

Fifty-sixth  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2359**

Introduced by

Senators Wardner, Kinnoin, Lyson

Representatives Kempenich, Meyer, Wald

1 A BILL for an Act to create and enact a new section to chapter 38-08 of the North Dakota  
2 Century Code, relating to oil and gas production payments.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1.** A new section to chapter 38-08 of the North Dakota Century Code is  
5 created and enacted as follows:

6 **Designated operator as payor.** For production after July 31, 1999, any person  
7 designated by the commission as the operator of a well shall serve as payor and account for  
8 and remit all proceeds of production derived from the well to each person entitled to share in  
9 the proceeds. Any person taking production in kind may elect to serve as payor and account  
10 for and remit proceeds of production taken in kind to the persons entitled to share in the  
11 proceeds provided that person is designated by the commission as an operator of a well or  
12 otherwise demonstrates to the commission the ability to serve as payor and perform the  
13 accounting and remittance functions the person has elected to assume. The operator or any  
14 person taking production in kind may appoint the first purchaser of production from the well as  
15 payor if the first purchaser agrees to account for and remit the proceeds of production from the  
16 well.