

Fifty-ninth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1494

Introduced by

Representatives Rennerfeldt, Drovdal, Kempenich, S. Meyer

Senators Lyson, Wardner

1 A BILL for an Act to create and enact a new section to chapter 38-13 of the North Dakota
2 Century Code, relating to the appointment of a trustee for and disposition of the proceeds of
3 mineral interests whose owner is absent; and to amend and reenact sections 38-13-02 and
4 38-18.1-03 of the North Dakota Century Code, relating to institution of proceedings to establish
5 a mineral trust for absent owners and termination of mineral interest.

6 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

7 **SECTION 1. AMENDMENT.** Section 38-13-02 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **38-13-02. Who may institute proceedings.** The proceedings provided for by this
10 chapter may be instituted upon the petition of any one or more persons who own a mineral,
11 leasehold, or royalty interest in ~~said land~~ the same section as that of the unlocatable owner.

12 **SECTION 2.** A new section to chapter 38-13 of the North Dakota Century Code is
13 created and enacted as follows:

14 **Board of university and school lands may serve as trustee - Disposition of**
15 **income and royalties - Management by board of university and school lands -**
16 **Abandonment of mineral interest and proceeds.** The board of university and school lands
17 may be appointed and may serve as a trustee under this chapter. All bonuses, rental
18 payments, and royalties paid to the board of university and school lands under this chapter
19 must be deposited in the common schools trust fund. The mineral interest must be held in trust
20 for the owner or claimant until the trust is terminated by law or until further order of the court.
21 The board of university and school lands shall manage any mineral, leasehold, or royalty
22 interest for which it is appointed trustee in the same manner it manages interests of a similar
23 nature or kind and may execute oil, gas, or other mineral leases, assignments, ratifications,
24 division orders, or other documents as it deems appropriate. At the end of a period of twenty

years following the creation of the trust under this chapter, and if the owner has not been located, the mineral interest is deemed abandoned and the surface owner may commence proceedings under chapter 38-18.1 to succeed to the ownership of the mineral interest.

SECTION 3. AMENDMENT. Section 38-18.1-03 of the North Dakota Century Code is amended and reenacted as follows:

38-18.1-03. When mineral interest deemed to be used.

1. A mineral interest is deemed to be used when:

- ~~1-~~ a. There are any minerals produced under that interest.
- ~~2-~~ b. Operations are being conducted thereon for injection, withdrawal, storage, or disposal of water, gas, or other fluid substances.
- ~~3-~~ c. In the case of solid minerals, there is production from a common vein or seam by the owners of such mineral interest.
- ~~4-~~ d. The mineral interest on any tract is subject to a lease, mortgage, assignment, or conveyance of the mineral interest recorded in the office of the recorder in the county in which the mineral interest is located.
- ~~5-~~ e. The mineral interest on any tract is subject to an order or an agreement to pool or unitize, recorded in the office of the recorder in the county in which the mineral interest is located.
- ~~6-~~ f. Taxes are paid on the mineral interest by the owner or the owner's agent.
- ~~7-~~ g. A proper statement of claim is recorded as provided by section 38-18.1-04.
- ~~8-~~ h. The owner or lessee utilizes the mineral interest in a manner pursuant to, or authorized by, the instrument creating the mineral interest.

2. A trust that has been created under chapter 38-13 that has been in existence for twenty years does not satisfy the requirements of this section and at the expiration of the twenty-year period the mineral interest is deemed not to be used for purposes of this section.