

**UNITED STATES DISTRICT COURT
DISTRICT OF NORTH DAKOTA
NORTHWESTERN DIVISION**

BORDER FARM TRUST, by and through)	
its co-trustees DIANE E. CLINTON and)	Case No.: 4:13-cv-00141-DLH-CSM
ELLEN C. BRITTON, individually and for)	
all those similarly situated,)	
)	SECOND AMENDED COMPLAINT
Plaintiff,)	AND DEMAND FOR JURY TRIAL
)	
vs.)	
)	
SAMSON RESOURCES COMPANY, an)	
Oklahoma corporation,)	
)	
Defendant.)	
)	

PARTIES

1. Plaintiff Border Farm Trust, by and through its co-trustees Diane E. Clinton and Ellen C. Britton, (“Plaintiff”) brings this action for itself and all those similarly situated.
2. Border Farm Trust co-trustee Diane E. Clinton is a resident of Bismarck, Burleigh County, North Dakota. Border Farm Trust co-trustee Ellen C. Britton is a resident of Froid, Roosevelt County, Montana.
3. Defendant Samson Resources Company (“Defendant”) is a corporation organized under the laws of Oklahoma with its principal offices at Two West Second Street, Tulsa, Oklahoma. Defendant can be served with process by serving its registered

agent in the State of North Dakota, CT Corporation System, 314 E Thayer Avenue, Bismarck, North Dakota 58501-4018.

4. Defendant is the operator of an oil well classified as a “horizontal” well, the Nomad 0607-6TFH well, located in the SW/4SE/4 of Section 31, Township 164 North, Range 99 West, Divide County, North Dakota having API number 33-023-00842-00-00 (“Nomad 0607-6TFH Well”).
5. Defendant also is the operator of an oil well classified as a “horizontal” well, the Border Farms 3130-6TFH well, located in the SW/4SE/4 of Section 31, Township 164 North, Range 99 West, Divide County, North Dakota having API number 33-023-00841-00-00 (“Border Farms 3130-6TFH Well”).
6. Plaintiff owns mineral interests from which oil and gas are being produced from the Nomad 0607-6TFH Well and is entitled to royalties from production from the Nomad 0607-6TFH Well.
7. Plaintiff owns mineral interests from which oil and gas are being produced from the Border Farms 3130-6TFH Well and is entitled to royalties from production from the Border Farms 3130-6TFH Well.

JURISDICTION AND VENUE

8. Plaintiff filed this case on October 16, 2013 in state court in North Dakota where the court had subject matter jurisdiction over this case and personal jurisdiction over Defendant. On or about November 18, 2013, Defendant removed the case to this Court under 28 U.S.C. Section 1332(d), the Class Action Fairness Act (“CAFA”).

9. Venue is proper in this District because Plaintiff's claims for relief arose in this District.

BACKGROUND

10. The Nomad 0607-6TFH Well was spudded on June 5, 2012. It began to produce hydrocarbons in September of 2012. The Border Farms 3130-6TFH Well was spudded on June 7, 2012. It began to produce hydrocarbons in September of 2012.
11. Defendant pays or should pay royalties to Plaintiff from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well.
12. The oil and gas production from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well is from the West Ambrose-Bakken Pool.
13. The Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well have produced oil and gas, and flared gas since first production through at least October of 2013.
14. For the months since first production, the Nomad 0607-6TFH Well has produced and sold oil, and produced and flared gas in the following quantities as reported by Defendant to the North Dakota Industrial Commission, Department of Mineral Resources, Oil & Gas Division (the "Industrial Commission" or "NDIC"):

Production Month	Days of Production	BBLs Oil Produced	BBLs Oil Sold	Mcf of Gas Produced	Mcf of Gas Sold	Mcf of Gas Vented or Flared
Sep-12	28	2137	1855	2267	0	2267
Oct-12	23	9034	8450	7044	0	6391
Nov-12	30	8943	8528	7146	0	6258
Dec-12	30	6450	7200	5661	0	4673
Jan-13	25	4329	4144	3955	0	3091

Feb-13	28	4973	5210	4609	0	3728
Mar-13	31	4870	4722	4846	0	3910
Apr-13	30	4361	4184	4724	0	3719
May-13	31	4150	4596	4633	0	3893
Jun-13	30	3559	3489	3195	0	2811
Jul-13	31	3378	3021	3380	0	2983
Aug-13	31	3194	3471	3352	0	2955
Sep-13	30	3341	2972	3924	0	3540
Oct-13	31	3091	3077	3348	0	2951

15. For the months since first production, the Border Farms 3130-6TFH Well has produced and sold oil, and produced and flared gas in the following quantities as reported by the Defendant to the NDIC:

Production Month	Days of Production	BBLs Oil Produced	BBLs Oil Sold	Mcf of Gas Produced	Mcf of Gas Sold	Mcf of Gas Vented or Flared
Sep-12	28	1139	913	1252	0	1252
Oct-12	27	9380	8563	7812	0	7141
Nov-12	30	8575	8830	7733	0	6869
Dec-12	30	5875	6163	6223	0	5289
Jan-13	27	4658	4465	4589	0	3663
Feb-13	28	3888	4167	4053	0	3268
Mar-13	31	5619	4989	5323	0	4316
Apr-13	30	4514	5023	4598	0	3574
May-13	29	4409	4353	5385	0	4628
Jun-13	28	2491	2544	3439	0	3105
Jul-13	17	506	899	704	0	566
Aug-13	27	1201	922	804	0	619
Sep-13	24	1559	1380	1297	0	1134
Oct-13	31	1841	1888	1642	0	1457

16. Gas flared from wells such as the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well after one year from first production is governed by the provisions of subsection 2 of N.D.C.C. § 38-08-06.4, providing:

2. After the time period in subsection 1, flaring of gas from the well must cease and the well must be:
 - a. Capped;
 - b. Connected to a gas gathering line;
 - c. Equipped with an electrical generator that consumes at least seventy-five percent of the gas from the well;
 - d. Equipped with a system that intakes at least seventy-five percent of the gas and natural gas liquids volume from the well for beneficial consumption by means of compression to liquid for use as fuel, transport to a processing facility, production of petrochemicals or fertilizer, conversion to liquid fuels, separating and collecting over fifty percent of the propane and heavier hydrocarbons; or
 - e. Equipped with other value-added processes as approved by the industrial commission that reduce the volume or intensity of the flare by more than sixty percent.

17. Based on current reported production information, the Nomad 0607-6TFH Well has flared 6,491 Mcfs of gas after the one-year period from the date of first production from the well. The flared volumes occurred in the following volumes per month:

Production Month	Mcf of Gas Vented or Flared
Sep-13	3540
Oct-13	2951

18. Based on current reported production information, the Border Farms 3130-6TFH Well has flared 2,591 Mcfs of gas after the one-year period from the date of first production from the well. The flared volumes occurred in the following volumes per month:

Production Month	Mcf of Gas Vented or Flared
Sep-13	1134
Oct-13	1457

19. Any permitted flaring of gas from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well was to cease after one year, and any gas flared from the well thereafter is in violation of subsection 2 of N.D.C.C. § 38-08-06.4.

20. Subsection 6 of N.D.C.C. § 38-08-06.4 exempts a producer from the requirements of subsections 1 and 2 of N.D.C.C. § 38-08-06.4 under certain conditions:

A producer may obtain an exemption from this section from the industrial commission upon application that shows to the satisfaction of the industrial commission that connection of the well to a natural gas gathering line is economically infeasible at the time of the application or in the foreseeable future or that a market for the gas is not available and that equipping the well with an electrical generator to produce electricity from gas or employing a collection system described in subdivision d of subsection 2 is economically infeasible.

21. Defendant has not applied for nor been granted an exemption under subsection 6 of N.D.C.C. § 38-08-06.4 for gas flared from the Nomad 0607-6TFH Well or the Border Farms 3130-6TFH Well for the production months Plaintiff alleges violated subsection 2 of N.D.C.C. § 38-08-06.4 as set forth above.

22. Subsection 4 of N.D.C.C. § 38-08-06.4 allows royalty owners to recover royalties on the value of gas flared in violation of N.D.C.C. § 38-08-06.4:

For a well operated in violation of this section, the producer shall pay royalties to royalty owners upon the value of the flared gas and shall also pay gross production tax on the flared gas at the rate imposed under section 57-51-02.2.

23. The North Dakota Industrial Commission, in its discretion, may enforce the requirements of N.D.C.C. § 38-08-06.4 as provided in subsection 5:

The industrial commission may enforce this section and, for each well operator found to be in violation of this section, may determine the value of flared gas for purposes of payment of royalties under this section and its determination is final.

24. Defendant has not applied for nor obtained flaring exemptions for the Nomad 0607-6TFH Well for the production months Plaintiff alleges violated subsection 2 of N.D.C.C. § 38-08-06.4 as set forth above. As a result, Defendant owes Plaintiff royalties pursuant to subsection 4 on the value of the gas flared in violation of subsection 2 of N.D.C.C. § 38-08-06.4.

25. Defendant has not applied for nor obtained flaring exemptions for the Border Farms 3130-6TFH Well for the production months Plaintiff alleges violated subsection 2 of N.D.C.C. § 38-08-06.4 as set forth above. As a result, Defendant owes Plaintiff royalties pursuant to subsection 4 on the value of the gas flared in violation of subsection 2 of N.D.C.C. § 38-08-06.4.

26. Plaintiff is entitled to sue for and recover royalties under the provisions of N.D.C.C. § 38-08-06.4 for flared gas from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well for the production months Plaintiff alleges violated subsection 2 as set forth above.

27. Defendant has not paid royalties for the 6,491 Mcfs of gas produced and flared from the Nomad 0607-6TFH Well after the first year of production.

28. Defendant has not paid royalties for the 2,591 Mcfs of gas produced and flared from the Border Farms 3130-6TFH Well after the first year of production.

29. Defendant continues to produce oil and gas from the Nomad 0607-6TFH Well and will continue to flare gas from such well in violation of the provisions of N.D.C.C. § 38-08-06.4.
30. Defendant continues to produce oil and gas from the Border Farms 3130-6TFH Well and will continue to flare gas from such well in violation of the provisions of N.D.C.C. § 38-08-06.4.
31. Plaintiff is entitled to royalties for future gas flared from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well.
32. The provisions of N.D.C.C. § 38-08-06.4 were enacted in part to mitigate the adverse health and environmental effects on the air of North Dakota caused by the flaring of gas from oil wells in the State of North Dakota and to prevent the destruction of the gas, a valuable natural resource of the State of North Dakota.
33. Defendant's violation of N.D.C.C. § 38-08-06.4 injures the public by ignoring the State's effort to mitigate the adverse health and environmental effects of flaring gas.
34. Apart from the injury to the public in general, Plaintiff's injuries include an impairment of Plaintiff's mineral interest and results in the loss of the royalties that are to be paid to Plaintiffs pursuant to N.D.C.C. § 38-08-06.4. Plaintiff is aggrieved as provided in N.D.C.C. § 32-40-03.
35. Plaintiff has suffered the loss of royalties due for gas flared from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well in violation of subsection 2 of N.D.C.C. § 38-08-06.4 as set forth above.

36. On information and belief, Plaintiff likely will suffer the loss of royalties in the future for gas flared from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well in violation of subsection 2 of N.D.C.C. § 38-08-06.4.
37. Gas produced from an oil well within the State of North Dakota is a use of the reservoir energy from the reservoir from which the gas is produced.
38. Gas from an oil well in North Dakota is improperly produced if produced in violation of the laws and regulations of the State of North Dakota, including the orders of the Industrial Commission.
39. Flaring of gas from an oil well in North Dakota, if improperly produced, constitutes waste as provided in N.D.C.C. § 38-08-02.
40. The waste of gas being produced from an oil well in North Dakota is prohibited as provided in N.D.C.C. § 38-08-03.
41. Pursuant to N.D.C.C. § 38-08-06, the Industrial Commission determines the amount of oil and gas that may be produced within a given district without waste as defined in N.D.C.C. § 38-08-02 and such amount is designed not to exceed the reasonable market demand for such oil and gas.
42. Defendant is required, pursuant to N.D.C.C. § 38-08-06.3, to provide an information statement that will allow the royalty owner to clearly identify the amount of oil or gas sold and the amount and purpose of each deduction made from the gross amount.
43. Gas flared in wells such as the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well within one year of first production is governed by the provisions of subsection 1 of N.D.C.C. § 38-08-06.4, providing:

As permitted under rules of the industrial commission, gas produced with crude oil from an oil well may be flared during a one-year period from the date of first production from the well.

In other words, a producer *may* flare gas within the first year of production and avoid paying royalties on that gas *if* it fully complies with applicable rules and orders of the Industrial Commission concerning production of oil and gas. The corollary of that rule is that if a producer fails to comply with those rules and orders, it may not avoid paying royalties on the gas under the statute on those volumes of gas flared during the first year of production out of compliance with applicable rules and orders of the Commission.

44. The Industrial Commission has provided the following rules concerning the flaring of gas in the West Ambrose-Bakken Pool for the year of production attributable to the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well:

- a. NDIC Order No. 20380 in Case No. 18111 dated July 18, 2012 (“Order 20380”).
- b. As stated in Paragraphs 47 and 48, pages 11 and 12 of Order 20380, the Industrial Commission has ordered as follows:
 - (47) All wells completed in the West Ambrose-Bakken Pool shall be allowed to produce at a maximum efficient rate through March 31, 2013.
 - (48) After March 31, 2013, all wells in the West Ambrose-Bakken Pool shall be allowed to produce at a maximum efficient rate for a period of 60 days commencing on the first day oil is produced through wellhead equipment into tanks from the ultimate producing interval after casing has been run; after that, oil production from such wells shall not exceed an average of 200 barrels per day for a period of 60 days; after that, oil production

from such wells shall not exceed an average of 150 barrels per day for a period of 60 days, thereafter, oil production from such wells shall not exceed an average of 100 barrels of oil per day; if and when such wells are connected to a gas gathering and processing facility the foregoing restrictions shall be removed, and the wells shall be allowed to produce at a maximum efficient rate. The Director is authorized to issue an administrative order allowing unrestricted production at a maximum efficient rate for a period not to exceed 120 days, commencing on the first day oil is produced through wellhead equipment into tanks from the ultimate producing interval after casing has been run, if the necessity therefor can be demonstrated to his satisfaction.

c. NDIC Order No. 22203 in Case No. 19896 dated May 10, 2013 (“Order 22203”).

d. As stated in Paragraphs 1 and 2, page 1 of Order 22203, the Industrial Commission has ordered as follows:

(1) All wells completed in the West Ambrose-Bakken Pool shall be allowed to produce at a maximum efficient rate through September 30, 2013.

(2) After September 30, 2013, all wells in the West Ambrose-Bakken Pool shall be allowed to produce at a maximum efficient rate for a period of 60 days commencing on the first day oil is produced through wellhead equipment into tanks from the ultimate producing interval after casing has been run; after that, oil production from such wells shall not exceed an average of 200 barrels per day for a period of 60 days; after that, oil production from such wells shall not exceed an average of 150 barrels per day for a period of 60 days, thereafter, oil production from such wells shall not exceed an average of 100 barrels of oil per day; if and when such wells are connected to a gas gathering and processing facility the foregoing restrictions shall be removed, and the wells shall be allowed to produce at a maximum efficient rate. The Director is authorized to issue an administrative order allowing unrestricted production at a maximum efficient rate for a period not to exceed 120 days, commencing on the first day oil is produced through wellhead equipment into tanks from the ultimate producing interval after casing has been run, if the necessity therefor can be demonstrated to his satisfaction.

e. NDIC Order No. 23101 in Case No. 20795 dated October 22, 2013 (“Order 23101”).

f. As stated in Paragraph 84, page 18 of Order 23101, the Industrial Commission has ordered as follows:

(84) All wells in the West Ambrose-Bakken Pool shall be allowed to produce at a maximum efficient rate for a period of 60 days commencing on the first day oil is produced through wellhead equipment into tanks from the ultimate producing interval after casing has been run; after that, oil production from such wells shall not exceed an average of 200 barrels per day for a period of 60 days; after that, oil production from such wells shall not exceed an average of 150 barrels per day for a period of 60 days, thereafter, oil production from such wells shall not exceed an average of 100 barrels of oil per day; if and when such wells are connected to a gas gathering and processing facility the foregoing restrictions shall be removed, and the wells shall be allowed to produce at a maximum efficient rate. The Director is authorized to issue an administrative order allowing unrestricted production at a maximum efficient rate for a period not to exceed 120 days, commencing on the first day oil is produced through wellhead equipment into tanks from the ultimate producing interval after casing has been run, if the necessity therefor can be demonstrated to his satisfaction.

45. Under Order 20380 the Border Farms 3130-6TFH Well and the Nomad 0607-6TFH Well could be produced at the maximum efficient rate until March 31, 2013 and for periods after 180 days from the first day oil was produced through the Nomad 0607-6TFH Well’s wellhead equipment and the Border Farms 3130-6TFH Well’s wellhead equipment into tanks from the ultimate producing interval after casing has been run, the Defendant could produce the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well at an average of 100 barrels per day

- unless the Industrial Commission entered administrative orders allowing unrestricted oil production for up to 120 days.
46. From April 1 – May 9, 2013, a time when no further administrative orders were in effect altering Order 20380, Defendant reported to the NDIC that both for the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well, Defendant exceeded the applicable daily average limit of 100 barrels of oil, and also reported to the NDIC that it flared all gas produced from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well during that time Order 20380 was in effect. During that time period, Defendant reported flaring approximately 4,880 Mcfs of gas from the Nomad 0607-6TFH Well and 4,917 Mcfs of gas from the Border Farms 3130-6TFH Well when not in compliance with Order 20380.
47. Upon information and belief, the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well are not currently and never have been connected to a gas gathering and processing facility.
48. Defendant operates at least 91 oil wells from which gas is produced in North Dakota in counties including Divide County and Burke County. Those wells are or were operated with gas being flared in violation of N.D.C.C. § 38-08-06.4 and the Industrial Commission's orders on flaring within one year of first production.
49. On information and belief, Defendant does not pay royalties for all or a portion of the gas flared from the oil wells it operates.
50. The number of royalty owners, and royalty owners who are not paid royalties for gas flared in oil wells operated by Defendant in violation of N.D.C.C. § 38-08-

06.4 and the Industrial Commission's orders on flaring within one year of first production exceeds one hundred.

51. Plaintiff brings this Complaint on its own behalf and as a representative of all similarly situated persons against Defendant for its failure to pay royalties on gas flared from oil wells operated by Defendant as further alleged in this Complaint. Plaintiff seeks for itself and as a representative of all similarly situated persons declaratory relief as well as money damages as further alleged in this Complaint.

52. For purposes of this case, the term "Flared Gas" means the following: Natural gas and associated natural gas liquids in such natural gas flared during the past six (6) years from each oil well in North Dakota operated by Defendant classified by the Industrial Division as a "Horizontal" or "Horizontal Re-entry" wellbore, for which at least one of the following conditions applies:

- a. gas flared from a well one year after first production not covered by a flaring exemption applied for and obtained under subsection 6 of N.D.C.C. § 38-08-06.4 (the "North Dakota Anti-Flaring Statute"); or
- b. gas flared from a well within the first year of production either (i) before the NDIC issued rules permitting flaring or (ii) after the NDIC issued rules limiting the maximum barrels of oil to be produced per day until the well is connected to a gathering system and processing plant, and despite those rules, Defendant reported to the NDIC that it exceeded that maximum oil production allowable during at least part of the first year.

53. Plaintiff seeks to certify the following Class: All persons, including individuals, estates, trusts, corporations, partnerships, and other business entities owning royalty interests in North Dakota:

- a. From which there has been Flared Gas; and
- b. Defendant has not paid royalties for the Flared Gas.

The Class definition excludes:

- i. Defendant; its officers, directors and employees; any entity in which Defendant has a controlling interest; and any affiliate, legal representative, heir or assign of Defendant;
- ii. any federal, state, or municipal governmental entity, and any agencies or subdivisions thereof;
- iii. Indian tribes;
- iv. any person who has given a valid release concerning the claims asserted in this suit;
- v. individuals or entities that are indicated to be working interest owners by Defendant's business records; and
- vi. the district judge assigned to this case, his current spouse, and all persons (and their current spouses) within the third degree of relationship to such district court judge and his spouse.

54. The requirements of Rule 23(a) of the Federal Rules of Civil Procedure are met.

55. Class members are so numerous that their individual joinder is impracticable.

The precise number of Class members is unknown to Plaintiff, but it is clear that the number greatly exceeds the number to make joinder possible or practicable.

56. Common questions of law and fact exist such that a resolution of those questions will drive a common remedy for the common injury suffered by the Class. These common questions of law and fact also predominate over the questions affecting only individual class members. Some of the common legal and factual questions include:

- a. Whether Defendant flared natural gas in violation of the North Dakota Anti-Flaring Statute;
- b. Whether Defendant must pay the Class royalties on Flared Gas;
- c. Whether the Class is entitled to declaratory relief adjudicating that Defendant is required to pay royalties on the value of Flared Gas and future Flared Gas;
- d. Whether Defendant is guilty of conversion of Flared Gas;
- e. Whether Defendant has committed waste of North Dakota's valuable natural resources; and
- f. Whether Defendant should cease flaring gas in violation of North Dakota law.

57. The class members have been damaged by Defendant's misconduct. The class members are within the class of persons entitled to be paid royalties for violations of subsections 1 and 2 of N.D.C.C. § 38-08-06.4, and they are entitled to recover royalties on the value of the Flared Gas.

58. Plaintiff's claims are typical of the claims of the other class members. Plaintiff is a royalty owner in a well with Flared Gas operated by Defendant, and Plaintiff

has not been paid royalties on that Flared Gas despite Defendant's obligation to pay such royalties.

59. Plaintiff will fairly and adequately protect the interests of the class. Plaintiff is familiar with the basic facts underlying the class members' claims. Plaintiff's interests do not conflict with the interests of the other class members that it seeks to represent. Plaintiff has retained counsel competent and experienced in class action litigation and intends to and will prosecute this action vigorously.
60. The class action device is superior to other available means for the fair and efficient adjudication of the claims of Plaintiff and the class members. Individual litigation of the legal and factual issues raised by the conduct of Defendant would increase delay and expense to all parties and to the court system. The class action device presents far fewer management difficulties and provides the benefits of a single, uniform adjudication, economies of scale and comprehensive supervision by a single court.
61. Defendant has acted or refused to act on grounds that apply generally to the class, so that final declaratory relief is appropriate respecting the class as a whole. Specifically, Plaintiff seeks an order declaring Defendant's creation of Flared Gas attributable to Class's interests without payment of royalties to be a violation of North Dakota Anti-Flaring Statute; declaring that Defendant may not create future Flared Gas attributable to Class's interests without payment of royalties and affirmatively hereafter requiring Defendant to pay royalties for Flared Gas attributable to Class's interests.

**FIRST CAUSE OF ACTION: ACTION FOR ROYALTIES ATTRIBUTABLE TO
FLARED GAS IN VIOLATION OF N.D.C.C. § 38-08-06.4.**

62. For its First Cause of Action, Plaintiff repeats and realleges each and every prior allegation of this Complaint.
63. Defendant operated the Nomad 0607-6TFH Well so that at least 6,491 Mcfs of gas was flared after the one-year period from the date of first production from the well through October 2013.
64. Defendant operated the Border Farms 3130-6TFH Well so that at least 2,591 Mcfs of gas was flared after the one-year period from the date of first production from the well through October 2013.
65. Defendant owes Plaintiff for royalties attributable to gas flared from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well for those periods following one year after the day of first production from the well.
66. Defendant operated the Nomad 0607-6TFH Well within one year of first production so that gas was flared during the time periods alleged above in violation of N.D.C.C. § 38-08-06.4 and Orders cited above.
67. Defendant operated the Border Farms 3130-6TFH Well within one year of first production so that gas was flared during the time periods alleged above in violation of N.D.C.C. § 38-08-06.4 and Orders cited above.
68. Defendant owes Plaintiff for royalties attributable to gas flared from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well for time periods alleged above.

SECOND CAUSE OF ACTION: DECLARATORY RELIEF AGAINST

DEFENDANT FOR PAST AND FUTURE FLARED GAS

69. For its Second Cause of Action, Plaintiff repeats and realleges each and every prior allegation of this Complaint.
70. Plaintiff believes and therefore alleges that Defendant has flared gas and likely will continue to flare gas from the Nomad 0607-6TFH Well and the Border Farms Well 3130-6TFH Well without paying required royalties on the value of the Flared Gas, as required under subsection 4 of N.D.C.C. § 38-08-06.4.
71. Plaintiff is entitled to declaratory relief adjudicating that Defendant is obligated to pay royalties on the value of all Flared Gas and future Flared Gas from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well flared in violation of N.D.C.C. § 38-08-06.4.
72. Plaintiff is entitled to the declaratory relief as permitted under N.D.C.C. ch. 32-23.

THIRD CAUSE OF ACTION: CONVERSION OF GAS FLARED WITHOUT PAYMENT OF ROYALTIES.

73. For its Third Cause of Action, Plaintiff repeats and realleges each and every prior allegation of this Complaint.
74. Plaintiff is entitled to royalties for gas flared from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well during the first year of production as alleged above and gas flared thereafter through the present.
75. Defendant has not paid and refuses to pay royalties to Plaintiff for gas flared from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well during the first year of production and for gas flared thereafter through the present.

76. Defendant's actions constitute a tortious detention of personal property due to Plaintiff in defiance of the rights of Plaintiff.

77. Plaintiff is entitled to the highest value of the gas flared for the time during which royalties were not paid as well as fair compensation for the time and money Plaintiff has expended and will expend to obtain the compensation due to Plaintiff.

**FOURTH CAUSE OF ACTION: COMMON LAW WASTE OF GAS FLARED
WITHOUT PAYMENT OF ROYALTIES.**

78. For its Fourth Cause of Action, Plaintiff repeats and realleges each and every prior allegation of this Complaint.

79. The flaring of gas from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well as described in the allegations of the *Background* of the Complaint constitutes an unreasonable or improper use, abuse, mismanagement, or omission of duty by Defendant touching Plaintiff's rights in the mineral estate from which production from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well is taken ("Common Law Waste").

80. The laws of North Dakota require Defendant to use and manage production of gas from oil wells in North Dakota in compliance with North Dakota laws and the Industrial Commission's orders, including those set forth in the allegations of the *Background* of the Complaint.

81. Defendant's flaring of gas from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well as previously alleged in this Complaint constitutes

Common Law Waste for which Plaintiff is entitled to compensation, including that provided in N.D.C.C. § 32-17-22.

**FIFTH CAUSE OF ACTION: ACTION UNDER N.D.C.C. § 32-40-06
TO ENFORCE PAYMENT OF ROYALTIES
ATTRIBUTABLE TO GAS FLARED IN VIOLATION OF
N.D.C.C § 38-08-06.4 AND N.D.A.C. § 43-02-03-60.2**

82. For its Fifth Cause of Action, Plaintiff repeats and realleges each and every prior allegation of this Complaint.

83. Plaintiff is an aggrieved person under the provision of the *North Dakota Environmental Law Enforcement Act of 1975* found at N.D.C.C. § 32-40-01 et seq. This statute provides for and reaffirms a private right of action to enforce the environmental anti-flaring provisions under N.D.C.C. § 38-08-06.4. N.D.C.C. § 32-40-06 states:

...[a]ny person ... aggrieved by the violation of any environmental statute, rule, or regulation of this state may bring an action in the appropriate district court, either to enforce such statute, rule, or regulation, or to recover any damages that have occurred as a result of the violation, or for both such enforcement and damages.

84. By flaring in violation of N.D.C.C. § 38-08-06.4, Defendant has violated an environmental statute, rule or regulation for the protection of natural resources including minerals under the provisions of N.D.C.C. § 32-40-06.

85. Plaintiff is entitled under N.D.C.C § 32-40-06 to sue to enforce the provisions of N.D.C.C. § 38-08-06.4 and to recover damages suffered from Defendant as a result of the Defendant's violation of N.D.C.C. § 38-08-06.4 and N.D.A.C. § 43-02-03-60.2.

86. Plaintiff, pursuant to N.D.C.C. § 32-40-06, gave timely notice by certified mail of Plaintiff's intent to file suit and the violation of N.D.C.C. § 38-08-06.4 as generally set forth in this Complaint to the following:

- A. Defendant;
- B. The North Dakota Industrial Commission;
- C. The State's Attorney for Divide County; and
- D. The Attorney General of the State of North Dakota.

87. Defendant's flaring of gas from the Nomad 0607-6TFH Well and the Border Farms 3130-6TFH Well as previously alleged in this Complaint constitutes a violation of N.D.C.C. § 38-08-06.4 from which Plaintiff is entitled to recovery of damages as permitted under N.D.C.C. § 32.40-06.

SIXTH CAUSE OF ACTION: CLASS CLAIMS FOR ROYALTIES
ATTRIBUTABLE TO FLARED GAS
IN VIOLATION OF N.D.C.C. § 38-08-06.4.

88. For its Sixth Cause of Action, Plaintiff repeats and realleges each and every prior allegation of this Complaint.

89. Plaintiff seeks certification of the Proposed Class pursuant to Rule 23(b)(2) of the Federal Rules of Civil Procedure for the purposes of seeking remedies for the Proposed Class under this Sixth Cause of Action.

90. Defendant has operated or is operating oil wells in which Flared Gas occurs.

91. Defendant owes Proposed Class for royalties attributable to Flared Gas.

92. Plaintiff seeks certification of the Proposed Class pursuant to Rule 23(b) for this Sixth Cause of Action as (a) the requirements of Rule 23(a) are satisfied; (b) a class action will fairly and efficiently provide for the adjudication of the Proposed

Class's claims under this Sixth Cause of Action; and (c) Plaintiff will fairly and adequately protect the interests of the Proposed Class.

93. The adjudication of the Proposed Class's claims under this Sixth Cause of Action will be fairly and efficiently accomplished as:

- a. the members of the Proposed Class have a common interest in obtaining royalties for Flared Gas;
- b. the prosecution of separate actions by individual members of the Proposed Class would create a risk of inconsistent or varying adjudications with respect to those individual members, which would establish incompatible standards of conduct for Defendant;
- c. separate adjudication by an individual member of the Proposed Class as a practical matter would be dispositive of the interests of other members of the Proposed Class not parties to the adjudication or substantially impair or impede their ability to protect their interests;
- d. the common questions of law or fact predominate over any questions affecting only individual members;
- e. other means of adjudicating the claims and defenses are impracticable or inefficient;
- f. the claims under this Sixth Cause of Action are not known to be subject of a class action, a government action, or other proceeding;
- g. the management of a class action would not pose unusual difficulties; and
- h. no conflict of laws issues are involved, as such issues are matters of North Dakota law or are governed by North Dakota law.

SEVENTH CAUSE OF ACTION: CLASS CLAIMS FOR DECLARATORY RELIEF AGAINST DEFENDANT FOR PAST AND FUTURE FLARED GAS.

94. For its Seventh Cause of Action, Plaintiff repeats and realleges each and every prior allegation of this Complaint.
95. Plaintiff seeks certification of the Proposed Class pursuant to Rule 23(b)(2) for the purposes of seeking declaratory relief for the Proposed Class under this Seventh Cause of Action.
96. Plaintiff believes and therefore alleges that Defendant has flared and likely will continue to flare gas from some or all of the oil wells it operates in North Dakota, resulting in further Flared Gas (“Future Flared Gas”) and damage to the Class.
97. Plaintiff seeks and is entitled to declaratory relief adjudicating that Defendant is obligated to pay the Class royalties for past Flared Gas and Future Flared Gas if Future Flared Gas is produced.
98. Plaintiff seeks certification of the Proposed Class pursuant to Rule 23(b) for this Seventh Cause of Action as (a) the requirements of Rule 23(a) are satisfied; (b) a class action will fairly and efficiently provide for the adjudication of the Proposed Class’s claims for declaratory relief under this Seventh Cause of Action; and (c) Plaintiff will fairly and adequately protect the interests of the Proposed Class.
99. The adjudication of the Proposed Class’s claims under this Seventh Cause of Action will be fairly and efficiently accomplished as:
- a. the members of the Proposed Class have a common interest in requiring Defendant to pay royalties for the Future Flared Gas;
 - b. the prosecution of separate actions by individual members of the Proposed Class would create a risk of inconsistent or varying adjudications with

respect to those individual members, which would establish incompatible standards of conduct for Defendant ;

- c. separate adjudication by an individual member of the Proposed Class as a practical matter would be dispositive of the interests of other members of the Proposed Class not parties to the adjudication or substantially impair or impede their ability to protect their interests;
- d. the common questions of law or fact predominate over any questions affecting only individual members;
- e. other means of adjudicating the claims and defenses are impracticable or inefficient;
- f. the claims under this Seventh Cause of Action are not known to be subject of a class action, a government action, or other proceeding;
- g. the management of class action would not pose unusual difficulties; and
- h. no conflict of laws issues are involved, as such issues are matters of North Dakota law or are governed by North Dakota law.

**EIGHTH CAUSE OF ACTION: CLASS CLAIMS
FOR CONVERSION OF FLARED GAS.**

100. For its Eighth Cause of Action, Plaintiff repeats and realleges each and every prior allegation of this Complaint.

101. Plaintiff seeks certification of the Proposed Class pursuant to Rule 23(b)(2) for the purposes of its claim for money damages for the Proposed Class under this Eighth Cause of Action.

102. The Proposed Class is entitled to compensation for Defendant's conversion of the Proposed Class's Flared Gas.
103. Defendant has not paid and refuses to pay royalties to the Proposed Class for Flared Gas.
104. Defendant's actions towards the Proposed Class constitute a tortious detention of personal property due to the Proposed Class in defiance of the rights of the Proposed Class.
105. The Proposed Class is entitled to the highest value of the Flared Gas as well as fair compensation for the time and money Plaintiff has expended and will expend to obtain the compensation due to the Proposed Class.
106. Defendant should compensate Proposed Class for Defendant's conversion of the Flared Gas.
107. Plaintiff seeks certification of the Proposed Class pursuant to Rule 23(b) for this Eighth Cause of Action as (a) the requirements of Rule 23(a) are satisfied; (b) a class action will fairly and efficiently provide for the adjudication of the Proposed Class's claims under this Eighth Cause of Action; and (c) Plaintiff will fairly and adequately protect the interests of the Proposed Class.
108. The adjudication of the Proposed Class's claims under this Eighth Cause of Action will be fairly and efficiently accomplished as:
 - a. the members of the Proposed Class have a common interest in obtaining compensation for Defendant's conversion of the Flared Gas;
 - b. the prosecution of separate actions by individual members of the Proposed Class would create a risk of inconsistent or varying adjudications with

respect to those individual members, which would establish incompatible standards of conduct for Defendant;

- c. separate adjudication by an individual member of the Proposed Class as a practical matter would be dispositive of the interests of other members of the Proposed Class not parties to the adjudication or substantially impair or impede their ability to protect their interests;
- d. the common questions of law or fact predominate over any questions affecting only individual members;
- e. other means of adjudicating the claims and defenses are impracticable or inefficient;
- f. the claims under this Eighth Cause of Action are not known to be subject of a class action, a government action, or other proceeding;
- g. the management of a class action would not pose unusual difficulties; and
- h. no conflict of laws issues are involved, as such issues are matters of North Dakota law or are governed by North Dakota law.

**NINTH CAUSE OF ACTION: CLASS CLAIMS
FOR COMMON LAW WASTE OF FLARED GAS.**

109. For its Ninth Cause of Action, Plaintiff repeats and realleges each and every prior allegation of this Complaint.

110. Plaintiff seeks certification of the Proposed Class pursuant to Rule 23(b)(2) for the purposes of its claim for money damages for the Proposed Class under this Ninth Cause of Action.

111. The Proposed Class is entitled to compensation for Defendant's Common Law Waste of the Proposed Class's Flared Gas.

112. The flaring of Flared Gas constitutes an unreasonable or improper use, abuse, mismanagement, or omission of duty by Defendant touching the Proposed Class's rights in the mineral estate from which production of the Flared Gas occurs.

113. The laws of North Dakota require Defendant to use and manage production of gas from oil wells in North Dakota in compliance with North Dakota laws and the Industrial Commission's orders, including those set forth in the allegations of the Background of the Complaint.

114. Defendant's flaring of the Flared Gas constitutes Common Law Waste for which the Proposed Class is entitled to compensation, including that provided in N.D.C.C. § 32-17-22.

115. Plaintiff seeks certification of the Proposed Class pursuant to Rule 23(b) for this Ninth Cause of Action as (a) the requirements of Rule 23(a) are satisfied; (b) a class action will fairly and efficiently provide for the adjudication of the Proposed Class's claims under this Ninth Cause of Action; and (c) Plaintiff will fairly and adequately protect the interests of the Proposed Class.

116. The adjudication of the Proposed Class's claims under this Ninth Cause of Action will be fairly and efficiently accomplished as:

- a. the members of the Proposed Class have a common interest in obtaining compensation for Defendant's Common Law Waste of the Flared Gas;
- b. the prosecution of separate actions by individual members of the Proposed Class would create a risk of inconsistent or varying adjudications with respect to those individual members, which would establish incompatible standards of conduct for Defendant;

- c. separate adjudication by an individual member of the Proposed Class as a practical matter would be dispositive of the interests of other members of the Proposed Class not parties to the adjudication or substantially impair or impede their ability to protect their interests;
- d. the common questions of law or fact predominate over any questions affecting only individual members;
- e. other means of adjudicating the claims and defenses are impracticable or inefficient;
- f. the claims under this Ninth Cause of Action are not known to be subject of a class action, a government action, or other proceeding;
- g. the management of a class action would not pose unusual difficulties; and
- h. no conflict of laws issues are involved, as such issues are matters of North Dakota law or are governed by North Dakota law.

**TENTH CAUSE OF ACTION: CLASS CLAIMS FOR ACTION UNDER
N.D.C.C. § 32-40-06 TO ENFORCE PAYMENT OF ROYALTIES
ATTRIBUTABLE TO GAS FLARED IN VIOLATION
OF N.D.C.C § 38-08-06.4 AND N.D.A.C. § 43-02-03-60.2**

117. For its Tenth Cause of Action, Plaintiff repeats and realleges each and every prior allegation of this Complaint.

118. The proposed class is made up of aggrieved persons under the provision of the *North Dakota Environmental Law Enforcement Act of 1975* found at N.D.C.C. §

32-40-01 et seq. This statute reaffirms a private right of action to enforce the environmental anti-flaring provisions under N.D.C.C. § 38-08-06.4.

119. By flaring in violation of N.D.C.C. § 38-08-06.4, Defendant has violated an environmental statute, rule or regulation for the protection of natural resources including minerals under the provisions of N.D.C.C. § 38-08-06.4 and N.D.A.C. § 43-02-03-60.2.

120. Apart from the injury to the public in general, injuries to the Proposed Class include an impairment of the Proposed Class's mineral interest and results in the loss of the royalties that are to be paid to members of the Proposed Class pursuant to N.D.C.C. § 38-08-06.4. Plaintiffs are aggrieved as provided in N.D.C.C. § 32-40-03.

121. The Proposed Class is entitled under N.D.C.C § 32-40-06 to sue to enforce the provisions of N.D.C.C. § 38-08-06.4 and N.D.A.C. § 43-02-03-60.2 and to recover damages suffered from Defendant as a result of the Defendant's violation of N.D.C.C. § 38-08-06.4 and N.D.A.C. § 43-02-03-60.2.

122. Plaintiff, pursuant to N.D.C.C. § 32-40-06, gave timely notice by certified mail of Plaintiff's intent to file suit and the violation of N.D.C.C. § 38-08-06.4 as generally set forth in this Complaint to the following:

- A. Defendant;
- B. The North Dakota Industrial Commission;
- C. The State's Attorney for Divide County; and
- D. The Attorney General of the State of North Dakota.

123. Plaintiff seeks certification of the Proposed Class pursuant to Rule 23(b)(2) for the purposes of seeking enforcing the provisions of N.D.C.C. § 38-08-06.4 and N.D.A.C. § 43-02-03-60.2 and to recover damages by the Proposed Class suffered as a result of the Defendant's violation of N.D.C.C. § 38-08-06.4 and N.D.A.C. § 43-02-03-60.2.

124. Plaintiff seeks certification of the Proposed Class pursuant to Rule 23(b) for this Tenth Cause of Action as (a) the requirements of Rule 23(a) are satisfied; (b) a class action will fairly and efficiently provide for the adjudication of the Proposed Class's claims for declaratory relief under this Tenth Cause of Action; and (c) Plaintiffs will fairly and adequately protect the interests of the Proposed Class.

125. The adjudication of the Proposed Class's claims under this Tenth Cause of Action will be fairly and efficiently accomplished as:

- a. the members of the Proposed Class have a common interest in requiring Defendant to pay royalties for the Flared Gas and Future Flared Gas;
- b. the prosecution of separate actions by individual members of the Proposed Class would create a risk of inconsistent or varying adjudications with respect to those individual members, which would establish incompatible standards of conduct for Defendant;
- c. separate adjudication by an individual member of the Proposed Class as a practical matter would be dispositive of the interests of other members of the Proposed Class not parties to the adjudication or substantially impair or impede their ability to protect their interests;

- d. the common questions of law or fact predominate over any questions affecting only individual members;
- e. other means of adjudicating the claims and defenses are impracticable or inefficient;
- f. the claims under this Tenth Cause of Action are not known to be subject of a class action, a government action, or other proceeding;
- g. the management of class action would not pose unusual difficulties; and
- h. no conflict of laws issues are involved, as such issues are matters of North Dakota law or are governed by North Dakota law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court enter an order:

- A. Ordering Defendant to pay damages to Plaintiff in an amount to be proven at trial;
- B. Declaring that Defendant's production and flaring of gas and future production and flaring of gas violates North Dakota law unless Defendant pays royalties to Plaintiff for the value of such Flared Gas, or otherwise complies with N.D.C.C. § 38-08-06.4;
- C. Ordering Defendant to pay Plaintiff's reasonable attorneys' fees as allowed by law, and Plaintiff's costs and disbursements;
- D. Ordering certification of the Proposed Class pursuant to Rule 23(b) of the Federal Rules of Civil Procedure with reasonable notice to the Class;
- E. Ordering Defendant to pay damages to the Proposed Class in an amount to be proven at trial;

- F. Declaring that Defendant's production and flaring of gas and future production and flaring of gas violates North Dakota law unless Defendant pays royalties to the Proposed Class for the value such Flared Gas, or otherwise complies with N.D.C.C. § 38-08-06.4;
- G. Ordering Defendant to pay reasonable attorneys' fees as allowed by law, as well as costs and disbursements in bringing the Proposed Class's Claims; and,
- H. For such other relief that the court deems appropriate.

Dated this 3rd day of January, 2014.

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ATTORNEYS FOR PLAINTIFF

DEMAND FOR JURY TRIAL

Plaintiff previously and timely demanded a jury trial on all issues triable by a jury, and hereby renews said demand.

Dated this 3rd day of January, 2014.

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