

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1257

Page 1, line 1, replace "section" with "subsection 7 of section 38-08-09.4 and sections"

Page 1, line 1, after "38-08-09.5" insert "and 38-08-09.9"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Subsection 7 of section 38-08-09.4 of the North Dakota Century Code is amended and reenacted as follows:

7. The time when and conditions under which and the method by which the unit must or may be dissolved and its affairs wound up; however, the unit may be dissolved ten years after the unit agreement becomes effective upon a petition to the commission by the royalty owners who are credited with at least eighty percent of the production and proceeds thereof or for units established after August 1, 2001, upon a petition to the commission by the royalty owners who are credited with at least sixty percent of the production and proceeds thereof the percentage of interest of the royalty production and proceeds thereof required to ratify the unit agreement on the date the unit agreement was initially approved by the commission, and a subsequent hearing and order by the commission. The commission may not dissolve any unit if the dissolution would be likely to result in waste or the violation of the correlative rights of any owner. This provision does not limit or restrict any other authority which the commission has."

Page 1, line 19, replace "fifty" with "fifty-five"

Page 1, line 20, replace "fifty" with "fifty-five"

Page 2, after line 12, insert:

"SECTION 3. AMENDMENT. Section 38-08-09.9 of the North Dakota Century Code is amended and reenacted as follows:

38-08-09.9. Enlargement of area - Creation of new units - Amendment of plan.

The unit area of a unit may be enlarged at any time by the commission, subject to the limitations ~~hereinbefore~~ provided in this chapter to include adjoining portions of the same common source of supply, including the unit area of another unit, and a new unit created for the unitized management, operation, and further development of ~~such~~the enlarged unit area, or the plan of unitization may be otherwise amended, all in the same manner, upon the same conditions and subject to the same limitations as provided with respect to the creation of a unit in the first instance, except, that where an amendment to a plan of unitization relates only to the rights and obligations as between lessees, or the amendment to a plan of unitization or the enlargement of a unit area is found by the commission to be reasonably necessary in order to effectively carry on the joint effort, to prevent waste, and to protect correlative rights, and that such will result in the general advantage of the owners of the oil and gas rights within the unit area and the proposed enlarged unit area, and the persons and owners in the proposed added unit area have ratified or approved the plan of unitization as required

by section 38-08-09.5, then ~~such~~the amendment to a plan of unitization or the enlargement of a unit area need not be ratified or approved by royalty owners of record in the existing unit area provided that written notice thereof is mailed to ~~such~~the royalty owners by the operator of a unit not more than forty days nor less than thirty days prior to the commission hearing. The notice must describe the plan for the unit amendment or enlargement together with the participation factor to be given each tract in the unit area and in the proposed area and must contain the time and place of the commission hearing. An affidavit of mailing verifying ~~such~~the notice must be filed with the commission. ~~Said~~The notice must further provide that in the event ten percent of the royalty interests or working interests in the existing unit area file with the commission at least ten days prior to the commission proceeding an objection to the plan of enlargement, the commission shall require that the unit amendment or enlargement be approved by ~~sixty~~more than fifty-five percent of all royalty interests and working interests in the existing and proposed areas."

Renumber accordingly