

BEFORE THE UNITED STATES
DEPARTMENT OF THE INTERIOR

In the Matter of)
WESTERN ORGANIZATION OF)
RESOURCE COUNCILS, NATURAL)
RESOURCES DEFENSE COUNCIL,)
Et al.)
)
Petition to Secretary Dirk Kempthorne,)
UNITED STATES DEPARTMENT)
OF THE INTERIOR)

Docket # _____

DECLARATION OF DONALD NELSON

I, Donald Nelson, do hereby declare as follows:

1. The facts set forth in this declaration are based on my personal knowledge. As to matters that reflect my opinion, they reflect my personal opinion and my best judgment on the matter.
2. My family owns split estates in the Little Missouri National Grasslands of North Dakota. We are located in eastern McKenzie County. The ranch is a mixture of private and public surface and private and federally held minerals. Our family has farmed and ranched since the early 1900's when my grandparents on both sides homesteaded here. I am 42 years old, graduated from North Dakota State University with a B.S. in Agricultural Economics. I spent a year in an exchange program in Australia after finishing school and then I returned home in 1988 and began farming and ranching along with my parents, brother and his family, and sister and brother-in-law and their family.
3. We have had oil and gas (excluding coalbed methane) development on our farm/ranch since exploration and development began in North Dakota in the mid-1950s. There is not a time that I can remember not having to deal with the oil and gas industry.
4. My father bought some land at that time, in the mid 1950's; he wanted to show it off to some members of the family on a holiday weekend. They drove out to the property that previously was accessed by a dirt trail and discovered that there were two roads dividing it up into small sections which he was planning on breaking up into cropland. An oil company had made the roads for drilling. There was no contact from the oil company telling my father they were going to cut our property in half. They just did it. That was the attitude of the industry at that time and to date, not much has changed, although they are more subtle about it. Those roads are still there even though some of the wells have not produced for years. That was one of the first wells drilled in what would become the Antelope Field.

5. Since the beginning of development of oil and gas on and near our farm/ranch, there has been an industry attitude that they could do whatever they wanted, whenever they wanted. During the early days, there were no statutes or rules that the oil and gas industry had to follow. There were no reclamation plans and water issues were not addressed. Reclamation was not addressed at the federal level and it was not addressed at the state level. As previously stated, I am 42 years old and some of the "temporarily abandoned wells" have never produced or had pumping units on them as far back as I can remember. There are sites in the area that have not produced oil for many years and the well pads still exist and reclamation has not been attempted. We have at least 12 or more abandoned well sites that obstruct our private property and state or BLM land. Some of this land, had it been reclaimed, would be viable farm or ranch land. As it is, it is costly to farm around or keep fenced out. There are extensive erosion and noxious weed problems. Previous to the oil activity we had no idea what Canadian Thistle, Leafy Spurge, or Spotted Knapweed was.

6. At one of the producing well sites, there was a salt-water spill several years ago. That spill covered only several acres. The water drained off the well site into grassland and into Antelope Creek, which drains into Lake Sakakawea and the Missouri River. It was only a few miles from the main river. There have been at least two attempts to restore the land where this spill occurred. The last time, we discussed the damaged area with a representative of the company that owns the well, we were told that to remove and replace the soil and to replant that small area had cost them \$90,000. Most of the bonds in that area are blanket bonds of \$100,000 to \$250,000 (for both North Dakota and federal leases). This instance clearly shows the inadequacy of the blanket bond system. We have, over the years, experienced a number of salt-water, gas, hydrogen sulfide, and oil spills. The clean up of these spills is costly not only in dollars but in the damage to our land. What seems to be forgotten in all of this is the fact that it is *our land*. It does not belong to the state, the oil industry or the federal government. There is a total lack of understanding of surface rights and/or disregard for the landowners at every level. If there had been adequate bonding from the start, these problems would have been taken care of in a timely and *much* less expensive manner than it will cost now.

7. Recently, we were building new fences in the Antelope Field due to the effect of the hydrogen sulfide eating up the wire and steel posts. An employee of the oil company stopped and suggested we call to locate and flag pipelines or buried electrical cable in the area. In some areas there maybe 20 to 30 cables and pipelines, some the oil companies do not even know are there, within just a few hundred yards. This is costly and dangerous to everyone. The facts are that because some of the underground pipelines are not mapped in any consolidated way that there is no way to know, when you dig a post hole rock or build a stock dam, if you will hit any abandoned pipelines or electrical cables. This has been an ongoing and often unknown problem that needs to be addressed in any bonding and reclamation plan starting now. We have hooked into pipelines, rig deadman's, and cables with all types of machinery from hay balers to tractors. A common practice years ago was to throw everything into the reserve pit after drilling a well, even new things like rolls of cable, new parts and pipe. We once hooked into a cable in an old reserve pit that stopped a 280 HP four-wheel drive tractor dead in its tracks and snapped three cultivator shanks and tore the wheel and axle off. Just a few days ago, I luckily had seen a piece of pipe sticking out of the ground before getting the air drill into it. When I got out to investigate,

I found an abandoned line I could lift out for about 20 feet just under the surface of the soil over a hill and then it went deeper into the ground.

8. Last summer, in McKenzie County, Titan Oil had its bond terminated for two wells. The bonds posted to the state of North Dakota were each \$15,000. During the plugging and reclamation of these two wells, the total cost came to \$62,689.58. That is over \$31,000 per well, double the amount that was posted. This incident also clearly shows the inadequacy of current individual bonds. The state of North Dakota increased their single well bond to \$20,000 last year but, as in this case, that amount is still grossly inadequate.

9. North Dakota passed its first surface owner rights law in about 1973 after a long and bitter fight, with opposition from every oil and gas industry company and state bureaucracy that is suppose to help, not hinder us. Such protections that were given at that time are not sufficient for the present day. That surface rights law has been updated but it is clear to those who have oil and gas development on their private property that there are not enough protections for the landowner. If there were an adequate amount of bonding required by statute or rule, along with adequate enforcement of statutes and rules, I truly believe that we would not experience such a wide range of problems.

I declare that the forgoing declaration is true and correct to the best of my knowledge, executed this 31st day of May 2006.

Donald Nelson