Survey Contractor)		Address 1101 5th Street SW Sidney MT 59270	Telephone 406-482-6606
b. Subcontractor(s)		Address	Telephone
c. Subcontractor(s)		Address	Telephone
3) Party Manager unknown at this time		Address	Telephone
4) Project Name or Line Numbers Peabody 3D			
5) Exploration Method (Shot Hole, Non-Explosive, 2D, 3D) Vibroseis			
6) Approximate Drilling Start Date Recording operations January 5, 2007		Approximate Completion Date February 15, 2007	

THE COMMISSION MUST BE NOTIFIED AT LEAST 24 HOURS IN ADVANCE OF COMMENCEMENT OF DRILL/PLUG OPERATIONS

7) Location of Proposed Project - County Bottineau								
Section(s), Township(s) & Range(s)		Sec.	T.	R.				
			162	76-77-78 West				
		Sec.	T.	R.				
			163	76-77-78 West				
		Sec.	T.	R.				
		Sec.	T.	R.				
8) Size of Hole	Amt of Charge	Depth	Shots per Mi (sq.mi.)	No. of Mi. (sq.mi.)	Identifying Marks Used on Nonmetallic Plug			
Vibroseis	N/A	N/A		44	Geophysical ID	a. Plugger ID	b. Plugger ID	c. Plugger ID
					N/A	N/A	N/A	N/A

9) Anticipated special drilling and plugging procedures?
N/A

10) Enclose a pre-plot map with proposed location of seismic program lines and powder mag.
Attached

Signed <i>RV At</i>		Title Manager, Permit Services	Date November 10, 2006
(This space for State office use)			Conditions of Approval if any SEE Attached letter
Permit No. 97-0120	Approval Date 11/14/2006		
Approved by <i>[Signature]</i>			
Title Mineral Resources Permit Manager			
County Approval Sent Bottineau			

Township	Range	Section
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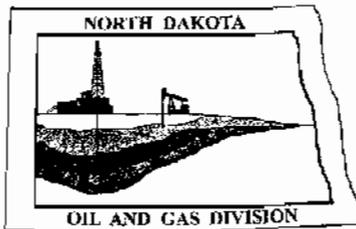
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Oil and Gas Division

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

November 14, 2006

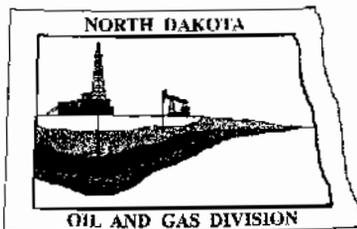
Mr. Bruce Fulker
One Riverway, Ste 440
Houston, TX 77056

RE: Geophysical Exploration Permits # 97-0120
Peabody 3D
Bottineau County, North Dakota

Dear Mr. Fulker:

Please be advised that we are in receipt of your Geophysical Exploration permit and have conditionally approved your permit effective for one year from November 14, 2006. Please review the following conditions for your permit:

1. A pre-program meeting with state seismic inspector Tom Torstenson may be required. You must contact him at 701-290-1546 (cell) or 701-227-7436 at least 24 hours prior to any exploration operations.
2. All variances for distance restrictions are to be furnished, and a pre-plot map displaying any source points that do not comply with the distance restriction rule must be supplied to the inspector.
3. The post plot map must show all water wells, buildings, underground cisterns, pipelines, and flowing springs that fall within the program area and within one half mile of the perimeter of the program.
4. If available, a SEG P1 with all source and receiver points should be made available to the Oil and Gas Division upon filing of the seismic completion report within 30 days of the completion of the program.
5. It is required that within seven days of initial contact between the permitting agent and the operator of the land, the permitting agent shall provide the operator of the land and each landowner owning land within one-half mile of the land on which geophysical exploration activities are to be conducted a written copy of section 38-08.1-04.1 and chapter 38-11.1. The permitting agent shall file an affidavit with this office confirming compliance with such notification.
6. The permit agent shall notify the operator of the land at least seven days before commencement of any geophysical exploration activity, unless waived by mutual agreement of both parties. The notice must include the approximate time schedule and the location of the planned activity.



Oil and Gas Division

Lynn D. Helms - Director Bruce E. Hicks - Assistant Director

Department of Mineral Resources

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North Dakota Industrial Commission

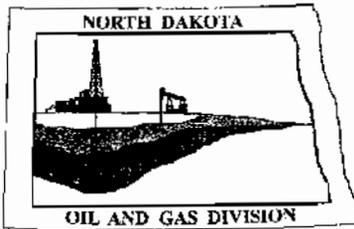
www.oilgas.nd.gov

Should you have any questions regarding this matter, feel free to contact me at 701-328-8020, or Tom Torstenson at the number listed in paragraph 1.

Sincerely,

Todd L. Holweger
Mineral Resources Permit Manager

Mr. Bruce Fulker
One Riverway, Ste 440
Houston, TX 77056



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

November 14, 2006

The Honorable Mae Steich
Bottineau County Auditor
314 West 5th
Bottineau, ND 58318-1204

RE: Geophysical Exploration
Permit # 97-0120

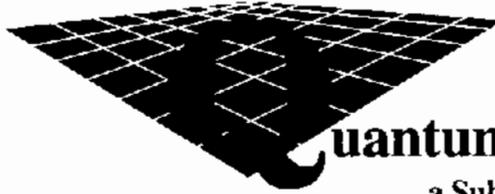
Dear Ms. Steich:

Pursuant to Section 38-08.1-04.2 of the North Dakota Century Code, please be advised that Quantum Geophysical, Inc. was issued the above captioned permit on November 14, 2006 and will remain in effect for a period of one year.

Should you have any questions, please contact our office.

Sincerely,

Todd L. Holweger
Mineral Resources Permit Manager



Quantum Geophysical, Inc.

a Subsidiary of Geokinetics Inc.

970120



December 12, 2006

**North Dakota Industrial Commission
Dept of Mineral Resources
Oil & Gas Division
600 E. Boulevard Ave. Dept 405
Bismarck, ND 58505-0840**

Attn: Todd Holweger

**Re: Peabody 3D Project
Geophysical Permit 97-0120
Bottineau County**

Dear Mr. Holweger;

This letter shall serve as certification that Quantum Geophysical, Inc. has contacted all surface owner's within the boundaries of the above referenced survey. All surface owners' have signed permits, been provided written copies of section 38-08.1-04.1 and chapter 38-11.1 of the geophysical exploration regulations and notified of the start of operations. In addition all individuals owning lands with ½ mile of the survey boundary have been provided via US mail a copy of the required regulations.

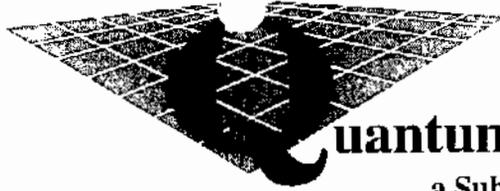
If you have any questions please contact me at (713) 840-3380.

Yours truly,

Bruce Fulker

**Manager Permit Services
North America Operations**

Enclosures:



Quantum Geophysical, Inc.
a Subsidiary of Geokinetics Inc.

COPY

970120



November 1, 2006

Attention: Landowner's

Re: Notice of Geophysical Operations

Quantum Geophysical, Inc. is currently contacting landowner's in Township 162 North, Ranges 76-77-78 West and Township 163 North, Ranges 77-78 West, Bottineau County, North Dakota concerning a 3D seismic survey across lands in this area. North Dakota Industrial Commission, Oil and Gas Division Regulations require us to provide you with a copy of section 38-08.1-04.1 and chapter 38-11.1 concerning geophysical operations. Copies of those regulations are attached.

If you have any questions concerning this project please call (713) 840-3380.

Thank you in advance for your cooperation.

Quantum Geophysical, Inc.
One Riverway, Suite 440
Houston, TX 77056

Enclosures: 2

970120

**CHAPTER 38-08.1
GEOPHYSICAL EXPLORATION REQUIREMENTS**

38-08.1-01. Definitions. As used in this chapter, unless the context requires otherwise:

1. "Commission" means the industrial commission.
2. "Geophysical exploration" means any method of obtaining petroleum-related geophysical surveys.
3. "Operator of the land" means the surface owner or the surface owner's tenant of the land upon or within one-half mile [.80 kilometer] of the land on which geophysical operations are to be conducted.
4. "Permitting agent" means a person who secures a permit from an operator of the land to conduct geophysical exploration activities.
5. "Person" means and includes any natural person, corporation, limited liability company, association, partnership, receiver, trustee, executor, administrator, guardian, fiduciary, or other representative of any kind, and includes any department, agency, or instrumentality of the state or of any governmental subdivision thereof.

38-08.1-02. Enforcement by commission - Persons required to comply with chapter. Notwithstanding any other provision of this chapter, the commission is the primary enforcement agency governing geophysical exploration in this state. Any person in this state engaged in geophysical exploration or engaged as a subcontractor of a person engaged in geophysical exploration shall comply with this chapter; provided, however, that compliance with this chapter by a crew or its employer constitutes compliance herewith by that person who has engaged the service of the crew, or its employer, as an independent contractor.

38-08.1-03. Deemed doing business within state - Resident agent. A person must be deemed doing business within this state when engaged in geophysical exploration within the boundaries of this state, and shall, if not already qualified to do business within the state under chapter 10-19.1, prior to such exploration, file with the secretary of state an authorization designating an agent for the service of process.

38-08.1-03.1. Surety bond - Certificate - Release.

1. A geophysical exploration contractor desiring to engage in geophysical exploration in this state shall file with the commission a good and sufficient surety bond in the amount of fifty thousand dollars if the contractor intends to conduct shot hole operations or in the amount of twenty-five thousand dollars if the contractor intends to use any other method of geophysical exploration. Each subcontractor engaged by the geophysical exploration contractor for the drilling or plugging of seismic shot holes must file with the commission a good and sufficient surety bond in the amount of ten thousand dollars. The bond must be in a form prescribed by the commission and must indemnify all owners of property within the state, including the state and its political subdivisions, against physical damages to property which may result from geophysical exploration and the plugging of drill holes. The bond must cover all geophysical exploration and plugging operations conducted within one year of the date the bond is issued and must be automatically renewed unless the commission and the person covered by the bond receive notice sixty days before any anniversary date of the surety's intent not to renew the bond. If the surety does not renew the geophysical exploration contractor's bond, the surety's liability under the bond ceases six years from the date that geophysical exploration or reclamation covered by the bond was last conducted in the state. If the surety does not renew

the drilling or plugging bond, the surety's liability under the bond ceases two years from the date the drilling and plugging covered by the bond was last conducted in this state. A person required to post a bond under this subsection may post cash or a certificate of deposit in lieu of the bond under rules adopted by the commission.

2. The aggregate liability of the surety on the bond may in no event exceed the amount of the bond.
3. Upon filing the bond required by this section and presenting a certificate of authority to transact business in this state issued under section 10-19.1-136, a certificate of incorporation issued under chapter 10-19.1, or some other certificate issued by the secretary of state showing the name of the person designated as resident agent for service of process, the commission shall issue to the person desiring to engage in geophysical exploration or plugging operations or any subcontractor of that person a certificate showing that the bond has been filed and showing the name and address of the surety company and the name of the person designated resident agent for service of process.
4. The proceeds of a surety bond become the property of the commission or the cash or certificate of deposit posted in lieu of a surety bond may not be returned to that person if the principal or person posting the bond, cash, or certificate of deposit fails to comply with this chapter and rules adopted by the commission under this chapter. This must be determined by the commission after notice and hearing in accordance with rules adopted by the commission. Notice of the hearing must be given to the principal and surety on the bond or to the person posting the cash or certificate of deposit by mailing a copy of the notice of hearing and a copy of a complaint, stating the grounds for forfeiture to them, filed by the commission. This must be done by certified mail, return receipt requested, and addressed to their last-known address listed with the commission. If the principal or surety or person posting the cash or certificate of deposit has a defense to, or otherwise wishes to contest the complaint of the commission, that person must file a written statement or answer setting forth the defense with the commission at least three business days before the commission hearing. Any defense or reason for contesting the complaint is waived if that person fails to do so. The commission may treat the failure to file a defense or reason to contest the complaint or the failure to appear at the hearing as default by the party. If the commission determines the principal on the bond or the person posting the cash or certificate of deposit as security has complied with this chapter and rules adopted by the commission under this chapter, including the proper plugging of wells and seismic holes and reclamation of the surrounding affected area, with respect to all operations secured by the bond, the commission shall release the obligation of the bond or return the cash or certificate of deposit upon its next anniversary date.

38-08.1-04. Application for permit to engage in geophysical exploration. Any person desiring to engage in geophysical exploration before actually engaging in the exploration shall file an application for a permit to engage in geophysical exploration with the commission. The application for a permit for geophysical exploration must include the following:

1. The name, address, and telephone number of the person intending to engage in geophysical exploration or plugging operations and the name and telephone number of any local representative who may be contacted by the commission concerning geophysical exploration activities.
2. The name, address, and telephone number of any subcontractors, including drilling and plugging subcontractors, to be employed by the person intending to conduct geophysical exploration or plugging operations.
3. The name and address of the resident agent for service of process of the person intending to engage in geophysical exploration.

4. The date upon which geophysical exploration is to begin.
5. The approximate number and depth of any drill holes and the specific location of any drill holes or a description of the property on which the geophysical exploration is to be conducted described by township, range, section, and quarter section.
6. A fee of up to one hundred dollars.

The person making application for a geophysical exploration permit shall file an amended application whenever there is any new information or a change in the information contained in the application on file with the commission.

SECTION 2. AMENDMENT. Section 38-08.1-04.1 of the North Dakota Century Code is amended and reenacted as follows:

38-08.1-04.1. Exploration permit.

1. Upon filing a complete application for permit to explore pursuant to section 38-08.1-04, the commission may issue to any person desiring to engage in geophysical exploration a "geophysical exploration permit". A person may not engage in geophysical exploration activities in this state without having first obtained a geophysical exploration permit from the commission.
2. The permit must show, at a minimum:
 - a. The name of the person.
 - b. The name and address of the resident agent for service of process.
 - c. That an application to engage in geophysical exploration has been duly filed.
 - d. That a good and sufficient surety bond has been filed by the person, naming the surety company and giving its address.
3. The permit must be signed by the director of the commission's oil and gas division or the director's designee. The permit is valid for one year.
4. Within seven days of initial contact between the permitting agent and the operator of the land, the permitting agent shall provide the operator of the land and each landowner owning land within one-half mile [.80 kilometer] of the land on which geophysical exploration activities are to be conducted a written copy of section 38-08.1-04.1 and chapter 38-11.1.
5. The permitting agent shall notify the operator of the land at least seven days before the commencement of any geophysical exploration activity, unless waived by mutual agreement of both parties. The notice must include the approximate time schedule and the location of the planned activity.
6. The permit or a photostatic copy thereof must be carried at all times by a member of the crew during the period of geophysical exploration and must be exhibited upon demand of the landowner or tenant operator or county or state official.
7. The permit holder shall notify the county auditor or the auditor's designee at least twenty-four hours, excluding Saturdays and holidays, before the permit holder commences geophysical exploration in the county. Notice must include the approximate time schedule and location of the planned activity.

38-08.1-04.2. Notification of Issuance of permit - Revocation - Suspension. The commission shall immediately forward notice of the issuance of a permit to the board of county

commissioners of the county in which the lands are located. The commission may revoke the permit of any person engaging in geophysical exploration upon a showing that that person has violated any applicable requirement pertaining to geophysical exploration. The commission shall notify that person, by the most effective written means, of the permit revocation. Upon notification, the person engaging in geophysical exploration may, within fifteen days, request a hearing before the commission on the matter. The commission shall either affirm, modify, or deny the permit revocation. The commission may also suspend the permit temporarily in those cases where climate and physical conditions are such as to cause harm, damage, or undue stress to roads, bridges, pastures, crops, or other physical features. For these same reasons, a board of county commissioners, upon notice to the permit holder and the commission, also may suspend, for not longer than forty-eight hours, a permit for operations within the county.

38-08.1-05. Duty to file record showing where work performed. Within thirty days following any calendar month in which geophysical exploration is begun by any person within this state, such person shall file with the commission and shall send to the owner or occupier of any land upon which work is begun, a record showing the township, range, section, and quarter section in the county in which such work was performed and the date upon which such work was commenced. The notice also must include the actual shot point location and the amount of explosive charge, if any, in each drill hole.

38-08.1-06. Duty to plug drill holes - Penalty.

1. Drill holes must be plugged and abandoned as required by this section.
2. The seismic company responsible for the plugging and abandonment of seismic shot holes shall notify the commission in writing that it intends to plug and abandon the drill hole. The required notice must be received by the commission at least twenty-four hours before the time plugging activities are scheduled to begin. The notice must include the date and time the activities are expected to commence, the location by section, township, and range of the holes to be plugged, and the name and telephone number of the person in charge of the plugging operations. A copy of the notice must be sent to the landowner or lessee at the same time it is sent to the commission. The seismic company shall notify the commission in writing upon completion of the plugging operation.
3. All seismic shot holes must be plugged as soon after being used as reasonably is practicable; however, they may not remain unplugged for a period of more than thirty days unless, upon application, the commission grants an extension which may not exceed ninety days. All seismic shot holes must be temporarily capped during the period between drilling and final plugging.
4. The plug must have permanently affixed to it a durable nonrusting metal or plastic tag or plate imprinted with the name of the operator responsible for the plugging of the hole and the operator's permit number.
5. The surface around each seismic shot hole must be restored to its original condition insofar as restoration is practicable and all stakes, markers, cables, ropes, wires, primacord, cement or mud stacks, and any other debris or material not native to the area must be removed from the drill site and lawfully disposed of.

38-08.1-06.1. Plugging requirements - Rules - Liability for damage. All seismic holes must be plugged in accordance with rules adopted by the commission. The commission shall review and revise its rules governing plugging requirements as technology in the field evolves. The seismic company is liable for all damages resulting from failure to comply with rules adopted by the commission pursuant to this section.

38-08.1-07. Civil and criminal penalties.

1. A person who violates any provision of this chapter or commission rule or order is subject to a civil penalty imposed by the commission not to exceed one thousand dollars for each offense, and each day's violation is a separate offense. A penalty imposed under this section, if not paid, may be recovered by the commission in the district court of the county in which the defendant resides, or in which any defendant resides if there is more than one defendant, or in the district court of any county in which the violation occurred. Payment of the penalty does not legalize the activity for which the penalty was imposed, or relieve the person upon whom the penalty was imposed from liability to any other person for damage caused by the violation.
2. Notwithstanding this section, a person who willfully violates any provision of this chapter or a commission rule or order is guilty of a class C felony.

38-08.1-08. Commission to adopt rules. The commission may adopt and enforce rules to implement this chapter.

970120

CHAPTER 38-11.1
OIL AND GAS PRODUCTION DAMAGE COMPENSATION

38-11.1-01. Legislative findings. The legislative assembly finds the following:

1. It is necessary to exercise the police power of the state to protect the public welfare of North Dakota which is largely dependent on agriculture and to protect the economic well-being of individuals engaged in agricultural production.
2. Exploration for and development of oil and gas reserves in this state interferes with the use, agricultural or otherwise, of the surface of certain land.
3. Owners of the surface estate and other persons should be justly compensated for injury to their persons or property and interference with the use of their property occasioned by oil and gas development.

38-11.1-02. Purpose and interpretation. It is the purpose of this chapter to provide the maximum amount of constitutionally permissible protection to surface owners and other persons from the undesirable effects of development of minerals. This chapter is to be interpreted in light of the legislative intent expressed herein. Sections 38-11.1-04 and 38-11.1-05 must be interpreted to benefit surface owners, regardless of whether the mineral estate was separated from the surface estate and regardless of who executed the document which gave the mineral developer the right to conduct drilling operations on the land. Sections 38-11.1-06 through 38-11.1-10 must be interpreted to benefit all persons.

38-11.1-03. Definitions. In this chapter, unless the context or subject matter otherwise requires:

1. "Agricultural production" means the production of any growing grass or crop attached to the surface of the land, whether or not the grass or crop is to be sold commercially, and the production of any farm animals, including farmed elk, whether or not the animals are to be sold commercially.
2. "Drilling operations" means the drilling of an oil and gas well and the production and completion operations ensuing from the drilling which require entry upon the surface estate and which were commenced after June 30, 1979, and oil and gas geophysical and seismograph exploration activities commenced after June 30, 1983.
3. "Mineral developer" means the person who acquires the mineral estate or lease for the purpose of extracting or using the minerals for nonagricultural purposes.
4. "Mineral estate" means an estate in or ownership of all or part of the minerals underlying a specified tract of land.
5. "Minerals" means oil and gas.
6. "Surface estate" means an estate in or ownership of the surface of a particular tract of land.
7. "Surface owner" means any person who holds record title to the surface of the land as an owner.

38-11.1-03.1. Inspection of well site. Upon request of the surface owner or adjacent landowner, the state department of health shall inspect and monitor the well site on the surface owner's land for the presence of hydrogen sulfide. If the presence of hydrogen sulfide is indicated, the state department of health shall issue appropriate orders under chapter 23-25 to protect the health and safety of the surface owner's health, welfare, and property.

38-11.1-04. Damage and disruption payments. The mineral developer shall pay the surface owner a sum of money equal to the amount of damages sustained by the surface owner and the surface owner's tenant, if any, for loss of agricultural production and income, lost land value, lost use of and access to the surface owner's land, and lost value of improvements caused by drilling operations. The amount of damages may be determined by any formula mutually agreeable between the surface owner and the mineral developer. When determining damages, consideration must be given to the period of time during which the loss occurs and the surface owner may elect to be paid damages in annual installments over a period of time; except that the surface owner must be compensated for harm caused by exploration only by a single sum payment. The payments contemplated by this section only cover land directly affected by drilling operations. Payments under this section are intended to compensate the surface owner for damage and disruption; any reservation or assignment of such compensation apart from the surface estate except to a tenant of the surface estate is prohibited. In the absence of an agreement between the surface owner and a tenant as to the division of compensation payable under this section, the tenant is entitled to recover from the surface owner that portion of the compensation attributable to the tenant's share of the damages sustained.

38-11.1-05. Notice of drilling operations. Except for exploration activities governed by chapter 38-08.1, the mineral developer shall give the surface owner written notice of the drilling operations contemplated at least twenty days prior to the commencement of the operations, unless waived by mutual agreement of both parties. If the mineral developer plans to begin drilling operations within twenty days of the termination date of the mineral lease, the required notice under this section may be given at any time prior to commencement of drilling operations. This notice must be given to the record surface owner at that person's address as shown by the records of the county recorder at the time the notice is given. This notice must sufficiently disclose the plan of work and operations to enable the surface owner to evaluate the effect of drilling operations on the surface owner's use of the property. Included with this notice must be a form prepared by the director of the oil and gas division advising the surface owner of the surface owner's rights and options under the chapter, including the right to request the state department of health to inspect and monitor the well site for the presence of hydrogen sulfide. If a mineral developer fails to give notice as provided under this section, the surface owner may seek any appropriate relief in the court of proper jurisdiction and may receive punitive as well as actual damages.

38-11.1-06. Protection of surface and ground water - Other responsibilities of mineral developer. If the domestic, livestock, or irrigation water supply of any person who owns an interest in real property within one-half mile [804.67 meters] of where geophysical or seismograph activities are or have been conducted or within one mile [1.61 kilometers] of an oil or gas well site has been disrupted, or diminished in quality or quantity by the drilling operations and a certified water quality and quantity test has been performed by the person who owns an interest in real property within one year preceding the commencement of drilling operations, the person who owns an interest in real property is entitled to recover the cost of making such repairs, alterations, or construction that will ensure the delivery to the surface owner of that quality and quantity of water available to the surface owner prior to the commencement of drilling operations. Any person who owns an interest in real property who obtains all or a part of that person's water supply for domestic, agricultural, industrial, or other beneficial use from an underground source has a claim for relief against a mineral developer to recover damages for disruption or diminution in quality or quantity of that person's water supply proximately caused from drilling operations conducted by the mineral developer. Prima facie evidence of injury under this section may be established by a showing that the mineral developer's drilling operations penetrated or disrupted an aquifer in such a manner as to cause a diminution in water quality or quantity within the distance limits imposed by this section. An action brought under this section when not otherwise specifically provided by law must be brought within six years of the time the action has accrued. For purposes of this section, the claim for relief is deemed to have accrued at the time it is discovered or might have been discovered in the exercise of reasonable diligence.

A tract of land is not bound to receive water contaminated by drilling operations on another tract of land, and the owner of a tract has a claim for relief against a mineral developer to

recover the damages proximately resulting from natural drainage of waters contaminated by drilling operations.

The mineral developer is also responsible for all damages to person or property resulting from the lack of ordinary care by the mineral developer or resulting from a nuisance caused by drilling operations. This section does not create a cause of action if an appropriator of water can reasonably acquire the water under the changed conditions and if the changed conditions are a result of the legal appropriation of water by the mineral developer.

38-11.1-07. Notification of injury. Any person, to receive compensation, under sections 38-11.1-08 and 38-11.1-09, shall notify the mineral developer of the damages sustained by the person within two years after the injury occurs or would become apparent to a reasonable person.

38-11.1-08. Agreement - Offer of settlement. Unless both parties provide otherwise by written agreement, at the time the notice required by section 38-11.1-05 is given, the mineral developer shall make a written offer of settlement to the person seeking compensation for damages when the notice required by section 38-11.1-05 is given. The person seeking compensation may accept or reject any offer so made.

38-11.1-09. Rejection - Legal action - Fees and costs. If the person seeking compensation rejects the offer of the mineral developer, that person may bring an action for compensation in the court of proper jurisdiction. If the amount of compensation awarded by the court is greater than that which had been offered by the mineral developer, the court shall award the person seeking compensation reasonable attorney's fees, any costs assessed by the court, and interest on the amount of the final compensation awarded by the court from the day drilling is commenced. The rate of interest awarded must be the prime rate charged by the Bank of North Dakota on the date of the judgment.

38-11.1-10. Application of chapter. The remedies provided by this chapter do not preclude any person from seeking other remedies allowed by law. This chapter does not apply to the operation, maintenance, or use of a motor vehicle upon the highways of this state as these terms are defined in section 39-01-01.