

Sixty-seventh
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2319

Introduced by

Senator Kannianen

1 A BILL for an Act to amend and reenact subsection 1 of section 57-51.2-02 and subdivision c of
2 subsection 5 of section 57-51.2-02 of the North Dakota Century Code, relating to oil and gas
3 agreements; to provide for application; ~~and~~ to provide a contingent ~~effective~~ expiration date; ~~and~~
4 to declare an emergency.

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

6 **SECTION 1. AMENDMENT.** Subsection 1 of section 57-51.2-02 of the North Dakota
7 Century Code is amended and reenacted as follows:

- 8 1. The only taxes subject to agreement are the state's oil and gas gross production and
9 oil extraction taxes attributable to production from wells located within the exterior
10 boundaries of the reservation and wells located on trust properties outside reservation
11 boundaries. For purposes of this chapter, ~~"trust:~~
- 12 a. "Trust properties outside reservation boundaries" means land in this state located
13 outside the exterior boundaries of a reservation which are held in trust by the
14 United States for any Indian tribe or owned by an Indian tribe or tribal member
15 subject to a restriction against alienation imposed by the United States.
- 16 b. "Wells located within the exterior boundaries of the reservation" includes ~~wells-~~
17 ~~located in a county with a population of less than ten thousand but greater than~~
18 ~~twelve thousand at the time an agreement is entered pursuant to this chapter.-~~
19 ~~based on the most recent actual or estimated census data published by the~~
20 ~~United States census bureau, with one or more horizontal laterals that penetrate~~
21 the off-reservation wellheads that extract oil and gas from within the exterior
22 boundaries of the reservation.

23 **SECTION 2. AMENDMENT.** Subdivision c of subsection 5 of section 57-51.2-02 of the
24 North Dakota Century Code is amended and reenacted as follows:

1 c. The state's share of the oil and gas gross production tax revenue as divided in
2 subdivisions a and b is subject to distribution among political subdivisions as
3 provided in chapter 57-51. The definition of "wells located within the exterior
4 boundaries of the reservation" in subsection 1 may not be construed as altering
5 the physical location of a wellhead for purposes of revenue allocations among
6 political subdivisions as provided in chapter 57-51.

7 **SECTION 3. APPLICATION.** This Act applies to agreements entered on or after ~~June 30,~~
8 ~~2023~~ July 1, 2021.

9 ~~**SECTION 4. CONTINGENT EFFECTIVE DATE.** This Act becomes effective on July 1,~~
10 ~~2023, if by that date the tax commissioner notifies the legislative council that at least one new~~
11 ~~oil and gas well on which drilling commences after July 31, 2021, situated within the exterior~~
12 ~~boundaries of the reservation, has a horizontal lateral that extends to federal minerals located~~
13 ~~outside the exterior boundaries of the reservation.~~

14 **SECTION 4. CONTINGENT EXPIRATION DATE.** This Act is effective through June 30,
15 2023, and after that date is ineffective, unless by that date the governor's office notifies the tax
16 commissioner and legislative council that an agreement under chapter 57-51.2 has been
17 entered with the governing body of a tribe in this state and, pursuant to that agreement, at least
18 one new oil and gas well on which drilling commences on or after July 1, 2021, situated within
19 the exterior boundaries of the reservation to which the agreement applies, has a horizontal
20 lateral that extends to federal land located outside the exterior boundaries of the reservation.

21 **SECTION 5. EMERGENCY.** This Act is declared to be an emergency measure.